



INSIGHT

 **Nationwide**
Retirement Solutions
a Nationwide Financial company



The City of Austin Deferred Compensation Program

Volume 7, Number 3

NRS-673-B-03 (10/00)

3rd Quarter 2000

Are you saving enough for retirement?

By joining your employer's deferred compensation plan you have taken an important step toward securing a comfortable retirement. Saving into a tax deferred account regularly and investing intelligently can increase your chances of reaching your retirement goals. But are you saving enough?

Did you answer "I don't know"? If so, call 1-877-NRS-FORU (1-877-677-3678) for assistance in determining your retirement income needs. An NRS Retirement Specialist will gladly answer any questions you may have about investing for retirement.

If you feel you are saving as much as you can afford, you may be surprised to know that as little as an extra \$15 per pay put into your deferred compensation account on a continuous basis could really pay off. This \$15 could mean only a \$10 reduction in your net pay depending on your withholding bracket.

The following table illustrates how increasing your deferral by just \$15 per pay could help your retirement savings grow substantially.



Deferral	\$85 per pay	\$100 per pay
Ending balance in 25 years	\$150,576.52	\$177,148.85
Monthly distribution for 20 years	\$1,161.05	\$1,365.94
Total benefits received	\$278,652.00	\$327,825.60

*NOTE: Projections are based on continuous biweekly deferrals and an assumed annual interest rate at 7 percent, which is not guaranteed for any investment option under the Plan. Mutual fund products are subject to investment risk, including possible loss of the principal amount invested.

**Get the service you
want, when and how
you want it**

You have more ways than ever to get retirement planning and investment service from NRS.

- VISIT WWW.NRSFORU.COM to enroll, change your deferral allocation or current investments, and receive financial information and education.

Whatever your response – "I don't know", "I'm saving as much as I can afford" or "Yes, I am saving enough" – saving for retirement through your deferred compensation plan is a smart way to pay yourself first and work toward ensuring a comfortable retirement.

Call an NRS Retirement Specialist toll-free at 1-877-NRS-FORU today to discuss your retirement needs or increase your deferral amount!

New statement columns provide more investment information

Your statement mailings offer something new this quarter. Nationwide now includes each fund's adoption date and earnings percentage since adoption as new information to your performance report. In addition, statements now include the Voice Response Unit (VRU) fund number in front of each fund name.

The adoption date and earnings information gives you more complete information about a given fund's performance since it was made available through the Nationwide Separate Account.

The fund numbers make our automated telephone service easier to use. Now, to conduct transactions or other account management functions, all you have to do is call our toll-free number, 877-NRSFORU (877-677-3678). Then, follow our easy prompts to enter the fund number.

These additional data are part of Nationwide's ongoing commitment to providing you with the most complete information possible concerning your investment options, so that you can more effectively manage your plans for retirement.

If you have questions about the new information on your employer's deferred compensation statement, call 877-NRSFORU (877-677-3678), option 1, and ask for an NRS Retirement Specialist. Or e-mail us at NRSFORU@nationwide.com.

- CALL 877-NRSFORU to speak with a Retirement Specialist — ready to help you in any way your local representative can.
- USE OUR AUTOMATED PHONE SERVICE to process an exchange or allocation change, and check your account balance: 877-NRS-FORU.

If you are approaching retirement, you may want to take advantage of the Catch-Up benefit offered by your Deferred Compensation Plan. The Catch-Up benefit allows you to catch up on missed deferrals during the three years before you reach Normal Retirement Age (NRA) as defined by your employer.

Normally, your annual deferrals can't exceed 33 1/3% of your includible compensation, which usually equals 25% of your gross taxable income up to a current maximum of \$8,000. During the Catch-Up period you may be eligible to defer almost twice the normal annual limit, up to \$15,000.

An example of Catch-Up

John is a participant in his deferred compensation plan and approaching retirement. He realizes he hasn't deferred the maximum allowable amount to his deferred compensation account, and wants to know when and how much he can defer during the Catch-Up period

When can John use Catch-Up?

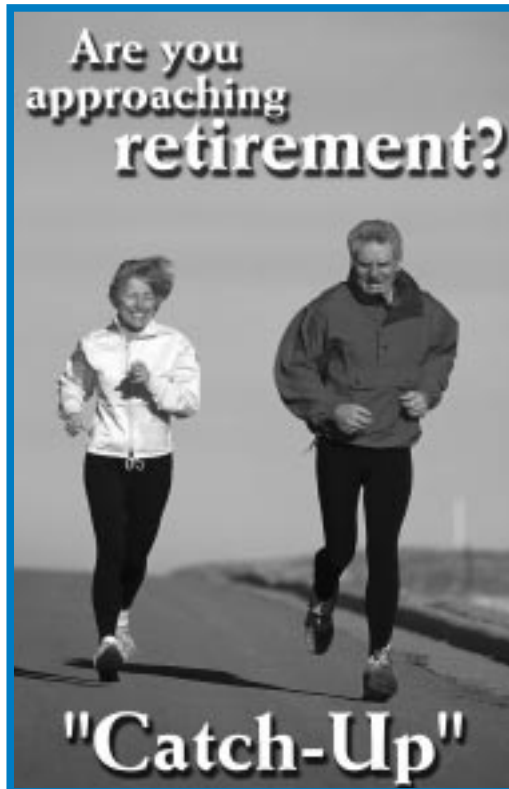
Normal Retirement Age defined by employer:	65
John's age in 2000:	61
Year John turns 65:	2004

Years John can use Catch-up: 2001, 2002 and 2003

John can use the Catch-Up benefit in one, two or all three years prior to Normal Retirement Age. He can't use Catch-Up in calendar year 2004 because this is the year he reaches Normal Retirement Age.

How much can John defer during the Catch-Up period?

Assume John earned enough per year to defer the maximum amount



of \$8,000 per year and can defer \$8,000 in each of the three years prior to obtaining Normal Retirement Age.

John has deferred \$2,000 each year for 10 years to his deferred compensation account, or a total of \$20,000. He could have deferred \$8,000 each year for 10 years or a total of \$80,000.*

\$80,000	=	Total John could defer
(20,000)	=	Total John did defer
\$60,000	=	Total of John's missed deferrals

Even though John's missed deferrals equal \$60,000, he will only be able to defer \$45,000 during the Catch-Up period since the maximum annual amount allowed is \$15,000 each year for three years. John plans to defer \$15,000 in 2001, 2002 and 2003 or a total of \$45,000.

When and how much John can defer during Catch-Up

2001:	\$15,000
2002:	\$15,000
2003:	\$15,000

\$45,000 = Total John is allowed to defer

The \$15,000 annual or \$45,000 three year total contribution under Catch-Up includes John's normal \$8,000 contribution each year. The amount usable from John's \$60,000 pool of missed deferrals is \$7,000 per year (\$15,000 maximum less the \$8,000 normal contribution).

You can use the Catch-Up benefit once during your lifetime. Call 1-877-NRS-FORU (877-677-3678) to discuss Normal Retirement Age and Catch-Up as they apply to you.

**The above example is for illustration purposes only. The \$8,000 maximum annual allowable applies only to 2000 and may be indexed annually after 2000. Please discuss how the "Catch-Up" provision affects your specific situation with a Retirement Specialist.*

Interest Update

The following annual effective interest yields apply to deposits into the **Nationwide® Fixed Annuity Option** (Governmental Plans Fixed Group Annuity Contract) underwritten by Nationwide Life Insurance Company.

2000 Guarantee*	5.60%
Current Yield**	
April-June 2000	6.10%
July-September 2000	6.09%
October-December 2000	6.05%

* To protect your contributions from dramatic fluctuations in current interest yields, the minimum guaranteed yield applies to all deposits during 2000.

** Nationwide declares a current interest yield quarterly for the duration of that quarter.

Questions?

Please call either of these sources if you have questions, need information or want to make a change in your deferred compensation account.

Nationwide Retirement Solutions:

Research Park Plaza
12401 Research Blvd.
Suite 150
Austin, TX 78759
512-502-7950
8 a.m. – 5 p.m. (Central Time),
Monday through Friday
8 a.m. – 5 p.m.

The NRS Customer Service Center (toll-free):

877-NRS-FORU (877-677-3678)
7:30 a.m. – 6 p.m. (Central Time), Monday through Friday

www.NRSFORU.com

Securities offered through:
Nationwide Investment Services Corporation, Member NASD

Variable Annuity Contract Number APO-2272, and Fixed Annuity Contract Number APO-2425