Nationwide Suitability Help Guide

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Intent of this Suitability Guide

This guide is intended to help outline the Nationwide suitability review process and to avoid follow-up requests and delays. The sections below specifically address areas that commonly create confusion or generate additional questions and do not represent all scenarios, concerns, or questions.

Our expectation of the Financial Professional

We expect the financial professional to get relevant information from the client regarding their insurance needs and financial objectives and ensure the client understands the various features of the annuity, such as the surrender period and charges, potential adverse tax consequences, costs and features of riders and limitations on returns. ***Examples of the documentation requested are statements, illustrations, and annuitization quotes; please see the Best Practice section of this guide for additional information.*** The proposed annuity must provide clearly documented benefits to the client for us to consider it a suitable sale, and the financial professional should outline the specific benefits within the Customer Profile for Fixed Annuity Products document.

Financial Professional Statements

Producer Statements should be completed for both non-replacement and replacement business. The producer should outline the benefits specifically for the client, presented in a fair and balanced way. Explain how the product benefits the client and address specific goals and objectives. Provide additional information pertinent to the case not specifically referenced in another section. **None, N/A or blanks are not acceptable** answers. For more information, please review the Simplifying Regulation 60 material (NFM-24517AO).

Do's:

- Use clear, detailed and complete sentences in response to all required statements, avoiding abbreviations and jargon, so that the client can understand what is being acknowledged by signing the form
- Focus primarily on how the purchase specifically is in the client's best interest, not on the features and benefits of the Nationwide solution
- For applications involving one or more replacements, clearly identify what the client is giving up by making the exchange(s), such as lost income benefits, reduced fees, life insurance policy features, etc.

Don'ts:

- Providing incomplete responses and/or responses equivalent to "N/A" and "None," and skipping P4, often extend the time for suitability review
- Only reiterating and/or ranking the objectives previously stated in Section 21 is not the purpose of these statements, and should be avoided
- Forgetting to address each of the source accounts/account types when addressing how the existing account(s) cannot meet the client's objective(s)

P1 - A detailed explanation of the advantages of the new contract, such as optional riders, liquidity features and the death benefit, along with disadvantages of the new contract, such as a new surrender charge period. All costs of any riders and optional riders, as well as the impact on the contract's benefits.

P2 - Any decrease or increase in fees and charges, such as contract or rider fees and surrender charges.

P3 - All riders, features and benefits that your client would lose on the replaced contract because of the replacement, such as how many more years till no more surrender charges, or if the contract is already liquid and product features lost.

P4- Completed depending on how questions 10f, 17, 18, 20, 21a, 25 and 29 are answered; or use this section to explain more about the case

Liquid Assets

We expect clients to have an adequate emergency fund. This should be at a minimum of 3 to 6 months of liquidity, depending on their financial situation and employment of the client. The client should hold these assets in a manner that makes them appropriate as an emergency fund, including such considerations as liquidity and risk. If the client has less than three months of living expenses covered by their liquid assets, the case **will be declined**. If the client only has 3-6 months of living expenses covered by their liquid assets, please explain how the client will address a sudden financial emergency. Please note, taking on additional debt is not acceptable for the purposes of our review. Additionally, clients under 59 ½ qualified assets should be listed as non-liquid assets.

We don't consider the following assets as a primary emergency fund:

- Life insurance cash value
- Loans of any type, including life insurance, home equity loans, and retirement plan loans
- Assets subject to a significant amount of risk (many stocks, bonds, mutual funds)
- Assets subject to tax penalties or other penalties if used

We consider the following assets as liquid in most circumstances (unless subject to penalty):

- Checking, Savings, CD
- Money Markets
- Low-risk stocks, bonds, mutual funds
- Cash (currency) held by the owner

Concentration of Assets

Should the client have greater than 70% of their assets held within annuities, please provide more detail regarding how this concentration in annuities is appropriate for the client and how it factors into their financial plan. If the client has more than 75% concentration of annuity assets, the case will be declined.

Best Interest Regulation

Please be aware of the Best Interest training requirements in the state your client signs the application. Changes to the Best Interest Regulation in the National Association of Insurance Commissioners (NAIC) states have created new requirements for documentation, new business signatures, and training. As more states adopt Best Interest beware, there could be slight differences in what they adopt. The Help Guide is not intended to capture all state requirements, but the general requirements given by NAIC.

- The Insurance Agent (Producer) Disclosure for Annuities form (FAF-0584AO or ACORD660)
- The Insurance Agent (Producer) Disclosure for Annuities form and the Customer Profile for Fixed Annuity Products forms must be signed on or before the application signature date, provided Best Interest training requirements have been met per state guidelines
- If Best Interest training was completed after the original submitted application, we require a second clear client signature and date on the application after the Best Interest training

Non-Solicitation Form for Insurance-Only Producers

A Registered Representative (RR) or Investment Advisor Representative (IAR) is required to help liquidate securities or securities-based products. If the writing agent is not an RR or IAR (e.g., Insurance-Only), the Non-Solicitation Form is required in most states if the source of funds for the Nationwide purchase is a security or securities-based product. This form states the Insurance-Only Financial Professional did not recommend the liquidation of securities, as he/she is not licensed to do so.

Best Practices

Nationwide has been working to reduce the time for the initial review and the time that a case is under review in suitability. As we continue to work and improve in these areas, we've identified best practices that will help speed up the initial review and time in suitability.

- **Statements**- A copy of a complete statement within the last 13 months is ***required*** for all fund sources that are insurance or securities-backed product; this includes 401k, pensions, replacements, brokerage accounts, mutual funds, life insurance, etc.
- **Funds Held Less Than 13 Months-** For our review, provide statement/documents for the original source of funds and include the accounts the funds have been transferred from; lastly clarify why the funds were transferred to the new account in (P4) of the Financial Professional (Producer) Statements
- **Illustrations**- If the product is a Single Premium Immediate Annuity (SPIA) or Fixed Index Annuity with an Income Rider, you must include the illustration/quote presented to the client during a point of sale with the application packet
- **Pension Benefit Election Forms**- When the source of funds is a pension/defined benefit plan, the quote showing the payout options is ***required*** to present an income comparison
- **Annuitization Quotes**- If the source of funds is a deferred annuity and the client is purchasing a Nationwide SPIA, an annuitization quote of the deferred annuity is ***required*** for the income comparison; if the other carrier cannot provide an annuitization quote, we would need a letter on company letterhead indicating that they cannot provide annuitization quote for that product
- **Financial Professional (Producer) Statements**- Information provided in (P1-P4) should give a fair and balanced representation of the recommendation that is specific to the client; this is your opportunity to explain in a few sentences how the product fits the client's objectives; **none, N/A or blanks are not acceptable**
- **Customer Profile Form-** Other best practices can also be found in the Interactive Suitability Guide (AAM.1524AO)
  - Complete the full form- no blanks; use "0" or "X" for fields not applicable; blanks could cause delays with questions and/or updates
  - Complete sections 14-16 with the assumption that the client has purchased the annuity
  - Section 21a Lifetime Income should only be selected when purchasing an income rider
  - Complete section 26 Replacement when the source is an annuity or life insurance, and put "0" or "X" in fields where applicable
  - Complete section 29 if the replaced source (annuity or pension) has an income feature or annuitization available
  - Complete all client and producer acknowledgments on Pages 5 and 6 of the Customer Profile
  - Sign and date the Customer Profile form and Insurance Agent (Producer) Disclosure for Annuity (FAF-0584AO or ACORD660) after Product and Best Interest Training is complete and before or after the Application Date

Contracts will be Declined

While we review each case on its own merits, a case will be declined if the guidelines below are exceeded.

- Replacements- depending on the purpose, when the source annuity has been issued less than three years
- Annuity concentration is over 75%
- Low liquid assets- have less than three months of expenses in liquid assets
- Charges to the client are greater than 8%; this would include CDSC, negative MVA, recapture, etc.

Contracts that are Declined

When a contract is declined before there is communication with the producer, the contract is reviewed again to ensure that the contract should be declined. If you request a re-review or escalate the declined case, provide additional information pertinent to the case that will help us determine if the decision should be changed. The request or escalation will not be re-reviewed without additional information. Leadership will have a week to review the case and communicate a decision.

Replacements

Complete the replacement and rider sections of the Customer Profile form in their entirety. These sections outline information about the existing product and competition to ensure the client is aware of all features of the existing product (riders, potential/current income, interest rates, fees, etc.). The Financial Professional Statements section must provide fair and balanced advantages and disadvantages of any replacement or exchange. It's important to include any specific benefits, riders or loss of income, when outlining information in (P1-P4) of the Customer Profile form. Please see Partial and Penalty Free Replacements in the section below for more information.

- The contract being replaced needs to have been in force for at least three or five years (depending on the objective being met by the contract) or it will lead to a decline
- Current and complete annuity statements are ***required*** for replacements
- Death claims are considered replacements and death claim paperwork is required instead of a statement for beneficially owned contracts
- Section 26 of the form needs all sections completed for each annuity/life policy being exchanged, including annuity death claims; all values and features should be accurately disclosed in Sec. 26 according to the most recent account statement
- Financial Professional Statements (P1-P4) Financial Professional statements should address how these withdrawals affect the existing contract, acknowledge that the client understands these changes, and explain why the withdrawal is being made. (i.e. riders, surrender charges, premium bonuses); surrender charges and removed features (i.e. income rider with existing contract, but none with Nationwide) require detailed explanation in Financial Professional statements

Income to Income Replacements:

- The contract cannot be less than three years old
- Overall charges cannot exceed 8% of the contract value; this would include CDSC, MVA and any recapture of bonus or other charges to the client
- Income can be deferred for a maximum of 12 years or until age 78, whichever comes first
- The increased income once it begins will recover the CDSC & MVA impact within 12 years
    - For clients over the age of 70, the repayment period for income versus accessed CDSC/MVA on replacements has been aligned to three years on recoverability; this insight has been made to better align with the client's financial situation, life expectancy, ensuring that the repayment period is suitable
- Age/life expectancy of client considered ensuring recovery of losses with income

Accumulation to Income Replacements:

- Explain in Producer Statements what has changed that income is an objective
- Also, how does the income better fit or create a meaningful difference in goals/objectives
- The contract cannot be less than three years old
- Overall changes cannot exceed 8% of the contract value; this would include CDSC, MVA and any recapture of bonus or other charges to the client
- Income can be deferred for a maximum of 12 years or until age 78, whichever comes first
- The increased income once it begins will recover the CDSC & MVA impact within 12 years
    - For clients over the age of 70, the repayment period for income versus accessed CDSC/MVA on replacements has been aligned to three years on recoverability; this insight has been made to better align with the client's financial situation, life expectancy, ensuring that the repayment period is suitable
- Age and life expectancy of client considered to ensure recovery of losses within income

Accumulation to Accumulation Replacements:

The contract should be fully out of surrender or have a minimal surrender charge remaining of less than 2%. Articulation on improvements of participation rates, caps, spreads/fees are required in producer statements and validation on contract statements. If surrender charges are in place significant variations or improvements must be present.

When the replaced contract has a Return of Premium guarantee, forfeited interest will be considered a charge or loss to the client.

Income Comparison (Deferred Annuity with Income Rider)

When using an existing annuity with an income rider as the source of funds in purchasing a Nationwide annuity with an income rider, or a defined benefit plan designed to provide guaranteed income, we will compare the income amount available in both products at the age the client intends to start withdrawals from the Nationwide contract. We require specific, documented benefits of the purchase in all instances. Especially if the existing annuity/pension offers a higher guaranteed income than the proposed Nationwide product.

- The contract being replaced needs to be at least five years old and the charges to the client are less than 8% or will lead to a decline
- If the client is replacing an annuity and starting income immediately or within a year, we require an annuitization quote from the surrendering company to compare income values; the income values are required on the Suitability Form
- Explain why the client needs income and provide details around general needs, specifically when the client has more income than expenses; explain why the proposed product is going to be used rather than taking withdrawals from existing sources of funds. (i.e., brokerage accounts)
- For high-net-worth clients with a large portion of their net worth in liquid assets and purchasing an income rider- one of our concerns is the cost of the rider over the life of the contract if there is not a clear income need or plan on when to take income; if the premium amount is 20% or greater of net worth, explain the cost of the rider, the benefits to the client and the client's need for the income; in these situations, if/when the client is retired and there is not an expected significant change to future income and there is not an obvious need for the income rider, the cost of the rider fee is a concern; a fair and balanced explanation of advantages and disadvantages of the purchase of the product and income rider would need to be covered in the Financial Professional Statements (P1-P4); we may need to ask additional questions if not explained completely
- Income Comparison: guaranteed income from Nationwide noted in (27b) and illustration showing that income; income from the existing contract(s) in (29) and provide a current complete statement for verification; use section P4 to show and separate each income amount if multiple replacements are being used to fund the new annuity and show Nationwide proportionally compared with the replaced product; for example:
  - Nationwide $12,345 to ABC Life Insurance and Annuity $10,546
  - Nationwide $9,876 to XYZ Annuity and Life Insurance $9,950

Income Comparison (Nationwide SPIA)

When purchasing an Immediate Annuity with an existing annuity or defined benefit (pension) plan as the source of funds, an income comparison is required. We'll compare our Nationwide SPIA payment amount (in dollars) to the existing annuity's annuitization amount or pension payment amount. We understand the payment option selected at Nationwide may not be available within the existing annuity/pension, however, a comparable payment option (term certain, installment refund, etc.) should be used for comparison. Please also explain in the Producer's Statement if the client is choosing an income option with Nationwide not offered at the surrendering company.

- Explain why the client needs income and provide details around general needs, specifically when the client has more income than expenses; explain why the proposed product is going to be used rather than taking withdrawals from existing sources of funds. (i.e.: Brokerage accounts)
- For high-net-worth clients with high disposable income and/or a large portion of their net worth in liquid assets, explain why the client needs immediate income

- Include the valid Nationwide quote for the Nationwide SPIA along with the annuitization annual amount from the deferred annuity or pension payment amount
  - When the source of funds is a deferred annuity, we require an annuitization quote and a complete current statement using the same or similar payout option as the SPIA being applied for
  - When the source of funds is a pension/defined benefit plan, we require a quote showing payment options
- Income Comparison: Guaranteed income from Nationwide SPIA goes in (28a); disclose the annual payout from the annuitization quote from a deferred annuity or pension/defined benefit payout in (29)
- Statements: Current and complete statements are required for all fund sources that are an insurance product or securities-backed; this would include 401k, pensions, replacements, brokerage accounts, mutual funds, life insurance, etc.
- If the client is applying for means-tested government benefits and the Nationwide SPIA is part of the planning process, we require the name of the Elder Law Attorney; we'll approve annuities sold in conjunction with a Medicaid application only if a named attorney is providing guidance; in addition, the application needs to be marked non-assignable
- Financial Professional Statements (P1-P3): : If using income from a rider or SPIA, make sure to provide further detail about the client's income need and how it fits into an overall retirement plan

Inherited/Beneficially Owned Annuity Contracts

We consider inherited/beneficially owned annuity contracts used to purchase new annuity contracts as replacements and treat them as such for suitability purposes. The submission should reflect a replacement and should compare the existing and proposed products accordingly. You must complete section 26 on the consumer profile form with the requisite information. Also, a death certificate and claim paperwork from the other company showing the claim options would be required.

- Death Certificate and distribution plan complying with the SECURE Act (qualified)
- Claim paperwork
- You must fully complete section 26 if funds are inherited from an annuity or life policy
- Financial Professional Statements (P1-P3): Provide details of how this product is an appropriate claim option
  - Has the claim started at the existing carrier? If so, what option was selected?
  - How does the proposed product fit into the distribution plan to comply with the claim option selected?
  - What other products were considered?

SECURE Act - Qualified Contracts

For qualified, non-spousal inherited contracts, the surrender period must not exceed the SECURE Act 10-year liquidation requirement. The product cannot exceed 10 years from the decedent's date of death. We won't allow SPIA purchases for less than 10 years for this type of annuity.

Taxable implications: Since the contracts must be exhausted within 10 years, the final year(s) could have higher than normal withdrawal needs to meet requirements; please have the client review with their tax advisor to ensure education and their best interests. Clients cannot take withdrawals any time during the 10-year period, as the ALAR will apply when the decedent had already started taking RMDs.

Exceptions for SECURE Act requirements:

- There are exceptions to the Secure Act requirements; these include if the beneficiary is a surviving spouse, minor child or a disabled or chronically ill beneficiary
- Minor child: Once they reach the age of Majority the account must be liquidated in 10 years; please demonstrate a plan for how the minor beneficiary will utilize the annuity
- A disabled or chronically ill beneficiary may have an exception to the Secure Act; a detailed plan and significant benefits of the new annuity over the replacement will assist in the review; also, supporting documents from medical professionals may be required to evaluate the beneficiary's status

- Non-spousal beneficiaries who are less than 10 years younger or older than the decedent may have an exception to the Secure Act rule; please provide details to the suitability or an evaluation may be needed

Trusts

When recommending a purchase of an annuity to a trust, please outline on the suitability form how the proposed product will meet the objectives of the trust.

Trust Considerations

For all trusts, please specify the general purpose of the trust and disclose the relationship of the annuitant to the trust. If the trust is irrevocable, provide financials for the trust. If revocable, provide the grantor's financial information.

As the trust may operate differently than the annuity applied for, please ensure the following questions are addressed before applying:

- Is the trust forced to liquidate if the grantor(s) expire?
- Do/Does the beneficiary on the application align with the trust operation?
- Does the Trustee understand that only the annuitant's death will trigger the death benefit provisions of the annuity?
- Do the Trustees understand that if the owner of the annuity changes, in most circumstances, any riders and benefits will terminate?

Partial Penalty-Free Transfers

Most annuity contracts offer penalty-free provisions during the surrender charge period to provide the client liquidity. Using these provisions to fund an annuity purchase would classify the purchase as a replacement and will require a statement to verify the penalty-free amount. While we generally don't accept these submissions, we examine them on a case-by-case basis.

We recognize there are scenarios where a client may have multiple objectives that are best served with multiple annuities; however, multiple annuity contracts also provide a level of complexity (i.e., general complexity of annuity products, fees, riders, beneficiary claim process) that *requires sufficient justification for approval*. We do not consider penalty-free transfers between fixed indexed annuities to add diversification to the client's investment portfolio.

- Partial or Penalty-Free Transfers are replacements and would need to complete Section 26
- Explain effects to existing contract such as income riders or death benefits on the Partial or Penalty-Free Transfers

Market Value Adjustment (MVA)

It is understood that MVA plays a role when deciding whether to continue an annuity. We review these situations on a case-by-case basis. Please note the following concerns regarding these types of replacements:

- Statements are required for review; please ensure that the MVA is present on the statement; in addition to the statement, a screenshot showing the most recent values may be requested
- The MVA amount can fluctuate daily due to market conditions; please include language in the Financial Professional statements on the Suitability Form clarifying the client has been given full disclosure regarding the positive and negative impacts fluctuating MVA can have on their replacement; if you need additional space, please provide a letter of instruction signed and dated by both the agent and the client
- When completing the Suitability Form, please provide the full CDSC amount on page four, section 26h and the MVA amount in section 26i with an "As of Date"
- Financial Professional Statements(P1-P3): , present a clear benefit for the client in making the exchange; for example: if the new contract will have an income rider, please explain what has changed in the client's objectives and the clear benefit for the client

- We'll review contracts being replaced less than 60 months after issue with our senior leadership; we may request a Letter of Instruction as an additional requirement

Naturally Owned Nonqualified contract where the Annuitant is not the Owner

Typically, this contract structure is used because the owner's age exceeds the maximum issue age for an annuitant. In these cases, we require additional information and acknowledgments. **While we generally don't accept these submissions, we examine them on a case-by-case basis.**

The challenge lies within the structure of the contract being annuitant driven and having the death benefit only triggered upon the death of the annuitant. If the owner were to pass before the annuitant, CDSC may apply and ownership passes to the party with contractual succession rights, not the annuitant. Funding this account set-up with funds from checking/savings accounts or annuity replacements likely does not provide a significant benefit to the client, as the current accounts already offer benefits such as additional liquidity, gifting options, or continued tax deferral. This can result in the new owner being forced to pay surrender charges and potential taxes on earnings. Please have your client consult with a tax advisor.

We want to see a clear benefit primarily for the client. We will not consider a marginal or minimal benefit for approval. Generally, we require the client to have significant liquid assets and net worth to consider accepting this structure. We require the client to purchase the product with the shortest surrender period available. The scenario eligible for exception consideration would include a client who is facing forced annuitization within the next six months without deferral options, and annuitization is not in the client's best interest. In this case, we would require documentation of the forced annuitization.

Contract Construction

We recommend consulting the contract language to ensure the parties to the contract are structured appropriately to meet the client's intent. For contracts where the succeeding owner(s) are younger than age 59.5, a 10% federal tax penalty, in addition to ordinary income taxes, may apply upon distributions. Please have your client consult a tax advisor. Please consult the contract to understand the succession rights within the contract.

Requirements for Review

- Clear explanation of the benefit of the sale, addressing product selection, structuring, etc., addressed on the suitability form or other documentation with the client's signature
- Name, contact information, and relationship to the client, for a trusted contact of the client
- "Disclosure for Contracts Where Owner and Annuitant Are Not the Same Natural Person," form AAF-0485AO
- Recent account statements for all sources of funds, excluding checking/savings accounts
- If a replacement, documentation of forced annuitization within the next six months
- "Designation of Beneficiary Options," form APO-4566-P (Optional)

Endorsement Income Option

An Endorsement Income Option is one that is built into the product with no extra fee to purchase. An example of this would be the Guaranteed Income Solution as part of the Nationwide Peak℠ 10 product.

How to complete the Customer Profile form:

- With Endorsement Income Option:
  - Page 1, Section 9, Benefit Rider, check No Rider
  - Page 3, Section 21, Objectives, Lifetime Income can be one of the objectives chosen
  - Page 5, Section 27, you want to check "No" that you are purchasing an income rider
- The source of funds is an annuity with an Income Rider to a product with the Endorsement Income Option:
  - Page 1, Section 9, Benefit Rider, check No Rider
  - Page 3, Section 21, Objectives, Lifetime Income can be one of the objectives chosen

- Page 5, Section 27, you want to check “No” that you are purchasing an income rider
- Page 5, Section 27 a, b, and Section 29 would need to be completed to compare the income between the two products; a complete current statement of the contract being replaced is required
- Financial Professional Statements(P1-P3): must provide fair and balanced advantages and disadvantages of any replacement or exchange; it’s important that the benefits, riders or loss of income when outlining information are specific to the client

- Source of funds is a pension to purchase a product with the Endorsement Income Option:
  - Page 1, Section 9, Benefit Rider, check No Rider
  - Page 3, Section 21, Objectives, Lifetime Income can be one of the objectives chosen
  - Page 5, Section 27, you want to check “No” that you are purchasing an income rider
  - Page 5, Section 27 a, b, and Section 29 would need to be completed to compare the income between the pension/define benefit and the Endorsement Income Option. A copy of the Pension/Define Benefit payout options would be required
  - Financial Professional Statements(P1-P3): must provide fair and balanced advantages and disadvantages of any replacement or exchange; it’s important that the benefits, riders or loss of income when outlining information are specific to the client

Additional Scenarios and Considerations

Below is a list of common scenarios and additional information the financial professional should provide within the Financial Professional Statement or additional letter to explain the situation and reduce the time required for suitability review. Each case will be reviewed case by case and the additional information will assist with the review.

Situation: **Client is age 75 or older at time of application**

Provide answers to the following questions:

- Was there a trusted person or persons in the meeting with the client?
- If so, please provide the name(s) and relationship(s) of the trusted person(s)
- How long have the client and the agent known each other?

Situation: **Client is age 50 or younger at time of application**

Given the long deferral period to start taking income, provide more details about benefits and objectives of income plan, benefits to the client and how it meets objectives.

Situation: **Client’s income is unusually large or small relative to the client’s financial assets**

Please provide details as to the client’s level of income and financial assets. Outline why the client’s savings are not greater given their annual income, or why their savings are so large given their income.

Situation: **Client is unemployed**

Please explain the plan for seeking future employment. What was the nature of the client’s previous employment and what was the client’s annual compensation? When a client is unemployed, we typically like to see their liquid assets cover more than six months of expenses. Please explain how the client’s current liquid assets will support the client’s unemployment status for an extended period while this annuity is under surrender charges.

Situation: **Client has less than three (3) months (or requisite levels) of expenses in liquid assets**

Please specify if any of the disclosed expenses are discretionary and could be reduced if needed. What measures is the client taking to build an adequate emergency fund?

Situation: **Client has unusually low expenses, low liquid assets, or high debt**

Please provide additional information to explain/support the specific situation or concern. A Financial Inventory Worksheet may also be required.

Situation: **Client has a reverse mortgage**

We won't accept funds from a reverse mortgage.
Was this a lump sum or paid in installments? If installments, what is the length of time? When was the loan taken? Why was the reverse mortgage taken? Is the reverse mortgage included in the client's income?

Situation: **The client elects a risk tolerance of aggressive**

How does this product fit into the client's risk tolerance?

Situation: **The client selects a shorter Time Horizon than the product's CDSC schedule**

How does this product meet the client's investment time horizon?

Situation: **The funds are coming from a variable annuity**

Generally, variable annuities offer a guaranteed fixed subaccount option. Disclose this information in the Replacement Section (26) to ensure the client is fully aware of the current and guaranteed minimum interest rates.

Situation: **Source of funds is life insurance**

How have the client's objectives changed? Does the client have sufficient life insurance to meet their life insurance needs after the purchase of this product?

Situation: **CDSC or penalties will occur upon the surrender of the product**

Outline specifically why the client is willing to pay the CDSC or penalties.

Situation: **The guaranteed death benefit is higher than the contract value**

Outline specifically why the client is willing to give up the death benefit value.

Nationwide Life Insurance Company and/or Nationwide Life and Annuity Insurance Company Columbus OH

Life Insurance and Annuities are issued by Nationwide Life Insurance Company and/or Nationwide Life and Annuity Insurance Company, Columbus, Ohio. The general distributor for variable insurance products is Nationwide Investment Services Corporation, member FINRA.

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