

MULTI-YEAR POINT-TO-POINT CREDITING

Want more accumulation potential? This crediting method may help.

See how MY (multi-year) point-to-point crediting can give you the accumulation potential of a longer-term crediting option, with the flexibility of short-term control.

A fixed index annuity (FIA) can add important benefits to your overall retirement strategy – including tax-deferred growth potential, a death benefit for beneficiaries, plus principal and credited interest protection from market risk.

In addition, Allianz fixed index annuities (FIAs) also give you the potential to earn interest based on an external index. How much indexed interest you receive will vary, depending on a couple of factors:

- Which external index(es) you select
- The crediting method you choose

In the following pages, we'll look at the participation rate crediting method offered with MY point-to-point.



What is a crediting method?

A crediting method is simply a formula that determines interest credits to your contract based on changes in your chosen index(es) over a specified period of time. Allianz currently offers multiple crediting method options, with different time horizons (or “crediting periods”). Crediting methods also have components – such as caps, spreads, and participation rates – that help determine how much indexed interest you can receive in a given crediting period. It’s important to remember that no single crediting method is best in all situations. See “Understanding Crediting Methods” (M-5273) to learn more.

¹ 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 year. Also, keep in mind that you can choose a combination of crediting methods.

Why choose a longer-term crediting method?

Allianz FIAs let you choose from several crediting methods. Typically, longer-term crediting methods offer higher participation rates than annual point-to-point crediting,¹ which may provide greater accumulation potential over time.

Higher participation rates

Unlike other longer-term crediting methods, Allianz MY (multi-year) point-to-point offers participation rates that are designed to increase year by year.²

HYPOTHETICAL 5-YEAR PARTICIPATION RATES

Crediting period year 1	Crediting period year 2	Crediting period year 3	Crediting period year 4	Crediting period year 5
80%	90%	100%	110%	120%

This is a hypothetical example used to explain the MY point-to-point crediting method concept and does not represent any specific product or index. Refer to the Allianz Guide to Rates for current participation rates.

But until recently, longer-term crediting periods came with a trade-off of limited flexibility to respond to evolving objectives or market conditions. Allianz has changed that with an innovation to MY point-to-point crediting, which is available on select Allianz FIAs.

The option to “lock it and go again”

The big innovation is our Index Lock feature, which allows you to lock in an index value at any point, once per crediting period.³ If you activate an Index Lock – either manually or automatically – you will receive the corresponding participation rate for that contract year.

On your next contract anniversary, the indexed interest will be credited to your annuity. You then “go again” by starting a new crediting period or perhaps a new allocation option entirely.

In other words: If you activate an Index Lock, you start a new crediting period on your next contract anniversary – so you don’t have to wait until the end of the original crediting period.



What is a participation rate?

The participation rate is simply a formula we use to help determine how much indexed interest is credited to your annuity in a given crediting period. For example: Let’s say an external index value went up by 10% in a given crediting period. If the participation rate was 80% for that contract year, your annuity would be credited with 8% indexed interest. Likewise, if the participation rate was 120%, you would receive an indexed interest credit of 12% for that crediting period.

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²Although MY (multi-year) point-to-point crediting is designed to offer higher rates than their one-year counterpart, there is no guarantee rates will be higher or that rates will increase year over year. Rates will vary due to market conditions.

³Because the index value locks at the end of the business day, the actual value used to determine the interest credit may be higher or lower than at the time of request.

⁴The renewal participation rate may differ significantly – up or down – at the company’s discretion, relative to the initial participation rate.

The indexes available within the contract are constructed to keep track of diverse segments of the US. or international markets, or specific sectors. These indexes are benchmark 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 contract.

MY point-to-point in action



Meet Jerry, our hypothetical customer. Let's see how MY point-to-point crediting and Index Lock combine to give Jerry more accumulation potential, plus more control.

MY point-to-point offers a two-year and five-year crediting period. For this hypothetical example, let's suppose Jerry chooses the five-year option with the participation rates designated in the example on the previous page.

A At the beginning of the crediting period, the allocation value in Jerry's annuity begins at 100.

B In the third contract year, Jerry's chosen index has reached 125 – a 25% increase.

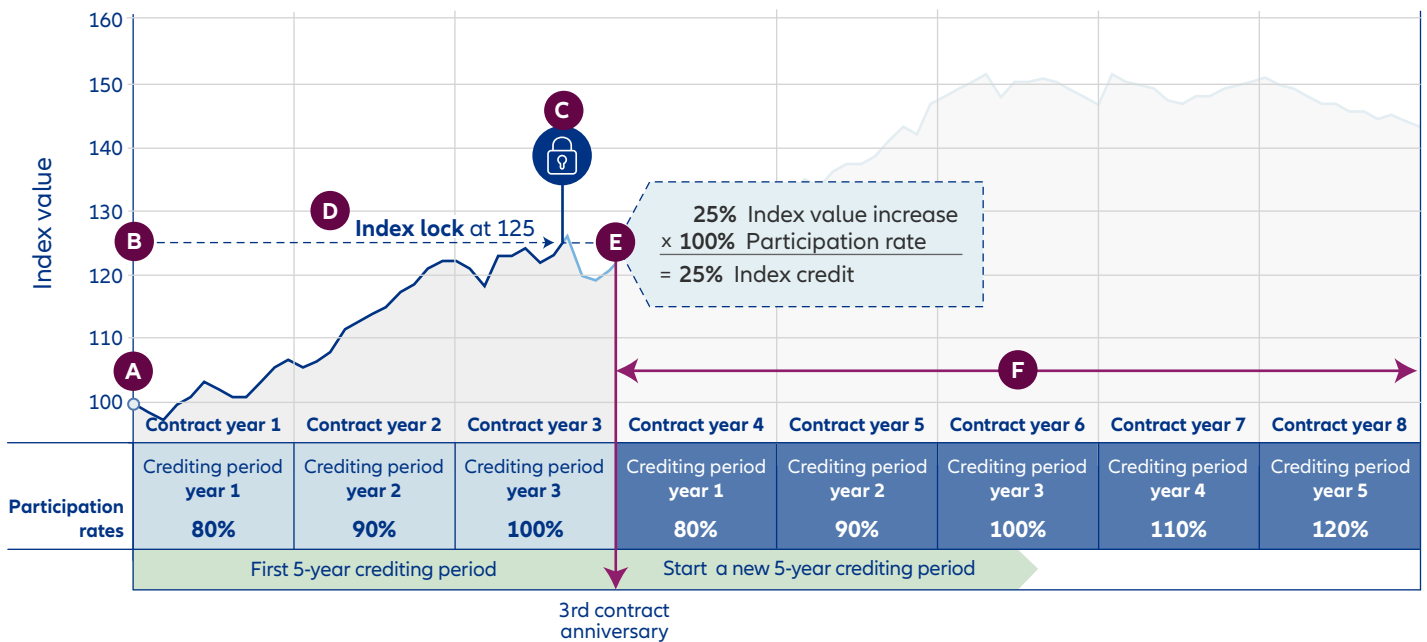
C Jerry likes this increase and is concerned there may be a market correction ahead. He activates an Index Lock and receives the 100% participation rate.³

D Jerry is assured this end of day value will be used to calculate the index credit, no matter what happens to the market after he locks.

E Instead of having to wait until the end of the original five-year crediting period, Jerry receives an index credit of 25% on his third contract anniversary (25% increase of the index * 100% participation rate = 25% index credit). He also starts a new crediting period.

F Jerry starts a new five-year crediting period with a new set of participation rates that will be guaranteed for the new crediting period.⁴

Thanks to MY point-to-point crediting and Index Lock, Jerry is getting more accumulation potential through a higher participation rate – plus the flexibility to respond to evolving goals or market conditions by using Index Lock.



ARE YOU SEEKING MORE ACCUMULATION POTENTIAL? Ask your financial professional if the MY point-to-point crediting method may be a good fit.

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