

ALLIANZ LIFETIME INCOME+[®] ANNUITY

Index Allocation Options Guide

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ABOUT ALLIANZ

BACK COVER

Protection from market loss with growth potential

Fixed index annuities (FIAs) offer the potential to earn tax-deferred interest, guarantees of principal and credited interest protection from market downturns, and a guaranteed income stream for life. Another key advantage of an FIA is the opportunity to accumulate interest based on changes in an external market index.

FIAs do not directly participate in any stock, equity, or bond investments – so you're not exposed to market risk. Instead, you can earn interest that's based on changes in a market index (such as the S&P 500® Index).

Your contributions to the annuity are allocated to one or more indexes. We then use a crediting method to track the performance of your index(es). At the end of each crediting period, we calculate any indexed interest you're due.



If the result is positive, you will automatically receive indexed interest, based on the crediting method. That interest is locked in and cannot be lost in the future due to any index decline.



If the result is negative, nothing happens – but in this case, that's good news. Although you won't receive any interest, your annuity's value won't decline due to a loss.

A fixed interest allocation is also available using a rate we establish at the beginning of each contract anniversary. Interest is credited daily. And again, your interest can never be lost due to market drops.

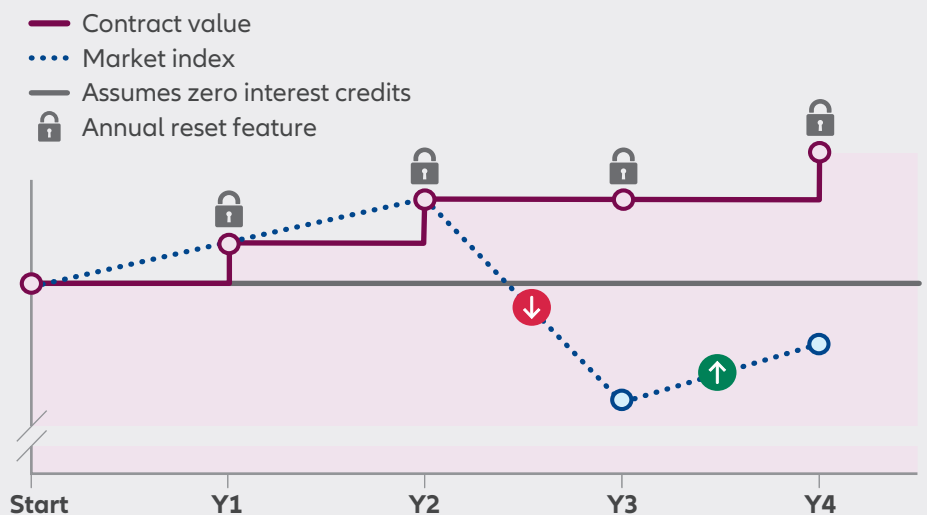


The benefits of automatic annual reset

Annual reset is a common FIA feature that automatically resets your annuity’s index values at the end of each contract anniversary (or crediting period). That means this year’s ending value becomes next year’s starting value – locking in any interest your contract earned during the crediting period and ensuring you do not need to make up losses in the index before you see additional credits in the future.

This chart shows how annual reset works

- ↓ **The index drops**, but your contract values hold steady.
- ↑ Following a year of negative index performance, **the market heads up**. The index does not have to make up previous losses before your annuity can earn additional interest. Your contract values can increase in any year in which a positive index change takes place, thanks to annual reset.



This hypothetical example is provided for illustrative purposes only and does not reflect any market value adjustments (MVAs) that may be assessed. There may be a loss of principal and interest in any year in which the contract does not earn interest or earns interest in an amount less than the annual product fee.

A closer look at indexes within Allianz Lifetime Income+®

Because it's an FIA, which gives you the opportunity to earn interest based on changes in a market index, there are different indexes, which could offer alignment with various markets and/or market sectors. Consult with your plan administrator to help you address your financial goals.

BENCHMARK INDEX OFFERING

S&P 500® Index
(For more information, visit www.standardandpoors.com.)

- A U.S. large-cap index
- Based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ
- Considered by many to be the most common benchmark used in measuring the performance of U.S. stock market large-caps, which are companies with a market capitalization value of more than \$10 billion. The S&P 500® Index represents a broad cross-section of common stocks traded on every major U.S. stock exchange. The index is a selection of 500 leading companies from 100 distinct industry groups found in 10 leading American industrial market sectors.

ALLIANZ EXCLUSIVE BENCHMARK ER INDEX OFFERING

The Allianz Exclusive Benchmark Excess Return index is designed to manage market volatility with a forward-looking annual adjustment. In addition, this index tracks the price of futures to create the opportunity for a level of stability in renewal rates by addressing the effects of changing short-term interest rates.

Bloomberg US Dynamic Balance II ER Index

- A U.S. balanced futures index
- The Bloomberg US Dynamic Balance II ER Index is comprised of the Bloomberg US Aggregate Custom RBI Unfunded Index and the Bloomberg US Equity Custom Futures ER Index. The Bloomberg US Aggregate Custom RBI Unfunded Index is comprised of a portfolio of derivative instruments that are designed to provide exposure to U.S. investment-grade and Treasury bond markets in excess of a benchmark rate. The Bloomberg US Equity Custom Futures ER Index is designed to provide exposure to large-cap U.S. stocks in excess of a benchmark rate.
- Every day, the Bloomberg US Dynamic Balance II ER Index dynamically allocates between the Bloomberg US Equity Custom Futures ER Index and the Bloomberg US Aggregate Custom RBI Unfunded Index based on their historical realized volatility (a measure of the magnitude of daily movements, regardless of direction, of an index). If volatility is high in both the equity and the bond component, the index may control volatility by decreasing the index weights so that they add up to less than 100%. This balancing of risk every day helps stabilize index performance over time.

Although an external index may affect the interest credited, the contract does not directly participate in any equity or fixed income investments. Clients are not buying shares in an index fund. 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.

Crediting methods Components

Another factor is the interest crediting method.

The crediting method can significantly impact how much indexed interest you receive.

No single crediting method is best in all situations. In some market conditions, one crediting method may result in more interest than others – or zero interest in a given crediting period. Also, keep in mind that a combination of crediting methods may be used.

The crediting method defines how changes in the index are measured. The crediting period is the length of time between interest credits for that allocation. The crediting method also has components such as caps and participation rates that may limit the amount of indexed interest you receive. In the following pages, we'll describe two crediting methods and show how they work.

In addition, crediting methods have certain components that can affect how much indexed interest you can receive:

CAPS

A cap is the maximum interest rate the annuity can earn in a given period. If the return of the index you select exceeds the cap, the cap is used to calculate your interest. For example, if the annual cap was 3.00% and the value of the index rose by 7.00%, the cap amount of 3.00% would be credited to your contract. However, if the index change was 1.5%, your contract would be credited 1.5%, since that is lower than our hypothetical cap.

PARTICIPATION RATES

A participation rate determines what percentage of the index increase will be used to calculate your indexed interest. For example, let's suppose that the index rose by 7%. If the participation rate was 50%, the contract would receive 3.5% in indexed interest. The participation rate for annual point-to-point with a participation rate crediting method is declared at the beginning of the crediting period. The participation rate for the annual point-to-point with a cap and monthly sum crediting methods is 100% for all contract anniversaries.

Keep in mind that the rates associated with these components are declared at issue and are guaranteed for the length of the crediting period. At the end of each crediting period, they may change for the subsequent crediting period (for example, caps may be raised or lowered). Ask your plan administrator for current and minimum rates.

NOW LET'S LOOK at how the annual point-to-point crediting method works. →

Annual point-to-point

Annual point-to-point uses the index value from only two points in time, so it may be a good choice if you want to minimize the effects of midyear market volatility.

HOW IT WORKS:

- On your applicable contract anniversary, the index value from the beginning of the crediting period is compared to the index value from the end of the crediting period.
- The percentage of change in the index is calculated.
- If the ending index value is higher than the beginning index value, a cap or participation rate is applied to determine the amount of indexed interest you will receive.
- If the value is lower, you won't receive indexed interest.

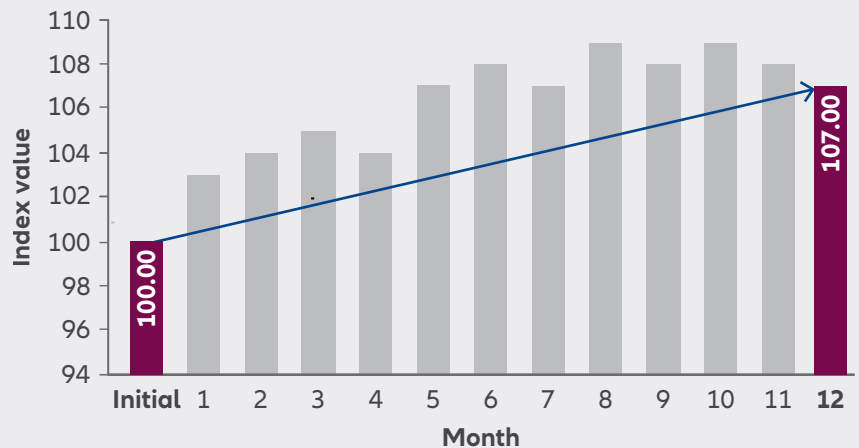
Hypothetical example

In this hypothetical example, the beginning index value (**100**) is compared to the ending index value (**107**), resulting in a change of 7%. The actual amount of indexed interest credited could depend on a participation rate or a cap.

IF THE CAP were less than 7.00%, the indexed interest for that year would equal the cap.

IF THE PARTICIPATION RATE were 50%, the indexed interest for this contract year would be 3.5% (50% of 7%).

If the final result is negative, no indexed interest would be credited and your contract value would remain unchanged.



This hypothetical chart is provided to show how a crediting method affects contract values. It does not predict or project the actual performance of a specific product or its allocation options.

Overview of allocation options

Your allocation options are made up of the combination of the index and crediting method available on your contract. Allianz® annuities offer a variety of allocation options.

Here is a chart showing the range of index allocation options.

	Index	Annual point-to-point
Large-cap index	S&P 500® Index	Cap
Volatility-controlled futures index (stock and bond futures)	Bloomberg US Dynamic Balance II ER Index	Participation rate

In addition to the indexed interest allocation options, there is a fixed interest allocation. The fixed interest rate is credited daily. Allianz establishes the rate at the beginning of each contract anniversary.



TALK TO YOUR PLAN ADMINISTRATOR for more information to help you address your financial goals.

Fixed index annuities (FIAs) offer many important benefits. Understanding how they work can help you make better-informed decisions.

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The Bloomberg US Dynamic Balance II ER Index is comprised of the Bloomberg US Aggregate Custom RBI Unfunded Index and the Bloomberg US Equity Custom Futures ER Index and shifts weighting daily between them based on realized market volatility. The Bloomberg US Aggregate Custom RBI Unfunded Index is comprised of a portfolio of derivative instruments that are designed to provide exposure to U.S. Investment-grade and Treasury bond markets in excess of a benchmark rate. The Bloomberg US Equity Custom Futures ER Index is designed to provide exposure to large cap U.S stocks in excess of a benchmark rate.

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