

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.

Of clients who
chose our increasing
income option

99%
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.

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.

For all that's ahead.®

Allianz 

¹The total number of contracts used for this analysis was 13,732, 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.

How the annual reset withdrawal method has fared – a historical perspective

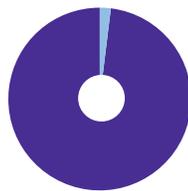
Many of our current customers have seen the potential value of this annual reset option, and elected to begin taking a lifetime withdrawal benefit with the opportunity to increase. As you can see below, many of these clients have seen increases credited to their income – and for some, increases come 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 12/31/16. For example, for contracts with one opportunity to increase, 98% have received an increase (while 2% did not).

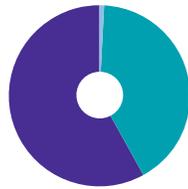
At the other extreme, for contracts with nine opportunities to increase, 31% have received an increase every year (i.e., nine for nine); 21% received increases in eight years (i.e., eight for nine); 21% received increases in seven years (seven for nine); 17% received increases in six years (six for nine); 8% received increases in five years (five for nine); 2% received increases in four years (four for nine); 0.3% received increases in three years (three for nine). No contracts received zero, one, or two increases in that group.

OF OUR CLIENTS WHO ARE RECEIVING INCOME: **57%** received¹ a payment increase every year. **89%** of those² with more than one opportunity received an income increase more than once.



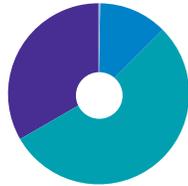
ONE opportunity to increase

98%: 1 for 1 **2%:** 0 for 1



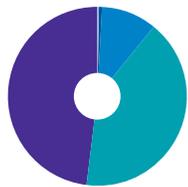
TWO opportunities to increase

58%: 2 for 2 **1%:** 0 for 2
41%: 1 for 2



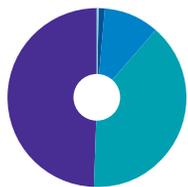
THREE opportunities to increase

33%: 3 for 3 **12%:** 1 for 3
54%: 2 for 3 **0.5%:** 0 for 3



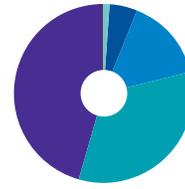
FOUR opportunities to increase

48%: 4 for 4 **0.5%:** 1 for 4
41%: 3 for 4 **0.4%:** 0 for 4
10%: 2 for 4



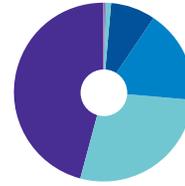
FIVE opportunities to increase

49%: 5 for 5 **1%:** 2 for 5
39%: 4 for 5 **0.3%:** 1 for 5
10%: 3 for 5 **0.1%:** 0 for 5



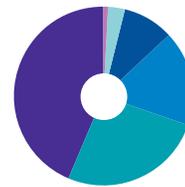
SIX opportunities to increase

45%: 6 for 6 **1%:** 2 for 6
33%: 5 for 6 **0.0%:** 1 for 6
15%: 4 for 6 **0.1%:** 0 for 6
5%: 3 for 6



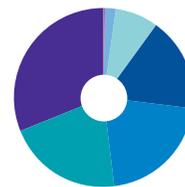
SEVEN opportunities to increase

46%: 7 for 7 **1%:** 3 for 7
28%: 6 for 7 **0.1%:** 2 for 7
17%: 5 for 7 **0.2%:** 1 for 7
8%: 4 for 7 **0.3%:** 0 for 7



EIGHT opportunities to increase

43%: 8 for 8 **1%:** 3 for 8
26%: 7 for 8 **0.0%:** 2 for 8
17%: 6 for 8 **0.0%:** 1 for 8
9%: 5 for 8 **0.0%:** 0 for 8
3%: 4 for 8



NINE opportunities to increase

31%: 9 for 9 **2%:** 4 for 9
21%: 8 for 9 **0.3%:** 3 for 9
21%: 7 for 9 **0.0%:** 2 for 9
17%: 6 for 9 **0.0%:** 1 for 9
8%: 5 for 9 **0.0%:** 0 for 9

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: 2,859 contracts. TWO income anniversaries: 2,168 contracts. THREE income anniversaries: 1,840 contracts. FOUR income anniversaries: 1,317 contracts. FIVE income anniversaries: 1,536 contracts. SIX income anniversaries: 1,573 contracts. SEVEN income anniversaries: 1,282 contracts. EIGHT income anniversaries: 765 contracts. NINE income anniversaries: 392 contracts.

¹ The total number of contracts used for this analysis was 13,732.

² The 10,873 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.

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 nine opportunities to increase is 44.85%. This means that on average a \$1,000 starting income would have grown to \$1,449 while the amount needed to maintain the same purchasing power would be \$1,138 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 | | | |
|-------------------------------------|--|---|--|-------------------|--------------------|-----------------------|
| | | | Average income | Average inflation | Low to high income | Low to high inflation |
| 1 | 97.8% | Low 3.80% | \$1,051 | \$1,021 | \$1,038 to \$1,065 | \$1,019 to \$1,022 |
| | | AVERAGE 5.13% | | | | |
| | | High 6.53% | | | | |
| 2 | 99.0% | Low 4.50% | \$1,065 | \$1,034 | \$1,045 to \$1,093 | \$1,029 to \$1,039 |
| | | AVERAGE 6.53% | | | | |
| | | High 9.27% | | | | |
| 3 | 99.5% | Low 6.39% | \$1,087 | \$1,037 | \$1,064 to \$1,117 | \$1,029 to \$1,039 |
| | | AVERAGE 8.68% | | | | |
| | | High 11.65% | | | | |
| 4 | 99.6% | Low 8.23% | \$1,121 | \$1,052 | \$1,082 to \$1,173 | \$1,049 to \$1,058 |
| | | AVERAGE 12.11% | | | | |
| | | High 17.29% | | | | |
| 5 | 99.9% | Low 10.68% | \$1,140 | \$1,067 | \$1,107 to \$1,198 | \$1,065 to \$1,071 |
| | | AVERAGE 13.98% | | | | |
| | | High 19.79% | | | | |
| 6 | 99.9% | Low 14.90% | \$1,185 | \$1,088 | \$1,149 to \$1,235 | \$1,084 to \$1,092 |
| | | AVERAGE 18.45% | | | | |
| | | High 23.51% | | | | |
| 7 | 99.7% | Low 22.39% | \$1,273 | \$1,124 | \$1,224 to \$1,327 | \$1,122 to \$1,127 |
| | | AVERAGE 27.30% | | | | |
| | | High 32.67% | | | | |
| 8 | 100.0% | Low 33.04% | \$1,394 | \$1,141 | \$1,330 to \$1,464 | \$1,137 to \$1,146 |
| | | AVERAGE 39.44% | | | | |
| | | High 46.35% | | | | |
| 9 | 100.0% | Low 37.34% | \$1,449 | \$1,138 | \$1,373 to \$1,528 | \$1,121 to \$1,142 |
| | | AVERAGE 44.85% | | | | |
| | | High 52.85% | | | | |

The total number of contracts used for this analysis was 13,732. Contracts that took excess withdrawals were excluded from this because they were not eligible for increases in all years. ONE income anniversary: 2,859 contracts. TWO income anniversaries: 2,168 contracts. THREE income anniversaries: 1,840 contracts. FOUR income anniversaries: 1,317 contracts. FIVE income anniversaries: 1,536 contracts. SIX income anniversaries: 1,573 contracts. SEVEN income anniversaries: 1,282 contracts. EIGHT income anniversaries: 765 contracts. NINE income anniversaries: 392 contracts.

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 12/31/16, and would have been eligible to receive interest credits from 1/1/09 through 12/28/17. 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 or 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

• 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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