Allianz Life Insurance Company of North America

INDEXED UNIVERSAL LIFE (IUL) INSURANCE

Balancing your portfolio's risk and return potential with a low-correlation asset

If you're seeking a financial strategy for retirement income that balances risk and return potential, it's generally important to include a mix of various assets and financial vehicles to help address your needs.

FINANCIAL RISKS TO YOUR INCOME POTENTIAL INCLUDE:

- Market volatility
- Taxes
- Longevity (outliving your money)
- Inflation

RETURN POTENTIAL COMES FROM ASSET CLASSES SUCH AS:

- Equities (i.e., stocks)
- Fixed income assets (i.e., bonds)
- Money market and cash accounts
- Real estate holdings

Diversifying your assets can help spread out market risk.
Most of the asset classes above correlate strongly with the stock market in the form of stocks, bonds, and other market assets. Consequently, when the market drops, the related assets in your financial portfolio could drop, too – and result in financial shortfalls for your retirement and other future needs.

Lack of diversification can lead to **financial shortfalls** when preparing for the future.

By diversifying your portfolio with a low-correlation asset – one that reacts differently to the market environment or provides a level of protection from the market – you have the opportunity to grow your portfolio with fewer bumps along the way. **Keep reading to find out how.**

Must be accompanied by the "Understanding indexed universal life insurance" brochure (M-3959).

CSI-495 (R-7/2024)

How a low-correlation asset can benefit your portfolio

In times of volatile markets, a low-correlation asset like indexed universal life (IUL) insurance can be a way to help reduce the overall risk in your portfolio.

That's because, along with its death benefit protection, an IUL policy offers accumulation potential with features that help reduce the impact of ups and downs of the market.

Advantages of an IUL policy include:	
Protection:	• An asset that provides an income-tax-free death benefit[1] • The death benefit is paid to beneficiaries regardless of market conditions
Tax diversification:	• Income-tax-free death benefit • Tax-deferred accumulation potential • Income-tax-free policy loans and withdrawals[2]
Portfolio diversification:	• Opportunity to earn interest at a fixed rate (fixed interest) or a rate based on the growth of an external index (indexed interest)[3] • You are not directly participating in any equity or fixed income investments; you do not own shares of an index. So you're protected from losing value due to negative index performance (although fees and charges will reduce policy values).
Access and flexibility:	• Access cash value through income-tax-free loans and withdrawals[2] • Available when you want When taking policy loans, be sure to manage the policy values and premium payments so your policy remains in force. If you are considering a loan strategy, it's important to consult with your tax advisor and financial professional to discuss potential tax consequences for your specific situation.

The challenge of volatility to market-correlated assets

If you take on too much market risk in your portfolio, you could experience large losses due to volatility. And it could take a long time to recover from these losses.

How long? Consider this hypothetical chart.

Every percentage of loss requires a higher percentage of gain to recoup that loss. That's because after a loss, you now have a smaller pot of money to take advantage of future growth (i.e., a 10% loss to $1,000 leaves you with $900. A 10% gain to that $900 dollars would only total $990).

And the higher the loss, the higher the makeup gain you'll need. So if your portfolio assets lose 30% of their value, you would need a total return of 43% to make up the loss.

% OF LOSS	% OF GAIN REQUIRED TO MAKE UP LOSS
10%	11%
20%	25%
30%	43%

This hypothetical example is provided for illustrative purposes only and is not intended to represent the performance of any specific investment, product, or index. However, with IUL you are also limiting your potential, set by the cap or participation rate.

[1] The death benefit is generally income-tax-free when passed on to beneficiaries.

[2] Policy loans and withdrawals will reduce the available cash value and death benefit and may cause the policy to lapse, or affect guarantees against lapse. Withdrawals in excess of premiums paid will be subject to ordinary income tax. Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax. If a policy is a modified endowment contract (MEC), policy loans and withdrawals will be taxable as ordinary income to the extent there are earnings in the policy. If any of these features are exercised prior to age 59½ on a MEC, a 10% federal additional tax may be imposed. Tax laws are subject to change and you should consult a tax professional.

[3] Subject to certain restrictions, such as a cap.

IUL universal life insurance policies are not a source of guaranteed retirement income.

In an IUL policy, your accumulation value can't be lost to market volatility.

If you choose the indexed interest option, your policy will track the performance of one or more external market indexes. If the index shows a positive return, the accumulation value of your policy will be credited with interest according to the terms of your policy.

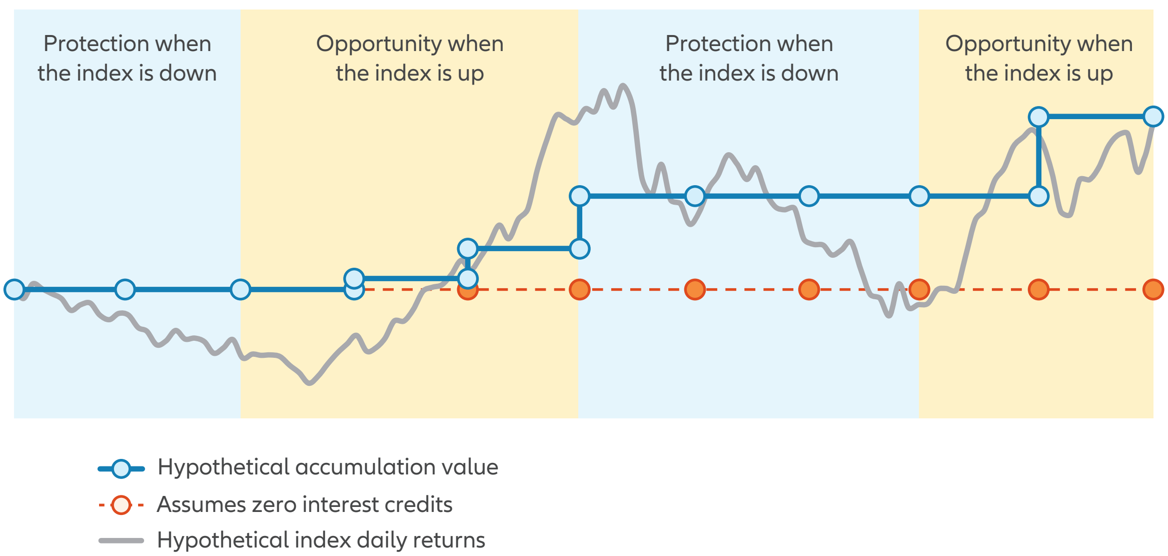
If the index shows a zero or negative return, you won't earn interest – **but you won't lose any accumulation value** either (although fees and charges will still be deducted).

With annual reset, you never have to make up an index loss before you can start earning more interest.

With market-correlated assets, you generally have to make up market losses before you can start earning new interest.

But not with an IUL policy. Its annual reset feature looks only at the change that occurred during the current policy year. As long as the index performance is positive, your policy will receive an interest credit – even if the index itself has not recovered any previous year's losses.

Any interest is credited to your policy and is locked in and will stay at that level until any potential future interest is received.



Fees and charges will reduce the policy's cash value. This example also assumes no policy loans or withdrawals are taken, which would further reduce policy values. No single crediting method will be most effective in all environments. Past performance is not an indication of future results. This hypothetical example is provided for illustrative purposes only and is not intended to illustrate any specific IUL product.

An IUL policy can help you diversify the risk and accumulation potential of your portfolio. **TALK TO YOUR FINANCIAL PROFESSIONAL** about whether it's appropriate for your retirement strategy.

Life insurance requires qualification through health and financial underwriting.

Diversification does not ensure a profit or protection against a loss.

The indexes available within the policy are constructed to keep track of diverse segments of the U.S. or international markets, or specific market sectors. These indexes are benchmarks only. Indexes can have different constituents and weighting methodologies. Some indexes have multiple versions that can weight components or may track the impact of dividends differently. Although an index may affect your interest credited, you cannot buy, directly participate in, or receive dividend payments from any of them through the policy.

This content is for general educational purposes only. It is not intended to provide fiduciary, tax, or legal advice and cannot be used to avoid tax penalties; nor is it intended to market, promote, or recommend any tax plan or arrangement. Allianz Life Insurance Company of North America, its affiliates, and their employees and representatives do not give legal or tax advice. Customers are encouraged to consult with their own legal, tax, and financial professionals for specific advice or product recommendations.

True to our promises so you can be true to yours®

A leading provider of annuities and life insurance, Allianz Life Insurance Company of North America (Allianz) bases each decision on a philosophy of being true: **True to our strength** as a key part of a leading global financial organization. **True to our passion** for making wise investment decisions. **True to building a culture** where everyone feels welcomed, included, and valued. And **true to the people we serve,** each and every day.

Through a line of innovative products and a network of trusted financial professionals, and with 3.9 million contracts issued, Allianz helps people as they seek to achieve their financial and retirement goals. Founded in 1896, Allianz is proud to play a vital role in the success of our global parent, Allianz SE, one of the world's largest financial services companies.

While we are proud of our financial strength, we are made of much more than our balance sheet. By being true to our commitments and keeping our promises, we believe we make a real difference for our clients. It's why so many people rely on Allianz today and count on us for tomorrow – when they need us most.

Products are issued by:

Allianz Life Insurance Company of North America

PO Box 59060
Minneapolis, MN 55459-0060

www.allianzlife.com | 800.950.1962

This content does not apply in the state of New York.