

# A smart way to minimize your to-do list

## The Advanced Premium Deposit account

### How it works

This feature enables you to prepay your annual premiums, eliminating the worry and hassle of paying them on time later. Simply deposit the amount needed to fund your life insurance policy into the Advanced Premium Deposit account.<sup>1</sup> We'll withdraw money to pay your premiums each year on the policy anniversary. A few things to keep in mind:

- While your money is in the Advanced Premium Deposit account, it earns a competitive annual interest rate - currently 2.0% (accrued daily and credited monthly)<sup>2</sup>
- Up to \$10 million in premiums can be paid in advance via the Advanced Premium Deposit account; balance limitations and restrictions apply; see the next page and contact your financial professional or Nationwide at 800-243-6295 for the amount specific to your policy
- If the balance of the Advanced Premium Deposit account (including projected interest) is not sufficient to pay the next scheduled premium, Nationwide® will contact the policyowner; if the Advanced Premium Deposit balance is exhausted, the Advanced Premium Deposit account will be closed and the policy will be placed on an annual direct billing mode based on the planned/scheduled premiums; if you close the account, a new form and deposit will be required to re-establish the Advanced Premium Deposit account
- You'll be responsible for paying taxes on the interest earned each year; Nationwide will send you a Form 1099
- If the insured were to pass away before all money is paid out of the account, any remaining funds would be sent to the beneficiary separate from the death benefit proceeds

### When to use the Advanced Premium Deposit account

- If you're considering making a lump-sum premium payment into your policy, you may be able to avoid a modified endowment contract (MEC) by making a single payment into the Advanced Premium Deposit account rather than directly into your policy
- If you want to leverage the interest earned in the account to pay less out of pocket for your policy
- If you'd prefer to put the money in an account earning interest and let Nationwide pay the policy's premiums for you

<sup>1</sup> Please note that 1035 exchange money cannot be used in the Advanced Premium Deposit account.

<sup>2</sup> Nationwide does not guarantee a minimum interest rate to be credited to the Advanced Premium Deposit account and will notify the policyholder 30 days in advance of any interest rate change.

## Requirements of the Advanced Premium Deposit account

- The policy must be exclusively on an annual billing mode
- The total balance of any individual Advanced Premium Deposit account may not exceed the lesser of:
  1. The present value of the amount needed to prepay your next 10 scheduled premiums;
  2. The amount that would cause the APF balance plus the cash value to exceed the face amount of your policy; or
  3. \$10 million
- The policy cannot be a modified endowment contract (MEC) with Advanced Premium Deposit except for CareMatters® or our traditional whole life policies
- 1035 exchange money cannot be used in the Advanced Premium Deposit account
- The policy can't have an existing loan or take out new loans once an Advanced Premium Deposit account is established
- Advanced Premium Deposit is available in all states but with some limitations in Illinois, Indiana, Pennsylvania and Texas; if your policy is to be issued in one of these states, please contact your Nationwide representative to verify your eligibility to use this account

## Making it easier to get the protection you need

Let Nationwide and the Advanced Premium Deposit account help you spend less time worrying about your life insurance premiums and more time focused on the important things in your life.



Contact your financial professional or call Nationwide today at **1-800-243-6295** to learn more or to get started.



**Nationwide®**

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Be sure to choose a product that meets long-term life insurance needs, especially if personal situations change — for example, marriage, birth of a child or job promotion. Weigh objectives, time horizon and risk tolerance, as well as any associated costs, before investing. Market volatility can lead to the need for additional premium in the policy. Variable life insurance has fees and charges that include underlying fund expenses and costs that vary with sex, health, age and tobacco use. Riders that customize a policy to fit individual needs usually carry an additional charge.

The policy design you choose may impact the tax status of your policy. If you pay too much premium, your policy could become a modified endowment contract (MEC). Distributions from a MEC may be taxable, and if the taxpayer is under the age of 59½, distributions may also be subject to an additional 10% penalty tax.

Indexed universal life insurance policies are not stock market investments, do not directly participate in any stock or equity investments, and do not receive dividends or participate in capital gains. Past index performance is no indication of future crediting rates. Also, be aware that interest crediting fluctuations can lead to the need for additional premiums in the policy. Neither Nationwide nor its representatives give legal or tax advice. Clients should consult with their attorney or tax advisor for answers to specific questions.

All protections and guarantees are subject to the claims-paying ability of the issuing insurance company. All individuals selling Nationwide life insurance products must be licensed insurance agents and registered representatives.

Life insurance is underwritten by Nationwide Life and Annuity Insurance Company, Columbus, Ohio. The general distributor for variable products is Nationwide Investment Services Corporation (NISC), member FINRA, Columbus, Ohio.

Nationwide, the Nationwide N and Eagle, Nationwide is on your side and CareMatters are service marks of Nationwide Mutual Insurance Company. © 2022 Nationwide

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