

ALL THAT GLITTERS IS NOT GOLD

A REVIEW OF NATIONWIDE'S NEW HEIGHTS® 8 FIXED INDEXED¹ ANNUITY J.P. MORGAN MOZAIC IISM INDEX

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Who wouldn't want an investment that provided market-like returns? Even better, an investment that provided year-to-year consistency of returns and "no downside risk," especially in today's volatile market? On the surface, that is what the Nationwide New Heights® Fixed Indexed Annuity with an equity indexed strategy developed and sponsored by J.P. Morgan claims to offer to clients. The marketing pitch contained within the sales brochure², the website³, and accompanying video⁴ (referred to in this article as "the large print") includes claims regarding:

- Tax deferral;
- Earnings that are "protected against downside market risk," translated by non-fiduciaries during the sales process as "no downside market risk;"
- An Index designed to provide consistent positive returns in both good and bad market environments;⁵
- Broad diversification across 15 global asset classes from several countries;
- An index with hypothetical, back-tested average annual return from 12/1996 that is within 21 basis points of the S&P 500 annual return for that time period;
- A hypothetical return with "72% less volatility" and none of the dramatic dips during turbulent market events like 1999's dot-com bubble or 2008's financial crisis with its ensuing Great Recession;
- A momentum investment strategy which capitalizes on focusing upon investment areas with superior performance in the preceding six months;
- No caps on the client's upside⁶ unlike most fixed indexed annuities; and finally,
- An optional life time income rider that promises increasing guaranteed lifetime income that you cannot outlive and where "your income can only go up and will never go down."⁷

The job of a good financial advisor is to really know his or her client and be able to know if a given product is suitable to meet a specific client's goals. The difference between a great salesperson and true financial advisor acting in a client's best interest, also referred to as a fiduciary, involves much more than just watching a 4-minute video and passing on a wholesaler's marketing points and graphs to a client. It requires the advisor to be an advocate for the client, to really test the product's claims and to read both the large and the fine print of the contract. Only with this level of diligence and scrutiny, including truly understanding how the product works and the possible downsides of that product, should any advisor make a recommendation to a client, and then only to clients whose circumstances warrant it. The ultimate test, after really understanding these elements, is to apply the Golden Rule and ask, on behalf of the client, "Is this something into which I would put a large portion of my own money?"

The Nationwide New Heights® Fixed Indexed Annuity is an equity indexed annuity, issued by an insurance company and regulated by state insurance regulations. Neither the advisor, nor the policyholder, are given the pre-purchase benefit of a Securities & Exchange Commission reviewed prospectus, as they would with a variable annuity. Instead, the contract is filed with the department of insurance and can then be sold by insurance agents appointed with the company. What the client will actually get in terms of financial results from this type of product is not driven so much by equity markets, but by contractual provisions

including: charges, riders and other important provisions. The Nationwide New Heights® Fixed Indexed Annuity has several index options the client can choose from including those that track: the S&P 500® Index, the MSCI EAFE® Index,⁸ the NYSE® Zebra Edge® Index⁹ and finally, the J.P. Morgan Mozaic IISM Index which includes several indexes that rotate in a manner that will be described later. This product has several optional riders including a lifetime income and an enhanced death benefit rider both available at an additional, ongoing charge.

“The Large Print Giveth and the Small Print Taketh Away”¹⁰

The most important things a client would want to know about Nationwide’s New Heights® 8 Fixed Indexed Annuity, or any indexed annuity or life insurance product, is usually found in the “fine print” of the written contract and not the marketing materials. Under most state insurance laws, the client has 10 days from receipt of the contract (ordinarily delivered at the time of purchase) to decide whether they want to return the policy and receive their money back (referred to as a “free look”) or keep the policy. Interestingly, while the brochures and video highlighting the attractive features of Nationwide’s New Heights® 8 Fixed Indexed Annuity are available through a product-specific marketing website hosted by Nationwide,¹¹ the actual contract¹² is not and can only be obtained from the carrier upon request.

If a client had a PhD in Finance, or perhaps was an experienced securities lawyer, and read the 83-page New Heights® 8 Fixed Indexed Annuity contract¹³ or the 156-page J.P. Morgan Mozaic IISM Index Supplement,¹⁴ here are some of the things they would find within “the small print:”

- **Tax deferral** – This claim is true - as it is of all annuities, with a caveat that applies to clients who make withdrawals from any annuity prior to age 59½ where gains on the contract would be subject to a 10% early withdrawal federal tax penalty.¹⁵ Additionally, all withdrawals may be subject to ordinary income tax as well.¹⁶
- **“No downside risk”** – This is mostly true with Nationwide New Heights® 8 Fixed Indexed Annuity as it is with most indexed annuities. The money deposited into the contract is primarily invested by the insurance carrier in bonds. These funds allow the company to bring the client’s account value back to the invested principal year-to-year if negative performance occurs in the client’s selected investment strategy. The “upside” is produced by the carrier’s investment in derivatives, mostly futures contracts on the respective indexes available within the product, either the S&P 500® Index, the MSCI EAFE® Index,¹⁷ the NYSE® Zebra Edge® Index,¹⁸ or the J.P. Morgan Mozaic IISM. However, if there is an optional rider added to the policy, there is no longer a “0% downside” due to the rider fees that are deducted annually from the policy. The living benefit rider costs between 95-115bps and the death benefit rider costs between 50-80bps.¹⁹ These riders cannot be added in conjunction with each other.

Additionally, there is an initial risk of loss of principal with the surrender charge of 8% in the first policy year. See Figure 1 for the decreasing Contingent Deferred Sales Charge schedule for the New Heights® 8 Fixed Indexed Annuity. Also note that in the first year of the policy, no free withdrawals are allowed.

Figure 1–Contingent Deferred Sales Charge (CDSC) and Free Withdrawal Percentage

Number of Completed Contract Years	CDSC Percentage	Free Withdrawal Percentage
0	8.00%	N/A
1	7.00%	7.00%
2	6.00%	7.00%
3	5.00%	7.00%
4	4.00%	7.00%
5	3.00%	7.00%
6	2.00%	7.00%
7	1.00%	7.00%
8+	0.00%	10.00%

Source: New Heights 8® Sample Contract (Run Date 03.16.17)

- **Broad diversification across 15 global asset classes in several countries** – In addition to the S&P 500® Index, the MSCI EAFE® Index²⁰ and the NYSE® Zebra Edge® Index,²¹ the New Heights® 8 Fixed Indexed Annuity offers policy holders the ability to link or allocate their policies to the J.P. Morgan Mozaic IISM Index. This relatively complex index, requiring 156-pages to fully describe its strategy,²² contains 15 “Basket Constituents” comprised of various “Equity Constituents,” “Bond Constituents,” as well as “Commodity Constituents.”²³ The insurance carrier does not directly invest in the underlying index to which the account is allocated to, but rather in derivatives (mainly futures contracts). It is important to note that since there is no direct investment in the securities upon which the index returns are based, there are no dividends earned as would be the case when securities are directly owned. Nor is the cash value of the annuity invested in a fund managed by J.P. Morgan, rather J.P. Morgan has licensed use of its Mozaic IISM Index to Nationwide.²⁴ Also, J.P. Morgan may unilaterally terminate the Mozaic IISM Index on short notice as J.P. Morgan is “under no obligation to continue compiling, calculating, maintaining or sponsoring the Index.”²⁵ One would presume this must mean that if the Mozaic IISM Index was terminated, the client would have an option to allocate their funds to one of the remaining index strategies. A critical fact that every client must understand is that this contract gives the insurance carrier the authority to unilaterally and “at its sole discretion” revise the crediting factors within the client’s chosen index allocation.²⁶ Additionally, the carrier could allocate as much as 95% of the client’s funds into a “declared rate” bucket also known as a fixed account that has a minimum crediting rate of 0%,²⁷ significantly decreasing the potential for returns shown in Figure 2.

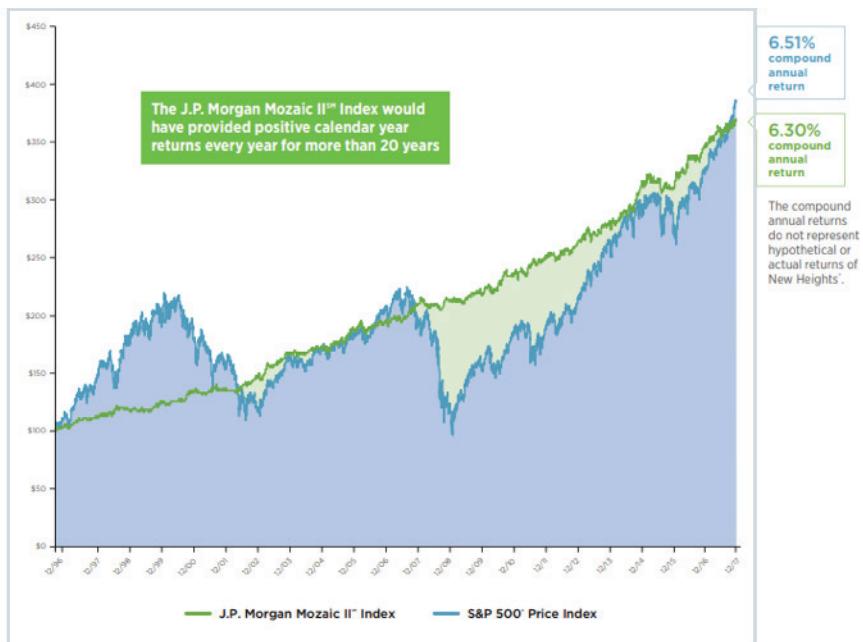
Figure 2–Crediting Factor Guarantees for the Balanced Allocation Strategy Options (Strategy Options)

Strategy Option and Index	Minimum Strategy Term	Minimum Equity Indexed Allocation	Minimum Declared Rate Allocation	Minimum Declared Rate	Maximum Strategy Spread
S&P 500 STRAT A	1 Year	5.00%	0.00%	0.00%	6.85%
S&P 500 STRAT B	1 Year	5.00%	0.00%	0.00%	5.00%
MSCI EAFE STRAT A	1 Year	5.00%	0.00%	0.00%	6.95%
MSCI EAFE STRAT B	1 Year	5.00%	0.00%	0.00%	5.00%
JPMORGAN MOZAIC II STRAT A	1 Year	5.00%	0.00%	0.00%	6.00%
JPMORGAN MOZAIC II STRAT B	1 Year	5.00%	0.00%	0.00%	5.00%
NYSE ZEBRA EDGE STRAT A	1 Year	5.00%	0.00%	0.00%	6.25%
NYSE ZEBRA EDGE STRAT B	1 Year	5.00%	0.00%	0.00%	5.00%

The length of each Strategy Term will be no longer than the Initial Strategy Term.

Source: New Heights 8® Sample Contract (Run Date 03.16.17)

Figure 3–J.P. Morgan Mozaic IISM Index & S&P 500 Price Index



From 11/1/96 to 12/31/17. Note: The J.P. Morgan Mozaic II® Index was established on 12/28/16. Performance shown is back-tested by applying the Index strategy to historical financial data when all components are available and was designed with the benefit of hindsight. Back-tested performance is hypothetical and has been provided for informational purposes only. The S&P 500® Price Index results are actual performance for the full period. Past performance is not indicative of nor does it guarantee future performance. The hypothetical data above does not take index fees or transaction costs into account.

Source: J.P. Morgan Mozaic II SM Index Marketing Brochure

The claim in Figure 3 bears much scrutiny. It shows returns from December 1996 through December 2017 for J.P. Morgan's Mozaic IISM Index compared to the S&P 500 Index (excluding dividends). The J.P. Morgan's Mozaic IISM Index has only actually been in existence for 2 years, established on 12/28/2016. In 2017, the index returned 6.68% vs. S&P 500's 19.42%. In 2018, J.P. Morgan's Mozaic IISM Index returned -0.50% vs. S&P 500's -6.24%.²⁸ The rest of the results and the accompanying graph come from what is commonly referred to as "hypothetical back testing." Said another way, this means that if the J.P. Morgan Mozaic IISM index existed in 1996 and investors could go back in a time machine to invest directly in the index, then and only then would the investor have experienced these hypothetical returns. On another hand, if one could go back in that same time machine to 1996 and, with the benefit of hindsight, buy stock in Apple, Google or Microsoft, and then switch to bonds in both 2000 and 2007, then their returns would definitely beat the S&P 500, the J.P. Morgan Mozaic IISM Index and every investor in the world - including Warren Buffet. Note these types of hypothetical back-tested models are not permitted within sales material when offering SEC-registered securities and their use to predict future performance is deemed inappropriate by FINRA,²⁹ yet are permitted in the sales materials associated with products that are only regulated by state insurance regulators.

- **Volatility smoothing to less than half the volatility of the S&P 500** – Again, the hypothetical, back-tested results demonstrate that, with the benefit of hindsight, volatility can be significantly reduced. However, there are three important "values" to which advisors and their clients must pay close attention:
 - **Contract Value** – The contract value has a 0% floor for index returns, meaning that if the index has a return of -5%, the client holding the policy will have a 0% return for the term. Fees associated with optional living benefit or death benefit riders can be deducted from the contract value however.³⁰
 - **Minimum Guaranteed Contract Value (MGCV)** – MGCV is the minimum amount defined in the policy that the contract owner is guaranteed to receive upon surrender of the annuity after the application of any surrender charges and/or market value adjustments. This value is equal to 87.5% of the premium deposited into the contract and will grow at a guaranteed 1% each year, shown in Figure 4. This is conveniently left out of illustrations and can only be found in the contract specimen received after purchase.³¹

Figure 4–Nonforfeiture Factors

Nonforfeiture Factors	
Minimum Nonforfeiture Rate:	1.00%
Nonforfeiture Purchase Payment Factor:	87.50%
The Nonforfeiture Factors are only used to determine the Minimum Guaranteed Contract Value	

Source: New Heights 8[®] Sample Contract (Run Date 03/16/17)

- **Surrender Value** – The Nationwide New Heights Fixed Indexed Annuity offers 4 different surrender schedules from which to choose: 8, 9, 10 or 12 years.³² The surrender value is the amount of cash you can walk away with at any given point in time. It is the greater of the MGCV or your contract value minus any surrender penalties and built-up rider fees.³³

- **No caps on the client's upside unlike most Equity Index Annuities³⁴** – It is true that this contract does not, like most indexed annuities, have the typical cap of 5 or 5.5 % on the upside of the indexes referenced. In fact, there is one choice that offers the client 117% of the return on the J.P. Morgan Mozaic Index IISM described previously with no cap as shown in Figure 5 below.³⁵

Figure 5–Initial Crediting Factors for the Balanced Allocation Strategy Options (Strategy Options)

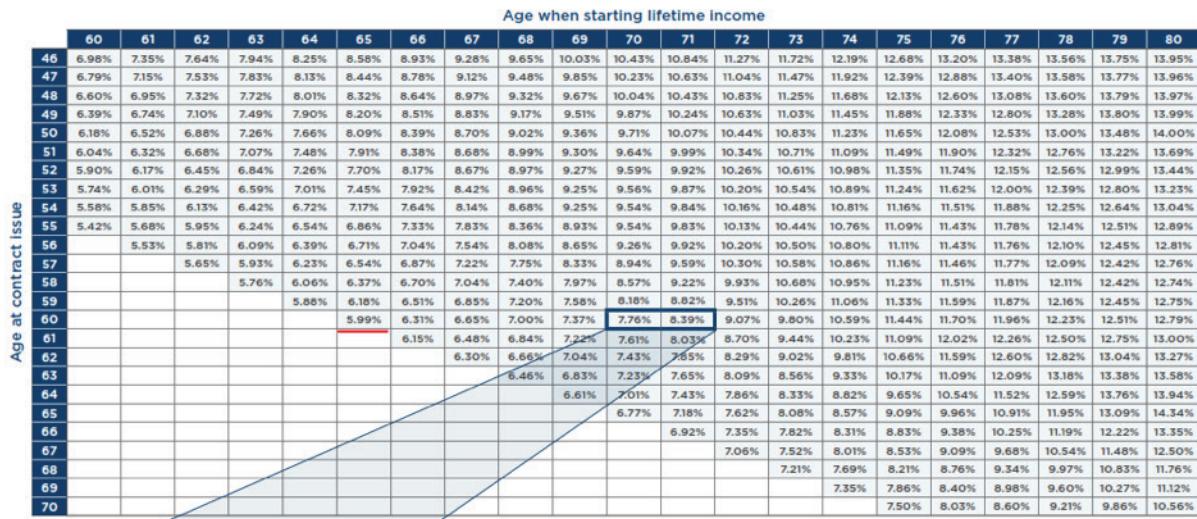
Strategy Option and Index	Initial Strategy Term	Initial Equity Indexed Allocation	Initial Declared Rate Allocation	Initial Declared Rate	Initial Strategy Spread
S&P 500 STRAT A	2 Years	55.00%	45.00%	0.00%	1.85%
S&P 500 STRAT B	2 Years	30.00%	70.00%	0.50%	0.00%
MSCI EAFE STRAT A	2 Years	60.00%	40.00%	0.00%	1.95%
MSCI EAFE STRAT B	2 Years	35.00%	65.00%	0.50%	0.00%
JPMORGAN MOZAIC II STRAT A	2 Years	117.00%	0.00%	0.00%	1.00%
JPMORGAN MOZAIC II STRAT B	2 Years	90.00%	10.00%	0.00%	0.00%
NYSE ZEBRA EDGE STRAT A	2 Years	100.00%	0.00%	0.00%	1.25%
NYSE ZEBRA EDGE STRAT B	2 Years	73.00%	27.00%	0.00%	0.00%

Source: Page 32: New Heights 8® Sample Contract (Run Date 03.16.17)

Again, one must read the fine print in the contract to understand how this crediting method works and how it can be changed. Not only can the investor be reallocated 95% to a fixed account, but the company can and does charge a spread on the index strategy.³⁶ By contract, the insurance carrier can increase the annual spread it charges on this index. The contract gives the carrier the right to increase this spread to as much as the original spread plus 5% per index strategy.³⁷ This bears repeating for emphasis. The contract allows the insurance company to increase the charge against earnings to 500 to 600 basis points on the J.P. Morgan Mozaic IISM Index and up to 685 basis points on the S&P 500 and up to 695 basis points EAFE Index.³⁸ Thus, if the “uncapped” J.P. Morgan Mozaic IISM Index strategy produced a 6% return and the client elected the 117% participation option in Figure 5, the crediting would be 7.02% (6% X 117%). The insurance company could reduce these earnings back to 1.02% by applying the maximum spread of 6% (7.02%-6%), shown in Figure 2. The hypothetical back-tested performance chart in Figure 3 shows only the J.P. Morgan Mozaic IISM Index performance, not what is credited to client's accounts via participation rates and/or spreads.³⁹

- **There is an optional lifetime income rider that promises increasing guaranteed lifetime income that you cannot outlive.** – The rider is called The Nationwide High Point 365® Lifetime Income Benefit rider.⁴⁰ For the New Heights® 8 Fixed Indexed Annuity, the rider cost is 95 basis points.⁴¹ The income base increases at 1% compound for the first 10 years of the policy and the living benefit rider cannot be turned on until the 5th policy anniversary.⁴² This is a very important point that is unique to the New Heights product. Most riders can be turned on at any time after policy issuance. The New Heights® High Point 365® rider offers inflexibility by mandating that withdrawals under the rider can't occur until the 5th anniversary. If the client wants to pay 115bps for the rider, they can have a 3% bonus added to their rider value, contract value and death benefit.⁴³ The 3% bonus is based upon the purchase payment of the policy. As if this wasn't complex enough, the withdrawal bands are different for each client based on the age the client purchased the policy, the age they decide to turn on income (must wait at least 5 years) and whether it is a single or joint lifetime income stream.⁴⁴ Therefore, a 60-year old client who purchases the New Heights® 8 Fixed Indexed Annuity policy with the non-bonus version of the High Point 365® Lifetime Income Benefit rider with \$100K deposit, is guaranteed to have a \$6,295.55 annual income stream for life if income is turned on at the 5th anniversary.⁴⁵ Withdrawal bands are shown below in Figure 6.

Figure 6–Payout Factors – Single Life



Source: Nationwide New Heights 8® Fixed Indexed Annuity Payout Factor Quick Reference Guide – Single Life

Conclusion

Even though Nationwide's New Heights 8® Fixed Indexed Annuity is only a state regulated annuity contract, FINRA's Notice to members 05-50 and 12-03 on complex products requires broker dealers to monitor and train on products while imposing heightened supervision upon them. FINRA Notice 12-03 requires that "the registered representative also should discuss the scenarios in which the product may perform poorly."⁴⁶ Although this product offers little risk of loss of principal, outside being subject to steep surrender charges, financial advisors must use caution to temper what could lead to inflated client expectations created by the marketing materials. Advisors must thoroughly understand the entire annuity contract and its limitations on the crediting methodology. This may be an appropriate product for fixed income clients who are willing to trade illiquidity for the potential of a higher tax-differed return. This product offers safety of principal for a portion of their savings and provides the potential for lifetime income. An informed purchaser must take into account that the entire value and safety of principal is completely predicated on the claims-paying ability of the issuing company - Nationwide Life and Annuity Insurance Company, a subsidiary of Nationwide Insurance Company.⁴⁷ As such, it would be prudent to diversify a client's investments and have only a portion of any client's investment in this product or any other product supported by the general account assets of an insurance carrier.

The J.P. Morgan Mozaic IISM Index methodology may have the potential of exceeding index returns of other equity indexed annuities, by a slight margin, as it did in 2017. A recent study by Cannex which looked at the entire index annuity market concluded the average return for all equity index annuity products using the S&P 500 Index with the traditional caps would be 3.18%.⁴⁸ The highest observed cap in the study was a 6.1% cap with 100% participation rate giving this product a predicted average return of 3.58% over a longer-term using Monte Carlo simulation.⁴⁹ Thus, in its first year, this product using the J.P. Morgan Mozaic IISM Index methodology exceeded other index methodologies. It must also be noted however, that it substantially trailed the S&P 500. Looking forward, it would be best to set the client expectation well below the marketing materials featuring back-tested J.P. Morgan Mozaic IISM Index return of 6.30%. A more pragmatic outlook would have returns slightly higher than the industry average of 3.18% from the Cannex study on all equity index annuities. Various disclosures and cautions within the "fine print" of the contract with Nationwide⁵⁰ and J.P. Morgan's Index documentation⁵¹ make this point abundantly clear.

The contract provisions give very wide latitude to Nationwide to change the index, the index allocations from equities to bonds and, most importantly, the spread on charges against these credits for the index.⁵² We can think of no securities product registered with the SEC that would provide this degree of latitude in potential charges. Any prospect for returns higher than a typical indexed annuity is highly dependent on these factors. If an insurance carrier exercised the options available to it and increased spreads or allocated assets mostly to the fixed account, it is likely the product would produce returns only slightly higher than 1% a year.

If the client is looking for guaranteed income in future years, there are many other annuity options that offer greater upside potential with the added safety of separate account protection.

“The Valmark Fit”

With Valmark’s Comprehensive Annuity Review and Evaluation Service™ (CARES™), we have the ability to analyze new annuity policies being recommended to clients or existing policies already owned, by comparing them to a benchmark annuity that fits the client’s objective. We have four different outputs based on the following objectives: Income, Death Benefit with Income, Death Benefit or Accumulation. The CARES™ Process clearly articulates to clients the large and small print that might be murky in insurance carrier marketing material. At Valmark we understand that annuities can be complex, whether they are fixed, indexed or variable. The CARES™ Process is designed to help provide clarity on these products that your clients desire and deserve.

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Lawrence J. Rybka is President and Chief Executive Officer of Valmark Financial Group, which includes a broker dealer, an investment advisor and Executive Insurance Agency (the nation’s first producer group). Valmark serves 120 premier independently-owned and run wealth management/transfer firms in 31 states. Over the last 29 years, Larry has authored over a dozen articles in U.S. financial industry journals about the future of financial advice. Two of his articles were recognized with industry awards: the Journal of the American Society of CLU and ChFC’s Author Award as well as the CFP Board’s Article Award. He is also co-author of one of the CCH Tools and Techniques Books with Steven Leimberg. Larry’s industry leadership also includes terms on the Boards of AALU and the MDRT Foundation. He has also served as the Chair for various committees in the industry, including twice as the AALU Chair of the Regulatory Reform Committee and CFP Board of Examiners

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¹ Although this product is technically a “fixed annuity” and, therefore, not a security, it offers contract holders no true “fixed interest” return, unless invested in the fixed account. Rather, all returns are dependent upon, or “linked to,” an external equity reference or an equity index. Source: New Heights 8® Sample Contract (Run Date 03/16/17). For illustration purposes here, the author has chosen to discuss a product linked to J.P. Morgan Mozaic IISM Index.

² <https://nationwidefinancial.com/media/pdf/FAM-0403M1.pdf> and <https://nationwidefinancial.com/media/pdf/FAM-0678AO.pdf>

³ <https://www.nationwideneheights.com/>

⁴ <https://www.nationwideneheights.com/jp-morgan-mozaic/>

⁵ See page 3: <https://nationwidefinancial.com/media/pdf/FAM-0678AO.pdf>

⁶ Source: Page 33: New Heights 8® Sample Contract (Run Date 03/16/17)

⁷ <https://www.nationwideneheights.com/lifetime-income/>

⁸ EAFE Index is a stock market index that is designed to measure the equity market performance of 21 developed markets outside of the U.S. & Canada the EAFE acronym stands for Europe, Australasia and Far East

⁹ See: https://www.nyse.com/publicdocs/nyse/indices/NYSE_Zebra_Edge_Index_Brochure.pdf for a further explanation regarding this index.

¹⁰ American Singer/Songwriter, Tom Waits, “Step Right Up”

¹¹ <https://www.nationwideneheights.com>

¹² New Heights 8® Sample Contract (Run Date 03/16/17)

¹³ New Heights 8® Sample Contract (Run Date 03/16/17)

¹⁴ <https://www.jpmorgan.com/jmpdf/1320720120416.pdf>

¹⁵ See pages 9 and 20: <https://nationwidefinancial.com/media/pdf/FAM-0403M1.pdf>

¹⁶ Id.

¹⁷ EAFE Index is a stock market index that is designed to measure the equity market performance of 21 developed markets outside of the U.S. & Canada the EAFE acronym stands for Europe, Australasia and Far East

¹⁸ See: https://www.nyse.com/publicdocs/nyse/indices/NYSE_Zebra_Edge_Index_Brochure.pdf for a further explanation regarding this index.

¹⁹ See: https://nationwidefinancial.com/media/pdf/FAM-0407M1.pdf?_ga=2.223461403.1827109151.1546633764-790054840.1493134636 and https://nationwidefinancial.com/media/pdf/FAM-0411M1.pdf?_ga=2.223461403.1827109151.1546633764-790054840.1493134636

²⁰ EAFE Index is a stock market index that is designed to measure the equity market performance of 21 developed markets outside of the U.S. & Canada the EAFE acronym stands for Europe, Australasia and Far East

²¹ See: https://www.nyse.com/publicdocs/nyse/indices/NYSE_Zebra_Edge_Index_Brochure.pdf for a further explanation regarding this index.

²² <https://www.jpmorgan.com/jmpdf/1320720120416.pdf>

²³ See Page 14 of <https://www.jpmorgan.com/jmpdf/1320720120416.pdf>

²⁴ See page 24: <https://nationwidefinancial.com/media/pdf/FAM-0403M1.pdf>

²⁵ Id.

²⁶ New Heights 8® Sample Contract (Run Date 03/16/17)

²⁷ Id.

²⁸ See: <https://www.macrotrends.net/2490/sp-500-ytd-performance> and <https://www.bloomberg.com/quote/JMOZAIC2:IND>

²⁹ FINRA Rule 2210(d)(1)(F)(i)

³⁰ See Page 4: https://nationwidedefinancial.com/media/pdf/FAM-0407M1.pdf?_ga=2.14790070.1827109151.1546633764-790054840.1493134636

³¹ New Heights 8® Sample Contract (Run Date 03/16/17).

³² <https://www.nationwideneheights.com/nationwide-new-heights/>

³³ New Heights 8® Sample Contract (Run Date 03/16/17).

³⁴ Id.

³⁵ Id.

³⁶ Id.

³⁷ Id.

³⁸ Id.

³⁹ See page 6: <https://nationwidedefinancial.com/media/pdf/FAM-0678AO.pdf>

⁴⁰ https://nationwidedefinancial.com/media/pdf/FAM-0407M1.pdf?_ga=2.18083257.1827109151.1546633764-790054840.1493134636

⁴¹ Id.

⁴² See Page 4 Disclosure 1: https://nationwidedefinancial.com/media/pdf/FAM-0407M1.pdf?_ga=2.18083257.1827109151.1546633764-790054840.1493134636

⁴³ See Page 7: https://nationwidedefinancial.com/media/pdf/FAM-0407M1.pdf?_ga=2.18083257.1827109151.1546633764-790054840.1493134636

⁴⁴ See Page 4 Disclosure 1: https://nationwidedefinancial.com/media/pdf/FAM-0407M1.pdf?_ga=2.18083257.1827109151.1546633764-790054840.1493134636

⁴⁵ \$100K X 1.01^5 = \$105,101.01 Income Base on 5th Anniversary. \$105,101.01 X 5.99% withdrawal band at 65 = \$6,295.55. Withdrawal Bands are for Single Life payouts in chart above.

⁴⁶ See Page 9: <http://www.finra.org/sites/default/files/NoticeDocument/p125397.pdf>

⁴⁷ See page 6: <https://nationwidedefinancial.com/media/pdf/FAM-0403M1.pdf>

⁴⁸ See Page 3: https://www.cannex.com/wp-content/uploads/2018/04/Cannex_MYGA-FIA-Report-2018.pdf

⁴⁹ See Page 4: https://www.cannex.com/wp-content/uploads/2018/04/Cannex_MYGA-FIA-Report-2018.pdf

⁵⁰ New Heights 8® Sample Contract (Run Date 03/16/17).

⁵¹ <https://www.jpmorgan.com/jmpdf/1320720120416.pdf>

⁵² New Heights 8® Sample Contract (Run Date 03/16/17)