Nationwide®
is on your side

Business planning

Key person insurance

Who is your most valuable employee?

Add life to your business

Every company has that one person — the star, if you will — who really drives profitability. Your star could be an amazing sales person or the brains behind the whole operation.

But how would your company adjust if you lost your star talent? Key person insurance can help make that transition easier.

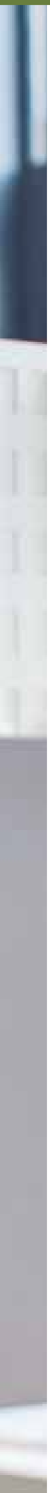
Be sure to choose a strategy and product that are suitable for the long-term goals of both the business and its employees. Weigh objectives, time horizon and risk tolerance, as well as any associated costs, before investing. Market volatility can lead to the need for additional premium in the policy. Variable life insurance has fees and charges that include costs of insurance, underlying fund expenses and administration fees. Investing involves risk, including possible loss of principal.

Protect the people who are key to your success

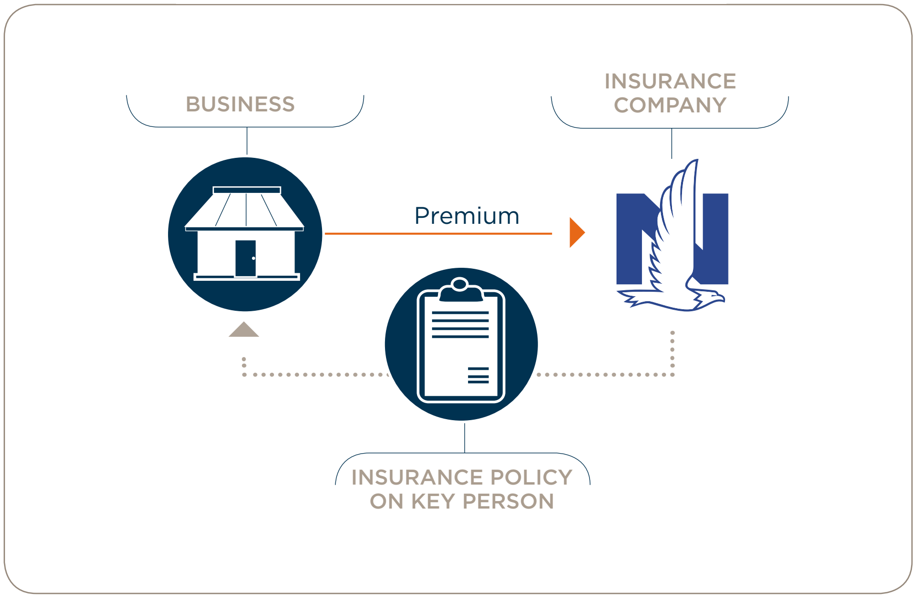
Without key people, the most wonderful concepts, the finest products, the greatest ideas, will never see the light of day. The loss of a key person can cripple a company, but a key person insurance plan can help you protect your business against this loss.

How it works

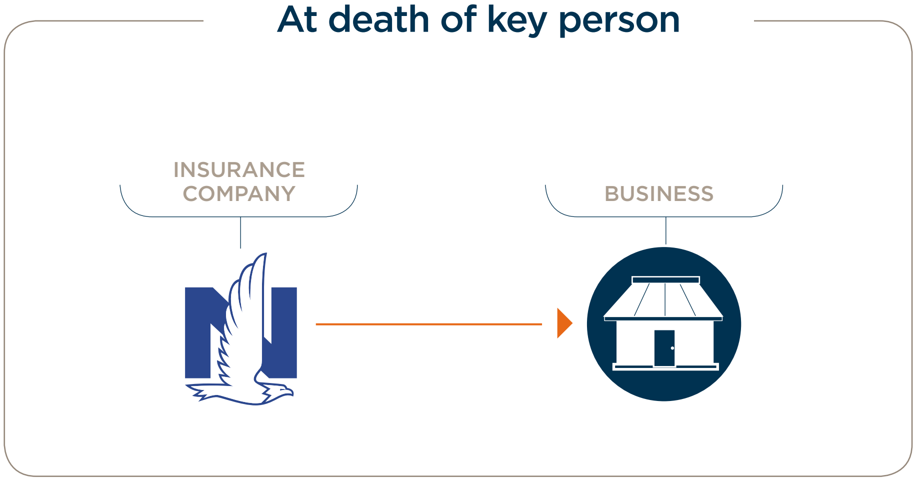
Key person insurance can be helpful in protecting against the loss of an owner, as well as key nonowner employees. With this plan, the business purchases life insurance on the key employee and pays the premiums. In the event of the key employee's death, the business receives the policy's death benefit to help recover lost income or to help recruit and train a replacement.



During lifetime of key person



At death of key person



- Tax-free policy proceeds cover financial losses that may occur at the death of a key person
- Assurance of business continuity for other employees, customers and creditors
- Coverage is a business asset that enhances your business' creditworthiness for commercial borrowing
- The key person's value to your business is affirmed, if needed, strengthening the existing relationship and aiding in retention
- The policy's cash value may be available to your business through a withdrawal or loan if needed for business opportunities or retirement benefits

Meet Mike and Jim

All of the characters are fictitious, meant to represent typical individuals in typical business situations. The following information is designed to demonstrate one possible solution to a complex problem. You should work carefully with your investment professional to determine the solution that best meets your specific needs and objectives.

Their story

Mike and Jim founded Atlantic Construction 20 years ago. When the company first started out, it consisted of the two of them and a couple of other guys who worked for them as needed. Business grew over the next 10 years, thanks to word-of-mouth referrals from satisfied customers. So, what started with Mike, Jim and a few carpenters is now a large-scale operation with approximately 500 employees throughout North Carolina, South Carolina, Georgia and Florida. At some point, they would even like to take the operation west.

Atlantic Construction has continued to grow, despite a lagging economy. And now the senior leadership team is concerned about what would happen to the company if anything happened to Mike or Jim. If one of them were to become ill or prematurely pass away, it would negatively impact the financial stability of the company. Although the senior leadership team has the confidence and know-how to maintain the company, they feel someone would need to be recruited to take over Mike and Jim's roles.

So, Mike and Jim schedule an appointment with a financial advisor, Sarah, to see if there is anything they can do now to alleviate some of these concerns for the future well-being of the company.

Their strategy

After reviewing their concerns, Sarah recommends a key person insurance plan, which is commonly used to protect the viability of a business. She explains that both Mike and Jim would purchase a life insurance policy and name Atlantic Construction as the beneficiary. When each partner passes away, the proceeds from the policy could help keep the business going by replacing income that would be lost and provide funds to recruit and train their replacements.

After signing the life insurance application and other paperwork, Mike and Jim took the required medical tests, and their applications were approved. When Sarah delivered the policy, they felt confident that Atlantic Construction would be able to continue on without them.

Call your investment professional today for more information on key person insurance plans, as well as any of these other business planning options:

A couple of things you should keep in mind:

- This strategy does not guarantee returns or insulate the policyowner from losses
- The death benefit and any guarantees are subject to the claims-paying ability of the issuing insurance company
- Nationwide and its representatives do not give legal or tax advice; you should consult your legal or tax advisor for answers to specific tax questions
- Loans and partial withdrawals will reduce the death benefits payable to beneficiaries, and withdrawals above the available free amount will incur surrender charges
- Surrender charges vary by issue age, sex, underwriting rate class and product; these charges decline over time, so please see the prospectus for details
- If key person life insurance coverage sounds right for your business, be aware that premiums must be paid with after-tax dollars; also consider the opportunity cost since money allocated toward premium cannot be used elsewhere in the business; your investment professional may be able to help you determine if the value of the key person coverage could be diminished due to accounting or tax rules

- Buy/sell arrangements
- Executive bonus plans and restrictive executive bonus arrangements (REBA)
- Insurance-based retirement plans
- Nonqualified deferred compensation plans
- Split dollar plans
- Supplemental executive retirement plans (SERP)

Nationwide®

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

Throughout this brochure, we discuss access to money via loans and partial withdrawals. This assumes the contract qualifies as life insurance under section 7702 of the Internal Revenue Code (IRC) and is not a modified endowment contract (MEC) under section 7702A. As long as the contract meets non-MEC definitions under section 7702A, most distributions are taxed on a first-in/first-out basis. Loans and partial withdrawals from a MEC will generally be taxable, and if taken prior to age 59½, may be subject to a 10% tax penalty.

All individuals selling this product must be licensed insurance agents and registered representatives.

Products issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio. The general distributor is Nationwide Investment Services Corporation, member FINRA.

NFM-2512AO.9 (03/16)