

Allianz
fixed index
annuities

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

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

Do you have a plan to address the rising cost of living?

In addition to the other benefits of a fixed index annuity (FIA) – including principal protection from market downturns, accumulation potential, tax deferral, and a death benefit for beneficiaries – Allianz Life Insurance Company of North America (Allianz) has always stressed the importance of guaranteed income for life as a key part of a strategy for retirement income.

Withdrawal options using the annual reset method may or may not have a different beginning payment from the industry standard method. Please review the individual contract to determine if there is a difference.

● Method 1: Industry standard benefit

Typical income benefits have a separate value that your lifetime income withdrawals are based on. With income riders that don't include annual reset, this value must be exceeded before an increase in income is earned.

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 fixed index annuity benefit

With options such as those offered by Allianz, every year interest is credited, the income will increase by the same percentage. Previous lifetime income withdrawals, fees, or index losses don't factor in. We refer to it as the "annual reset method."

This method – available with Allianz income benefits – often results in the client receiving more opportunities for income increases.

To see how well our withdrawal options that used annual reset have worked, see the following pages.

Of clients who chose our increasing income option,

95%
received an increase.¹

However, few believe that a fixed income during retirement will be sufficient if expenses rise with inflation. **That's why we've also emphasized the importance of an FIA that offers income with the opportunity to increase.**

We were the first to offer an FIA lifetime withdrawal option that could increase every time the contract earned an interest credit.

Among the fixed index annuities that can offer you lifetime income benefits, very few also offer the opportunity for income increases every time the contract earns an interest credit.

To be eligible for increasing income payments through withdrawals, you must choose a payout option offering increasing income and meet all contract conditions (which may include a deferral period or minimum age requirement), which will vary based on the terms of the specific product selected. There is no guarantee that your contract will receive an increase in any given year.

Allianz 

¹The total number of contracts used for this analysis was 28,981 and represents any increase of any amount in a given year.

This material must be used with the applicable fixed index annuity consumer brochure and income benefit rider brochure, if applicable.

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

CSI-433 (R-6/2021)

HOW THE ANNUAL RESET WITHDRAWAL METHOD HAS FARED – A HISTORICAL PERSPECTIVE

Many of our current customers have seen the potential value of this annual reset option and elected to begin taking a lifetime withdrawal benefit with the opportunity to increase. As you can see below, many of these clients have seen increases credited to their income – and for some, increases come year after year.

The chart below tracks the frequency of increases vs. the number of opportunities (income anniversaries) for each group of contracts and displays the number of income increases of all Allianz income withdrawal options using the annual reset increase method.

Income benefits were elected from 1/1/08 (when the first contract eligible for annual reset method income increases was elected) through 12/31/19.

For example, for contracts with three opportunities to increase, 68% have received an increase every year (i.e., three for three); 21% received increases in two years (i.e., two for three); 8% received increases in one year (one for three); and 2% received zero increases.

Of our clients who are receiving income:

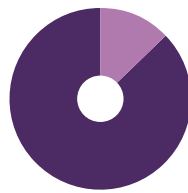
63% received¹ a payment increase every year.

91% of those² with more than one opportunity received an income increase more than once.

¹ The total number of contracts used for this analysis was 28,981.

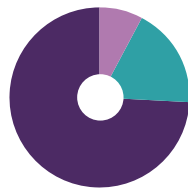
² The 22,337 contracts with more than one opportunity to increase were used for this analysis.

Although external indexes may affect your contract's values, fixed index annuities do not directly participate in any stock, bond, or investment. You are not buying bonds, shares of stock, or shares of an index.



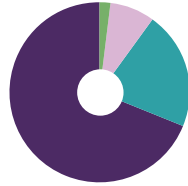
ONE opportunity to increase

87%: 1 for 1 13%: 0 for 1



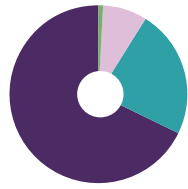
TWO opportunities to increase

74%: 2 for 2 8%: 0 for 2
18%: 1 for 2



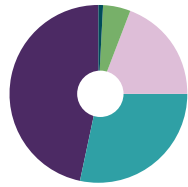
THREE opportunities to increase

68%: 3 for 3 8%: 1 for 3
21%: 2 for 3 2%: 0 for 3



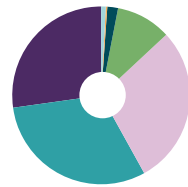
FOUR opportunities to increase

67%: 4 for 4 1%: 1 for 4
23%: 3 for 4 0.0%: 0 for 4
8%: 2 for 4



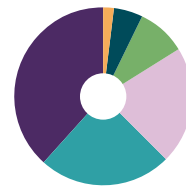
FIVE opportunities to increase

46%: 5 for 5 5%: 2 for 5
28%: 4 for 5 1%: 1 for 5
19%: 3 for 5 0.0%: 0 for 5



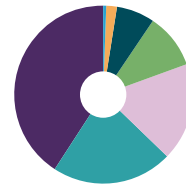
SIX opportunities to increase

27%: 6 for 6 2%: 2 for 6
31%: 5 for 6 1%: 1 for 6
29%: 4 for 6 0.0%: 0 for 6
10%: 3 for 6



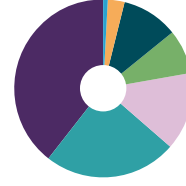
SEVEN opportunities to increase

38%: 7 for 7 5%: 3 for 7
24%: 6 for 7 2%: 2 for 7
21%: 5 for 7 0.2%: 1 for 7
9%: 4 for 7 0.0%: 0 for 7



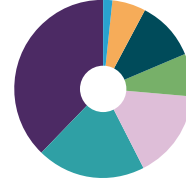
EIGHT opportunities to increase

41%: 8 for 8 2%: 3 for 8
22%: 7 for 8 0.5%: 2 for 8
18%: 6 for 8 0.1%: 1 for 8
10%: 5 for 8 0.0%: 0 for 8
7%: 4 for 8



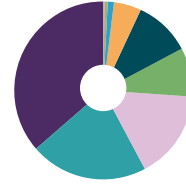
NINE opportunities to increase

39%: 9 for 9 3%: 4 for 9
24%: 8 for 9 1%: 3 for 9
14%: 7 for 9 0.1%: 2 for 9
8%: 6 for 9 0.0%: 1 for 9
10%: 5 for 9 0.0%: 0 for 9



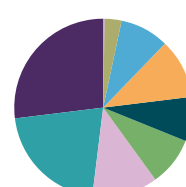
TEN opportunities to increase

38%: 10 for 10 2%: 4 for 10
20%: 9 for 10 0.1%: 3 for 10
16%: 8 for 10 0.0%: 2 for 10
8%: 7 for 10 0.0%: 1 for 10
11%: 6 for 10 0.0%: 0 for 10
6%: 5 for 10



ELEVEN opportunities to increase

36%: 11 for 11 1%: 5 for 11
21%: 10 for 11 0.6%: 4 for 11
16%: 9 for 11 0.5%: 3 for 11
9%: 8 for 11 0.0%: 2 for 11
10%: 7 for 11 0.0%: 1 for 11
5%: 6 for 11 0.0%: 0 for 11



TWELVE opportunities to increase

27%: 12 for 12 3%: 5 for 12
21%: 11 for 12 0.0%: 4 for 12
12%: 10 for 12 0.4%: 3 for 12
9%: 9 for 12 0.0%: 2 for 12
8%: 8 for 12 0.0%: 1 for 12
11%: 7 for 12 0.0%: 0 for 12
9%: 6 for 12

Increases displayed were taken from multiple products and income benefits/riders that were available at that time. The population of each income anniversary group differs. Due to rounding, some percentages may not equal 100%. Contracts that took excess withdrawals were excluded from this because they were not eligible for increases in all years. ONE income anniversary: 6,644 contracts. TWO income anniversaries: 5,501 contracts. THREE income anniversaries: 3,867 contracts. FOUR income anniversaries: 2,835 contracts. FIVE income anniversaries: 2,168 contracts. SIX income anniversaries: 1,740 contracts. SEVEN income anniversaries: 1,248 contracts. EIGHT income anniversaries: 1,471 contracts. NINE income anniversaries: 1,472 contracts. TEN income anniversaries: 1,114 contracts. ELEVEN income anniversaries: 643 contracts. TWELVE income anniversaries: 278 contracts.

HELPING ADDRESS THE EFFECTS OF INFLATION

How well can you live on a fixed income in retirement? This is a critical question that you should answer if you're not including a strategy to address the effects of inflation, higher taxes, and medical expenses. Remember, a level income will **consistently purchase** less as the prices of goods and services increase year after year.

Annual reset withdrawal options available on many Allianz FIAs have helped clients protect retirement income from the effects of inflation. On average, not only did their income keep up with inflation, their **purchasing power actually increased over time**.

We've used the actual credits and actual change in the Consumer Price Index (CPI-U) for each contract to compare income increases to the effect of inflation. We've grouped

contracts based on the number of opportunities they've had to increase. Then within each group, we've listed the below-average, average, and above-average income increases and inflation.

We've shown how a hypothetical starting income of \$1,000 would have been impacted by income increases actually experienced by contract owners compared to the inflation as measured by the CPI-U.

For example, the average increase in income for contracts with 12 opportunities to increase is 52.99%. This means that on average, a \$1,000 starting income would have grown to almost \$1,530, while the amount needed to maintain the same purchasing power would be \$1,190 on average.

Number of opportunities to increase	Percentage of contracts receiving at least one income increase	Range of total accumulated income increases		Hypothetical \$1,000 starting payment with total accumulated payment increases and inflation			
		Low	High	Average income	Average inflation	Low to high income	Low to high inflation
1	87.3%	Low	1.55%	\$1,037	\$1,013	\$1,016 to \$1,060	\$1,006 to \$1,018
		Average	3.71%				
		High	6.00%				
2	92.3%	Low	3.19%	\$1,064	\$1,031	\$1,032 to \$1,101	\$1,028 to \$1,037
		Average	6.44%				
		High	10.11%				
3	97.6%	Low	6.30%	\$1,104	\$1,056	\$1,063 to \$1,150	\$1,055 to \$1,059
		Average	10.39%				
		High	14.99%				
4	100%	Low	11.39%	\$1,165	\$1,078	\$1,114 to \$1,214	\$1,072 to \$1,079
		Average	16.47%				
		High	21.43%				
5	100%	Low	12.31%	\$1,188	\$1,093	\$1,123 to \$1,251	\$1,084 to \$1,097
		Average	18.79%				
		High	25.11%				
6	100%	Low	13.33%	\$1,194	\$1,093	\$1,133 to \$1,275	\$1,088 to \$1,102
		Average	19.38%				
		High	27.50%				
7	100%	Low	13.46%	\$1,192	\$1,112	\$1,135 to \$1,278	\$1,109 to \$1,117
		Average	19.22%				
		High	27.85%				
8	100%	Low	15.50%	\$1,210	\$1,128	\$1,155 to \$1,285	\$1,125 to \$1,136
		Average	21.02%				
		High	28.51%				
9	100%	Low	20.79%	\$1,264	\$1,147	\$1,208 to \$1,332	\$1,142 to \$1,155
		Average	26.37%				
		High	33.18%				
10	100.0%	Low	29.31%	\$1,367	\$1,188	\$1,293 to \$1,446	\$1,183 to \$1,191
		Average	36.67%				
		High	44.57%				
11	100.0%	Low	41.48%	\$1,488	\$1,204	\$1,415 to \$1,588	\$1,202 to \$1,206
		Average	48.76%				
		High	58.79%				
12	100.0%	Low	42.97%	\$1,530	\$1,190	\$1,430 to \$1,614	\$1,186 to \$1,209
		Average	52.99%				
		High	61.37%				

The total number of contracts used for this analysis was 28,981, which includes the same amount of contracts highlighted in the charts on the previous page. Contracts that took excess withdrawals were excluded from this because they were not eligible for increases in all years.

This chart displays the crediting and inflation history of the fixed index annuities which elected a withdrawal option using the annual reset increase method from 1/1/08 through 12/31/19, and would have been eligible to receive interest credits from 1/1/09 through 12/28/20. Both interest credit and inflation data displayed were taken from multiple products that were available at that time. The "below-average" credits and inflation were the 25th percentile cumulative interest credit and inflation for this period (75% of the credits/inflation were higher and 25% were lower). The "average" is the 50th percentile cumulative interest credit and inflation for this period (50% of the credits/inflation were higher and 50% were lower). The "above-average" is the 75th percentile cumulative interest credit and inflation for this period (25% of the credits/inflation were higher and 75% were lower).

NOTE: Past credits are not a guarantee of future results.

INCREASING INCOME OPPORTUNITY USING THE ANNUAL RESET METHOD

As you saw in the previous charts, the majority of contracts did receive at least one increase to their lifetime income. The amount of increase was determined by the interest credited by their chosen allocation option(s). These allocations include a wide variety of indexes and crediting methods with which you have the opportunity to diversify. In addition, you can change allocations annually to meet the demands of changing economic environments. This data includes all allocation methods selected during that time, including those that have chosen the fixed allocation.

We are living longer:

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

The cost of living could 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.**



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 as strong tomorrow as it is today.

Remember, diversification does not protect against loss or ensure that interest will be credited. Consumers are responsible for making their own decisions regarding allocation selections. For more information on indexes, see "Indexes used to determine interest" (M-5283).

Although external indexes may affect your contract's values, fixed index annuities do not directly participate in any stock, bond, or investment. You are not buying bonds, shares of stock, or shares of an index.

Distributions are subject to ordinary income tax and, if taken prior to age 59½, a 10% federal additional tax.

Guarantees are backed by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America (Allianz).

Products are issued by Allianz Life Insurance Company of North America, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297. 800.950.1962
www.allianzlife.com

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