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Nationwide Indexed UL: Illustrations and Product Rate Changes

September 2015

Nationwide AG 49 Maximum Illustrated Rate and Transition Rules

A new industry guideline, Actuarial Guideline 49 (AG 49), will be effective 9/1/2015. Its goal is to promote more standardized illustrations and to better educate potential buyers. This guideline applies to all Indexed UL products sold in the U.S. – and is being implemented in the following two phases:

Effective September 1, 2015

- The maximum illustrated rate will be capped for all indexes based on the lesser of:
 1. The average annual look-back rate for the S&P 500® Index assuming the product's annual cap, a 0% floor and a 100% participation rate using all possible 25-year periods from the most recent 66 calendar years.
 2. The carrier's net investment earnings rate times 1.45
- The maximum illustrated rate will vary by carrier

Effective March 1, 2016 – Additional illustration guidelines on:

- Limiting illustrated rates on loaned values, including an "alternate scale ledger" in the current ledger – with a lower rate on the latter, and require a table showing actual index performance and corresponding hypothetical indexed interest rates over the last 20 years

The AG 49 maximum illustrated rate will be 6.86% for all Nationwide IUL indexed interest strategies

- This new rate will apply to all Nationwide IUL new business illustrations beginning September 1, 2015
- Updated software will be available on the same date
- Reproposals on contracts in force before September 1, 2015 are not subject to the AG 49 maximum illustrated rate

Transition Rules: If you want to use higher illustrated rates, you must meet the following deadlines:

- Applications must be signed on or before 8/31/2015
- Applications must be received by Nationwide on or before 9/18/2015
- Policies must be in force and funded by 11/30/2015

AG 49 applies to illustrations; not actual product performance. The AG 49 maximum illustrated rate limits only the interest rate and related values shown in new business illustrations on or after 9/1/2015. It does not impact actual product performance.

Our Indexed Interest Multiplier will still increase an index's credited interest by 15% — guaranteed

This popular feature — available on select indexed interest strategies in our new Nationwide YourLife® IUL Accumulator and Nationwide YourLife IUL Protector products — is applied each year at segment maturity. However, given the AG 49 maximum rate, you may not see the full impact of this guaranteed feature on the illustration.

For example: 6.00% illustrated rate X 1.15 Multiplier = 6.90%, but the illustration will be capped at 6.86%

IUL Product Updates - Rate Changes

Effective for the September 15, 2015 sweep date:

- **Multi-Indexed Interest Strategy in Nationwide Marathon® Indexed UL, YourLife® Indexed UL and Executive IUL**
 - Participation rate decreases from 140% to 100%
 - Cap rate will increase from 12% to 14%
 - These changes apply to all new and in force contracts
- **MSCI EAFE (International) indexed interest strategy in Nationwide YourLife® Indexed UL Accumulator**
 - Cap rate will increase from 12% to 13%
 - This change applies to all new and in force contracts

Coming October 1, 2015: 3.50% fixed interest rate for all Nationwide indexed UL products

- The fixed interest strategy crediting rate will be reduced from 3.75% to 3.50%
- This change will apply to all new and in force IUL contracts

Nationwide Suite of Indexed UL Products

<i>Rates effective on the September 15, 2015 sweep date - except for the fixed rate change which is effective October 1, 2015</i>	AG 49 Maximum Illustrated Rate	Partici- pation Rate ¹	Cap Rate ¹	Floor Guarantee	25- year Look- Back Rate ²
Nationwide YourLife[®] IUL Accumulator <i>Introduced March 2015</i>					
One Year Multi-Index Monthly Average Indexed Interest Strategy <i>with Multiplier</i>	6.86%	100%	12%	0%	7.76%
One Year S&P 500 [®] Point-to-Point Indexed Interest Strategy <i>with Multiplier</i>	6.86%	100%	10%	0%	6.89%
One Year Multi-Index Monthly Average Indexed Interest Strategy	6.86%	100%	14%	0%	7.37%
One Year S&P 500 [®] Point-to-Point Indexed Interest Strategy	6.86%	100%	12%	0%	6.86%
One Year MSCI EAFE Annual Point-to-Point Indexed Interest Strategy (<i>international</i>)	6.86%	100%	13%	0%	6.90%
One Year Uncapped S&P 500 [®] Point-to-Point Indexed Interest Strategy (<i>no cap</i>)	6.86%	100%	5% spread	0%	7.89%
Fixed interest crediting rate: 3.50% (<i>Effective October 1, 2015</i>)					
Nationwide YourLife[®] IUL Protector <i>Introduced March 2015</i>					
One Year Multi-Index Monthly Average Indexed Interest Strategy <i>with Multiplier</i>	6.86%	100%	12%	0%	7.76%
One Year S&P 500 [®] Point-to-Point Indexed Interest Strategy <i>with Multiplier</i>	6.86%	100%	10%	0%	6.89%
Fixed interest crediting rate: 3.50% (<i>Effective October 1, 2015</i>)					
Nationwide YourLife[®] IUL and Executive IUL <i>Original product introduced in November 2011</i>					
One Year Multi-Index Monthly Average Indexed Interest Strategy	6.86%	100%	14%	0%	7.37%
One Year S&P 500 [®] Point-to-Point Indexed Interest Strategy	6.86%	100%	12%	0%	6.86%
Fixed interest crediting rate: 3.50% (<i>Effective October 1, 2015</i>)					

1. The new cap and participation rates will be applied on the September 15, 2015 sweep date.
2. The hypothetical 25-year "look back rate" is based how the products might have performed had they been available during 25-year rolling periods from 1950 to 2014. Note that some indexes were not available until after 1950. The rates are the average return for all rolling periods in the analysis. These rates reflect past performance of hypothetical indexed interest strategies and do not guarantee future performance.



Indexed universal life insurance policies are not stock market investments, do not directly participate in any stock or equity investments, do not receive dividend or capital gains participation. Past index performance of an index is no indication of future crediting rates.

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