

Understanding how Performance Lock works

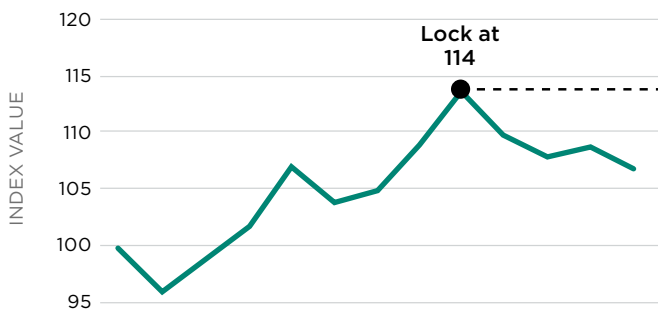
At Nationwide®, we created Performance Lock to help clients keep more of their gains and worry less about market volatility. Consider putting it to work for your clients.

- ✓ Prior to beginning their index segment, they'll choose a target Performance Lock Percentage
- ✓ If the index reaches or surpasses that percentage at market close, we'll use the index value for that day as their ending value for the segment

Review how a 14% Performance Lock can play out

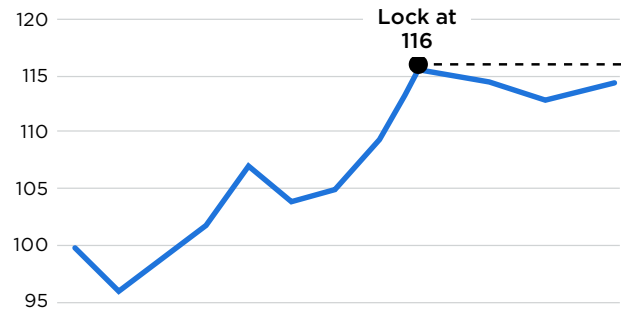
The following examples are hypothetical and for illustrative purposes only.

INDEX GOES LOWER AFTER LOCK-IN



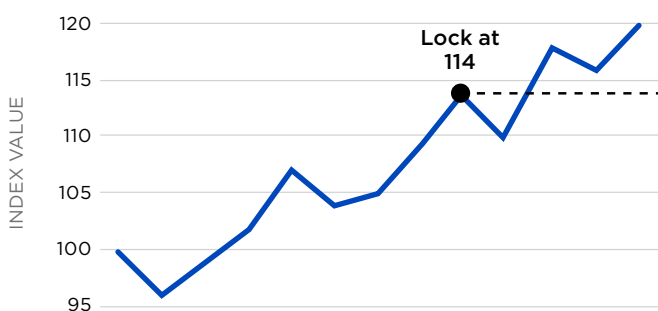
After the 14% lock-in, we'll use that as the ending value for the segment, instead of the true ending value that was lower.

INDEX GOES HIGHER THAT DAY



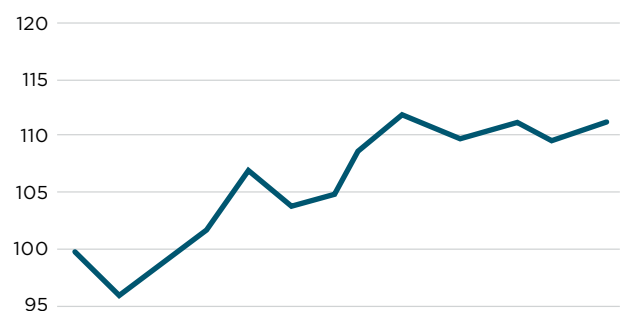
If the index closes higher that same day, we'll lock in the higher value instead of the 14% value or the true ending value.

INDEX GOES HIGHER AFTER LOCK-IN



After the 14% lock-in, we'll use that as the ending value for the segment, instead of the true ending value that was higher.

INDEX NEVER REACHES LOCK-IN



If the index never reaches the 14% lock-in, we will use the true ending value at the end of the segment.



Performance Lock is available on all uncapped point-to-point index strategies, and each strategy can have its own percentage.

Know how we calculate the final crediting rate

The Performance Lock percentage is based on the index's raw performance. All other interest crediting parameters, such as the participation (par) rate, spread and floor percentage rate, will factor in after the chosen percentage. Consider these examples:

Traditional index



Volatility control index



Review the answers to frequently asked questions

1. How do you elect Performance Lock percentages?

Clients may elect Performance Lock at the time of the application or post issue via the allocation form. Please note that the election applies to all segments of that strategy created after the election date, until it is changed or canceled.

2. When can you make the election?

Performance Lock elections must be made prior to when a segment is created (each segment is created on the 15th of the month). You cannot add a lock percentage to in-flight segments; however, you can set up what you want your future segments to be.

3. Can you change or cancel Performance Lock percentages?

If an election was made prior to creating a segment, you can change a Performance Lock percentage for in-flight segments, with some limitations:

- You can only change or cancel the Performance Lock percentage if it hasn't locked yet
- Cancellations or changes will apply to all in-flight segments of that strategy that have not yet been locked
- If you change the percentage, it only counts if you hit the new percentage from that point forward. (e.g., if you originally had 20% and lowered it to 10%, it only locks in if it gets to 10% after the time of the change — not if it was ever 10% in the past)

For future segments, you can change or cancel at any time.

4. If the index has locked but the current index value is better, can you increase the Performance Lock percentage?

No. Once the segment has locked, the Performance Lock cannot be changed for that particular segment. But you can change the percentage for any new segments that are later created.

5. Why is the final crediting rate different than the Performance Lock percentage that was elected?

The Performance Lock is based on the raw return of the index. Nationwide will still apply normal crediting parameters, such as the spread and participation rate. So the final crediting rate could be more or less than the percentage elected, depending on the type of index.

If the index never reaches the Performance Lock percentage, the normal ending value will be used.

6. When will the indexed interest credit be applied?

The indexed interest is credited at the end of the segment period (either 1 or 2 years), regardless of when the lock occurred.

7. Will the index value that is locked in be the beginning value for the upcoming segments?

No, the beginning value of the new segment will be the actual ending value, not the locked value.



Manage index strategies online — it's easy

- View past strategy performance
- Track current strategy performance
- View current index values
- Financial professionals can make allocation changes with our IUL allocation tool
- Coming soon: Financial professionals will be able to set or update Performance Lock percentages



Call us at Nationwide if you have any questions about Performance Lock.

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FLM-1740AO (02/26)