Successful Outcomes

Summer | 2008

When the Markets Are Jumpy

Sooner or later, it happens to many long-term investors: The portfolio you were counting on for your retirement gets caught in a declining market — and you watch as your retirement account value drops.

At times like these, remember that market swings — even wide ones — are a normal part of investing. Although it's no fun to watch your investments decline in value, realizing that, historically, stocks have always recovered their losses may brighten your outlook.* Keep these items in mind:

Keep on Going. Just because your investments may not be gaining as much doesn't mean that you should stop investing. By investing in a down market, you could potentially buy more with the same amount of money as before.

Resist the Urge. Watching the value of your investment account shrink isn't easy. The temptation to make changes to your investment allocations to prevent further losses can be powerful. However, don't let market fluctuations alone change your investment decisions. History has shown that the impact of short-term market losses diminishes over longer investment time frames. So, build a solid investment plan that suits your goals and help prepare yourself to weather periodic market downturns.

Forget the Past. There's no point in dwelling on how much more your portfolio was worth a few months ago. Theoretically, unless you sell your investments, the "losses" are only on paper. Historically, long-term investing leaves plenty of time for market recovery. Please note, investing involves risk including loss of principal.

Be Reasonable. Make sure you temper your expectations for growth. Good years are generally balanced by not-so-good years and vice versa.

Don't Dwell on Your Portfolio. The Internet has made it possible for investors to look at their accounts 24/7. However, you may want to resist the temptation to check your investments too frequently. Of course, you need to review your portfolio's allocations and performance and make any necessary changes. But, revisiting your investments too often may lead you to make hasty decisions that negatively impact your returns.

Remember that, in the end, you could be better off just waiting this out.

** Past performance is not indicative of future results.*

Five Tips for Dealing with Market Turmoil

1. **A well-thought-out investment plan is a well-thought-out investment plan** in strong, weak, and flat market conditions. Stick with it.
2. **You're in the market for the long term.** Don't make investment decisions based on short-term drops or gains alone.
3. **Evaluate how an investment fits** into your overall financial strategy, regardless of short-term market volatility.
4. **Consider looking at a market decline as a buying opportunity.** Your money may buy more, so now can be the time to invest more.
5. **Talk with your investment professional.** This information is given to you for educational purposes only and is not intended as investment advice. Your investment professional has likely been through market ups and downs before.

Tax Season:
Did You Get a Check — or Write One?

Breathe a sigh of relief. Tax season is over. That means it's a good time to think about next year's taxes — *really*! — and how you might reduce them.

One of the greatest features of your plan is that it's tax deferred. Your withdrawals, typically taken when you're in retirement, are taxed as ordinary income. This unique tax feature may benefit you in two ways:

1. Your contributions are pretax, so your current taxable income may be reduced by the amount of money you contribute to the plan. *Distributions made prior to 59½ may be subject to a 10% penalty tax.*
2. *All* of your contributions and any earnings have the opportunity to grow tax deferred. Even if you separate from service, your money can stay in your plan account, continuing to potentially grow tax deferred.

Are you taking full advantage of the tax-deferred features? Now may be a good time to consider investing more into your plan. Consider increasing your contribution each year. It may make a big impact over time.

Call us to increase your contribution today!

Investing involves market risk, including possible loss of principal. Neither Nationwide® nor any of its representatives give tax or legal advice. Consult your tax adviser for answers to your specific questions.

You Could Turn Your Tax Rebate into a Lot More Than $300

The tax rebate that's just been passed is "free" money — cash not budgeted for. You could buy a new HDTV or PC with it. OR, you could put that rebate to work, helping to grow your retirement assets.

Use Your Rebate Wisely

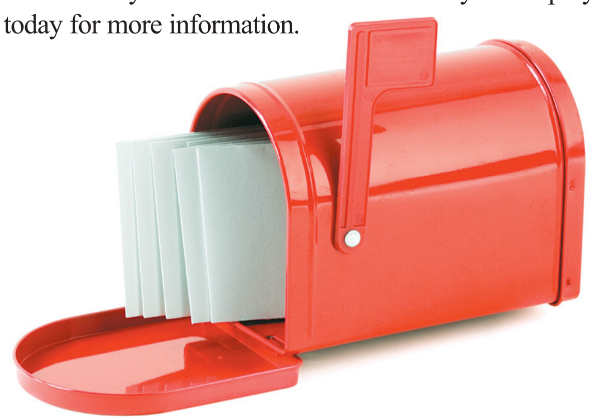
Here's one way to invest in your future:

- Divide the amount of your rebate by the number of pay periods left this year
- Increase your contribution by that amount
- Now use your rebate check to pay for your household expenses instead

Depending on how long you have until retirement, your increased contributions could become a lot more than the amount of your rebate. Of course, investing involves market risk, including possible loss of principal.

"But I planned to use the rebate for…"

OK. *But why not do both?* Keep half for yourself and increase your deferrals by the amount of the other half. That way, you get money now and you potentially get more money to use in retirement! Talk to your employer today for more information.



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NFM-1819AO.17 (06/08)

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