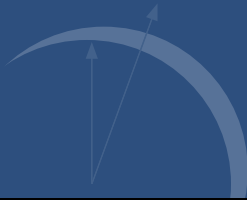


| The 5-minute guide



Traditional IRA





Defer taxes with traditional IRAs

Retirement could mean traveling to places you've only read about. It could be starting a business. Maybe it's an opportunity to show your generosity to causes you care about. Or an opportunity to spend more time with children or grandchildren. What do you want your retirement to be?

Have you started planning yet?

Whether you're just starting out or counting the days, the time for retirement planning is now. You may be interested to know that 20% of your retirement income will likely come from your personal savings. Are your savings ready to generate this percentage of income?

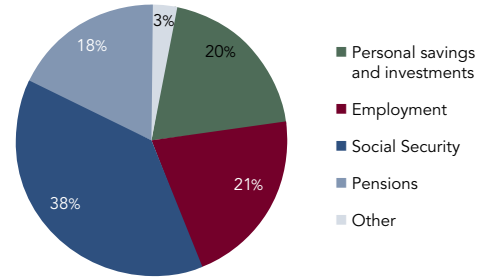
Today's retirees rely on Social Security for a significant percentage of their retirement income—38% of their income in fact.¹ Surveys show that future retirees expect less than a third of their income² will come from Uncle Sam, making personal savings and employer-sponsored retirement plans even more important to future financial security.

¹ ChartSource, S&P Financial Communications. Data is from the U.S. Department of Treasury, 2001.

² 2002 Retirement Confidence Survey, EBRI.

Before investing, understand that annuities and/or life insurance products are not insured by the FDIC, NCUSIF or any other Federal government agency and are not deposits or obligations of, guaranteed by, or insured by, the depository institution where offered or any of its affiliates. Annuities and/or life insurance products that involve investment risk may lose value.

SOURCES OF RETIREMENT INCOME



This chart represents a breakdown of typical income sources for households with retirement income of \$20,000 or more per year.

Source: ChartSource, Standard & Poor's Financial Communications. Data is from the U.S. Department of Treasury, 2001.

Traditional IRAs— Reduce taxes as you invest

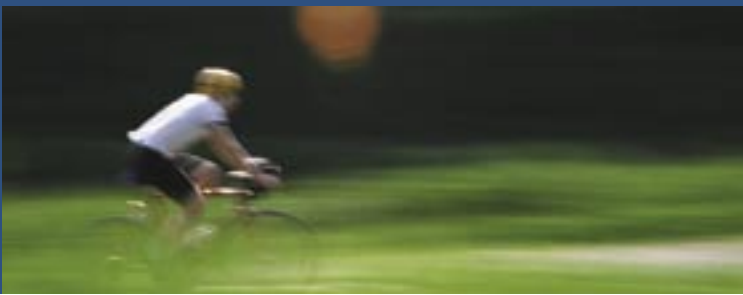
A traditional IRA combines two of the most powerful tools in asset growth—compound interest and tax savings. Together, they provide a powerful means to save money for retirement. Traditional IRAs are the tax deductible.

Assume you made \$40,000 during the year and you put \$3,000 into your traditional IRA. Your taxable income could then be reduced to only \$37,000, assuming you qualify.

When you withdraw your money for retirement, all of the income will be taxed at that time. Traditional IRAs are popular because they can provide an immediate tax break in addition to the opportunity for tax-deferred growth.

Tax deferral—Traditional IRAs have the opportunity to grow tax deferred—meaning you pay no tax until the money is withdrawn, presumably in retirement.





Early withdrawals

If you withdraw funds prior to age 59½, you may be assessed a 10% penalty in addition to the tax due. It is important to remember that IRA contributions are made with retirement in mind and money contributed should not be withdrawn early.

Exceptions

There are exceptions to the 10% penalty. In the following cases, the penalty will be waived but the tax will still be due:

- Death or disability of the account owner
- Part of a series of substantially equal payments over life or life expectancy
- Health insurance premiums for unemployed individuals
- Payments of medical expenses that exceed 7.5% of an individual's adjusted gross income
- Qualified first-time home purchase (\$10,000 limit)
- Qualified higher education expenses

Who is eligible to contribute?

Any individual who is under age 70½ and has earned income may contribute. Income resulting from investments is not considered earned.

Any person not contributing to a qualified plan and any non-working spouse may own a traditional deductible IRA. Depending on your adjusted gross income (AGI), you may be able to deduct all or part of your contributions, even if you are participating in a qualified plan.

If you are not an active participant in an employer-sponsored qualified plan, but your spouse is, you may deduct your IRA contribution as long as your combined AGI less than \$150,000.

Can you deduct your contribution?

Even if you contribute to an employer-sponsored qualified plan, you may still be able to deduct all or part of your traditional IRA contribution. See the tables below for income limitations:

TAXPAYERS FILING SINGLE			
Year	Full	Partial	None
2003	AGI under \$40,000	AGI between \$40-50,000	AGI over \$50,000
2004	AGI under \$45,000	AGI between \$45-\$55,000	AGI over \$55,000

TAXPAYERS FILING JOINTLY			
Year	Full	Partial	None
2003	AGI under \$60,000	AGI between \$60-\$70,000	AGI over \$70,000
2004	AGI under \$65,000	AGI between \$65-\$75,000	AGI over \$75,000

For married couples filing separately, the phase-out range remains at zero to \$10,000.



Contribution limits

Recent tax law changes have increased the amount you can contribute to your traditional IRA. In addition, individuals who are age 50 or over are permitted to make an additional catch-up contribution. The table below lists how much more you can contribute in the next few years:

CONTRIBUTION LIMITS		
Year Effective	Under Age 50	Age 50 and Older
2003-2004	\$3,000	\$3,500
2005	\$4,000	\$4,500
2006-2007	\$4,000	\$5,000
2008	\$5,000	\$6,000
Beyond 2008	Indexed for inflation	

Advantages of Traditional IRAs

- Depending on income limits, contributions could be tax deductible
- Money has the opportunity to grow tax deferred, meaning no taxes will be due until money is withdrawn
- Investors may still contribute even if they participate in another retirement plan
- Investors have a wide selection of investment vehicles from which to choose

Things to Consider About Traditional IRAs

- If contributions are fully tax deductible, all distributions may be taxed as ordinary income
- Penalties and taxes may apply for distributions made prior to age 59½
- Minimum distributions must be made starting at age 70½

Is a Traditional IRA for you?

An IRA is one of the most useful tools you have to save for retirement.³ The ability to deduct your contributions from your current taxes coupled with the opportunity of tax-deferred growth and compounding interest make traditional deductible IRAs a useful tool to help reach your retirement goals.

³ Investing may involve market risk, including possible loss of principal.

How do I get started?

If you are interested in learning more about how a traditional IRA can help you meet your financial goals, contact your investment professional today.



The Nationwide® advantage

Picture a global company that puts your needs first. Picture innovative products and personalized solutions. Picture success.

That's the Nationwide advantage.

Nationwide, a Fortune 500 company based on revenue, provides financial products and services through its member company, Nationwide Financial. For more than 70 years, Nationwide, through its subsidiaries, has dedicated itself to providing exceptional service and products customized for your use today, tomorrow and for the years ahead.



Investing may involve market risk, including possible loss of principal. Guarantees are subject to the claims-paying ability of Nationwide Life Insurance Company.

Life and annuity products are issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio, members of Nationwide Financial Services, Inc.

The general distributor of variable life and annuity products is Nationwide Investment Services Corporation, member NASD. In Michigan only: Nationwide Investment Svcs. Corporation.

Registered representative: to this promotional literature, please attach your business card identifying your broker dealer.

Nationwide and the Nationwide frame are federally registered service marks of Nationwide Mutual Insurance Company.

IMSA membership promotes ethical market conduct for individual life insurance and annuities.

Federal income tax laws are complex and subject to change. Neither Nationwide nor its representatives give legal or tax advice. You should consult an attorney or tax advisor for answers to specific tax questions.

© Copyright 2002, 2003, Nationwide Financial Services, Inc.

NFS-1290 (01/03)