Understanding the Allianz Lifetime Income+℠ Annuity with the Lifetime Income Benefit

For Qualified Retirement Plans

Contract Summary

The Allianz Lifetime Income+ Annuity is an investment option in your employer's retirement plan. The annuity is portable, meaning you could take it with you in the event you leave your job.

- Please read this document carefully.
- While this annuity is held in the plan, the plan is the contract owner and beneficiary, and the participant is the annuitant. All amounts payable from the contract will be made to the plan.
- The plan administrator is responsible for maintaining the beneficiary designations for all participant accounts, which may include the annuity, and for paying all amounts payable from the contract to the participant or participant's beneficiary, as applicable. This includes the tax reporting of any distributions from the plan related to the annuity.
- You are a participant in your employer's retirement plan. We also refer to the participant as you in this document.
- In the event you leave your job, you could leave the annuity in the retirement plan with your former employer or roll it into a new employer's plan, if permitted. You could also request a rollover of the annuity to an IRA. With a rollover to an IRA, you would become the contract owner of the annuity.
- This annuity will NOT provide additional tax benefits other than those provided by the qualified retirement plan that purchases the contracts. The decision to allocate any part of your retirement account to the annuity should be based on the annuity's other benefits and features, as well as its risks and cost.

CURRENT RATES, IMPORTANT NOTE

- Current rates for the features described in this Contract Summary can be found in the Guide to Current Rates.
- The plan sponsor can provide you with the latest Guide to Current Rates.
- The interest rates, caps, participation rates and lifetime withdrawal percentages described in this document can change periodically. Rates, caps, and participation rates as well as your personal lifetime withdrawal percentage will be included in the annual report of the status of the annuity.
- While the annuity is held in your retirement plan, the plan administrator can provide you with additional information about this annuity. Once the annuity is rolled over to an IRA, please contact Allianz directly at 800.950.7372.

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Allianz

How the Annuity Works

Allianz Lifetime Income+ is a fixed index annuity that offers innovative design features including growth potential, protection from market loss, and guaranteed lifetime income through the Lifetime Income Benefit, which has the potential to increase annually for life to help address the effects of inflation. Allianz Lifetime Income+ is designed to help you meet long-term financial goals, such as retirement.

Who's Who

The annuity is available for use as an investment option with certain types of retirement plans that qualify for beneficial tax treatment under applicable sections of the Internal Revenue Code of 1986, as amended. A plan sponsor will have established the retirement plan for participants and is generally the employer or a trust. The participant is an eligible employee or other person entitled to benefits under the plan and who can allocate contributions made to the plan to the annuity. We may also refer to the participant as you in this document. Allianz is not a party to the plan.

Contract Purchase And Issue

The contract holder is the person or entity to whom we issue the contract, generally, the plan or a trust. We may also refer to the contract holder as the contract owner.

We will issue one or more contracts to the contract owner for a participant when we receive enrollment instructions in good order, which includes the initial premium. While the annuity is held in the plan, each contract will name the plan or trust as the contract owner and beneficiary; the participant is the annuitant. The annuity may reserve certain rights for the contract owner, and the contract holder may permit participants to exercise those rights through the plan, for example, to direct contributions to be allocated among the annuity's interest options.

In the event you leave your job, you could leave the annuity in the retirement plan with your former employer or roll it into a new employer's plan, if permitted. You could also request a rollover of the annuity to an IRA. With a rollover to an IRA, you would become the contract owner of the annuity.

Putting Money In

The plan can purchase Allianz Lifetime Income+ with an initial premium from participant accounts. Contributions to the annuity (premiums) may be made by the plan and/or participants according to the terms of the plan. A separate contract will be issued for each contribution type a plan accepts (e.g., pre-tax, after-tax). Additional premiums are accepted until lifetime withdrawals or annuity payments begin.

Generally, we will place the premium in an interim interest allocation where it will earn fixed interest until the end of the contract year. We will then move the values to the fixed and/or indexed interest allocations selected for the contract. We will not accept additional premium once lifetime withdrawals or annuity income payments begin.

How The Annuity Value Can Grow

Interest. The values of the annuity can earn interest based on the available interest options. When any interest is credited depends on the interest option.

Income Accelerator. The lifetime income value will earn an interest bonus when the interest rate is positive. The income accelerator is credited to the lifetime income value.

Income Builder. On and after the income builder minimum age, and on and before the lifetime withdrawal start date, we credit an annual percentage bonus to the lifetime income value. The income builder is credited to the lifetime income value.

The income accelerator percentage and income builder percentage are set as of the date Allianz issues the contract, are specified in the contract, and will not change once the contract is issued.

Taking Money Out

The plan as the contract owner, or you as the participant, if allowed by the plan, can take money out of the annuity. While the annuity is held in the plan, the plan administrator is responsible for paying all amounts payable from the annuity to you or your beneficiary. Once the annuity is rolled over to an IRA, you would become the contract owner, and we would pay these amounts to you.

Lifetime withdrawals. Lifetime withdrawals are taken from the lifetime income value and have the potential to increase over time. Other withdrawals may be taken from the annuity while lifetime withdrawals are being taken, if needed.

Partial withdrawals. Subject to certain restrictions, money in the contract may be withdrawn at any time.

Annuity income. Annuity income is taken when the cash value or accumulation value is converted into a series of periodic payments. Which value is converted depends on when these payments begin. Unlike lifetime withdrawals, annuity income payments can't increase over time, and there is no ability to take other withdrawals from the annuity.

Portability

The annuity is portable. In the event you leave your job, you could leave the annuity in the retirement plan with your former employer or roll it into a new employer's plan, if permitted. You could also request a rollover of the annuity to an IRA. With a rollover to an IRA, ownership would be transferred to you. You would become the contract owner of the annuity. We will start the rollover process when requested by the plan as the contract owner, or you as the participant, if allowed by the plan. With the direct rollover to an IRA, the contract is continued and its accumulated benefits and values are preserved. Also, the same favorable tax treatment that the annuity had while owned by the plan would continue. The annuity can also be directly rolled over to an IRA when lifetime withdrawals or annuity income payments begin. Once removed from the plan, the annuity would be administered by the IRA provider.

Understanding Annuity Values

The annuity has four different values, each of which is used for its own purposes.

Accumulation Value

Accumulation value reflects all the money put into the annuity plus any interest credited, minus any money taken out, such as withdrawals adjusted by any market value adjustments (MVAs), and minus fees.

Cash Value

Cash value is the value we will pay if the annuity is cancelled ("cashed in"). The annuity's cash value is payable to the plan while the annuity is held in the plan. The cash value is equal to the accumulation value adjusted by any MVA. Additionally, we limit the full MVA so that the cash value will never be less than the guaranteed minimum value, or the accumulation value reduced by 10%. The plan as the contract owner, or you as the participant, if allowed by the plan, may request the annuity's cash value. While the annuity is held in the plan, the plan administrator is responsible for paying all amounts payable from the annuity to you or your beneficiary. Once the annuity is rolled to an IRA, you would become the contract owner, and we would pay this amount to you.

Guaranteed Minimum Value

Guaranteed minimum value can be thought of as a "backstop" value for the annuity. For example, if the annuity was cashed in at a time when the cash value was less than the guaranteed minimum value, the guaranteed minimum value would be paid instead. Guaranteed minimum value is 87.5% of the money put into the annuity, plus any interest credited and minus any withdrawals. Interest is credited to guaranteed minimum value 365 days a contract year. The interest rate will never be less than 1.00%.

Lifetime Income Value

Lifetime income value is the value that lifetime withdrawals will be based on for the Lifetime Income Benefit. The lifetime income value is equal to the premium paid into the annuity, plus the interest bonus and annual bonus we credit. Withdrawals will decrease the lifetime income value by the same proportion they decrease the accumulation value.

Earning Interest

The plan selects the interest options for the annuity and then may give you the right to choose how to allocate the contract's accumulation value among the interest options.

The Fixed Interest Option

With this interest option, we credit interest to the accumulation value at a specified interest rate. The interest rate can be reset at the beginning of each contract year, although some contract years it may not change. And no matter what, it will always be at least 0.10% per contract year. Interest is credited to the accumulation value in the fixed interest option 365 days a contract year.

Indexed Interest Options

With these interest options, how much interest we credit to the accumulation value depends on the performance of an external index (or indexes) and the selected interest crediting method.

With indexed interest options, there is potential to earn interest when an external index goes up. Indexed interest options have a 0% floor, so the interest rate is 0% (meaning no interest is earned) when an external index goes down. As a trade-off for this protection against market loss, there may be limits to the indexed interest rates when an index is rising.

We credit interest to the accumulation value in an indexed interest option on the last day of each crediting period.

Reallocation

Any allocation(s) can be changed at the end of its crediting period, by sending a request to us no later than 21 days into the new crediting period. A change requested at other times won't be processed until the beginning of the next contract year.

The lifetime income value is allocated among the same interest options in the same allocation percentages as the accumulation value. If the accumulation value is reallocated, then we will reallocate the lifetime income value in the same percentages.

Crediting Methods

Allianz Lifetime Income+ provides different alternatives for determining how external index performance will translate into the amount of interest credited. For all crediting methods, we determine the interest rate on the last day of each crediting period.

With Allianz Lifetime Income+:	Important Notes:	
• Your employer plan as the contract owner can allow you to choose how to allocate among the interest options. • The income builder and income accelerator can boost your potential interest earnings credited to the lifetime income value. • Lifetime withdrawals have the potential to increase over time.	• The MVA will only apply to premiums that have been in the contract for less than 10 years and is two way, meaning it could be positive or negative. With a negative MVA, less than the premium amount could be returned. • In any contract year when interest earned is less than the cost of any fees, the accumulation value will decrease.	• Allianz Lifetime Income+ is an insurance contract; it doesn't provide ownership of any stocks, bonds, index funds, or any other securities, and no dividends are paid to the annuity contract. • The interest options that the plan selects for the annuity will affect how much interest is earned; it is possible that no interest is earned in a given year.

Annual Point-to-Point Crediting with a Cap. For each indexed interest option with this method, we start by setting a cap, which is the maximum possible interest rate for the crediting period. The cap can be reset every crediting period, but it will never be less than 0.25%. The interest rate will always be between 0% and the cap amount. The crediting period for this method is one year.

For each index, we look at the change in the external index for the crediting period. If the index went up more than the cap percentage, the interest rate will be equal to the cap for the option. If the index went down, the interest rate will be 0%. If the index change is somewhere between 0% and the cap, then the interest rate is the same as the change of the index.

Point-to-Point Crediting with a Participation Rate. For each indexed interest option with this method, we start by setting a participation rate. The participation rate can be reset every crediting period, but it will never be less than 5%. The crediting period for this method is one year.

For each index, we look at the change in the external index for the crediting period. We then multiply the change by the participation rate. If the result is a positive number, that number is the interest rate for that crediting period. If the result is zero or less, the interest rate will be 0%.

Income Accelerator

With the lifetime income value, we credit interest for each indexed allocation at the end of its crediting period. We determine the interest rate for each allocation and then multiply that rate by the income accelerator percentage to determine the interest credit to the lifetime income value in that allocation for the crediting period. We credit interest to the fixed interest allocation every day.

The income accelerator percentage is set as of the date Allianz issues the contract, is specified in the contract, and will not change once the contract is issued.

Note that for index allocations, caps and participation rates are applied before we calculate the income accelerator, and for the fixed allocation, we determine an annual income accelerator rate before we convert to a daily interest rate.

Income Builder

On and after the income builder minimum age, and on and before the lifetime withdrawal start date, we credit an annual percentage bonus to the lifetime income value. With the lifetime income value in each allocation at the end of its crediting period, we multiply the lifetime income value by the income builder percentage to determine the interest credit to the lifetime income value.

The income builder percentage is set as of the date Allianz issues the contract, is specified in the contract, and will not change once the contract is issued.

Costs

The contract may have a product fee. If the contract is subject to a product fee, it is a percentage of the accumulation value that is calculated at the beginning of every contract year and deducted from the accumulation value at the end of each contract year. The product fee is disclosed in the Guide to Current Rates which has been provided to your Employer plan. While the annuity is held in plan, the plan administrator can provide you with this information. We do not deduct the product fee from the lifetime income value.

If a full withdrawal is taken during a contract year, a prorated portion of any product fee calculated for that year will be deducted from the amount of the full withdrawal.

The product fee percentage is set as of the date Allianz issues the contract and is guaranteed for the initial guarantee period. After the initial guarantee period, the product fee percentage can change at the beginning of each crediting period and will never be greater than the maximum specified in the contract.

The maximum product fee percentage is set as of the date Allianz issues the contract, is specified in the contract, and will not change once the contract is issued.

Product fees will stop if the accumulation value goes to zero or annuity income begins.

There are no withdrawal (or surrender) charges under this contract.

Withdrawals and Required Minimum Distributions

With Allianz Lifetime Income+, a part of the accumulation value may be withdrawn each contract year without any MVA, as long as it is requested as a required minimum distribution, or, after the lifetime withdrawal start date, as a lifetime withdrawal or cumulative withdrawal. Any other withdrawal may trigger a MVA. The plan as the contract owner, or you as the participant, if allowed by the plan, may request a withdrawal from the annuity. We will pay any withdrawal to the plan while the annuity is held in the plan. The plan administrator is then responsible for paying all amounts payable from the annuity to you or your beneficiary. Once the annuity is rolled over to an IRA, you would become the contract owner, and we would pay this amount to you or your beneficiary.

Withdrawals and required minimum distributions reduce the accumulation value and guaranteed minimum value dollar for dollar and reduce the lifetime income value by the same proportion that the accumulation value was reduced. Withdrawals with an MVA reduce the accumulation value by the withdrawal amount, and the accumulation value will be adjusted by the MVA. The lifetime income value will be reduced by the same proportion that the accumulation value was reduced. Within each value, the amount allocated to each interest option decreases by the same percentage as the overall value decreases.

In general, if a lifetime withdrawal, cumulative withdrawal, or required minimum distribution is taken from an indexed interest option with a positive interest rate, we will credit prorated interest to the accumulation value and lifetime income value at the end of the crediting period in which the withdrawal occurs. We will not credit prorated interest if annuity income payments begin or a full withdrawal is taken. (Because the fixed interest option credits interest every day, interest will already be credited when the withdrawal is processed.) Note that prorated interest will not be credited for any partial withdrawal taken above the lifetime withdrawal, cumulative withdrawal, or required minimum distribution.

Market Value Adjustment (MVA)

The MVA helps us effectively manage changing market conditions. It can be either a positive or negative adjustment to contract values. In general, the MVA will increase contract values if corporate bond yields are declining and it will decrease contract values if corporate bond yields are rising. We use the yield of the MVA reference rate to measure the change in corporate bond yields for purposes of the MVA.

We will apply the MVA only to premiums that have been in the contract less than 10 contract years under the following circumstances:

- a full withdrawal;
- annuity payments begin before the 5th contract anniversary;
- a partial withdrawal is taken that is not a lifetime withdrawal, a cumulative withdrawal, or required minimum distribution.

The MVA is calculated by measuring the change in the MVA reference rate since contributions were made. The full MVA is limited to the lesser of the accumulation value minus the guaranteed minimum value and 10% of the accumulation value. The full description and examples showing how the MVA is calculated and applied are located in the Reference Information at the end of this document.

While the annuity is held in plan, the plan administrator can provide you with additional information about the MVA reference rate.

Lifetime Withdrawals and Cumulative Withdrawals

With the lifetime income benefit, the contract is kept in deferral and a portion of the lifetime income value can be taken each year. The annual amount of these payments is equal to the annual maximum, which we describe later. The plan as the contract owner, or you as the participant, if allowed by the plan, may request to begin lifetime withdrawals from the annuity. Lifetime withdrawals can begin on any monthly anniversary after the wait period listed in the contract by contacting your Plan administrator while in plan, or Allianz directly, if you have transferred your annuity out of your employer plan (as described under the "portability" section of this document). We will pay the lifetime withdrawals to the plan while the annuity is held in the plan, and then the plan administrator is responsible for paying these amounts to you or your beneficiary. Once the annuity is rolled over to an IRA, you would become the contract owner, and we would pay these amounts directly to you.

Lifetime withdrawals will be paid for the rest of your life (or in some circumstances the lifetime of you and your spouse), even if the accumulation value has been exhausted. You as a participant of the retirement plan are the annuitant on the annuity. Any time after lifetime withdrawals begin, the contract may be cancelled and any remaining accumulation value will be paid in a lump-sum payment.

The lifetime income value is only available if lifetime withdrawals are taken.

The Annual Maximum

The initial annual maximum is equal to a percentage of the lifetime income value. The personal lifetime withdrawal percentage is based on a weighted average of each lifetime withdrawal percentage that was in effect at the time each premium was paid. The personal lifetime withdrawal percentage is based on your age when lifetime withdrawals begin. With joint lifetime withdrawals, the lifetime withdrawals are for the lifetimes of you and your spouse, and the personal lifetime withdrawal percentage is based on the age of the younger spouse.

The lifetime withdrawal percentage table will change periodically but is guaranteed for each premium at the time the premium is received. Each lifetime withdrawal percentage table will never be less than the guaranteed minimum lifetime withdrawal percentage table. The guaranteed minimum lifetime withdrawal percentage table is set as of the date Allianz issues the contract, is specified in the contract, and will not change once the contract is issued.

You must be at least 60 but no older than 100 when lifetime withdrawals begin. This means that if you are younger than 50 when the contract is issued, the contract will need to be held for more than 10 years before lifetime withdrawals can begin.

The annual maximum can continue to increase after lifetime withdrawals begin. We link the annual maximum to the allocations, and any portion of the annual maximum linked to an allocation with a positive interest rate will increase by the interest rate earned by that allocation, multiplied by the income accelerator percentage.

Cumulative Withdrawal Amount

If less than your annual maximum is taken in a contract year, the difference between the annual maximum and the amount that is actually taken will be reflected in an amount called the cumulative withdrawal amount.

The cumulative withdrawal amount remains in the accumulation value until withdrawn, and interest may be credited to the accumulation value for that amount. However, the cumulative withdrawal amount will not increase by any interest earned in a contract year.

After the entire annual maximum is taken in a contract year, a cumulative withdrawal may be taken up to the cumulative withdrawal amount. Cumulative withdrawals are not subject to an MVA, and will also reduce the cumulative withdrawal amount dollar-for-dollar.

Electing Lifetime Withdrawals

The plan as the contract owner, or you as the participant, if allowed by the plan, may request to begin lifetime withdrawals from the annuity. Because all amounts payable from the contract will be made to the plan while the annuity is held in the plan, the plan administrator would be responsible for determining the taxation of the distribution of these amounts to you. The plan may instead decide to require that the annuity be directly rolled over to an IRA, by transferring ownership of the contract to you, before lifetime withdrawals could begin. We would start the rollover process when requested by the plan as the contract owner, or you as the participant, if allowed by the plan. Once removed from the plan as an IRA rollover, we would then administer the lifetime withdrawal payments and make them directly to you.

For plans that would permit lifetime withdrawals to begin while the annuity is held in the plan, your sole contingent designated beneficiary for your account in the plan must be your spouse – both you and your spouse would be a covered person in order for joint lifetime withdrawals to be elected. Otherwise, single lifetime withdrawals may be taken based on your lifetime as the covered person.

Other Withdrawals

If a withdrawal is taken that is not a lifetime withdrawal, a required minimum distribution, or a cumulative withdrawal, the annual maximum will decrease by the same percentage the accumulation value decreased. If this withdrawal causes the accumulation value to become zero, lifetime withdrawals will stop and the contract will terminate.

Transitioning from Lifetime Withdrawals to Annuity Income

If lifetime withdrawals are being taken on the maximum annuity date, lifetime withdrawals will convert to annuity income payments that will continue for the rest of your life. The annual amount of the annuity income payments will equal the annual maximum, which may continue to increase by the income accelerator each year.

Once annuity income payments begin, we will track an amount called the remaining value. The remaining value is equal to the accumulation value on the maximum annuity date, and decreases by the amount of each annuity payment. While the annuity is held in the plan, after you die, we will pay any remaining value to the plan. The plan administrator is then responsible for paying the remaining amount to the beneficiary designated for your account.

If the cumulative withdrawal amount is greater than zero on the maximum annuity date, we will pay a cumulative withdrawal for the entire cumulative withdrawal amount. If the accumulation value is greater than zero after we pay the cumulative withdrawal, and lifetime withdrawals are not converted to annuity income payments, a full withdrawal of the accumulation value can be requested or annuity income payments under the base contract can begin.

Annuity Income

In addition to lifetime withdrawals, another option for payments from the contract is annuity income. The plan as the contract owner, or you as the participant, if allowed by the plan, may request to begin annuity income. With annuity income, the annuity's cash value or accumulation value is converted into a series of periodic payments. Which value is converted depends on when these payments begin. Note that once annuity income begins, there is no option to take any partial withdrawals or any other withdrawals. Note also that unlike lifetime withdrawals, annuity income payments do not have the potential to increase over time.

You as a participant of the retirement plan are the annuitant on the annuity. As soon as the first contract anniversary, annuity income can begin based your life and on the cash value. After the fifth contract anniversary, annuity income is based on the larger of the accumulation value or cash value.

Like with lifetime withdrawals, annuity income payments from the contract would be made to the plan while the annuity is held in the plan, and the plan administrator would be responsible for determining the taxation of the distribution of these amounts for you. The plan may instead decide to require that the annuity be directly rolled over to an IRA, by transferring ownership of the contract to you, before annuity income payments could begin. Once removed from the plan as an IRA rollover, you would become the contract owner, and we would administer the annuity income payments and make them directly to you.

Annuity Options

We offer the following annuity options:

- **Guaranteed period.** We make payments for a period chosen that's between 10 and 30 years. If you die before the end of the period, payments continue until the period ends.
- **Life.** We make payments for the rest of your life. Payments stop upon your death, even if we have made only one payment.
- **Life with a guaranteed period.** If you die before the end of the guaranteed period, payments continue until the period ends. If you outlive the guaranteed payments, payments continue for the rest of your life.
- **Selected amount.** We make payments of a selected amount, as long as the payments last for at least 10 years. Payments continue until the entire accumulation value and accumulated interest are gone.
- **Joint and survivor.** We make payments until both you and your spouse die. After first death, payments would continue until the second annuitant dies, at the first annuitant's choice of 100% or 2/3 of the original amount.

Death Benefit and Beneficiary Income

If You Die Before Annuity Income Begins

If you die before annuity income has begun, we will pay a death benefit equal to the accumulation value, cash value, the guaranteed minimum value or the cumulative withdrawal amount, whichever is greatest. While the annuity is held in the plan, the death benefit will be paid to the plan. The plan administrator would then be responsible for paying the death benefit to the beneficiary designated for your account. When your spouse is named as the sole primary beneficiary under the plan, your spouse may instead continue the contract, as the annuitant.

If You Die After Annuity Income Has Begun With One Annuitant:

If an annuity income option with a guaranteed period is selected, annuity income will continue until the end of the guaranteed period. If there is no guaranteed period, or if there was one but it has ended, annuity income will stop.

Taxes

The annuity may be purchased by 401(k) plans, including a plan that has a Roth feature. Generally, there is no tax to you on contributions to the plan that are allocated to the annuity or on any increases in the value of the contract. The tax code also allows employees of certain private employers to contribute after-tax salary contributions to a 401(k) Roth account that can be allocated to the annuity, which would provide for tax-free distributions, subject to certain restrictions. Otherwise, when a distribution from the annuity to you occurs, the distribution will be subject to taxation.

With a qualified plan, an annuity is not necessary to obtain favorable tax treatment. The contract will not provide any necessary or additional tax deferral for the retirement plan. However, annuities provide other benefits, such as lifetime withdrawals, which may be of value. While the annuity is held in the plan, we will pay any amounts from the annuity to the plan. The plan administrator is then responsible for paying these amounts to you or your beneficiary, as applicable, and for the tax reporting of any distributions from the plan related to the annuity.

Contract owners, sponsoring employers, participants and beneficiaries are cautioned that the rights of any person to any benefit under a qualified plan are subject to the plan document, regardless of the terms and conditions of the annuity contract. We are not bound by the plan document to the extent its terms and conditions contradict the annuity contract. Adverse tax consequences may result from: contributions in excess of specified limits; distributions before age 59 1/2, subject to certain exemptions; distributions that do not conform to specified commencement and minimum distribution rules; and other specified circumstances.

This section only briefly discusses some, but not all, federal income tax rules and generally does not discuss federal estate and gift tax implications, state and local taxes or any other tax provisions. We do not intend this information to be tax advice. You should consult with a tax and/or legal advisor for advice about the effect of federal income tax laws, state tax laws or any other laws affecting the annuity or any transactions involving the contract.

Reference Information

Market Value Adjustment (MVA) Examples

There are 5 steps we take in order to calculate and apply the MVA.

Step 1 We determine the weighted MVA reference rate for each annual contribution amount. The weighted MVA reference rate is calculated by multiplying each premium we receive by its initial MVA reference rate, which is the MVA reference rate at the end of the last business day prior to the date we receive the premium payment. We then divide the sum of those calculations by the total annual contribution amount we received.

Step 2 We determine the MVA factor. The MVA factor is $[(A)/(B)]^t - 1$ where:

A: One plus the weighted MVA reference rate for the annual contribution amount.

B: One plus the withdrawal rate, which is the MVA reference rate at the end of the last business day prior to the date of withdrawal or date when annuity payments begin.

t: The number of days from the date of the withdrawal or the date when annuity payments begin to the next contract anniversary, divided by 365, plus the number of whole years remaining in the MVA period.

Step 3 We calculate the MVA limit. The MVA limit is the lesser of (C) or (D) where:

C: The accumulation value minus the guaranteed minimum value,

D: The accumulation value multiplied by the MVA limit percentage.

Step 4 We calculate the full MVA. We calculate each annual contribution amount's MVA by multiplying each annual contribution amount by the respective MVA factor. We then sum the MVA from each annual contribution amount to achieve the full MVA. We then compare the result to the MVA limit. If the absolute value of the result is greater than the MVA limit, we adjust it to comply with the limit.

Step 5 We calculate the cash value. The cash value is equal to the accumulation value plus the full MVA. The full MVA may be either negative or positive.

Market Value Adjustment Example

The following examples illustrate how the MVA is calculated and the cash value is then calculated by adding the accumulation value and the MVA in a scenario where the MVA reference rate has increased and a scenario where the MVA reference rate has decreased. For this example, we assume an initial premium of $50,000 with an MVA reference rate of 3%, an additional premium of $50,000 in the same contract year with an MVA reference rate of 4%, and an additional premium payment of $50,000 in the second contract year with an MVA reference rate of 5%, an accumulation value of $165,000, guaranteed minimum value of $138,000. We also assume 6 years remaining in the MVA period for the first annual contribution amount, 7 years remaining in the MVA period for the second annual contribution amount and an MVA limit percentage of 10%.

	Rates decreased to 2%	Rates increased to 6%
Step 1 Determine the weighted MVA percent for each annual contribution amount	Year 1: [($50,000 *3%) + ($50,000*4%)] / ($50,000+ $50,000) = 3.5% Year 2: ($50,000 *5%) / $50,000 = 5%	
Step 2 Determine the MVA Factor for each annual contribution amount	Year 1: $[(1+3.5\%) / (1+2\%)]^6 - 1 = 9.15\%$ Year 2: $[(1+5\%) / (1+2\%)]^7 - 1 = 22.50\%$	Year 1: $[(1+3.5\%) / (1+6\%)]^6 - 1 = -13.34\%$ Year 2: $[(1+5\%) / (1+6\%)]^7 - 1 = -6.42\%$
Step 3 Calculate the MVA limit	C: $165,000 – $138,000 = $27,000 D: $165,000 x 10% = $16,500 Because the result of $16,500 (D) is less than $27,000 (C), we use $16,500 as our MVA limit. The absolute value of the full MVA will never be more than the MVA limit. The full MVA will never be more than $16,500 or less than -$16,500.	
Step 4 Calculate the full MVA	$100,000 x 9.15% + $50,000 x 22.50% = $20,402.63 Because the absolute value of the result is greater than the MVA limit of $16,500, the MVA will be adjusted to $16,500.	$100,000 x -13.43% + $50,000 x -6.42% = -$16,552.24 Because the absolute value of the result is greater than the MVA limit of $16,500, the MVA will be adjusted to -$16,500.
Step 5 Calculate the cash value	$165,000 + $16,500 = $181,500	$165,000 + (-$16,500) = $148,500

Note: For the above examples, calculations were performed rounding at 6 decimal places.

Partial Market Value Adjustment Example

The following example shows how we calculate a partial MVA. The partial MVA is equal to the sum of MVAs of each annual contribution amount that is within an MVA Period reduced by a partial withdrawal, where the MVA for each annual contribution amount is equal to the amount of premium being withdrawn from that annual contribution amount multiplied by the MVA Factor. The absolute value of the partial MVA will never exceed the lesser of (D), the MVA limit multiplied by the partial withdrawal or (C), the result of the accumulation value minus the guaranteed minimum value.

In this example, we assume a partial withdrawal of $105,000 and an MVA rate of 2% at the time of withdrawal. We also assume the same premium and relative MVA reference rates from the full MVA example.

C: $165,000 - $138,000 = $27,000

D: 10% * $105,000 = $10,500

Because the result of $10,500 is less than $27,000, we use $10,500 as our MVA limit.

Partial MVA = $100,000 * 9.15% + $5,000 * 22.50% = $10,279.18.

Because the partial MVA is less than the MVA limit of $10,500, the partial MVA is $10,279.18.

Personal Lifetime Withdrawal Percentage Example

The following example illustrates how the personal lifetime withdrawal percentage is calculated. For this example, we assume an individual who plans to elect income at the beginning of the third contract year and will be age 65. This contract is issued with an initial premium of $100,000 and at the end of the first contract year, the lifetime income value is $112,700. Two additional premium payments of $50,000 and $20,000 are made in the second contract year; and we'll calculate the personal lifetime withdrawal percentage at the end of the second contract year.

We also assume the below lifetime withdrawal percentage schedules at the time of each respective premium.

	Lifetime Withdrawal Percentages			
Premium	60 - 64	65 - 69	70 - 74	75+
At issue	3.0%	3.5%	4.0%	4.5%
2nd premium	5.0%	5.5%	6.0%	6.5%
3rd premium	4.0%	4.5%	5.0%	5.5%

At issue, the personal lifetime withdrawal percentage is the applicable lifetime withdrawal rate which for the attained age of 65 is 3.5% from the lifetime withdrawal percentage schedule associated with the premium at issue.

The personal lifetime withdrawal percentage at the end of the second contract year is equal to (A+B)/C, where:

A is equal to the personal lifetime withdrawal percentage as of the prior anniversary multiplied by the lifetime income value as of the prior anniversary.

A: 3.5% * $112,700 = $3,944.50

B is equal to the sum of the lifetime withdrawal percentage associated with each additional premium multiplied by the additional premium.

B: 5.5% * $50,000 + 4.5% * $20,000 = $3,650.00

C is equal to the lifetime income value as of the prior anniversary plus any additional premium received during the contract year.

C: $112,700 + $50,000 +$20,000 = $182,700

The attained age 65 Personal Lifetime Withdrawal Percentage at the end of the second contract year is:

(A+B)/C = ($3,944.50 + $3,650.00) / $182,700 = 4.16%