Allianz Life Insurance Company of North America

FINANCIAL PLANNING SOFTWARE

MoneyGuidePro®

Modeling an Allianz® annuity within a financial plan

This document is intended to help you model an Allianz® annuity with the MoneyGuidePro (MGP) financial planning software. MGP allows you to model hypothetical annuities with a combination of product illustration and proxy asset allocation.

MGP generates return assumptions that do not reflect any specific product. The returns and income projections are hypothetical in nature and do not reflect actual investment results and are not guarantees of future results. Clients should not rely on MGP or its output for an accurate representation of how an annuity could work. Instead, you should refer them to a full, personalized product illustration.

When you model increasing income in MGP, the software applies a static increase each year based on the illustration's average increase (as calculated when you complete the Asset Information section). In reality, this method does not depict how actual index results would present volatility over time, including years of negative index returns when the annuity income would not receive an increase. There is no guarantee an annuity will be credited interest in any given year.

ALLIANZ REQUIREMENTS

You **must provide a full, personalized product illustration** to the client when you model an Allianz® annuity.

STATE LIMITATIONS

For fixed index annuities, you must use **GUARANTEED VALUES** when modeling an **FIA** in states that require nonguaranteed annuity values based on actual historical performance. You must use guaranteed values in the following states: Alabama, Colorado, Iowa, Maine, Missouri, North Dakota, Ohio, Rhode Island, and West Virginia.

Modeling an annuity recommendation using the What If Worksheet

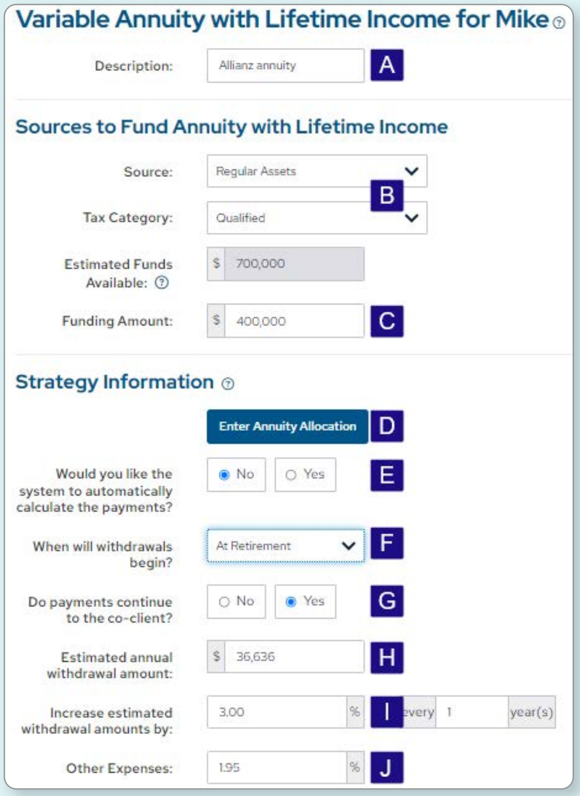
TO GET STARTED, obtain an Allianz® product illustration for the recommended annuity.

Within the *What If Worksheet*, go to *Goal Strategies* → ***Variable Annuity with Lifetime Income*** → *Add*

Variable Annuity with Lifetime Income

Complete the *Sources to Fund Annuity* and *Strategy Information* sections

A. Add a description.
B. Select the funding source and tax category.
C. Enter the premium or purchase payment amount from the illustration as the *Funding Amount*.
D. Enter a proxy asset allocation for the annuity. This allocation will project the accumulation value for the annuity. We suggest a more conservative allocation across short-, intermediate-, and long-term bonds to create an allocation that will average a return close to the illustration's average interest credit.
E. Do not have MGP calculate the payments.
F. Enter the age/year when lifetime income begins according to the illustration.
G. Select *Yes* if payments continue to the co-client.
H. In the *Estimated annual withdrawal amount* field, enter the projected amount of initial income the client could receive based on illustration values.
I. If modeling Increasing Income, add a yearly increase percentage. This increase will work like inflation and give the income amount a static increase on an annual basis.
J. When applicable, enter the combination of the annual product fee and income benefit rider fees for the Other Expense Rate. Fees are deducted from the projected accumulation value on an annual basis.



Be sure to select *Yes* next to the annuity strategy on the *What If Worksheet*, and then click on *Calculate All Scenarios* to view results.

Variable Annuity with Lifetime Income *(continued)*

To view annuity income details: Under *Probability of Success,* select *Explore → Combined Details.*

A. The *Earmarked* column indicates the premium amount and projected accumulation values. **Note:** Accumulation values based on the proxy asset allocation selected may not match those reflected on the product illustration. If the values vary significantly from the illustration, you may need to adjust the proxy asset allocation.

B. *The Strategy Income* column indicates income that could be generated by the annuity.

Portfolio Value Chart

Event or Ages	Year	A Earmarked	Fund All Goals	Additions to Assets	Strategy Reductions	B Strategy Income
58/58	2024	$0	$1,500,000	$28,000	$0	$0
59/59	2025	$418,400	$1,181,746	$28,500	$0	$0
60/60	2026	$437,646	$1,267,952	$29,013	$0	$0
61/61	2027	$457,778	$1,358,851	$29,538	$0	$0
62/62	2028	$478,836	$1,454,687	$30,076	$0	$0
63/63	2029	$500,862	$1,555,717	$30,628	$0	$0
64/64	2030	$523,902	$1,662,212	$31,194	$0	$0
Mike & Machenzie Retire	2031	$548,002	$1,774,456	$0	$0	$36,636
66/66	2032	$534,174	$1,747,856	$0	$0	$37,735
67/67	2033	$518,270	$1,712,800	$0	$0	$38,867
68/68	2034	$500,117	$1,755,275	$0	$0	$40,033

Modeling an annuity recommendation using secure income **(MoneyGuideElite only)**

You can model an annuity recommendation with the *Secure Income* module using the same *Variable Annuity with Lifetime Income* process used for the *What If Worksheet*.

GO TO *Results → Recommended Scenario → Secure Income*. Select either *Cash Flow* or *Probability*. Select *Income Strategies → Add Strategy → Variable Annuity with Lifetime Income*. To complete, follow the instructions outlined in the *What If Worksheet* section.

For more details on the *Secure Income Analysis*, search *'Secure Income'* in the MGP *Knowledge Base*.

Adding the income stream to inforce contracts

Once the annuity contract has been issued, you can import the account to MGP from an integration partner. By default, these accounts are categorized as a fixed or variable annuity and reflect the accumulation values only. Unless the account is updated and the income stream is manually added, income will draw from the annuity as needed at retirement age. The following steps show how to update the account and add the income stream.

GO TO *About You* → *Money* → *Investment Assets* and select the annuity from the asset list.

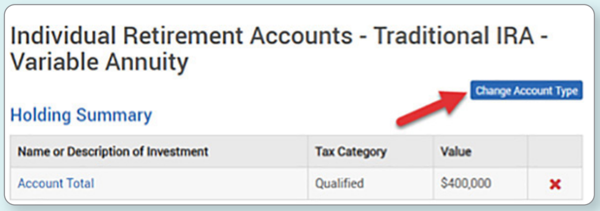
STEP 1: **Change the account type.**

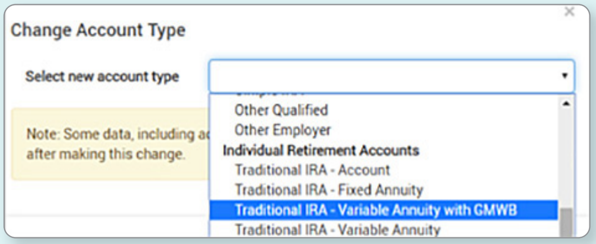
Depending on account type (i.e., qualified or nonqualified), select under *Individual Retirement Accounts* → *Variable Annuity with GMWB* or *Annuities and Tax-Deferred Products* → *Variable Annuity with GMWB* (MGP will illustrate the GLWB as guaranteed income although it is not actually guaranteed).

STEP 2: **Select the asset allocation.**

Select *Account Total* under *Holding Summary* to enter a proxy asset allocation.

This allocation will project the accumulation value for the annuity. We suggest a more conservative allocation across short-, intermediate-, and long-term bonds to create an allocation that will average a return close to the illustration's average interest credit.





Adding the income stream to inforce contracts *(continued)*

STEP 3: **Complete the Asset Information section**

A. Update the *Description* field if needed.

B. Complete the *After-Tax Amount, Benefit Base*, and *Purchase Price* fields.

C. *Would you like the system to automatically calculate the payments?* Select ***No***.

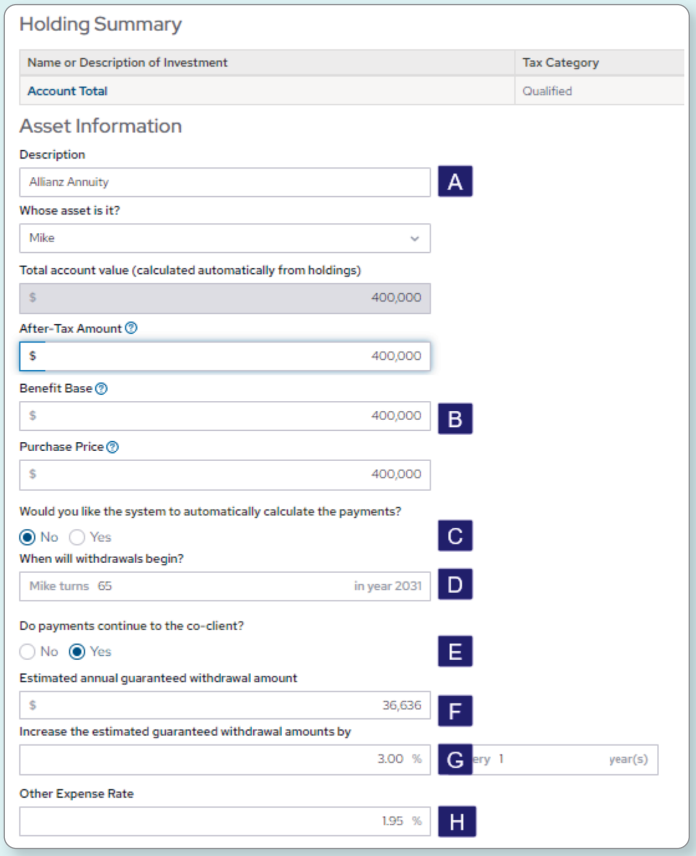
D. *When will withdrawals begin?* Enter the initial income age from the illustration.

E. Select *Yes* if payments continue to the co-client.

F. In the *Estimated annual guaranteed withdrawal amount* field, enter the projected amount of initial income the client could receive based on illustration values.

G. If modeling increasing income, add a yearly increase percentage. This increase will work like inflation and give the income amount a static increase on an annual basis. ***Please note: Update the projected initial income amount and annual percentage increase as market conditions and yearly performance projections change.***

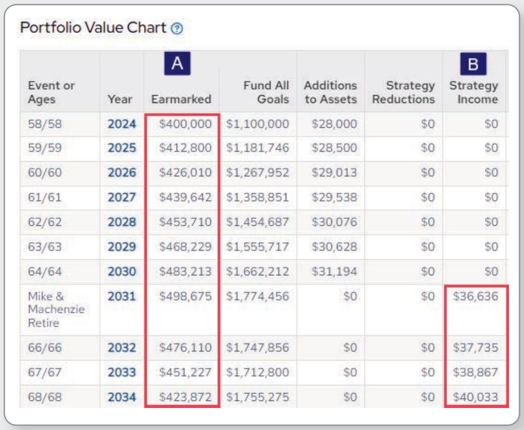
H. When applicable, enter the combination of the annual product fee and income benefit rider fees for the *Other Expense Rate*. Fees are deducted from the projected accumulation value on an annual basis.



To view results and income details: Calculate the probability of success for the current scenario to see the impact. Go to *Results* → *Current Scenario* → *Run 1000 Trials*. Under *Probability of Success,* select *Explore* → *Combined Details.*

A. The *Earmarked* column reflects premium amount and projected accumulation values.
Note: Accumulation values based on the proxy asset allocation selected may not match those reflected on the product illustration. If the values vary significantly from the illustration, you may need to adjust the proxy asset allocation.

B. The *Strategy Income* column indicates income that could be generated by the annuity.



Portfolio Value Chart

Event or Ages	Year	Earmarked (A)	Fund All Goals	Additions to Assets	Strategy Reductions	Strategy Income (B)
58/58	2024	$400,000	$1,100,000	$28,000	$0	$0
59/59	2025	$412,800	$1,181,746	$28,500	$0	$0
60/60	2026	$426,010	$1,267,952	$29,013	$0	$0
61/61	2027	$439,642	$1,358,851	$29,538	$0	$0
62/62	2028	$453,710	$1,454,687	$30,076	$0	$0
63/63	2029	$468,229	$1,555,717	$30,628	$0	$0
64/64	2030	$483,213	$1,662,212	$31,194	$0	$0
Mike & Machenzie Retire	2031	$498,675	$1,774,456	$0	$0	$36,636
66/66	2032	$476,110	$1,747,856	$0	$0	$37,735
67/67	2033	$451,227	$1,712,800	$0	$0	$38,867
68/68	2034	$423,872	$1,755,275	$0	$0	$40,033

Things to know

Last in, first out (LIFO) taxation is applied to annuities added as a variable annuity with GMWB.

This information is based on MGP functionality as of December 2023.

Investment professionals should ensure this methodology aligns with their BD/RIA compliance requirements.

CONTACT YOUR ALLIANZ® REPRESENTATIVE for questions or further assistance.

Before recommending the annuity, a financial professional is required to be (1) insurance licensed in all states where business is solicited and (2) appointed by Allianz Life Insurance Company of North America (Allianz). Insurance law prohibits securities-only licensed advisors from recommending a specific allocation, in dollars or percentages, between securities and insurance products and/or offering research, analysis, or recommendations to a prospective client regarding specific insurance products, including annuities.

• Not FDIC insured • May lose value • No bank or credit union guarantee • Not a deposit • Not insured by any federal government agency or NCUA/NCUSIF

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