

*charles* SCHWAB



# FEEL BETTER ABOUT YOUR RETIREMENT.

THE SCHWAB INCOME CHOICE VARIABLE ANNUITY® FROM NATIONWIDE INSURANCE HELPS YOU

TAKE CONTROL



# YOU HAVE QUESTIONS ABOUT ANNUITIES.

Can they protect my retirement income in a bad market?

Can they make my income last as long as I do?

If I'm gone, can my spouse keep receiving payments?

Is there such a thing as an annuity with low fees?

Important information: Variable annuities offer unique benefits and features that have associated costs, but that may be particularly useful in meeting long-term savings and retirement needs. For an additional cost, riders let you add optional benefits that may be important to you. Variable annuities have limitations and restrictions. For example, if you take withdrawals of any earnings before age 59½, you may have to pay a 10% federal income tax penalty in addition to ordinary income taxes. Withdrawals will reduce your annuity value and proportionately reduce the death benefit. All contractual guarantees (including riders) are subject to the financial strength and claims-paying ability of the issuing insurance company, although the performance of the underlying investment options is not guaranteed. **The annuity prospectus provides additional details on the annuity fees and charges, including the mortality and expense risk charge, rider fees, and any additional contract fees. Please read the prospectus carefully before investing.**

# WE HAVE YOUR ANSWERS.

## YES, YES, YES, AND YES.

You've been saving for retirement for years. Now that it's nearing—or already here—you want to feel confident that you can continue to enjoy your current lifestyle.

The Schwab Income Choice Variable Annuity® can be an important part of your retirement solution. It gives you the opportunity to stay invested in the market—and reap the potential rewards—while offering options that can protect your income from downside risks. Customized for Schwab by Nationwide Insurance, this annuity provides you with some of the most robust features available today at a lower cost than many similar annuities.<sup>1</sup>

### Why we chose to work with Nationwide®

All annuities are issued by insurance companies. And since the guarantees offered by an annuity—such as lifetime income—are subject to the insurance company's ability to honor its claims, Schwab is careful when selecting annuity providers that can work with Schwab clients.

Nationwide is one of America's largest financial institutions and has been providing quality annuity products to clients since 1977. In those decades, through periods of high inflation and dramatic market swings, Nationwide has earned a solid reputation for its disciplined investment policy and sound investment portfolio.



**Nationwide®**  
*On Your Side*

<sup>1</sup> Source: 1.34% industry average according to a Morningstar survey of 1,828 variable annuities. The percentage of savings does not include fees associated with the underlying investment options.

### Options to fit your needs.

The Schwab Income Choice Variable Annuity can be purchased with or without the option of a lifetime income guarantee. This brochure will help you determine which choice may be best for you.

# WHICH CHOICE IS RIGHT FOR YOU?

## Income Choice

### FOR YOU, EVERY PENNY COUNTS.

If you already own a variable annuity and are looking for a lower-cost alternative with an array of investment choices and other features, you might consider the Schwab Income Choice Variable Annuity®. This annuity offers you a solid combination of pricing, investments, and guidance. With annuity fees over 35% lower than the average variable annuity,<sup>1</sup> your savings may really add up over time. A Schwab Annuity Specialist can help you consider whether an annuity exchange might be in your best interest.<sup>2</sup>

#### A popular choice for people who:

- Already own a variable annuity and want to save on fees
- Want a wide choice of investment options
- Have maxed out other tax-deferred retirement savings options and want an additional way to accumulate tax-deferred assets

<sup>1</sup> Example based on the Schwab Income Choice Variable Annuity with the One-Year Enhanced Death Benefit at an annual 0.85% fee compared to the 1.34% industry average (according to a March 31, 2012, Morningstar survey of 1,828 variable annuities). The percentage of savings does not include fees associated with the underlying investment options.

<sup>2</sup> Surrender charges that may apply upon terminating an annuity contract could reduce or eliminate the benefits of an exchange.



# Income Choice with lifetime income

## FOR YOU, UNCERTAINTY IS UNACCEPTABLE.

Retirement is no time to worry about your savings. That's why the Schwab Income Choice Variable Annuity<sup>®</sup> is offered with a lifetime income benefit, the Nationwide Lifetime Income Rider<sup>®</sup>. By choosing this rider when you purchase your annuity, you'll have the opportunity to pursue market gains both before and during retirement, along with the assurance that your income can continue for your lifetime—even if your account value fluctuates with the market.<sup>3</sup>

### A popular choice for people who:

- Want the potential for growth but need protection for income
- Want guaranteed income without giving up access to assets
- Want the flexibility to decide when to start withdrawals
- Want income protection for their spouse as well

<sup>3</sup> The Lifetime Income Rider is an optional feature available for an additional cost. During the first 10 years, or before you begin taking lifetime income, any withdrawals may impact the 7% guaranteed growth of income base. In addition, an adjustment may apply if you withdraw more than your annual lifetime withdrawal amount in any year and your future withdrawal amounts may be reduced. Tax penalties may apply if you take withdrawals before reaching age 59½. Withdrawals of earnings are subject to ordinary income tax. See pages 10–11 for details.

# KEEP YOUR RETIREMENT SAVINGS WORKING HARDER.

### A variable annuity offering solid value:

- Low annuity fees
- A wide choice of investments
- Annuity Specialists to offer guidance

Your hard-earned savings should be going to your retirement—not to exorbitant fees. If you already own an annuity and you're currently paying high annuity fees, you might benefit by exchanging it for a Schwab Income Choice Variable Annuity®

### You could save hundreds.

The cost of a Schwab Income Choice Variable Annuity with an enhanced death benefit is over 35% less than the industry average.<sup>1</sup> In fact, investors who have exchanged their variable annuity for a Schwab Income Choice Variable Annuity have saved an average of \$450 per year, according to a Schwab study.<sup>2</sup>

### Is an exchange right for you?

Section 1035 of the Internal Revenue Code allows you to transfer your annuity

assets into another annuity, tax-free. This type of transfer is referred to as a 1035 Exchange. Please consult a tax advisor for more information.

If you're thinking about an exchange, saving money on fees is just one factor to consider. Your current annuity provider may charge you a surrender charge for terminating your contract, and this could reduce or eliminate the benefits of an exchange. An exchange may also involve the loss of accumulated guaranteed benefits, so it's important to review your current annuity benefits closely before deciding on an exchange.

### Annuitize for steady income.

When you're ready to receive income from your annuity, you can "annuitize" at no extra cost—which means that you can

<sup>1</sup> Example based on the Schwab Income Choice Variable Annuity with the One-Year Enhanced Death Benefit at an annual 0.85% fee, compared to the 1.34% industry average (according to a March 31, 2012, Morningstar survey of 1,828 variable annuities). The percentage of savings does not include fees associated with the underlying investment options.

Talk over your choices  
with a licensed Schwab  
Annuity Specialist.

convert the assets you've accumulated into a steady stream of payments. However, it's important to consider that once you annuitize, your assets are no longer available to you. If it's important to maintain ownership of your assets in addition to receiving lifetime income, you may want to consider purchasing the Nationwide Lifetime Income Rider® for an additional fee. See details starting on page 8.

#### How much could you save by transferring to Schwab?

- Ask a Schwab Annuity Specialist for a comprehensive analysis, including a cost comparison. Call **1-888-311-4887**.
- Get an idea of your potential savings with our online Variable Annuity Expense Analyzer tool at [schwab.com/annuity](https://www.schwab.com/annuity).



“ Sometimes, people pay more than they really need to for an annuity. And while cost isn't the only consideration, high fees can erode annuity assets over time. If you're making a decision about an annuity, we'll start by analyzing the annuity you already have and do a side-by-side comparison. If you're better off where you are now, that's great. If an exchange can save you money or add a benefit that's more suited to your needs, that's even better. ”

Jon Manalli, Schwab Annuity Specialist

<sup>2</sup> Source: July 2008–March 2012 Schwab survey of variable annuity exchanges from a non-Schwab variable annuity to a Schwab Income Choice Variable Annuity® without the Nationwide Lifetime Income Rider (“L.inc.”). The annual savings amount of \$450 reflects the average differential in asset-based annuity fees (typically, the mortality and expense risk and administrative charges) between the clients' existing variable annuities and the Schwab Income Choice Variable Annuity (without L.inc.), assuming a \$100,000 purchase amount and no subsequent additions or withdrawals. The savings figure does not reflect any other charges imposed by the existing annuity carrier, including surrender charges, which, if included, would reduce or eliminate any potential savings. The actual amount you may save annually will vary based upon the difference in annuity fees, underlying investment fees, subaccount performance, amount transferred, and any subsequent additions or withdrawals.

## INVEST THE WAY YOU WANT.

### INVESTMENT CHOICES FROM NAMES YOU KNOW, INCLUDING:

AllianceBernstein  
American Century  
BlackRock  
Dreyfus  
Fidelity  
Franklin Templeton  
Ivy Funds  
Janus  
MFS  
Nationwide  
Neuberger Berman  
Oppenheimer  
PIMCO  
Schwab  
T. Rowe Price  
Van Eck  
Wells Fargo

The Schwab Income Choice Variable Annuity® gives you a choice of ways to invest: You can build your own portfolio by selecting from a wide array of investment options, or choose a single, professionally managed asset allocation option.

#### Select and allocate investments yourself.

If you enjoy picking your own investments, you can choose from more than 80 professionally managed investment options representing many of America's best-known asset managers. And if you want to lock in a fixed rate of interest on a portion of your annuity savings, guaranteed term options are available for three- to 10-year terms.<sup>1</sup>

#### Or, have your investments selected for you.

If you'd prefer to leave the job of selecting individual underlying investments to professionals, consider a professionally managed asset allocation option. Your choices include:

- **NVIT Cardinal<sup>SM</sup> Funds**—A diversified selection of funds that are actively

managed to keep pace with changing market conditions.

- **NVIT Investor Destinations Funds**—Index funds that carry lower management costs and help you minimize investing costs.

Each fund is managed in accordance with the asset allocation strategy you select. Just pick a strategy—and the selection, monitoring, and rebalancing of your investments are handled appropriately on your behalf.

#### Asset allocation strategies:

Conservative  
Moderately Conservative  
Balanced  
Moderate  
Capital Appreciation  
Moderately Aggressive  
Aggressive

<sup>1</sup> Guaranteed term options may not be available in all states. Distributions taken prior to the maturity of a guaranteed term option are subject to a market value adjustment. See prospectus for details.



# ADDITIONAL ADVANTAGES AND OPTIONS.

## Pass remaining assets to heirs.

You retain control over your assets and can leave any residual value to your beneficiaries. You have a choice of ways to do this.

Death benefit choices for your spouse or beneficiaries include:

- **Return of premium benefit**—Your beneficiaries receive an amount equal to your contributions to the annuity, minus withdrawals, or the market value of the account—whichever is higher. Fee: 0.10%.
- **One-year enhanced benefit**—Your beneficiaries receive an amount based on the highest contract value on any contract anniversary, minus withdrawals. Fee: 0.20%.
- **Spousal protection**—In addition to receiving the death benefit you choose, your spouse may have the option to maintain the annuity contract after your death with no current tax consequences. No additional fee.

## Add or withdraw at any time.

You have access to your annuity assets at any time, giving you the ability to add to or withdraw from your annuity account as you wish. Just keep in mind that, as with IRAs, withdrawals before age 59½ may incur a 10% IRS tax penalty. However, unlike IRAs, variable annuities do not require you to start taking required minimum distributions (RMDs) at age 70½.

## No surrender charges.

While many banks and brokerage houses offer variable annuities with surrender charges lasting seven years or more, Schwab's variable annuities have no surrender charges.

## TAKE YOUR NEXT STEP.

- You can fund your annuity with a minimum investment of \$25,000 in new money or assets transferred from another annuity.
- Ask a Schwab Annuity Specialist to help you make your choices and complete your application.

Call **1-888-311-4887**  
weekdays, 6:00 a.m. to  
4:30 p.m. PT



# POTENTIAL FOR MARKET GROWTH, PLUS LIFETIME INCOME PROTECTION.



“My original plan for retirement income was to sell investments when I needed money. Then my portfolio lost 50% of its value. I was tempted to just put the rest in CDs, but CDs would lock me out of any market rebound in the future. By purchasing the Schwab Income Choice Variable Annuity with the lifetime income rider, I’m still in the market, and I have a guaranteed income no matter which way it goes.”

#### Dependable income in uncertain markets:

- Income you can’t outlive
- 7% guaranteed growth of income base for 10 years or until withdrawals<sup>1</sup>
- Access to your annuity assets at any time<sup>2</sup>

You need your money for the duration of your retirement, which could be 30 years or more. By including the Nationwide Lifetime Income Rider® with your Schwab Income Choice Variable Annuity® purchase, you can enjoy a host of benefits, including income for the rest of your life—even if you deplete all your annuity assets.

#### Before you retire: At least 7% guaranteed growth of your income benefit base.

The amount used to calculate your income (your income benefit base) will go up by at least 7% simple interest annually—possibly more, depending on the performance of your annuity investments—for the first 10 years or until you take your first withdrawal. It won’t go down, no matter how the market performs.

<sup>1</sup> During the first 10 years, or before you begin taking lifetime income, any withdrawals may impact the 7% guaranteed growth of income benefit base. Note: The income benefit base is not a contract value and cannot be accessed like a cash value. In addition, an adjustment may apply if you withdraw more than your annual lifetime withdrawal amount in any year and your future withdrawal amounts may be reduced. Tax penalties may apply if you take withdrawals before reaching age 59½. Withdrawals of earnings are subject to ordinary income tax.

<sup>2</sup> The first withdrawal, no matter how small, will trigger certain contract restrictions and limitations, which may impact future income payments.

**The S&P 500® has dropped 10% or more eight times in the last 15 years.**

Source: Standard & Poor's, May 2011.

**After you retire: Income you can't outlive.**

Once you begin to receive your income, it is guaranteed for life—even if the value of your annuity investments falls to \$0. And you enjoy this income benefit without giving up access to your annuity assets.

**Before and after: Income that could increase.**

On every contract anniversary, Nationwide will compare the value of your annuity investments (the contract value) with your income benefit base (the amount on which your lifetime income payments are based). If your contract value is higher than your income benefit base, the income benefit base is set to the higher amount. This allows you to take advantage of market booms and potentially increase your income each year.

**Lifetime income for your spouse.**

Your surviving spouse can continue to get the same level of income you received—uninterrupted and for life. This optional benefit, called Spousal Continuation, is available for an additional cost of 0.15% at the time you purchase your annuity with the Nationwide Lifetime Income Rider®.

## Nationwide Life Insurance Company

The guarantees offered within the Schwab Income Choice Variable Annuity® are subject to the claims-paying ability of Nationwide, the issuer of your annuity contract. One of the largest financial service providers in the country, Nationwide consistently ranks among the strongest companies in the insurance industry.

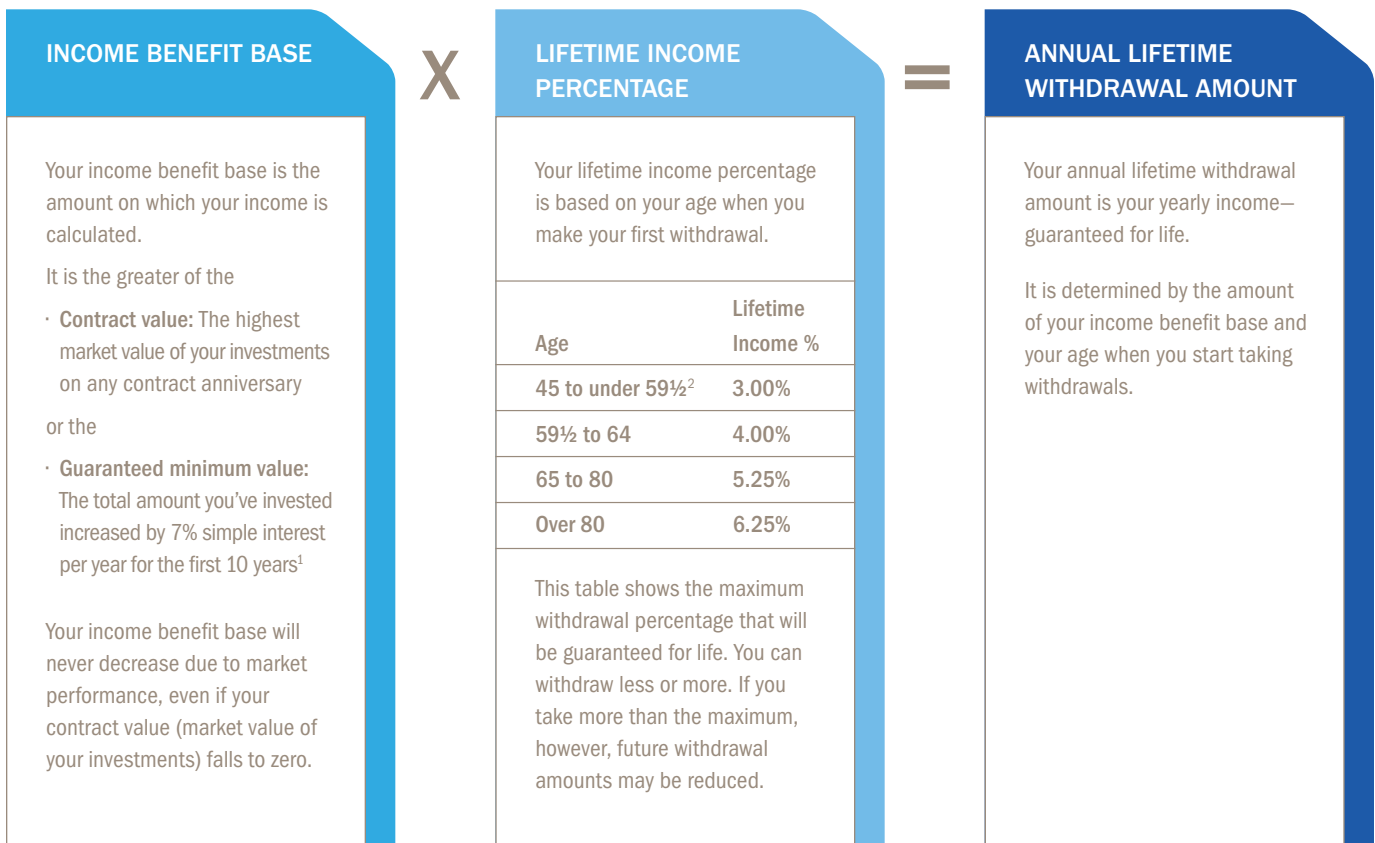
### Financial strength ratings for Nationwide Life Insurance Company

Agency	Rating	Rank	Affirmed
AM Best	A+	Second-strongest of 16	March 2012
Moody's	A1	Fifth-strongest of 21	July 2011
S&P	A+	Fifth-strongest of 22	July 2011

These ratings and rankings are intended to reflect the financial strength and claims-paying ability of Nationwide Life Insurance Company. They are not intended to reflect the investment experience or financial strength of any variable account, which is subject to market risk. Please know that these ratings can change at any time.

# HOW YOUR INCOME IS CALCULATED.

Let's say you're 57 and you invest \$100,000 in the Schwab Income Choice Variable Annuity® with the Nationwide Lifetime Income Rider®. Here's how to figure out what your income would be.



<sup>1</sup> This assumes no prior withdrawals; withdrawals will reduce the benefit. Also, the first withdrawal, no matter how small, will trigger certain contract restrictions and limitations, which may have an impact on future income payments.

<sup>2</sup> In New York state, the age range is 50–59½.

These examples are for illustrative purposes only and are not intended to reflect the performance of the available underlying investment options or predict or project future results. Principal value and investment return will fluctuate, and account value, upon surrender, may be less than initial purchase payment(s). Guarantees associated with the Schwab Income Choice Variable Annuity contract are subject to the claims-paying ability of Nationwide Life Insurance Company, and do not apply to the investment performance of the underlying funds available with this contract.

Although investments lost value the first year, causing the contract value to go down, the guaranteed minimum value increased at its guaranteed annual rate of 7% simple interest, so the income benefit base grew.

### UP-AND-DOWN MARKET

Age	Net Annual Return	Contract Value (on any rider anniversary)	Guaranteed Minimum Value	Income Benefit Base	X	Lifetime Income Percentage	=	Annual Lifetime Withdrawal Amount
57	-	\$100,000	\$100,000	\$100,000		3.00%		\$3,000
58	-8.95%	\$91,047	\$107,000	\$107,000		3.00%		\$3,210
59	16.92%	\$106,450	\$114,000	\$114,000		3.00%		\$3,420
60	6.72%	\$113,601	\$121,000	\$121,000		4.00%		\$4,840
61	8.91%	\$123,719	\$128,000	\$128,000		4.00%		\$5,120
62	-0.64%	\$122,927	\$135,000	\$135,000		4.00%		\$5,400
63	12.57%	\$138,380	\$142,000	\$142,000		4.00%		\$5,680
64	9.94%	\$152,132	\$149,000	\$152,132		4.00%		\$6,085
65	10.67%	\$168,369	\$156,000	\$168,369		5.25%		\$8,839
66	-3.87%	\$161,853	\$163,000	\$168,369		5.25%		\$8,839
67	8.53%	\$175,656	\$170,000	\$175,656		5.25%		\$9,222

Here, market gains pushed the contract value higher than the guaranteed minimum value, so the contract value is used as the income benefit base.

Even if market returns are flat each year and your net return becomes negative after fees are deducted, your income benefit base continues to grow by 7% simple interest annually.

### FLAT MARKET

Age	Net Annual Return	Contract Value (on any rider anniversary)	Guaranteed Minimum Value	Income Benefit Base	X	Lifetime Income Percentage	=	Annual Lifetime Withdrawal Amount
57	-	\$100,000	\$100,000	\$100,000		3.00%		\$3,000
58	-2.68%	\$97,320	\$107,000	\$107,000		3.00%		\$3,210
59	-2.78%	\$94,615	\$114,000	\$114,000		3.00%		\$3,420
60	-2.88%	\$91,885	\$121,000	\$121,000		4.00%		\$4,840
61	-3.00%	\$89,132	\$128,000	\$128,000		4.00%		\$5,120
62	-3.12%	\$86,354	\$135,000	\$135,000		4.00%		\$5,400
63	-3.24%	\$83,554	\$142,000	\$142,000		4.00%		\$5,680
64	-3.38%	\$80,730	\$149,000	\$149,000		4.00%		\$5,960
65	-3.53%	\$77,884	\$156,000	\$156,000		5.25%		\$8,190
66	-3.68%	\$75,015	\$163,000	\$163,000		5.25%		\$8,558
67	-3.85%	\$72,125	\$170,000	\$170,000		5.25%		\$8,925

Both hypothetical illustrations reflect the base variable account charge of 0.65%, the maximum lifetime income rider charge of 1.00%, and average underlying fund expenses of 1.03%. If additional rider benefits were selected at additional cost, the returns would be lower. The first hypothetical illustration reflects fluctuating market returns net of expenses. The second hypothetical illustration assumes gross annual returns of 0%. With a constant gross rate of return of 0%, your account value would be less than your initial purchase payment because of the deduction of these fees and charges.

# AN EXAMPLE OF HOW THE NATIONWIDE LIFETIME INCOME RIDER<sup>®</sup> COULD WORK.<sup>1</sup>



<sup>1</sup> See calculations on pages 10 and 11 for details.

### You make your first withdrawal.

When you make your first withdrawal, your LIFETIME INCOME PERCENTAGE is set based on your age when you begin. This is the percentage of your INCOME BENEFIT BASE that you can withdraw each year for the rest of your life. Your INCOME BENEFIT BASE is equal to either your GUARANTEED MINIMUM VALUE or your highest CONTRACT VALUE on any anniversary date—whichever is greater.

### Your income never goes down, but it can go up.

On any anniversary date, if your CONTRACT VALUE is greater than your current INCOME BENEFIT BASE, your base is increased to equal your higher CONTRACT VALUE.

#### CONTRACT VALUE

This is the market value of your annuity investments minus any withdrawals. It fluctuates with the market.

#### GUARANTEED MINIMUM VALUE

This value increases at a rate of 7% simple interest for 10 years or until your first withdrawal, whichever comes first.

#### INCOME BENEFIT BASE

This is the base on which your lifetime income is set. It's the greater of either your GUARANTEED MINIMUM VALUE or highest CONTRACT VALUE on any annuity anniversary date. Note: The income benefit base is not a contract value and cannot be accessed like a cash value.

Your LIFETIME INCOME PERCENTAGE is the percentage of your INCOME BENEFIT BASE you receive, guaranteed for life.

# A PORTFOLIO THAT'S RIGHT FOR YOU.

## Your investment choices

### Hands-on:

Nationwide Custom Portfolio®

### Managed for you:

NVIT Cardinal<sup>SM</sup> Funds

NVIT Investor Destinations Funds

American Funds

When you add the Nationwide Lifetime Income Rider® to your Schwab Income Choice Variable Annuity®, you have a choice of hands-on or professionally managed asset allocation solutions.

### Nationwide Custom Portfolio.

If you enjoy researching and selecting your own investments, you'll like the hands-on approach of the Nationwide Custom Portfolio.

- After choosing a model portfolio that matches your goals and risk profile, you make your own investment choices for each asset class from a menu of over 80 preselected investments. Once you've made your choices, Nationwide maintains the asset allocation you've selected.

### NVIT Cardinal Funds.

If you're looking for a strategy that seeks to manage risk while pursuing returns that beat market indexes, consider NVIT Cardinal Funds.

- Following an asset allocation model built for the risk profile you choose, Nationwide selects and monitors funds from top investment management firms for each asset class. The managers of the underlying funds actively buy and sell stocks and bonds for the Cardinal Funds, seeking to outperform the benchmark for their area of the market.

### NVIT Investor Destinations Funds.

If you like the convenience and lower cost of index funds, the NVIT Investor Destinations Funds offer a risk-based approach to passive investing.

- Nationwide selects and monitors underlying index funds across the asset classes in each Investor Destinations Fund, maintaining an asset allocation that is consistent with the fund's objectives.

### Your asset allocation choices:

Conservative  
Moderately Conservative  
Balanced  
Moderate  
Capital Appreciation

**Note:** When you invest in a variable annuity, you do not invest directly in the underlying mutual funds but in subaccounts that correspond to these funds. Please see the prospectus for a complete listing of available investment options.





### Single-manager options.

To tap the ideas and perspectives of a focused team from a single investment firm, consider these choices from American Funds.

- **American Funds NVIT Asset Allocation Fund**—A portfolio of individual stock, bond, and cash investments actively managed to take advantage of market trends with the objective of optimizing return with a moderate level of risk.
- **American Funds Option**—A portfolio of American Funds created with equal parts growth fund, bond fund, and asset allocation fund, designed to seek growth and provide income over time.

## How much should you invest in an annuity?

As a guideline, consider investing an amount that can generate enough income to cover essential living expenses (food, health care, etc.) after taking into account all other sources of guaranteed income, such as Social Security.

### Example:

Your annual essential expenses ("must-haves" like food and health care)	\$29,000
Annual income from Social Security	(\$20,000)
Annual income needed from your annuity	\$9,000
To receive an annual income of about \$9,000 starting in 10 years, you'd need to invest approximately	\$100,000*

\* With a guaranteed growth rate of 7% simple interest, the income base of your \$100,000 investment would grow to at least \$170,000 in 10 years. If you're 65 when you begin withdrawals, your withdrawal rate would be 5.25%, giving you an annual income of at least \$8,925. See the charts on pages 10 and 11 for details. Note: This example does not consider inflation.

To find out if an annuity can help you meet your income goals, talk with a Schwab Annuity Specialist at 1-888-311-4887.

# Q: WHAT ABOUT FEES?

When you choose the Schwab Income Choice Variable Annuity®, you can be confident that you're paying some of the lowest fees available compared to similar variable annuities with similar features.<sup>1</sup>

To make an informed decision about whether an annuity may be right for you, it helps to understand how annuity fees work. A variable annuity has three kinds of fees: base annuity fees, costs for any riders you choose, and fees for the investment options you select.

#### **Base annuity fees.**

Base annuity fees are comprised of insurance and administrative expenses. Many variable annuities impose surrender charges if you choose to surrender your contract before a certain number of years. The Schwab Income Choice Variable Annuity does not impose surrender charges.

#### **Rider fees.**

Rider fees are the fees you pay for any optional features you include with your

annuity purchase, such as the Nationwide Lifetime Income Rider®, spousal continuation, or an enhanced death benefit.

#### **Investment fees.**

Investment fees are the fees you pay for the underlying investment options in your annuity. They are similar to the fees you might pay for investing in a regular mutual fund, such as fund management charges. The amount you'll pay will depend on the fees in effect for the underlying investments you choose.

As of June 2011, the fees for the investment options available in the Income Choice Variable Annuity range from 0.43% to 1.85% annually. This range of fees does not reflect any waivers that apply to some underlying investment options, so actual expenses could be lower.

<sup>1</sup> Source: 1.34% industry average according to a March 31, 2012, Morningstar survey of 1,828 variable annuities. The percentage of savings does not include fees associated with the underlying investment options, which range from 0.42%-2.45%.

Here are the fees for the Schwab Income Choice Variable Annuity® and various options that are in effect as of April 2012:

**Base annuity fee** 0.65%

(Consists of a 0.45% mortality and expense risk charge plus a 0.20% administrative charge.)

**Rider fees**

Return of Premium Death Benefit 0.10%

One-Year Enhanced Death Benefit 0.20%

Nationwide Lifetime Income Rider® 0.95%

Spousal Continuation 0.15%  
(only available with Nationwide Income Rider)

**Average investment fees** 1.03%

For a current list of fees, refer to *Schwab Income Choice Variable Annuity at a Glance*.

NOTE: Currently, the fee for the Nationwide Lifetime Income Rider is 0.95% and Spousal Continuation is 0.15%. The maximum fees are 1.00% and 0.30% respectively.

## Take your next step.

An annuity is a long-term investment that can have an important impact on your retirement, and we want you to have all the support you need to proceed with confidence. If you have questions or need more information before you make a decision about the Schwab Income Choice Variable Annuity, talk with a Schwab Annuity Specialist.

**Get personal help with:**

- Understanding annuity features, fees, and other details
- Choosing the annuity options that are right for your situation
- Making your investment choices
- Determining how much you may be able to save on annual fees if you transfer existing annuity assets to a low-cost Schwab annuity

**Call a Schwab Annuity Specialist at 1-888-311-4887 weekdays, 6:00 a.m. to 4:30 p.m. PT.**

**Brokerage and insurance products: Are not deposits • Are not FDIC-insured • Are not insured by any federal government agency • Are not guaranteed by the bank or any affiliate of the bank • May lose value**

*Variable annuities are sold by prospectus only. You can request a prospectus by calling 1-888-311-4887 or by visiting [schwab.com/annuity](http://schwab.com/annuity). Before purchasing a variable annuity, you should carefully read the prospectus and consider the annuity's investment objectives and all risks, charges, and expenses associated with the annuity and its investment options. This brochure must be preceded or accompanied by a prospectus.*

*A variable annuity's value will fluctuate depending on the underlying investment. An investor's units, when redeemed, may be worth more or less than the original amount invested. Variable annuities are suitable for long-term goals, such as retirement, and any withdrawals of earnings prior to age 59½ may be subject to income tax and a 10% tax penalty. Guarantees are subject to the claims-paying ability of the insurance company, and do not apply to the separate account or the underlying portfolios available with this contract.*

Charles Schwab & Co., Inc. is a licensed insurance agency that distributes variable annuity contracts issued by leading insurance companies that are not affiliated with Schwab. Not all products are available in all states. The Schwab Income Choice Variable Annuity® is a flexible purchase payment variable deferred annuity issued by Nationwide Life Insurance Company, and the general distributor is Nationwide Investment Services Corporation, member FINRA.

Income Choice—VAC-0115AO, in OK VAC-0115OK  
L-inc—VAR-0140AO  
Return of Premium DB—VAC-0141AO  
One-Year DB—VAR-0142AO

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