

Rate renewals and interest credits: a historical perspective

A disciplined approach to setting and maintaining the rates on your contract

Allianz Life Insurance Company of North America (Allianz) issues fixed index annuities (FIAs) that include caps, spreads, participation rates, and interest rates. These rates are declared at the contract's issue and guaranteed for the following year. It's important to note that these rates may change annually on each contract anniversary. As long-term financial products that provide tax-deferred growth potential, the reassurance of a death benefit for beneficiaries, and a guaranteed stream of income at retirement, it's important to understand how these rates are set initially, why they can change, and how changes may impact the annual interest that is credited to the annuity. (Please note that, as stated in the contract, caps and interest rates are guaranteed to be greater than or equal to the minimum guarantee. Spreads are guaranteed to be less than or equal to the maximum guarantee.)

Declaring rates for the first year

Allianz has consistently employed a disciplined approach to determining the rates we can offer on newly purchased products. This approach is grounded in a single principle: **We're true to the people we serve, each and every day.** We focus on the long-term promises we make and know that earning and maintaining your trust is the foundation on which we've built our leadership position in the industry. We do not set rates without the long term in mind, as it could pose a serious risk to the trust we've worked to earn.

Renewing rates after the first year

Each year, renewal rates are declared for the available allocation options for each contract. We analyze renewal rates to maintain balance between the cost of guaranteeing contract benefits and offering the opportunity to earn interest.¹

Over the life of the contract, many factors can cause this balance to shift in either direction – including (but not limited to) equity volatility and short-term interest rates. If changes in rates need to be made, we always keep in mind our focus of delivering on our long-term promises. We know that changes not geared toward maintaining this balance could pose a serious risk to the trust we've built with you.

Also, Allianz fixed index annuity contracts offer a variety of allocation options. Because of this, you can change and diversify your allocations annually to help you accommodate the challenges of a dynamic economic environment. It's important to note that no single crediting method is best suited for every scenario, so be aware of all rates, allocation options, and combinations that are available to you.

We consider
**HOW RATE
CHANGES
IMPACT YOU**
– from product design to
inforce management.

For all that's ahead.®

Allianz 

Must be accompanied by the "Understanding fixed index annuities" brochure (M-5217).

¹ Interest, if any, varies among the various allocation options. Choosing several allocation options – "diversifying" – does not ensure that the interest will be credited. No allocation option provides the most interest in all market scenarios.

Average interest credits by quarter

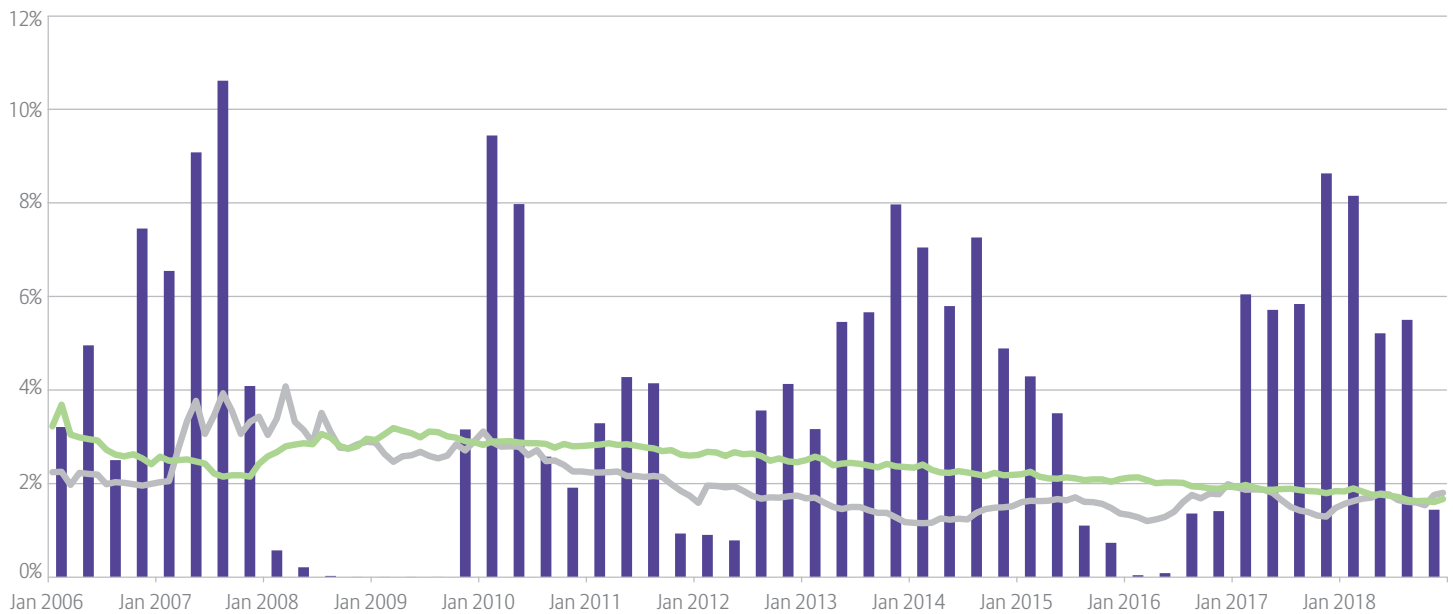
The rates declared annually are important to know. However, the interest credits that you actually receive are an excellent indicator of value being passed on to you, the contract owner.

Let's take a closer look at historical average fixed and indexed interest credits for Allianz fixed index annuity (FIA) contracts. In the chart below, the purple bars represent average historical indexed interest credits, the green line represents average historical inforce fixed interest credits, and the gray line represents average historical first-year fixed interest credits.

Remember, index allocations can offer the opportunity to receive more or less than a fixed interest rate. As the chart reveals, there are times when indexed interest credits surpass fixed interest credits, and vice versa. As you can see by the times when indexed credits exceed the fixed interest credits, we strive to set our renewal rates at a level that continues to offer you value and indexed interest opportunity.

AVERAGE CREDITS BY QUARTER

■ Inforce indexed credit — Inforce fixed credit — First-year fixed credit



This chart displays the fixed index annuity crediting history of all Allianz single tier annual reset fixed index annuities from 1/1/2005 through 12/31/2018 (inforce business). Credits displayed were taken from multiple products that were available at that time and are an average of all credits for that time frame. Individual contracts may have seen higher or lower credits.

Note: Past interest crediting is not a guarantee of future results.

Average annual interest credits over time

Additionally, the average interest credits your contract is credited over time can further illustrate the long-term value being provided to you by the contract.

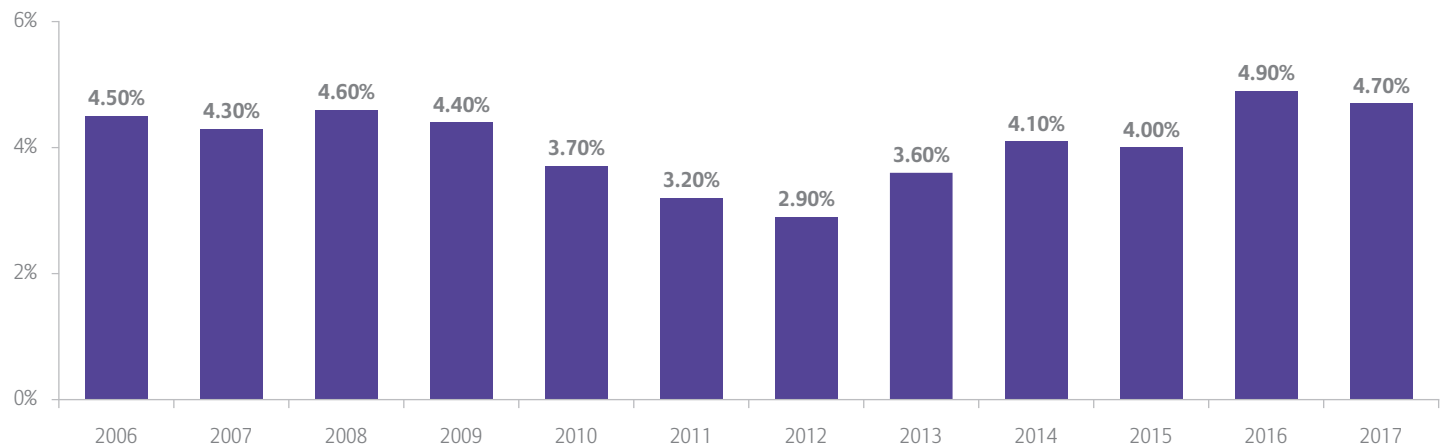
The chart below shows average annual interest credits by contract issue year from 2006 through 2017. Each bar includes all contracts issued in a calendar year. The average credited interest over the life of the contracts issued in each individual year is displayed. For example, contracts issued in 2006 have had 12 opportunities to earn an interest credit (including returns from 2018 not displayed) and have averaged 4.50% over that period of time (keep in mind that no interest is credited until the first contract anniversary after issue).

On the other hand, contracts issued in 2017 have had one opportunity to earn interest. On average, all contracts issued in 2017 earned 4.70%.

Each of the groups of contracts we've issued have had different renewal experiences over their lifetime. Also, contract owners have several allocation options to choose from. As you can see over the long term, on average, contracts have continued to enjoy interest earning opportunity.

AVERAGE ANNUAL INTEREST CREDITS BY CONTRACT ISSUE YEAR

■ Inforce average interest credit



This chart displays the fixed index annuity average annual interest credits by contract issue year for all Allianz annual reset fixed index annuities from 1/1/2006 through 12/31/2018 (inforce business). Credits displayed include both fixed and indexed interest, were taken from chosen allocations from multiple products that were available at that time, and are annualized over the life of the block of business for each year. Individual contracts may have seen higher or lower credits.

For long-term financial products, it's important to know which allocation options are available to you. We are proud of our disciplined approach to rate-setting, in addition to our reputation for maintaining balance in our contracts.

Contact your financial professional for more information. **Thank you for choosing Allianz.**



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 an important part of a leading global financial organization. **True to our passion** for making wise investment decisions. 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 over 3.6 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.

Guarantees are backed by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America. Distributions are subject to ordinary income tax and, if taken prior to age 59½, a 10% federal additional tax.

• 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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