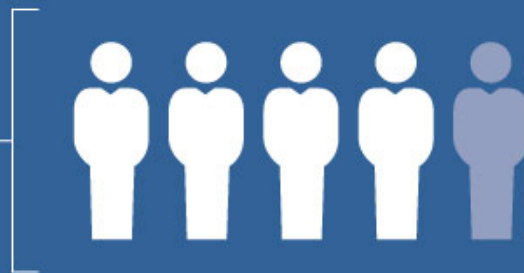




NATIONWIDE RETIREMENT INSTITUTE®

Health Care

— *Plan for costs in retirement* —



4 OUT OF **5** PEOPLE
*cannot accurately estimate
how much they expect to pay for
health care in retirement.¹*

¹ "Health Care and Long-Term Care Study," a consumer study of U.S. adults ages 50 and up, Nationwide/Harris Poll Survey (November 2016).

Important things to keep in mind

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

Information provided by Retirement Specialists is for educational purposes only and not intended as investment, tax, or legal advice.

This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition, or particular needs of any specific person. Investors should work with their financial professional to discuss their specific situation.

This material should be regarded as educational information on health care and is not intended to provide specific advice. If you have questions regarding your particular situation, you should contact your legal or tax advisors.

This information is general in nature and is not intended to be tax, legal, accounting or other professional advice. The information provided is based on current laws, which are subject to change at any time, and has not been endorsed by any government agency.

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NRM-14834AO.7 (01/19)

Agenda

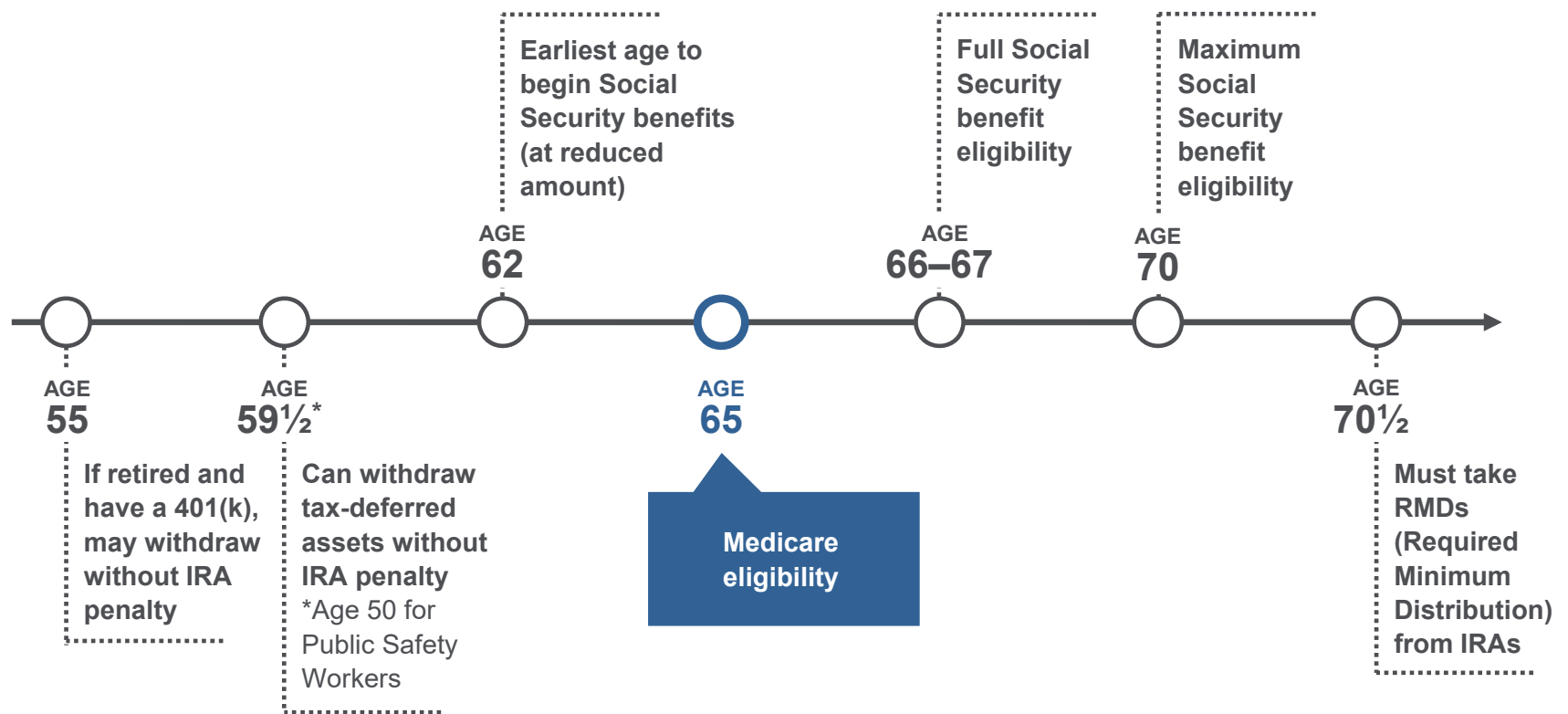
- The retirement income challenge
- Understanding health care
- Creating a plan to address health care costs

— The retirement income —

Challenge

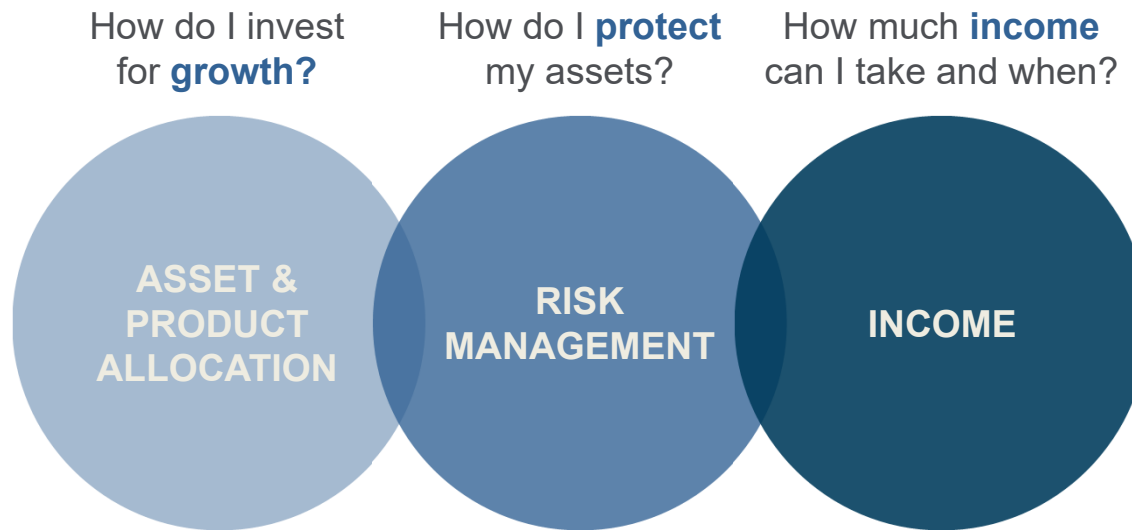
Retirement decision points

Retirees need to make a series of important decisions between ages 55 and 70½



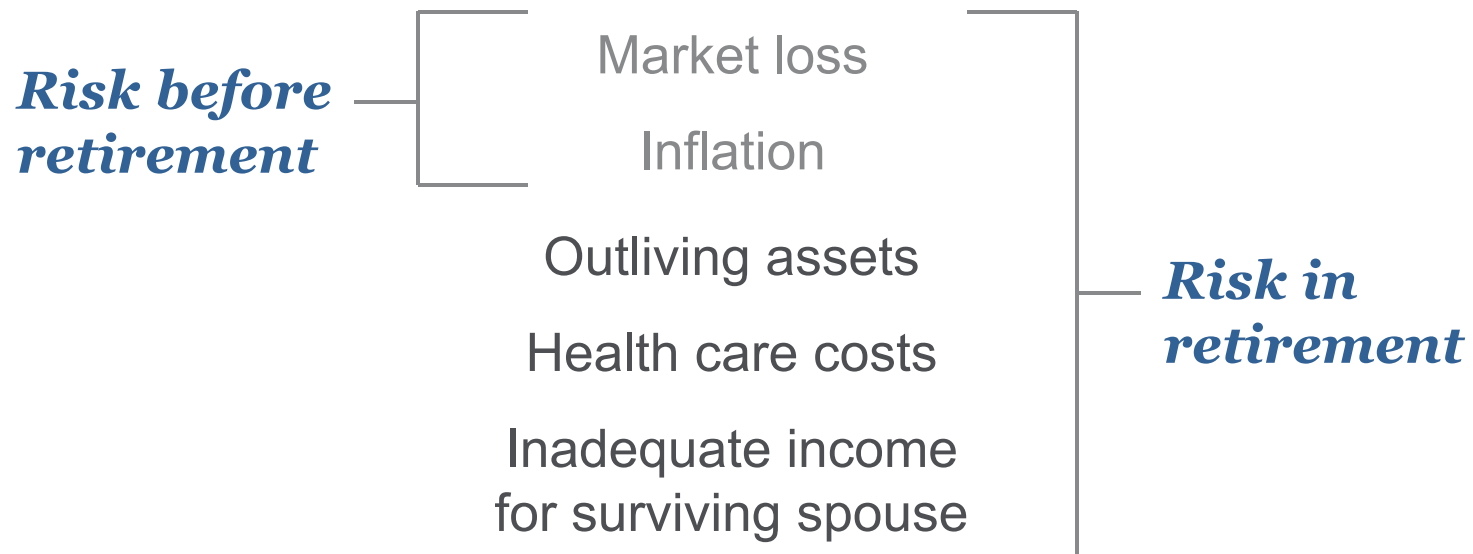
Source: *The Retirement Income Reference Book*, 2015, LIMRA.

THE RETIREMENT INCOME CHALLENGE



Source: The Retirement Income Reference Book, 2015, LIMRA.

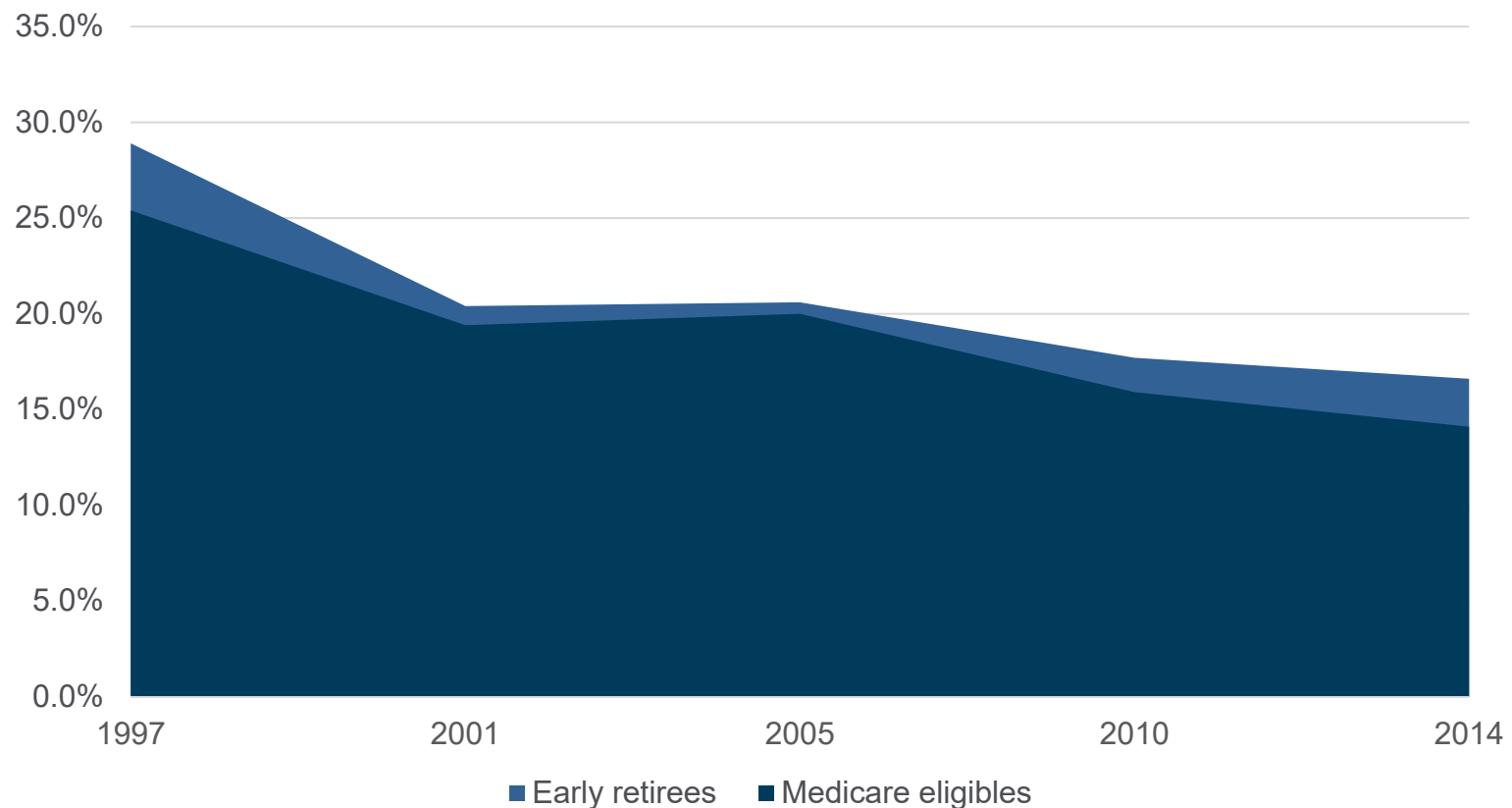
THE RETIREMENT INCOME CHALLENGE



Source: The Retirement Income Reference Book, 2015, LIMRA.

THE RETIREMENT INCOME CHALLENGE

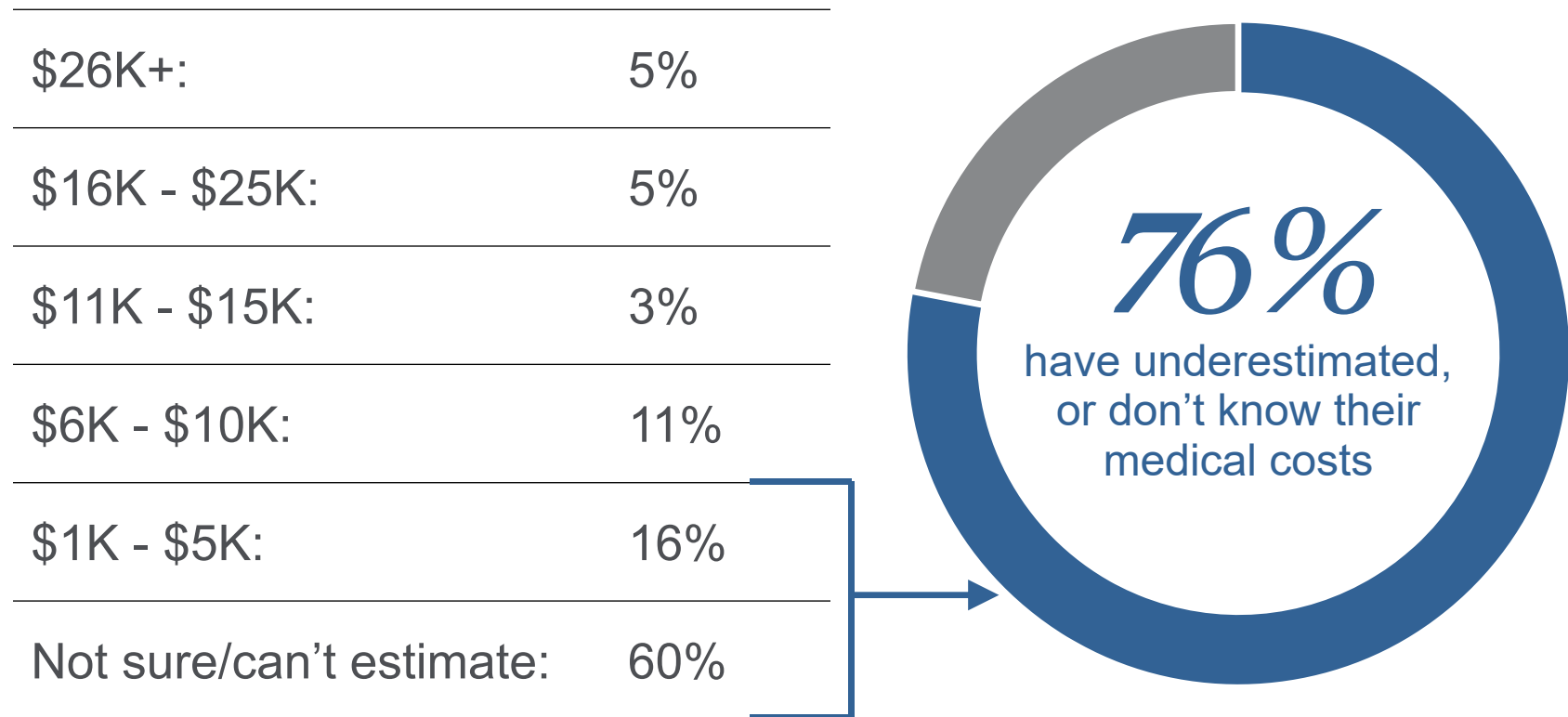
Percentage of private-sector workers employed by establishments offering health insurance to retirees, 1997-2014



Source: EBRI estimates from various tables at http://meps.ahrq.gov/mepsweb/data_stats/quick_tables_search.jsp?component=2&subcomponent=1

THE RETIREMENT INCOME CHALLENGE

Consumer estimate of annual health care costs in retirement



Source: Nationwide/Harris Poll "Health Care and Long-Term Care Study." Consumer study of 801 adults 50 and older, 2016.

— Understanding —

Health care

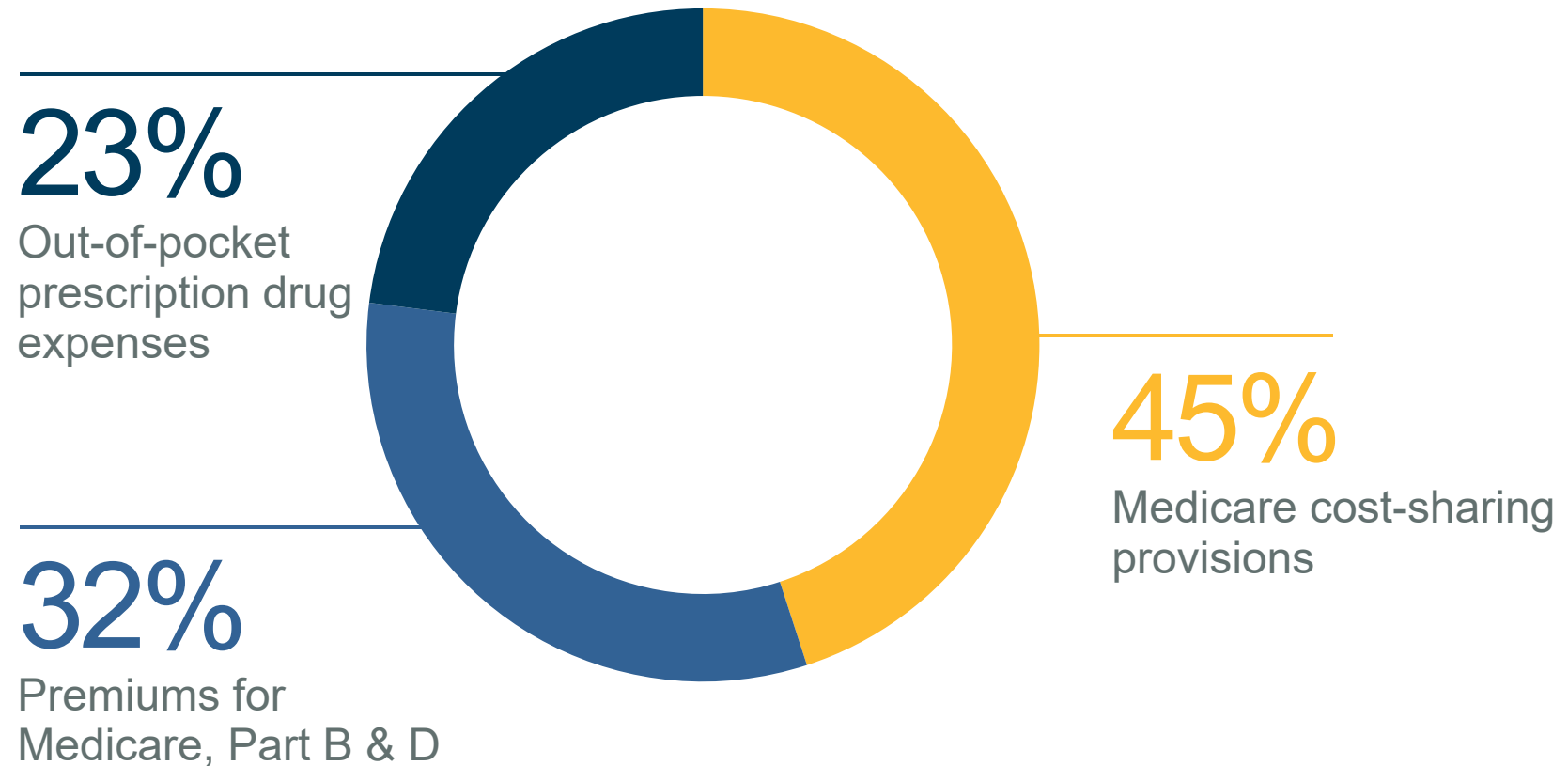
The health care opportunity

- Managing the cost of health care is one of the most complex issues facing society
- Health care costs will be one of the most significant expenses in retirement

UNDERSTANDING HEALTH CARE

- The impact of health care costs on retirement income
- Understanding health care specifics

Health care expenses



Source: Medicare.gov, 2017.

Health care expenses

Out-of-pocket health care estimates
for a 65-year-old couple can reach

\$296,000–\$399,000

during retirement.

Source: "Savings Medicare Beneficiaries Need for Health Expenses: Some Couples Could Need as Much as \$400,000, Up From \$370,000 in 2017" at age 65 assuming 90% chance of having enough savings, EBRI, October 8, 2018.

Health care expenses

Medicare covers only about
62% of expenses
associated with health care services

Option 1

Original Medicare

Part A and Part B +

Secondary insurance

GHI, MedSup +

Rx coverage

Part D or GHI

or

Option 2

Medicare

Advantage (Part C)

1. Hospitalization
 2. Medical
 3. Rx (MA-PD)
-

Option 1 – Medicare Part A: Hospital Insurance

-
- Inpatient hospitalization
 - Skilled nursing facilities
 - Home health care
 - Hospice
-

PATIENT COSTS FOR AN IN-HOSPITAL STAY, 2019

Days 1–60	\$1,364 deductible
-----------	--------------------

Days 61–90	\$341 per day copay
------------	---------------------

Days 91–150	\$682 per day copay
-------------	---------------------

Days 150+	All costs
-----------	-----------

Option 1 – Medicare Part B: Medical Insurance

INDIVIDUAL PAYS, 2019

-
- Doctors/providers
 - Preventive benefits
 - Durable medical equipment
 - Outpatient services
-

Monthly premium (based on MAGI)

\$185 deductible

20% coinsurance on doctors' services and outpatient care

Option 1 – Medicare Part B: Monthly Premiums

IF YOUR YEARLY INCOME IN 2017 WAS:

YOU PAY (2019)

Filed individual tax return	Filed joint tax return	
\$85,000 or less	\$170,000 or less	\$135.50*
\$85,001–\$107,000	\$170,001 - \$214,000	\$189.60
\$107,001–\$133,500	\$214,001 - \$267,000	\$270.90
\$133,501–\$160,000	\$267,001 - \$320,000	\$352.20
\$160,001–\$499,999	\$320,001 - \$749,999	\$433.40
above \$500,000	above \$750,000	\$460.50

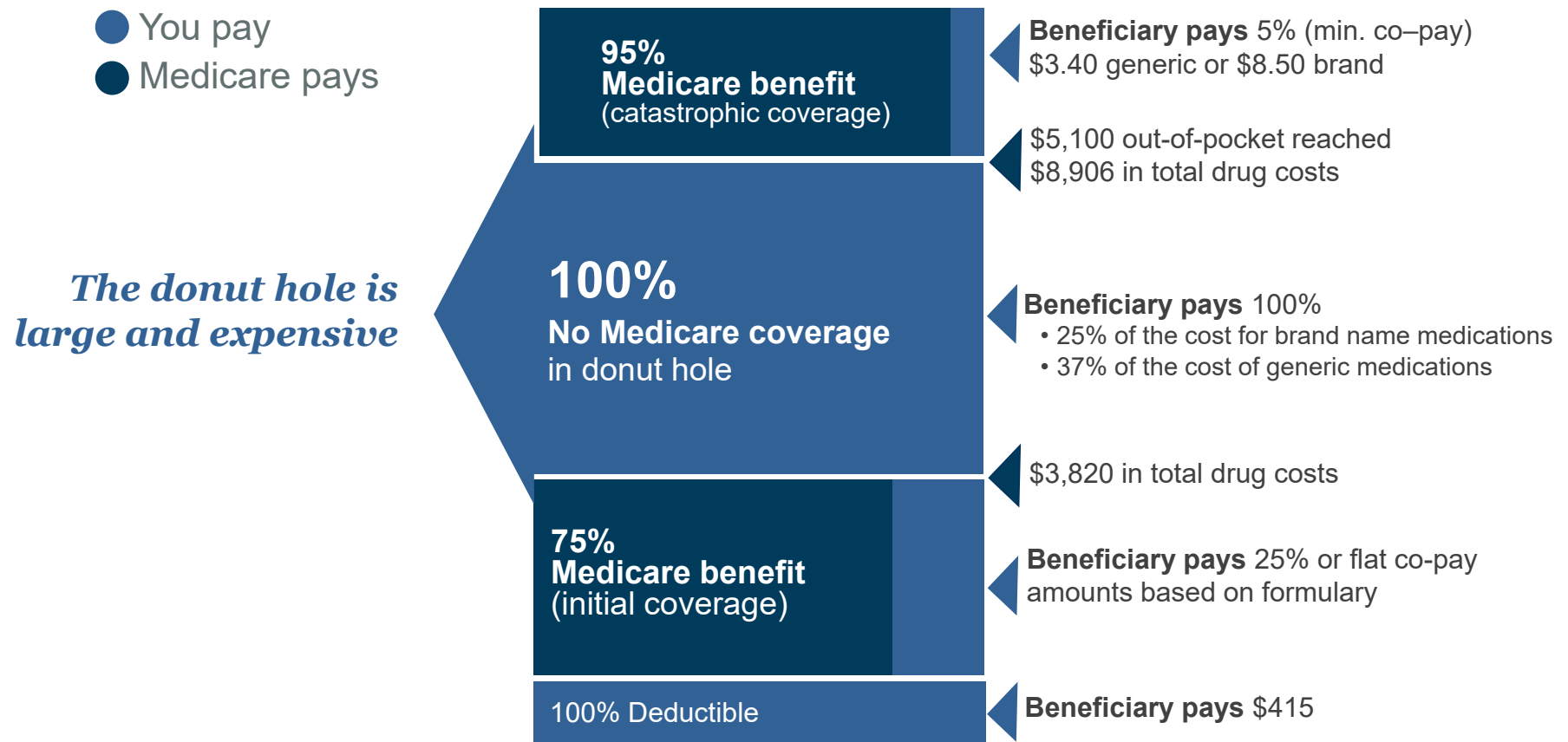
**If protected with the hold-harmless provision, it's \$130, on average.*

Source: Medicare.gov, October 2018.

Option 1 – Medicare Part D: Prescription Drug Coverage

-
- Available two ways:
 - Stand-alone Prescription Drug Plans (PDPs)
 - Through Medicare Advantage Plans (MAPDs)
-
- ALL people with Medicare can get Part D
-
- Open Enrollment October 15 to December 7:
 - Other enrollment times based on circumstance
 - Coverage begins January 1
-

Option 1 – Medicare Part D: Prescription Drug Coverage (2019)



Source: Medicare.gov, October 2018.

Option 1 – Medigap: Medicare supplemental insurance

-
- Pay only after Original Medicare (Parts A & B)
-
- Flexibility to see any doctor who accepts Medicare
-
- Open Enrollment – Six months beginning with Part B effective date at age 65 or older
-

Cost of Medicare Premiums

	Monthly	Annual
Medicare Part A	\$0	\$0
Medicare Part B	\$135.50*	\$1626.00 ¹
Medicare Part D	\$32.50	\$390.00 ²
Medigap Policy G	\$169.00	\$2,028.00 ³
Total per person	\$337.00	\$4,044.00
Total per couple	\$674.00	\$8,088.00

**If protected with the hold-harmless provision, it's \$130, on average.*

This grid shows you the actual cost of premiums based on investor's annual income below \$170,000 married filed jointly. This is for illustrative purposes only.

¹ Medicare.gov, October 2018..

² Center for Medicare & Medicaid Services, CMS.gov, October 2018.

³ Medicare.gov, October 2018. Cost for Medigap Supplement Policy G in Columbus, Ohio. Ranges from \$97-169.

Option 2 – Medicare Part C: Medicare Advantage Plans

Offered by private companies to replace Original Medicare and secondary insurance

Numerous options by county:

- Managed Care (HMO/PPO)
 - Non-Managed Care (PFFS/MSA)
-

Most plans include Part D benefit (MA-PD)

continued >

Option 2 – Medicare Part C: Medicare Advantage Plans *(continued)*

Hearing, dental, and vision may be covered

Costs may increase for out-of-network doctors

Available to those:

- As an alternative to Parts A & B
 - That live within the plan's service area (county)
 - That do NOT have End Stage Renal Disease
-

Enrollees pay Part B premium and any other applicable costs

Applying for Medicare



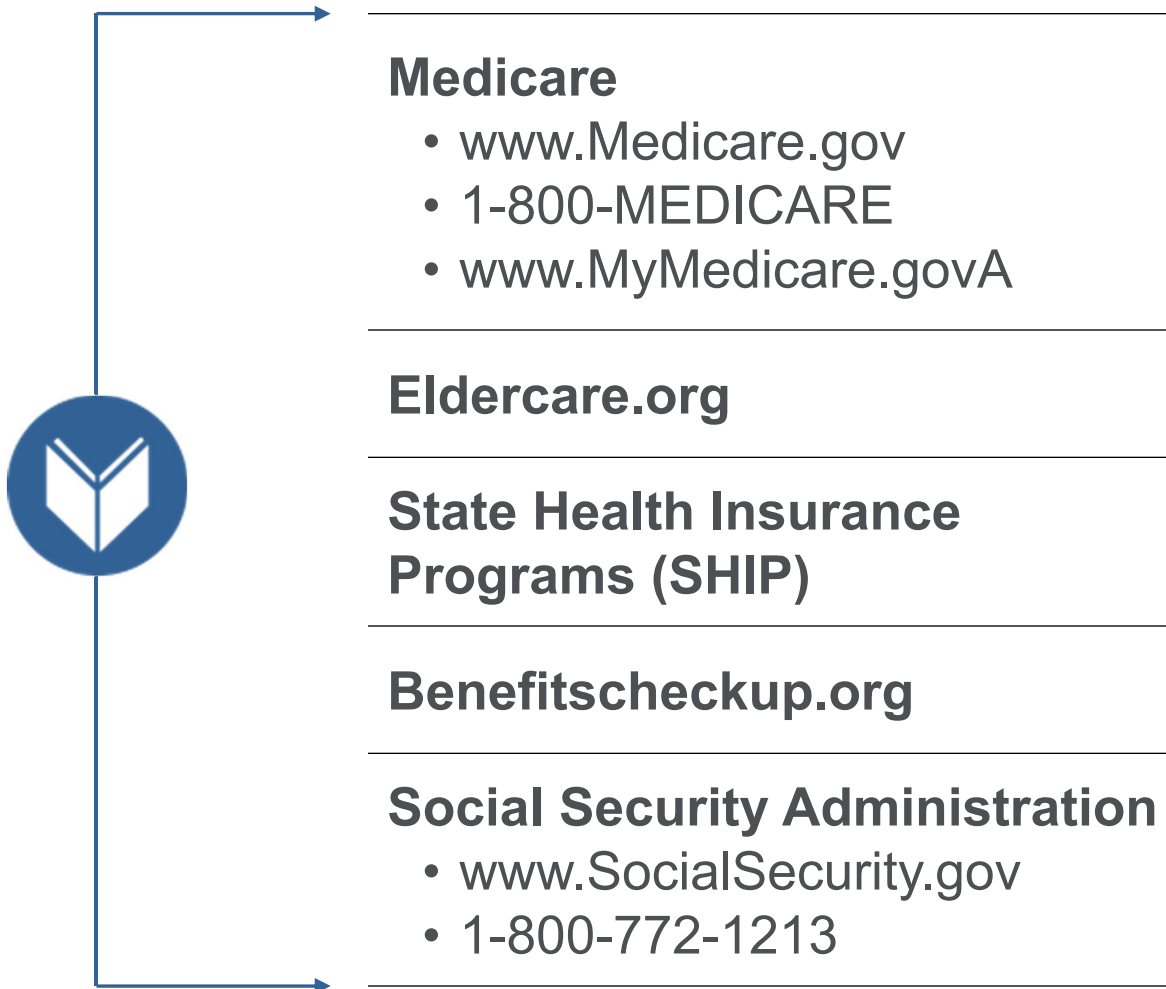
Enrollment is automatic if participants get Social Security or Railroad Retirement benefits prior to Medicare eligibility

All others must apply with Social Security (or Railroad Retirement) during their **seven-month Initial Enrollment Period (IEP)**



The sooner, the better.

Leverage these health care planning resources



Creating a plan

— to address health care costs —

Americans underestimate retirement health care costs

- The majority of pre-retirees have underestimated the cost of health care in retirement
- Help you eliminate the guesswork with a personalized Health Care Cost Assessment from Nationwide

START WITH A HEALTH CARE COST ASSESSMENT

Determine individual health care costs



The Nationwide Personalized Health Care Cost Assessment

- Powered by calculations from one of the world's leading actuarial firms
- Provides a personalized estimate of possible annual health care expenses
- Includes estimates for Medicare, and out-of-pocket expenses

Personalized Health Care Cost Assessment

HEALTH PROFILE

LONGEVITY

AVERAGE ANNUAL EXPENSES
FOR HEALTH CARE

IMPACT OF NOT TAKING ACTION

HEALTH CARE AND LTC COST ASSESSMENT



Be prepared for health care costs

*A personalized estimate of retirement health care
costs to help you plan for the future*

Personalized Health Care Cost Assessment
Includes Medicare, out-of-pocket, and long-term care expense estimates

Designed for Jim Smith and Linda Smith
Wednesday, January 2, 2019

Prepared by Sample Producer

***** XX 99999
(999) 999-9999

The information collected on the Personalized Health Care Cost Assessment will be kept confidential and used to provide an estimate of a client's potential health care costs in retirement. The estimate is based on a client's specific financial situation and goals, as well as their current overall health condition. The client's financial situation and health conditions may change over time and this may affect their future changes. Please keep in mind that the estimates resulting from this fact finder are for hypothetical purposes only and are not guaranteed.

This material is not a recommendation to buy, sell, hold, or rollover any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Investors should work with their financial professional to discuss their specific situation.

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
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HEALTH CARE AND LTC COST ASSESSMENT

Client Facts

	Jim Smith	Linda Smith
Age/Gender:	Male, Age 60	Female, Age 60
Retirement Age:	65	65
Life Expectancy:	80	90
State:	OH	OH
Income Level:	Married Filing Jointly — \$170,000 or less	
Medicare Coverage:	Includes Medicare, out-of-pocket, and long-term care expense estimates	
Need to purchase private health insurance prior to 65:	No	No
Current Health		
High blood pressure:	No	No
High cholesterol:	No	No
Type 1 diabetes:	No	No
Type 2 diabetes:	Yes	No
Cardiovascular disease:	No	No
Cancer:	No	No
Multiple Sclerosis:	No	No
Lifestyle & health history		
Tobacco user:	No	No
Cardiovascular/Diabetes family history:	No	No
Dependency on cane, walker, or wheelchair:	No	No

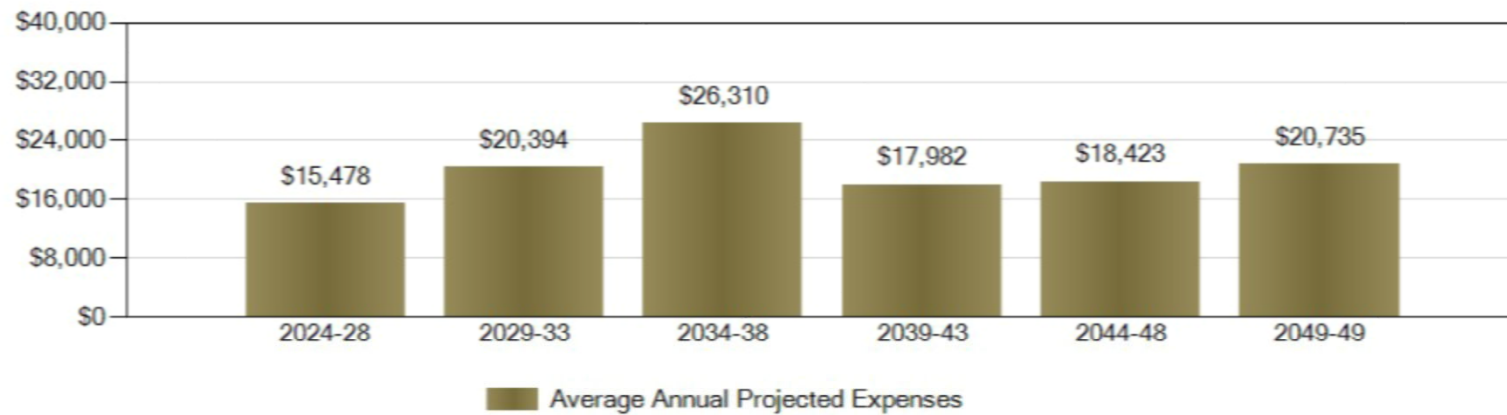
HEALTH CARE AND LTC COST ASSESSMENT



Personalized Health Care Cost Assessment
prepared by Sample Producer

Average Annual Expenses per 5-Year Period

The following graph shows the *average* estimated annual cost of health care in retirement.



Amounts for under age 65 assume 100% member responsibility for private health insurance premiums and other associated medical costs unless otherwise indicated. Amounts for age 65 and older assume coverage by Medicare Part A and include insurance premiums for Medicare Parts B, D, and supplemental insurance, plus additional associated medical costs.

HEALTH CARE AND LTC COST ASSESSMENT



Personalized Health Care Cost Assessment
prepared by Sample Producer

Annual Expense Detail

2035	76	\$3,329	\$4,544	\$6,239	\$14,112	76	\$3,329	\$4,544	\$3,010	\$10,883	\$24,995	\$18,337
2036	77	\$3,462	\$4,800	\$6,590	\$14,852	77	\$3,462	\$4,800	\$3,173	\$11,435	\$26,287	\$19,363
2037	78	\$3,601	\$5,061	\$6,918	\$15,580	78	\$3,601	\$5,061	\$3,342	\$12,004	\$27,584	\$20,382
2038	79	\$3,745	\$5,329	\$7,266	\$16,340	79	\$3,745	\$5,329	\$3,515	\$12,589	\$28,929	\$21,439
2039	80	\$3,894	\$5,609	\$7,623	\$17,126	80	\$3,894	\$5,609	\$3,698	\$13,201	\$30,327	\$22,539
2040						81	\$4,050	\$5,903	\$3,887	\$13,840	\$13,840	\$9,790
2041						82	\$4,212	\$6,206	\$4,088	\$14,506	\$14,506	\$10,294
2042						83	\$4,381	\$6,565	\$4,294	\$15,240	\$15,240	\$10,859
2043						84	\$4,556	\$6,938	\$4,505	\$15,999	\$15,999	\$11,443
2044						85	\$4,738	\$7,324	\$4,729	\$16,791	\$16,791	\$12,053
2045						86	\$4,928	\$7,730	\$4,958	\$17,616	\$17,616	\$12,688
2046						87	\$5,125	\$8,150	\$5,200	\$18,475	\$18,475	\$13,350
2047						88	\$5,330	\$8,494	\$5,419	\$19,243	\$19,243	\$13,913
2048						89	\$5,543	\$8,808	\$5,638	\$19,989	\$19,989	\$14,446
2049						90	\$5,765	\$9,107	\$5,863	\$20,735	\$20,735	\$14,970
Total		\$47,004	\$61,060	\$83,938	\$192,002		\$95,632	\$136,285	\$89,752	\$321,669	\$513,671	\$371,035
Average*		\$2,938	\$3,816	\$5,246	\$12,000		\$3,678	\$5,242	\$3,452	\$12,372	\$19,757	\$14,271

*Averages are calculated from columns.

services they offer. We are not responsible for the consequences of any decisions or actions taken in reliance upon or as a result of the information provided by this tool.

HEALTH CARE AND LTC COST ASSESSMENT

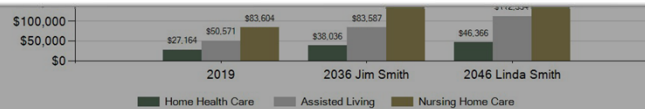
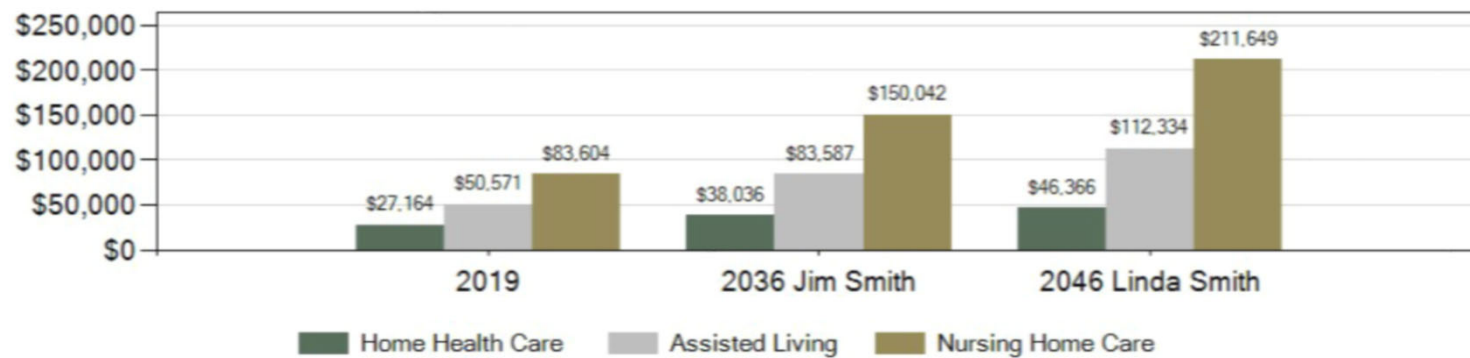


Personalized Health Care Cost Assessment
prepared by Sample Producer

Long-term Care Expense Detail

The costs estimated in this section are specifically for the purposes of providing funding for long-term care expenses. Long-term care begins after one demonstrates the inability to perform at least 2 out of 6 Activities of Daily Living (ADLs) - or- has cognitive impairment, which includes such conditions as Dementia and Alzheimer's.

Annual Long-term Care Costs*



* The inflation rates assumed in this report are based on publicly available cost of care surveys from 2007 to 2015. The actual future costs of care will be different from historical cost of care. Assisted Living Facility costs are based on the costs per metro region. Nursing home rates are based on average daily rates multiplied by 365 days per year. Home Health Care costs are based on 25.3 hours per week and based on the costs per metro region.

HEALTH CARE AND LTC COST ASSESSMENT

Assessment questions <i>Check Yes or No</i>	Client's response	Spouse's/partner's response
If you plan to retire prior to age 65, will you need to purchase private health insurance?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Annual income in retirement		
<div>Complete this form and return to the Participant Solutions Center: INVESTNW@nationwide.com Fax: 1-888-807-2140 • Phone: 1-866-975-6363</div>		
<input type="checkbox"/> more than \$750,000	<input type="checkbox"/>	<input type="checkbox"/> more than \$500,000
Dependent on cane, walker or wheelchair?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Family history of diabetes or cardiovascular disease?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

	Individual 1	Individual 2
<input type="checkbox"/> \$170,000 or less	<input type="checkbox"/>	<input type="checkbox"/> \$85,000 or less
<input type="checkbox"/> \$170,001 to \$214,000	<input type="checkbox"/>	<input type="checkbox"/> \$85,001 to \$107,000
<input type="checkbox"/> \$214,001 to \$267,000	<input type="checkbox"/>	<input type="checkbox"/> \$107,001 to \$133,500
<input type="checkbox"/> \$267,001 to \$320,000	<input type="checkbox"/>	<input type="checkbox"/> \$133,501 to \$160,000
<input type="checkbox"/> \$320,001 to \$749,999	<input type="checkbox"/>	<input type="checkbox"/> \$160,001 to \$499,999
<input type="checkbox"/> more than \$750,000	<input type="checkbox"/>	<input type="checkbox"/> more than \$500,000

Medicare coverage (select only one option)

All Medicare premiums plus additional medical costs will be used as the default option if no other option is selected. Not required for LTC-only reports.

Include Medicare parts A, B, & D plus supplemental insurance premiums and out-of-pocket expenses.	<input type="checkbox"/>
Include Medicare parts A, B & D plus supplemental insurance premiums only.	<input type="checkbox"/>
Include Medicare parts A, B & D only.	<input type="checkbox"/>

* City/metro data will be used if available, if unavailable state-wide averages will be used.

Summary

- The Retirement Income Challenge
- Understanding Health Care
- Creating a Plan to Address Health Care Costs