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NRM-6591AO (11/09)

What if I need my money before I retire?

Know the details about emergency withdrawals and plan loans.

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Your employer's governmental 457(b) deferred compensation plan receives special tax consideration.

In exchange for this special tax treatment the plan must restrict when plan assets are made available to participants. For this reason, plan participation is not intended to be used in the same way one might use a savings account.

Your deferred compensation plan is not permitted to distribute funds from your account unless you experience a distributable event. A common example of such an event is severance from employment. The plan also recognizes situations when a participant may need access to funds while employed. There are **two optional provisions** your employer may have incorporated into the plan that may help in these situations.

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Notes

Why can't I receive a distribution from the Plan while I am employed?

When you enrolled, you agreed to contribute pre-tax income to a plan that is held in trust until you are eligible for a distribution. If the plan allowed participants to withdraw funds before they qualify, the plan could lose its tax-qualified status.

Two considerations you need to know

This brochure offers an overview of unforseeable emergency distributions and plan loans. It is not intended as an offer to use either provision nor as a commitment from the plan that you qualify for them. Please contact a plan representative for specific information or to apply.

1 Unforeseeable emergencies

Under IRS regulations and the terms of the plan, an unforeseeable emergency (UE) distribution is defined as a severe financial hardship of the participant, the participants spouse, beneficiary or dependent, resulting from extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant or beneficiary.

Examples of UE's may include:

- Need to pay medical expenses,
- Imminent foreclosure or eviction from primary residence, or
- Funeral expenses of a spouse or dependent

Other allowable inservice withdrawal options

Distribution of Rollover Contributions
If you have a roll-over account in your plan, you may qualify for an inservice withdrawal of roll-over assets. Note that this does not apply to transfer assets because there has been no distributable event to allow for the withdrawal.
De minimis distribution.
If you have less than $5000 in your account and have not contributed at all in the last two year period, you may qualify for a de minimis distribution as long as you have not received a prior distribution under the de minimus distribution provision.
70½ and still working
Your plan may – but does not have to – permit participants who are still working at age 70½ (or older) to begin taking distributions from the plan in the calendar year they attain age 70½.

For more information about inservice withdrawals or to discuss any aspect of your account, contact a Nationwide representative.

Defaulted Loans

Once a loan is in default, Federal law requires the entire loan amount be reported to the Internal Revenue Service as a deemed distribution – meaning the entire amount of the outstanding loan and accrued interest-to-date on the date of default will be includible in your income and is subject to ordinary income tax in year of default.

Suspension of Payments Due to Military Service

In compliance with USERRA and other applicable laws, the plan may suspend a participant's obligation to repay a loan during the period in which the participant is serving on Active Duty with the military. At the expiration of this suspension, the outstanding loan balance, including accrued interest and fees, will be re-amortized and the participant will be required to execute an amended loan agreement or repay the recomputed balance in full.

You must document that a severe financial hardship exists and that it cannot be relieved through any other means.

Please contact a plan representative to learn more about the process and remember that **not all circumstances qualify** for a UE distribution.

2 Plan loans

Your employer may permit employees to take loans from 457(b) plan accounts. Competitive interest rates – generally "Prime Rate"+ 1%; and reasonable repayment terms, typically up to five years.

Before you request a plan loan, you may want to consider:

- Taking a loan from your retirement account may not be in your best interest. You must repay a pre-tax loan with after-tax dollars, with interest.
- If you leave employment, you must repay the loan immediately. Failing to repay a plan loan is a taxable event.
- The true cost of the loan may be more than the interest alone. You may lose the benefits of compounding over time – a potentially severe setback to your retirement savings if the market gains significantly over the life of your loan.

How the Loan Program Works

Your plan's loan program is similar to programs that you could find at any lending institution such as a bank or savings-and-loan. To qualify, you must complete and sign a loan application.

Minimum / Maximum Loan Amounts

The minimum loan amount is $1,000. The maximum available loan amount is 50% of your vested account balance up to $50,000 reduced by any outstanding loan balance within the last 12 months, minus any outstanding loan balance on the day the loan is made.

Terms and Number of Loans Allowed

The maximum loan term for primary residence loans is fifteen (15) years from the date that the money is disbursed. For other loans, the maximum loan term is five years.

The plan's Loan programs permit only one outstanding loan from the plan at any given time. If a participant has an outstanding loan, a new loan will not be granted prior to full repayment of any outstanding loans. If a participant defaults on a loan, the participant will not be granted another loan from the plan until the defaulted loan — including accrued interest and fees — is paid in full.

Standard Loan Fees*

All loan fees appear as administrative charges on your statements.	
Application fee	$50
Annual fee	$50, assessed on the anniversary date of the loan
Default fee	$50, assessed on the date of default and paid annually
Insufficient Funds Fee	$25, for each insufficient fund payment
Asset Fee	Up to the maximum Variable Account Expense applicable under the Plan

* Fees are subject to change and may vary by plan. Please speak with your Nationwide Representative to discuss all applicable fees.

Payments

You must pay the full amount of each payment (principal and interest) on the specified due date.

Level payments of principal and interest must be made at least monthly. Depending on your plan, Nationwide may debit the savings or checking account of your choice or deduct your loan payment for your check. Loans may be repaid in full prior to the term due date without penalty if the payment is made with a lump sum payment.