



Guaranteed Minimum Interest Rate Change: Explanation of Options

Please consider your available options before making a selection on the *Guaranteed Minimum Interest Rate Change: Options Form* (the *Options Form*). The *Options Form* and required documents can be found in the enclosed folder.

1) Option One

Your contract is amended to lower the Guaranteed Minimum Interest rate annually on the following schedule:

2019	2020	2021	2022	2023
3.5%	2.5%	2.0%	1.0%	0.5%

The contract's quarterly Crediting Rate¹ will continue to be set based on Nationwide's normal business practices and may vary depending on market conditions and investment performance.

2) Option Two

The contract is amended to lower the Guaranteed Minimum Interest Rate annually on the same schedule shown in Option One. Additionally, the per participant exchange and transfer limit is also increased from 20% to 40%.

The contract's quarterly Crediting Rate will continue to be set based on Nationwide's normal business practices and may vary depending on market conditions and investment performance. However, because of the increased exchange and transfer limit, the Crediting Rate under this option will be less than under Option One. At the time of this letter, this difference is 0.1% annually, but the variance is not guaranteed to remain at this level.

3) Option Three (*Default Option*)

The existing balance in your current Fixed Contract will maintain the current GMIR for these existing balances only, unless otherwise agreed to by Nationwide and the Plan Sponsor. New contributions will no longer be accepted to your current Fixed contract. This includes, but is not limited to, payroll contributions, rollovers, transfers and exchanges. This change will be effective in 2019.

Accordingly, you will need to provide direction for your participants' future allocations to replace their current Fixed allocation. Two options are available. If this option is chosen, you will also need to select a sub-option:

- A. Continue to offer Nationwide Fixed Contract. An application for a new Fixed contract is enclosed. This contract will be established with an initial Crediting Rate of 1.2% and a 0.5% GMIR.
- B. Utilize the Plan's existing Default Investment Alternative (DIA). If the Participant does not elect a new investment to replace the Fixed option, it will be treated as if no investment direction has been given and the Default Investment Alternative will be used for future contributions. Your plan's current fund lineup can be viewed online at www.nrsforu.com.

Please Note: if you do not take action, you are electing to place those participant allocations in your existing DIA. The participants will be notified of the change so that they may have the opportunity to change their allocation.

¹The Crediting Rate is the interest rate credited as an annual effective yield.



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FAQ: Guaranteed Minimum Interest Rate

What is changing?

We're adjusting the GMIR to ensure we can continue offering current and future participants valuable retirement plan solutions. Accordingly, Nationwide must align with the market and gradually reduce the GMIR in our fixed annuity contracts.

Why is Nationwide making this change now?

As we survey the retirement plans market, we've recognized a need to change a feature of our product suite—the Guaranteed Minimum Interest Rate (GMIR) of the fixed annuity contract available in your plan. Over the past five years, many providers have lowered their GMIRs. During that time, Nationwide did not take any action; however, interest rates have only increased modestly, creating an interest rate environment in which we can no longer offer an above-market rate.

For the last several years, the industry has operated in a consistently low interest rate environment, which has directly impacted the investment returns available in the market. During this time, Nationwide has continued to provide an above-market rate to participants invested in our fixed contract, but now recognizes the need to adjust the GMIR.

What is a Crediting Rate?

The Crediting Rate is the interest rate credited as an annual effective yield to participants that are invested in the fixed annuity on a daily basis. The Crediting Rate is determined on a quarterly basis by Nationwide and is different than the GMIR.

What is a Guaranteed Minimum Interest Rate?

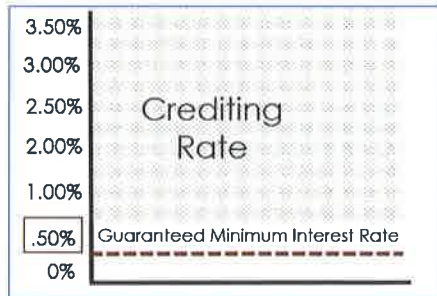
The Guaranteed Minimum Interest Rate is the lowest Crediting Rate that Nationwide will credit to participant accounts under the terms of the contract.

What is the difference between a Crediting Rate and a GMIR?

While the quarterly Crediting Rate may vary depending on market conditions and investment performance, the GMIR is the minimum interest rate established under the Contract. It is meant to act as a floor, meaning regardless of market conditions or investment performance, participants with assets invested in the Contract will not receive a rate of return less than the GMIR.

What happens when the crediting rate wants to drop below the GMIR but is limited by the guarantee?

Nationwide's goal is to pay a competitive crediting rate to participants. Reducing the Guaranteed Minimum Interest Rate may not have a direct impact on the crediting rate that is paid to the participant. Even though Nationwide will annually step down the Guaranteed Minimum Interest Rate to 0.5%, the crediting rate may change quarterly. And while it may be reduced occasionally due to market conditions or investment performance, it will never drop below the Guaranteed Minimum Interest Rate. See the graphic below:



What can I expect from Nationwide?

You can expect Nationwide to continue to offer a competitive crediting rate to your participants. Our goal is to help America's workers prepare for and live in retirement and we will help do this through the products and services that we offer. Nationwide can also provide materials and tools to help communicate this change to affected participants upon request.

The following applies to Options 1 or 2 only:

When will the change to the GMIR be effective for Options 1 and 2?

This adjustment will begin in the first quarter of 2020, meaning participants with assets invested in the fixed annuity contract will still receive their current GMIR throughout 2019. Additionally, the GMIR will step down over a period of five years, giving participants ample time to evaluate future asset allocation decisions. Please refer to the Guaranteed Minimum Interest Rate Amendment: Option Sheet for an illustration of the schedule.

What is the schedule of the GMIR step down?

2019	2020	2021	2022	2023
3.5%	2.5%	2.0%	1.0%	0.5%

Please note: reducing the GMIR may not have a direct impact on the crediting rate that is paid to the participant. Even though Nationwide will gradually step down the GMIR to 0.5%, the crediting rate may change quarterly. And while it may be reduced occasionally due to market conditions or investment performance, it will never drop below the GMIR.

What is the exchange and transfer limit under Option 2?

The percentage of the participant's assets invested in the contract which can be exchanged or transferred out of the contract per year. If the limit is exceeded, no further exchanges or transfers will be permitted until the following year.