



Straight talk about annuities

An annuity is a long-term, tax-deferred investment issued by an insurance company and purchased through a financial professional. It is designed to create a personalized plan for your unique needs while helping protect what matters most to you in retirement. Annuities have limitations. They are long-term vehicles designed for retirement purposes. They are not intended to replace emergency funds, to be used as income for day-to-day expenses, or to fund short-term savings goals.

Annuities can provide:



Accumulation

An annuity offers tax-deferred growth potential and allows you to save more for retirement after you max out other tax-favored investments.



Lifetime income

An annuity can provide you income for as long as you live. All guarantees are subject to the claims paying ability of the issuing insurance company.



Wealth transfer

An annuity can help you preserve funds for future generations in a tax-efficient manner.



Spousal protection

An annuity can be used to help protect and preserve assets for a surviving spouse.

Annuitization is a one-time process of taking your annuity account and turning it into regular payments that will last for the rest of your life. The annuitized payments continue, regardless of how long you live, and even if the total payments exceed the original account value.¹

¹ If you take early, excess or nonlifetime withdrawals, especially in a down market, loss of income is a possibility.

Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
• Not insured by any federal government agency • May lose value

Dispelling common myths about annuities

Myth: Annuities are too complex to understand.

Fact: Annuities are designed to be flexible and customizable, which can make them seem complex. Your financial professional can help you determine which product will fit your needs the best and explain how it works.

Myth: Annuities are not sophisticated enough for high net worth investors.

Fact: Annuities can be especially useful for high net worth individuals as a way to maximize their after-tax gains, leave more to their heirs, offset the impact of inflation and stabilize their portfolios during volatile markets.²

Myth: One annuity is the same as any other.

Fact: There are many kinds of annuities, each with its own features. Finding the right annuity and features, sometimes available for an additional cost, to meet your unique needs can be an important tool for helping you reach your planning goals.

Myth: Annuities are only for retirees and other extremely conservative investors.

Fact: As more and more employers move away from offering pension plans, annuities can offer even the most savvy investors a way to plan for guaranteed retirement income they can't outlive. Guarantees and protections are subject to the claims-paying ability of the issuing insurance company.

Myth: Annuities lack inflation-adjusted payout options.

Fact: Some annuities have a feature that allows you to change your income amount as your needs change.

Myth: Once you begin your annuity, you'll no longer have access to your assets in case of emergency.

Fact: While you won't have access to the full contract value until after the surrender period is over (which varies by product), most annuities allow you to take a penalty-free annual withdrawal up to a certain percentage. If you take withdrawals before you're age 59½, you may have to pay a 10% early withdrawal federal tax penalty in addition to ordinary income taxes. Withdrawals may trigger early surrender charges and reduce your death benefit and contract value.

Myth: Annuities are expensive.

Fact: While mutual funds and indexes may have lower fees, annuities are the only product that can offer guaranteed income you can't outlive in retirement.

Myth: Annuities are sold only for the high commission.

Fact: While costs can vary by product, immediate and deferred fixed annuities generally don't carry high commission costs. And some companies, including Nationwide®, offer fee-based annuity products. However, your financial professional should help you understand the specifics of the annuity product you're considering and whether it's in your best interests without any sales pressure.

² "Why High-Net-Worth Investors Are Paying More Attention to Annuities," Karen Hube, Barron's (Dec. 7, 2022).

- Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
- Not insured by any federal government agency • May lose value

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Variable annuities are issued by Nationwide Insurance Company, Columbus, Ohio. The general distributor for variable products is Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio.

Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company © Nationwide 2024

AAM-0332AO.4 (08/24)