

It's not where the income starts – it's what happens next.

Our increasing income potential can help your income strategy stay strong.

(R-5/2019)

Of clients who are receiving income, **69% received a payment increase.**¹

Variable annuities can help you meet your long-term financial goals by providing investment growth potential, tax deferral, a death benefit for beneficiaries during the accumulation phase, and optional benefits that are either built-in or available for an additional charge.

Keep in mind that variable annuities are subject to investment risk, including possible loss of principal. Investment returns and principal value will fluctuate with market conditions so that units, upon distribution, may be worth more or less than the original cost.

In addition to the other benefits of a variable annuity, Allianz Life Insurance Company of North America (Allianz) has always stressed the importance of guaranteed income for life as part of a strategy for retirement.

However, an income stream that remains the same year after year during retirement may not be sufficient if expenses rise. **That's why we've also emphasized the importance of a variable annuity that offers income with the opportunity to increase.**

We were the first to offer a variable annuity with an optional income benefit (available for an additional cost) that could increase income even if the contract value is below the benefit base (the foundation upon which retirement income will be based). There is no guarantee that your contract will receive an increase in any given year.

Among the variable annuities that can offer you lifetime income benefits, **very few also offer the opportunity for income increases** in any market. Variable annuities generally have two methods of calculating increases in income payments:

METHOD 1: Industry standard benefit

In order to receive an increase in income, the contract value has to grow above the benefit base.

This method – *used by many companies* – often results in the client **not being able to reach the threshold for an income increase.**

METHOD 2: Allianz variable annuity benefit

In order to achieve an increase in income, the contract value on a benefit anniversary must simply grow above the previous benefit anniversary's contract value.²

This method – *used by Allianz* – often results in the client **receiving more opportunities for income increases.**

To see how well our increasing income potential worked, see the following pages.

For all that's ahead.®

Allianz 

¹The total number of contracts used for this analysis was 15,228, and represents any increase of any amount in a given year.

²This method of providing income increases is available through optional riders for an additional cost. To be eligible for increasing income payments through withdrawals, you must meet all contract conditions, including taking the annual maximum payment during the prior year. Withdrawals using this method may or may not have a different starting payment from the industry standard method. Please review the individual contract to determine if there is a difference.

This material must be used with the applicable variable annuity prospectus and consumer product brochure and, where applicable, rider brochure.

For more complete information about Allianz variable annuities and variable investment options, call your financial professional or Allianz Life Financial Services, LLC at 800.624.0197 for a prospectus. The prospectuses contain details on investment objectives, risks, fees, and expenses, as well as other information about the variable annuity and variable investment options, which you should carefully consider. Please read the prospectuses thoroughly before sending money.

Product and feature availability may vary by state and broker/dealer.

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Increasing income – because the cost of retirement is increasing

Clients have seen the potential value of our method and elected to begin taking a lifetime income payment with the opportunity to increase.

Many of these clients have seen their income increase – and for some, increases have come year after year.

How our increasing income potential has fared – a historical perspective

The chart below shows different benefit anniversaries and the percentage of contracts that received at least one income payment increase (either when the contract value increases from the prior benefit anniversary, or potentially when a person reaches a new age band, resulting in a higher payment percentage). The range of total accumulated income payment increases shows a representative range of the total percentage that income has increased while receiving lifetime income, when at least one increase was received. Also included is an example of how a hypothetical starting payment could have increased, using the total accumulated income payment increases.

WE ARE LIVING LONGER:

Retirement could potentially last 25 or 30 years, or even longer.

THE COST OF LIVING WILL INCREASE:

Everything you buy today could cost about twice as much in 25 years.

INCOME INCREASES ARE PERMANENT:

With Allianz, your lifetime income payments will continue for the rest of your life, as long as you follow the terms of your contract. **And every time you get a payment increase, that new higher payment is also guaranteed for the rest of your life.**

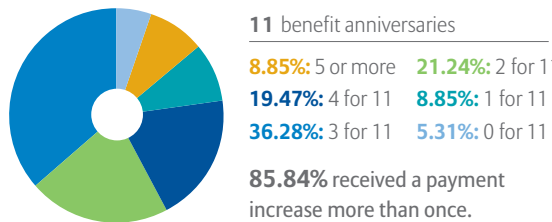
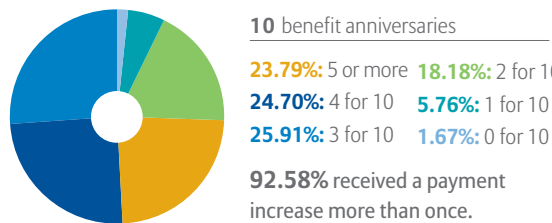
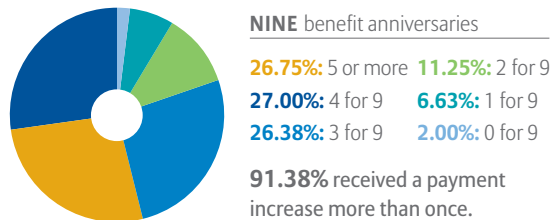
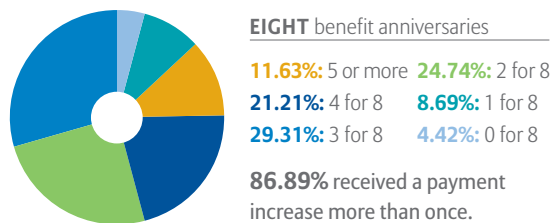
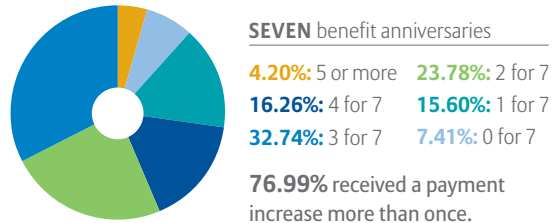
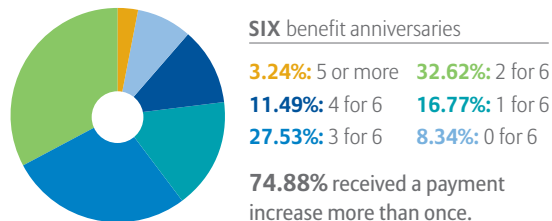
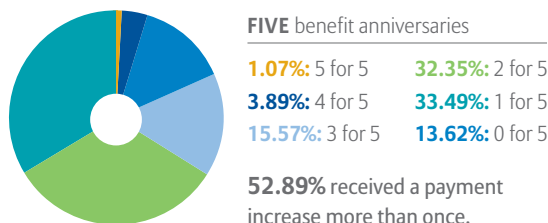
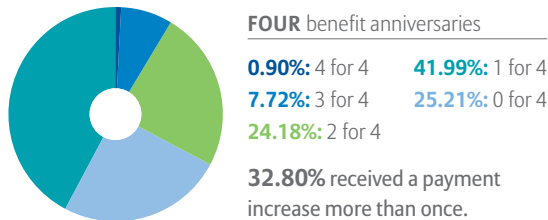
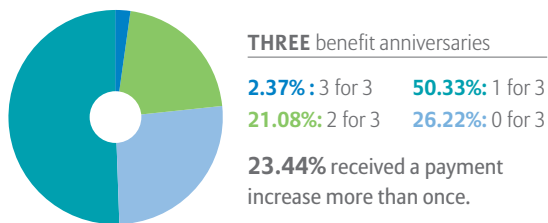
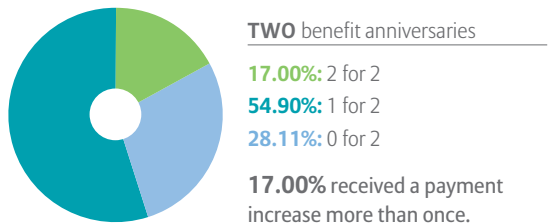
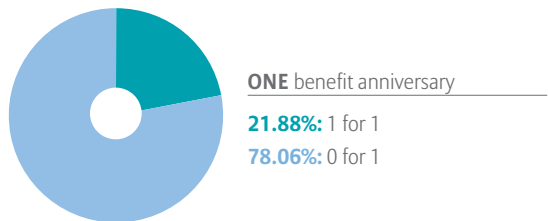
Number of opportunities to increase	Percentage of contracts receiving at least one income increase	Range of total accumulated income increases	Hypothetical \$4,500 starting payment with total accumulated payment increases	
			INCOME INCREASES	LOW to HIGH INCREASES
1	21.94%	LOW 0.97%	\$4,605	\$4,544 to \$4,696
		AVERAGE 2.33%		
		HIGH 4.36%		
2	71.89%	LOW 1.35%	\$4,631	\$4,561 to \$4,725
		AVERAGE 2.92%		
		HIGH 4.99%		
3	73.78%	LOW 1.43%	\$4,635	\$4,564 to \$4,745
		AVERAGE 2.99%		
		HIGH 5.44%		
4	74.79%	LOW 1.83%	\$4,673	\$4,582 to \$4,835
		AVERAGE 3.84%		
		HIGH 7.45%		
5	86.38%	LOW 2.39%	\$4,728	\$4,608 to \$4,922
		AVERAGE 5.06%		
		HIGH 9.37%		
6	91.66%	LOW 3.90%	\$4,887	\$4,676 to \$5,158
		AVERAGE 8.59%		
		HIGH 14.62%		
7	92.59%	LOW 4.97%	\$4,936	\$4,723 to \$5,211
		AVERAGE 9.69%		
		HIGH 15.81%		
8	95.58%	LOW 7.38%	\$5,082	\$4,832 to \$5,457
		AVERAGE 12.94%		
		HIGH 21.26%		
9	98.00%	LOW 18.29%	\$5,823	\$5,323 to \$6,468
		AVERAGE 29.41%		
		HIGH 43.74%		
10	98.33%	LOW 16.97%	\$5,767	\$5,264 to \$6,256
		AVERAGE 28.15%		
		HIGH 39.03%		
11	94.69%	LOW 11.31%	\$5,416	\$5,009 to \$5,702
		AVERAGE 20.35%		
		HIGH 26.71%		

This chart displays the number of income payment increases of 15,228 Allianz variable annuity contracts with income benefits using our increasing income method 2. Income payments were elected from 7/15/2007 through 12/31/2017, and would have been eligible to receive income payment increases from 7/15/2008 through 12/31/2018. Income increases are reflective of multiple products and income benefits that were available at that time. Individual contracts may have seen higher or lower income increases. Income increases are calculated and applied annually on the benefit anniversary, which is an anniversary of the date income payments began. The population of each benefit anniversary group differs. The “low” is the 25th percentile total accumulated income payment increases for the period (75% were higher and 25% were lower). The “average” is the 50th percentile total accumulated income payment increases for the period (50% were higher and 50% were lower). The “high” is the 75th percentile total accumulated income payment increases for the period (25% were higher and 75% were lower).

NOTE: Past income payment increases are not a guarantee of future results.

Income increases can happen more than once.

The charts below show the number of income payment increases for each group of contracts.



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NOTE: Past income payment increases are not a guarantee of future results.

It's not always about the number of investment choices, either.

TOP MONEY MANAGERS

At Allianz, we understand you need guarantees, investment choices, and strategies that can help you create and maintain the retirement lifestyle you want.

We've assembled investment options from some of the industry's top managers to ensure you have a variety of choices available.

FLEXIBLE CHOICES

Our variable annuities provide the guarantees that help build the foundation for retirement, but **it's the power of our investment option lineup that provides the increasing income potential.**

This lineup offers flexibility and growth opportunities, including investment options that focus on reducing volatility. Income benefits are subject to investment option allocation rules and quarterly rebalancing.

VOLATILITY STRATEGIES

Having a lifetime income is important. **But it's even better to have lifetime income that has the potential to increase.** Talk to your financial professional about how you can keep your income strong – for the unknown retirement costs ahead.

Withdrawals will reduce the contract value of any protection benefits. Withdrawals taken within the contract withdrawal charge schedule will be subject to a withdrawal charge. All withdrawals are subject to ordinary income tax and, if taken prior to 59½, may be subject to a 10% federal additional tax.

All annuity contract and rider guarantees, or annuity payout rates, are backed by the claims-paying ability of the issuing insurance company. They are not backed by the broker/dealer from which this annuity is purchased, by the insurance agency from which this annuity is purchased, or any affiliates of those entities, and none makes any representations or guarantees regarding the claims-paying ability of Allianz Life Insurance Company of North America. Guarantees do not apply to the performance of the variable subaccounts, which will fluctuate with market conditions.

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- Not a deposit • Not insured by any federal government agency or NCUA/NCUSIF

Product and feature availability may vary by state and broker/dealer.

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