

ALLIANZ® FIXED INDEX ANNUITIES

# Laddering index allocations strategy

In addition to traditional fixed index annuity (FIA) benefits such as principal and interest protection from market downturns, tax deferral, and a death benefit for beneficiaries, Allianz® FIAs offer a variety of allocation options to choose from, including annual point-to-point options and monthly sum. When considering a multi-year point-to-point allocation option, 2-year point-to-point crediting methods typically offer the opportunity to earn higher interest credits than their single-year counterparts due to their higher participation rates.<sup>1</sup> However, that opportunity also comes with a longer wait to receive any potential interest credits.

**Consider the following laddering allocation strategy to leverage the interest credit opportunity offered by a 2-year point-to-point allocation option with an annual opportunity to earn those credits.**

### Step 1: Initial allocation

Allocate a portion of your contract value to the 2-year point-to-point with a participation rate allocation option of your choice. Allocate the remainder to an annual crediting allocation option of your choice. In the example that follows, the value is split evenly between the two allocation options:



Leverage the opportunity that 2-year point-to-point crediting provides while maintaining the ability to receive interest credits annually.

### Step 2: Reallocate at the end of contract year one

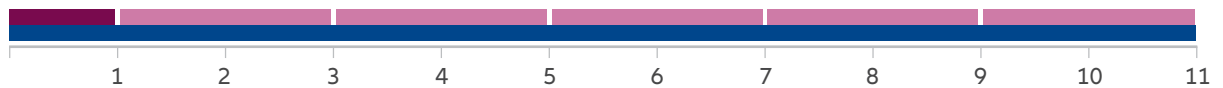
When your first contract anniversary arrives, complete a reallocation of the value in the annual crediting allocation option into a 2-year point-to-point with a participation rate allocation option of your choice:

**In our example, 50% of the value potentially receives a credit at the end of the first year.**



### Step 3: Receive potential interest credits annually

After reallocating, interest credits from 2-year point-to-point allocation options will alternate crediting each contract year while maintaining access to the higher participation rates associated with those allocation options: In our example, 50% of the value has the opportunity for a credit each year.



The strategy shown provides the potential for annual interest credits using a 2-year crediting strategy. However, there is no guarantee credits will be received in any given contract year.

Must be accompanied by the applicable fixed index annuity consumer brochure, insert, and Index Allocation Options guide.

<sup>1</sup>Although we generally expect the 2-year crediting method will have higher rates than its 1-year counterpart, that may not always be the case. Rates can and will vary.

# The opportunity for income increases

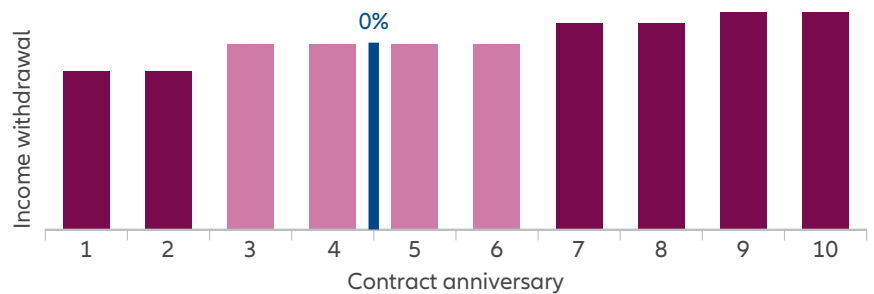
Inflation doesn't happen every other year, so for many, the opportunity to earn annual interest credits can be of particular importance when receiving income withdrawals. Select Allianz® fixed index annuities offer income withdrawals with the opportunity to increase through either built-in or optional riders at an additional cost. By using this strategy for allocating, you can maintain the opportunity to earn annual increases to your income withdrawals that may help address the impact of inflation.

The charts below show how allocating only to a 2-year point-to-point crediting method could affect your income in retirement as compared to using a laddering allocation strategy once you begin receiving lifetime income withdrawals. These hypothetical scenarios assume the lifetime income with the opportunity to increase option (Option 2) is chosen and the first contract anniversary is the starting point for income under the fixed index annuity contract.<sup>1</sup> Under an increasing income option, the interest your allocations earn increases the accumulation value of your contract, which in turn increases your income amount.

## Hypothetical 2-year point-to-point with a participation rate only allocation strategy

### Income withdrawals

In this example, the income withdrawal amount increases due to an interest credit at the end of the first 2-year crediting period. But at the end of the second 2-year crediting period, a 0% credit is received. As a consequence, the same income would have been received for four consecutive years (lightly shaded bars in contract years three, four, five, and six).

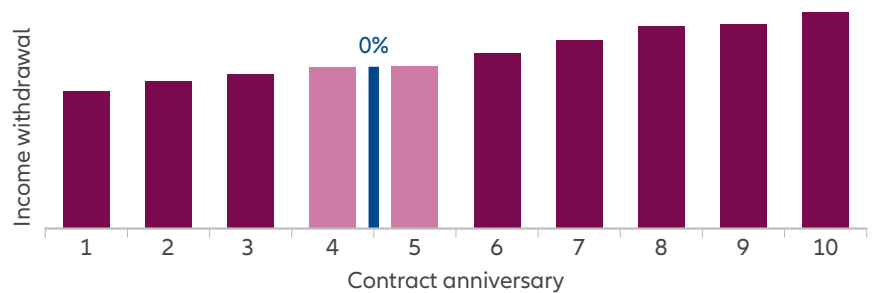


The hypothetical chart above is not proportionate or to scale and does not represent an actual product.

## Hypothetical laddered allocation strategy – 50% of the value has the opportunity to earn an income increase every year – even on the contract anniversary following a “0%” year.

### Income withdrawals

Alternatively, when using a laddering allocation strategy, the income withdrawal amount receives an increase after the first and second year because of an interest credit at the end of each crediting period. A 0% credit on the fourth contract anniversary in this case results in only the next year's income not increasing (lightly shaded bars in contract years four and five).



The hypothetical chart above is not proportionate or to scale and does not represent an actual product.

## The laddering allocation strategy offers the benefits of a 2-year allocation option with the opportunity to earn annual interest credits.

Although an external index may affect your interest credited, the contract does not directly participate in any equity or fixed income investments. You are not buying shares in an index. No single crediting method delivers the most interest in all market conditions.

<sup>1</sup> For Allianz® fixed index annuities that offer lifetime income withdrawal choices, Option 1 offers predictable income for life. Option 2 provides income for life with the opportunity to increase, in exchange for a lower initial payment percentage.

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

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

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

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