Nationwide®
is on your side

DOL Fiduciary Rule: June 9 Implementation Plan for Nationwide® Fixed Indexed Annuity Business

With the recent decision by the Department of Labor (DOL) to not delay the effective date of the Fiduciary Rule, **the rule began phasing in June 9, 2017**. Because of this change, it's more important than ever that you and your clients have access to solutions that can address critical needs like guaranteed income in retirement and legacy planning. Nationwide® is proud to offer products that can help with these client needs, and is prepared to comply with the requirements of the Fiduciary Rule.

Background on the Fiduciary Rule:
The DOL issued the final version of a fiduciary rule expanding the definition of "investment advice fiduciary" to include all financial advisors who receive compensation (such as insurance commissions) for providing investment advice relating to qualified plans or individual retirement accounts or annuities, including the investment of distributions from retirement accounts. The effective date of the is June 9, 2017.

Impact to Nationwide fixed indexed annuity business:
With the effective date of the rule on June 9, Nationwide is continuing to accept Nationwide fixed indexed annuity new business (and purchase payments) on a retirement account submitted by the agent under the 84-24 Prohibited Transaction Exemption (PTE 84-24) unless otherwise informed by the agent.

New business submitted on or after June 9 should use the new Nationwide suitability form containing updated disclosures. The previous version of Nationwide's suitability form will be accepted until July 9, 2017 and will be considered not-in-good-order for processing after this date.

If you do not intend to rely on 84-24, please have your designated Financial Institution contact Nationwide at dolagreements@nationwide.com to ensure that the proper agreements and processes are in place to continue business. Please be aware that we are still working through the legal framework to support an RIA BICE solution so it may take longer to establish the proper agreements and procedures.

Enclosed you will find:
- **Notification to Independent Insurance Agents** providing important information on working with Nationwide beginning June 9, 2017
- New **Suitability Form**
- Revised section of the **Nationwide Business Practices and Compliance Guide** containing updates to address the DOL Fiduciary Rule
- **Instructions** for accessing 84-24 Disclosure Templates online

We’re ready to support you:
To assist with PTE 84-24 requirements, we are providing 84-24 Disclosure Templates for fixed and fixed indexed annuity products. You are not required to use the Nationwide version and you may use other documents to fulfill the 84-24 disclosure requirement. The Nationwide templates are available on our website at https://nationwidefinancial.nwie.net/#!/resources/forms/annuities.

Your business is important to us and our team is committed to helping you prepare for this change. If you have questions, please contact our National Sales Desk at 1-800-321-6064 or email dolagreements@nationwide.com.

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FAM-0816AO (06/17)

NOTIFICATION TO INDEPENDENT INSURANCE AGENTS

Applicability Date: June 9, 2017

RE: Department of Labor Fiduciary Rule

Update on the Department of Labor Fiduciary Rule:
Last year, the Department of Labor ("DOL") issued the final version of a fiduciary rule ("Fiduciary Rule") expanding the definition of "investment advice fiduciary" to include all financial advisors who receive compensation (such as insurance commissions) for providing investment advice relating to qualified plans or individual retirement accounts or annuities (together, "retirement accounts"), including the investment of distributions from retirement accounts. **The Fiduciary Rule is scheduled to take effect June 9, 2017** (the "Applicability Date"). After the Applicability Date, financial advisors, which include registered representatives, investment advisor representatives, and insurance-only licensed producers, must act in the "best interest" of retirement investors when providing advice and either avoid engaging in a prohibited transaction (receipt of insurance commissions is generally viewed as a prohibited transaction) or comply with one of the prohibited transaction exemptions ("PTEs") available to fiduciaries under the Fiduciary Rule, such as the Best Interest Contract Exemption ("BIC Exemption") or PTE 84-24. Among other requirements, the BIC Exemption requires that all financial advisors be affiliated with a Financial Institution, which the BIC Exemption defines as a registered investment adviser, a bank, an insurance company, a broker-dealer, or an entity granted permission through application to the DOL.

Working with Nationwide on or after June 9, 2017:
As you have entered into an Independent Agent Agreement with Nationwide Life Insurance Company and Nationwide Life and Annuity Insurance Company (collectively, "Nationwide") for the solicitation and sale of Nationwide annuity contracts and life insurance policies (together, "Nationwide Products"), including for retirement accounts, and in that agreement you agreed to comply with all applicable laws, rules and regulations, this letter outlines Nationwide's plans and expectations for continuing to do business together with you under your Independent Agent Agreement after the Applicability Date for the Fiduciary Rule.

1. Neither Nationwide nor any affiliate will act as a Fiduciary under the Fiduciary Rule or as a Financial Institution under the BIC Exemption with respect to any sales of Nationwide Products or ongoing advice by you to retirement accounts. If any of your clients contact Nationwide with questions about a Nationwide Product held in a retirement account, we will not provide any investment advice to that person and will refer them to the agent and firm who is the agent or firm of record for their retirement account.

2. If you act as an "investment advice fiduciary," as defined in the Fiduciary Rule, and engage in a prohibited transaction involving a Nationwide Product after the Applicability Date, we assume and fully expect that you will be responsible for satisfying, and that you will satisfy,

all fiduciary obligations arising under the Fiduciary Rule and all conditions of an applicable PTE applicable to you, including being affiliated with an eligible financial institution if you rely on the BIC Exemption.

3. Neither Nationwide nor its affiliates has or will exercise any supervisory authority over you, relating to your provision of any investment advice, as defined in the Fiduciary Rule, with respect to any retirement account that acquires or holds a Nationwide Product. The supervision system maintained by Nationwide for purposes of complying with state insurance regulations governing suitability of annuity sales is not intended to, and does not, constitute supervision of any investment advice you provide to a retirement account for purposes of the Fiduciary Rule or any PTE.

4. Any marketing materials provided by Nationwide or our affiliates to you are not designed or intended to satisfy any disclosure provisions that may apply to fiduciaries under the Fiduciary Rule or any disclosure conditions of any PTE.

If we have not heard from you by the Applicability Date and if on or after the Applicability Date you submit an application to purchase a Nationwide Product for a retirement account, submit an additional purchase payment on an existing Nationwide Product in a retirement account, or accept compensation from us relating to a Nationwide Product in a retirement account, we will assume that the statements and the assumptions above are accurate and can be relied upon, and that you have agreed to such statements and assumptions.

FOR FINANCIAL PROFESSIONAL USE ONLY

Annuity Customer Suitability Questionnaire for Fixed Products

Nationwide®

Nationwide Life Insurance Company
Nationwide Life and Annuity Insurance Company

PO Box 182021, Columbus, OH 43218-2021
Phone: 800-848-6331 • Fax: **888**-634-4472 • nationwide.com

Important Information: Complete this form when purchasing a new annuity contract with Nationwide. The information collected on this form is used to determine if recommendations appropriately match your financial needs. **Please include this form with your Nationwide Annuity Application, as well as the most recent statement for all associated accounts from a security and/or insurance product for exchange or replacement. If the new contract is an immediate annuity, please provide a current income comparison quote/illustration from the existing contract carrier.**

1. Customer Information (Please print)

Name: ______________________________ Date of Birth: ______________________

SSN: ______________________________ Phone: ______________________

Email: ______________________________

Joint Owner's Name (if applicable): ______________________________

Date of Birth: ______________ SSN: ______________ Phone: ______________

Email: ______________________________

Marital Status: ☐ Single ☐ Married ☐ Divorced/Separated ☐ Widowed

Employment Status: ☐ Employed ☐ Self Employed ☐ Homemaker ☐ Student ☐ Retired
☐ Disabled ☐ Unemployed ☐ Other: ______________________

If employed or self employed, please provide the following information:

Name of Employer: ______________________ Occupation/Job Title: ______________________

Financial Information - Person (If using a non-natural owner, please provide annuitant information in space below.)

Annual Household Income (include all household income, *i.e.*, spouse)	Income Tax Bracket:	Annual Expenses:	Approximate Total Net Worth:	Liquid Assets after Annuity Purchase:
$:______________ ☐ Gross **OR** ☐ Net	☐ 0% ☐ 25% ☐ 5% ☐ 35% ☐ 10% ☐ >35% ☐ 15%	$:______________	$:______________ (The total assets listed in this field should equal all assets listed in the assets table below. Do not include client's residence.)	$:______________ (Checking, savings, money market funds, and securities that can be sold without penalties)

Assets

Liquid Assets	
Asset Type	**Current Value**
Checking and Savings Accounts	
Mutual Funds (A & C shares)	
Employer Based Retirement Plans (if older than 59½)	
CD	
Fixed Annuity (penalty-free)	
Variable Annuity (penalty-free)	
Stocks and Bonds	
Other:	
Total:	

Non-Liquid Assets	
Asset Type	**Current Value**
Life Insurance	
Mutual Funds (B shares)	
Employer Based Retirement Plans (if younger than 59½)	
Fixed Annuity in Surrender Period	
Variable Annuity in Surrender Period	
Other:	
Other:	
Total:	

☐ **See attached statement(s)**

1. Customer Information (continued)

Financial Information - Entity (If the contract owner is a **non-natural entity**, please complete the information below.)
Gross Annual Revenue or Income: $__________________________ Net Annual Revenue or Income: $____________________
Total Entity Assets: $______________ - Total Entity Liabilities: $_____________ = Total Entity Net Worth: $______________

2. Investment Experience & Objectives

Investment Objectives:	**Investment Experience:**	**Investment Time Horizon:**	**Liquidity Needs:**
☐ Current Income[1]	☐ Annuities	☐ < 1 Year	☐ < 1 Years
☐ Discretionary Income[1]	☐ Life Insurance	☐ 1-5 Years	☐ 1-5 Years
☐ Future Income[1]	☐ CDs	☐ 6-10 Years	☐ 6-10 Years
Expected Start Date:_________	☐ Stocks	☐ > 11+ Years	☐ > 11+ Years
☐ Estate Planning	☐ Bonds		☐ No Liquidity Needs
☐ Tax Deferral	☐ Mutual Funds		
☐ Accumulation	☐ None		**Immediate Annuity Only:**
☐ Child's Education	☐ Other:________________		☐ Liquidity Feature
☐ Safety of Principal			
☐ Other:________________			

[1] **Please provide the general need for income:**____

Low

High

Risk Tolerance: What is your risk tolerance **for this account**? Select the answer that most closely matches your situation

☐ **Conservative:** I want to preserve my initial principal in this account, with minimal risk, even if that means this account does not generate significant income or returns and may not keep pace with inflation.

☐ **Moderately Conservative:** I am willing to accept low risk to my initial principal, including low volatility, to seek a modest level of portfolio returns.

☐ **Moderate:** I am willing to accept some risk to my initial principal and tolerate some volatility to seek higher returns, and understand I could lose a portion of the money invested.

☐ **Moderately Aggressive:** I am willing to accept high risk to my initial principal, including high volatility, to seek high returns over time, and understand I could lose a portion of the money invested.

☐ **Aggressive:** I am willing to accept maximum risk to my initial principal to aggressively seek maximum returns, and I understand I could lose most, or all, of the money invested.

3. Source of Funds (choose all that apply)

☐ Fixed Annuity ☐ Variable Annuity[2] ☐ Life Insurance[2] ☐ Mutual Fund[2]

☐ Employer Sponsored Retirement Plan[2]

Type:____________________ ☐ Previous Employer OR ☐ Current Employer
(401(k), 403(b), etc.)

☐ Brokerage Account[2]

Tax Qualification Code:___________ Time Held:___________ ☐ Months ☐ Years Orig Prod Type:________________

☐ Savings/Checking/CD

Tax Qualification Code:___________ Time Held: ___________ ☐ Months ☐ Years Orig Prod Type:________________

☐ Other[2]: ________________________________ If selected, must state source of funds: ____________________________

[2] A registered representative who is currently licensed with a broker dealer may be required to assist you with the liquidation of your portfolio to fund the purchase of the fixed annuity. If the producer who recommended the purchase of the fixed annuity compared your existing portfolio to the fixed annuity, they must be a registered representative of a broker dealer or an investment advisor representative of a registered investment advisor. Additional information and existing account documentation may be required to confirm the recommendation to purchase the fixed annuity, if the recommendation was made by an insurance-only producer.

4. Product Information (Purchasing a fixed annuity product)

Please note, when completing the information in this section, boxes cannot be left blank. If the question or charge is not applicable, please respond with either N/A or zero, if applicable.

Fixed Annuity Product Being Purchased	
Product Name	
Total Premium	$
CDSC Schedule (% per year)	Completed years: 0 1 2 3 4 5 6 7 8 9 10 11 12+ __% __% __% __% __% __% __% __% __% __% __% __% __%
Rider Fees	$ OR %
Enhanced Death Benefit	☐ Yes ☐ No
Living Benefit	☐ Yes ☐ No If yes, type of living benefit:
Expected Income Start Date:[3] ____/____/____/	
Nationwide Anticipated Guaranteed Income Amount on Expected Income Start Date:[3] $__________	

5. Replacement Information

Will this fixed annuity be funded by a replacement or exchange from a life insurance or annuity contract? ☐ Yes ☐ No

If yes, please complete the "Contract or Policy Under Consideration for Replacement or Exchange" columns. Please note, when completing the information in this section, boxes cannot be left blank. If the question or charge is not applicable, please respond with either N/A or zero, if applicable.

Contract or Policy Under Consideration for Replacement or Exchange	**Contract 1**	**Contract 2**
Contract/Policy Number		
Contract/Policy Issue Date		
Contract/Policy Value	$	$
Current Interest Rate	%	%
Minimum Guaranteed Interest Rate[4]		
Years of CDSC Remaining		
CDSC Schedule (% per year)		
CDSC Amount	$	$
Market Value Adjustment	$	$
Mortality & Expense Charge	%	%
Administrative Fees	$ OR %	$ OR %
Rider Fees	$ OR %	$ OR %
Guaranteed Death Benefit	$	$
Living Benefit	☐ Yes ☐ No Benefit Base: $_______________	☐ Yes ☐ No Benefit Base: $_______________
Expected Income Start Date:[3]	____/____/____/	____/____/____/
Anticipated Guaranteed Retirement Income Amount on Expected Income Start Date:[3]	$_____________	$_____________
Client Acknowledgement	Client's Initials:__________	Client's Initials :__________

[3]Income Start Date in the annuity contract

[4]If 3% or greater, please initial to indicate the acknowledgment the client is foregoing a percentage guaranteed return in exchange for the growth potential of the annuity contract being purchased. Although the potential may exist, there is no guaranteed growth equal to that offered by the current contract.

Client: _______________ **Producer:** _________________

6. Financial Objective & Considerations

1. Please describe your emergency fund for unexpected expenses.

   ____

2. Is your current income sufficient to cover future changes in your living and/or out-of-pocket medical expenses during the surrender charge period? ☐ Yes ☐ No

   If no, explain: ____

3. Does your current income cover all of your living expenses including medical? ☐ Yes ☐ No

   If no, explain: ____

4. Do you expect changes to your living expenses in the future? ☐ Yes ☐ No

   If yes, explain: ____

5. Do you anticipate changes in your out-of-pocket medical expenses in the future? ☐ Yes ☐ No

   If yes, explain: ____

6. Do you reside in a nursing home or assisted living facility? ☐ Yes ☐ No

   If yes, explain: ____

7. Have you executed an exchange in the last 36 months (60 months in CA or MN)? ☐ Yes ☐ No

   If yes, explain: ____

8. Do you have a reverse mortgage? ☐ Yes ☐ No

   If yes, please provide amount: ____

9. How will this fixed annuity being purchased better assist your insurance needs and financial objectives?

☐ Lifetime Income Payout ☐ Higher Interest Rate / Index Credit Potential ☐ Penalty Free Death Benefit

☐ Enhanced Benefits ☐ Increased Liquidity ☐ Multiple Index Options

☐ Immediate Income ☐ Principal Protection ☐ Other - Please explain: ____________________

☐ The consumer intends to apply for means-tested government benefits including, but not limited to, Medicaid, Medi-Cal, or Veterans' Aid and Attendance Benefit

Please provide the name of the Elder Law Attorney (if applicable): ______________________________

10. How do you anticipate taking distributions from this fixed annuity? (Check all boxes that apply.)

☐ Partial Surrenders (including penalty-free withdrawals) ☐ Income Rider

☐ Lump Sum ☐ Wealth Transfer

☐ RMD (required minimum distributions) ☐ N/A (death benefit)

☐ Systematic Withdrawals ☐ N/A (single premium immediate annuity)

☐ Other - Please explain: ____

7. Producer's Statement

Please provide a **detailed statement** as to the benefits and suitability of this annuity product being sold, including the customer's specific needs and intended use: ____

____

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8. Fixed Annuity Disclosure

A typical fixed annuity offers three basic features: tax-deferred treatment of earnings, a death benefit, and annuity payout options that may provide income for life. Generally, fixed annuities have two phases: The "accumulation" phase, when your contributions, also known as premiums, accumulate and earn interest, and the "distribution" phase, when you withdraw money, typically as a lump sum or through various annuity payment options. If the payments are delayed to the future, you have a deferred annuity. If the payments start immediately, you have an immediate annuity. Before you consider purchasing a fixed annuity, make sure you fully understand all of its terms. The following are six factors you should bear in mind before purchasing:

Liquidity and Early Withdrawals

Deferred annuities are long-term investments. Many annuities assess surrender charges for withdrawals within a specified period of time, which can be 10 years or longer. Withdrawals taken before age 59½ may incur a 10% early withdrawal federal tax penalty in addition to ordinary income taxes; withdrawals may trigger surrender charges and reduce your death benefit and contract value. Federal tax laws are complex and subject to change. This information is based on current interpretations of the law. Nationwide doesn't offer tax advice. Please talk with your attorney or tax advisor for answers to specific questions.

Sales and Surrender Charges

Fixed annuities typically impose surrender charges for withdrawals or termination within the first several years of the contract, but they usually do not charge a front-end sales charge or annual contract fee. These surrender charges normally decline (usually over 7-10 years) and eventually are eliminated the longer you hold your contract. For example, a surrender charge could start at 7% in the first year and decline by 1% per year until it reaches zero.

Fees and Expenses

In addition to surrender charges, fixed annuities may impose a fee or expense for optional features. These fees are generally represented as a reduction in the interest rate earned in the contract. Remember, you will pay for each fixed annuity benefit. If you don't need or want these features, you should consider whether this is an appropriate investment for you.

Taxes

While earnings in a fixed annuity accrue on a tax-deferred basis, they may not provide all the tax advantages of a 401(k) and other pre-tax contribution retirement plans, such as the ability to make tax deductible or pre-tax contributions. Once you start withdrawing money from your fixed annuity, the portion of the withdrawal that represents earnings or income (but not principal) will be taxed at the ordinary income rate, rather than at the capital gains rates applied to investments in stocks, bonds, mutual funds or other non tax-deferred vehicles in which funds are held for more than one year.

Guarantees

Insurance companies issuing fixed annuities may provide a number of specific guarantees. For example, they may guarantee a death benefit or an annuity payout option that can provide income for life. While it is an uncommon occurrence that the insurance companies that back these guarantees are unable to meet their obligations, it can happen. You should be aware of and consider the credit ratings of the insurance company issuing any annuity you intend to purchase.

Fixed Annuities within IRAs

Please consider your needs and objectives carefully before investing in a fixed annuity within a tax-deferred account, such as an individual retirement account (IRA). IRAs are already tax-advantaged so a fixed annuity will provide no additional tax savings. Also, if the annuity is held in a traditional (rather than a Roth) IRA, the government requires that you start withdrawing income no later than the April 1 that follows your 70 1/2 birthday, regardless of any surrender charges the annuity might impose.

A Special Notice Concerning Indexed Annuities

Before you buy an indexed annuity, you should understand the various features of this type of annuity and be prepared to ask your insurance agent, financial planner, or other financial professional about whether an indexed annuity is right for you and your objectives.

What is an Indexed Annuity?

A fixed indexed annuity is a contract you buy from an insurance company to help you potentially accumulate assets for retirement. It offers returns based on the changes in an index, such as the S&P 500® Composite Price Index. You can receive earnings when the underlying index goes up, but your principal and earnings are also protected from downturns. This means you won't lose principal or earnings based on negative index returns. You may be able to choose to place your money in two different types of accounts: a fixed account and an index account that may have multiple index options.

Fixed account: You'll receive a fixed interest rate guaranteed for a specific term. After that, you'll receive renewal rates guaranteed for each term.

Index account: You may be able to choose one or more indices where you have the opportunity for earnings based on the performance of the underlying index or indices, up to a maximum amount (for example, 5%), referred to as a cap.

You can allocate your money into one or both accounts, and the total allocation needs to equal 100%. A fixed indexed annuity is not a stock market investment and does not directly participate in any stock or equity investment. A fixed indexed annuity may be appropriate for those who want the opportunity to capture upside potential while having a level of protection from market downturns.

What is a Guaranteed Minimum Return?

The guaranteed minimum return for an indexed annuity is typically a majority of the premium value with a set interest percentage applied. However, if you surrender your indexed annuity early, you may have to pay a significant surrender charge and a 10% federal tax penalty that will reduce or eliminate any return.

What is a market index?

A market index tracks the performance of a specific group of stocks representing a particular segment of the market or, in some cases, an entire market. For example, the S&P 500® index is an index of 500 stocks intended to be representative of a broad segment of the market – U.S. large cap equities. There are indexes for almost every sector of the stock market. Many indexed annuities are based on the S&P 500®, but other indexes also are used. Some indexed annuities even allow investors to select one or more indexes.

How is an indexed annuity's index-linked interest rate computed?

The index-linked interest credited depends on the particular combination of indexing features that an indexed annuity uses. The most common indexing features are listed below. To fully understand an indexed annuity, make sure you not only understand each feature, but also how the features work together since these features can dramatically impact the return on your investment.

Participation Rates – A participation rate determines how much of the gain in the index will be credited to the annuity. For example, the insurance company may set the participation rate at 80%, which means the annuity would only be credited with 80% of the gain experienced by the index.

Spread/Margin/Asset Fee – Some indexed annuities use a spread, margin or asset fee in addition to, or instead of, a participation rate. This percentage will be subtracted from any gain in the index linked to the annuity. For example, if the index gained 10% and the spread/margin/asset fee is 3.5%, then the gain in the annuity would be only 6.5%.

Interest Rate Caps – Some indexed annuities may put a cap or upper limit on your return. This cap rate is generally stated as a percentage. This is the maximum rate of interest the annuity will earn. For example, if the index linked to the annuity gained 10% and the cap rate was 8%, then the gain in the annuity would be 8%.

Changes in Interest Rate Computation - Some indexed annuities allow the insurance company to change participation rates, cap rates, or spread/asset/margin fees either annually or at the start of the next contract term. If an insurance company subsequently lowers the participation rate or cap rate or increases the spread/asset/margin fees, this could adversely affect your return. Read your contract carefully to see if it allows the insurance company to change these features.

Indexing Methods

As described below, there are several methods for determining the change in the relevant index over the period of the annuity. These varying methods impact the calculation of the amount of interest to be credited to the contract based on a change in the index.

Annual Reset - Compares the change in the index from the beginning to the end of each year. Any declines are disregarded.

Advantage: Any interest credited is 'locked in' each year.

Disadvantage: Can be combined with other features, such as lower cap rates and participation rates, that will limit the amount of interest you might receive each year.

High Water Mark - Looks at the index value at various points during the contract, usually upon specified anniversary dates. Then the highest of these values is compared to the index level at the start of the term.

Advantage: May credit you with more interest than other indexing methods and protect against declines in the index

Disadvantage: Because interest is not credited until the end of the term, you may not receive any index-linked interest if you surrender your indexed annuity early. It can also be combined with other features, such as lower cap rates and participation rates that will limit the amount of interest you might receive each year.

8. Fixed Annuity Disclosure (continued)

Point-to-Point - Compares the change in the index at two discrete points in time, such as the beginning and ending dates of the contract term.

Advantage: May be combined with other features, such as higher cap and participation rates, that may credit you with more interest.

Disadvantage: Relies on single point in time to calculate interest. Therefore, even if the index that the annuity is linked to is going up throughout the term of the investment, if it declines dramatically on the last day of the term, then part or all of the earlier gain can be lost. Because interest is not credited until the end of the term, you may not receive any index-linked interest if you surrender your indexed annuity early. **Other important index calculation considerations:**

Index Averaging – Some indexed annuities average an index's value either daily or monthly, rather than using the actual value of the index on a specified date. Averaging may reduce the amount of index-linked interest earned.

Interest Calculation – The way that an insurance company calculates interest earned during the term of an indexed annuity can make a big difference in the amount of interest you will earn. Some indexed annuities pay simple interest during the term of the annuity. Because there is no compounding of interest, your return will be lower.

Exclusion of Dividends – For most indexed annuities, the increase in the underlying index does not include dividends or distributed capital gains paid on the underlying stocks, and therefore do not reflect the total return of the underlying stocks; an index or any market-indexed annuity is not comparable to a direct investment in the financial markets. Clients who purchase indexed annuities are not directly investing in a stock market index. An index cannot be invested in directly and is unmanaged.

If You Have Questions

If you have questions about indexed annuities, you can contact the Department of Insurance for your state.

9. Customer Acknowledgment & Signature

By signing this document, I am confirming that the information provided is complete and accurate to the best of my knowledge and I believe this annuity is appropriate for my insurance needs and financial objectives.

Owner:

Name (please print): ____________________

Signature: ____________________ **Date:** ____________________

Joint Owner (if applicable):

Name (please print): ____________________

Signature: ____________________ **Date:** ____________________

10. Insurance Producer/Registered Representative/Investment Advisor Acknowledgement & Signature

By signing this document, I acknowledge that Nationwide is not a fiduciary or acting as a Financial Institution, as defined by the U.S. Department of Labor. I further acknowledge that, to the extent applicable, I have complied with the requirements of PTE 84-24, including providing the required disclosure and adhering to the Impartial Conduct Standards.

Firm Name (please print): ____________________

Producer/Representative/Advisor:

Name (please print): ____________________

Signature: ____________________ **Date:** ____________________

☐ Insurance Only Producer
NOTE: If the source of funds selected in Section 3 is marked by footnote 2, the Non-Solicitation Form is required.

☐ Registered Representative CRD#____________________

☐ Investment Advisor Representative IARD#____________________

NOTE: (Only if an Investment Advisor Representative) I represent that I am acting in a fiduciary capacity, pursuant to the Investment Advisers Act of 1940, to the customer(s) and have recommended the product herein in such fiduciary capacity. I am registered as required by applicable federal and state securities laws or am exempt from registration pursuant to such laws.

DEPARTMENT OF LABOR CONFLICT OF INTEREST RULES

If you sell annuities and life insurance to retirement plans and retirement investors, you also need to be aware of U.S. Department of Labor ("DOL") rules.

These rules generally apply to any person acting as an "investment advice fiduciary" to:

- employer-sponsored retirement plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA");
- individual participant accounts in ERISA plans; and
- plans subject to section 4975 of the Internal Revenue Code of 1986, as amended ("Code") such as individual retirement accounts ("IRAs") described in sections 408 and 408A of the Code.

These plans and accounts are referred to collectively in this section as "Covered Accounts."

An investment advice fiduciary is defined in a DOL rule, codified at 29 CFR section 2510.3-21 (the "DOL Fiduciary Rule"), as a person who, for a fee or other compensation, directly or indirectly, provides to a Covered Account:

- a ***recommendation as to the advisability of buying, holding, selling or exchanging securities or other investment property***, including recommendations as to the investment of securities or other property after the securities or other property are rolled over, transferred or distributed from a plan or IRA;
- a ***recommendation as to the management of securities or other investment property***, including, among other things, recommendations on investment policies or strategies, portfolio composition, selection of other persons to provide investment advice or investment management services, or selection of investment account arrangements (e.g., brokerage versus advisory); or
- ***recommendations with respect to rollovers, transfers, or distributions*** from a plan or IRA, including whether, in what amount, in what form, and to what destination such a rollover, transfer, or distribution should be made.

This definition of "recommendation" is specified in the DOL Fiduciary Rule and generally aligns with the definition of recommendations under FINRA rules and state insurance laws and regulations.

A person who is an investment advice fiduciary generally is prohibited from engaging in a "prohibited transaction," unless a prohibited transaction exemption ("PTE") is applicable. Compliance with a PTE is ordinarily required in order to receive any compensation (directly or indirectly) for advice relating to a Covered Account, such as commissions from an insurance company. Nationwide Life Insurance Company and Nationwide Life and Annuity Company (collectively, "Nationwide") do not act as a fiduciary to owners of its annuity and insurance policies, and are not responsible for ensuring your compliance with the DOL Fiduciary Rule or any applicable PTE.

In connection with adopting the new investment advice fiduciary definition, the DOL also added new PTEs and amended certain existing PTEs to impose new standards and conditions on "investment advice fiduciaries." At least two PTEs are of relevance to insurance agents receiving commissions for recommending insurance products to Covered Accounts. Below is a chart showing which PTEs are available for insurance products issued by Nationwide.

	Between 6/9/17 and 12/31/17		On and after 1/1/18	
	PTE 84-24	BIC Exemption	PTE 84-24	BIC Exemption
Variable annuities	✓	✓	Not available	✓
Fixed indexed annuities	✓	✓	Not available	✓
Fixed rate annuities	✓	✓	✓	✓
Life insurance	✓	✓	✓	✓

PTE 84-24

PTE 84-24 is available for the sale to Covered Accounts of all annuity contracts until December 31, 2017 and thereafter, only fixed rate annuity contracts (but not fixed indexed annuity contracts) and life insurance (such as when purchased with assets in or distributed from a Covered Account). Effective January 1, 2018, to rely on this exemption, the agent can receive only a sales commission and renewal commissions, and not any revenue sharing payments, administrative fees or marketing payments. To rely on PTE 84-24, the following items must be satisfied (which are referred to as the “Impartial Conduct Standards”):

- the agent must act in the “Best Interest” (described below) of the Covered Account at the time of the transaction
- the agent may not make any statements to the Covered Account’s owner that are materially misleading at the time they were made
- the combined total of all fees and compensation received by the insurance agent or broker, pension consultant and insurance company for their services cannot exceed reasonable compensation within the meaning of applicable ERISA and Code provisions.

PTE 84-24 also requires written disclosures, including disclosures of the insurance commissions that the agent will receive (effective as of January 1, 2018, also what will be paid to any other person), and a statement of any charges, fees, discounts, penalties or adjustments which may be imposed on the recommended insurance product in connection with the purchase, holding, exchange, termination or sale of the product. If you intend to rely on PTE 84-24, you will be responsible for compliance with the terms and conditions of the PTE including the written disclosures, even if Nationwide as a matter of convenience provides you with a form of disclosure. Make sure that you understand the Impartial Conduct Standards that apply to recommendations you may make with respect to Covered Accounts.

PTE 2016-01 (BIC Exemption)

PTE 2016-01 (sometimes called the “Best Interest Contract Exemption” or “BIC Exemption”) is available for the sale to Covered Accounts of all types of insurance or investment products, but only if the agent is an adviser affiliated with an eligible “financial institution,” which could be a bank, broker-dealer, investment adviser, or insurance company. The financial institution will be responsible for your compliance with the terms and conditions of this PTE. This PTE requires you to comply with the Impartial Conduct Standards (described above under PTE 84-24), which require you to make recommendations that are in the “Best Interest” of the Covered Account owners, prohibit you from making materially misleading statements, and prohibit you, your financial institution, and any affiliates from receiving compensation in excess of reasonable compensation within the meaning of applicable ERISA and Code provisions.

Your financial institution will be required to enter into a written contract with owners of Covered Accounts (effective as of January 1, 2018), and you and your financial institution will be required to comply with specified disclosure and recordkeeping requirements. Make sure that you know the policies, procedures, and requirements of your financial institution if you intend to rely on this PTE. Nationwide is not your financial institution for purposes of this PTE and will not provide you with disclosures or forms.

The Best Interest Standard

The “Best Interest” standard is one of the elements of the Impartial Conduct Standards, and requires an investment advice fiduciary within the meaning of ERISA and/or the Code, when making a recommendation with respect to Covered Accounts, to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances and needs of the Covered Account, without regard to the financial or other interests of you, your affiliates or other parties.

Please note that:

- Compliance with Nationwide’s policies and procedures as outlined in this Manual will not satisfy your obligations under the DOL Fiduciary Rule and PTEs discussed above.
- Compliance with the DOL Fiduciary Rule and applicable PTEs discussed above will not satisfy your obligations under Nationwide’s policies and procedures outlined in this Manual.