

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, 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 performance, bond market performance, 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
in-force 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.

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Interest credits

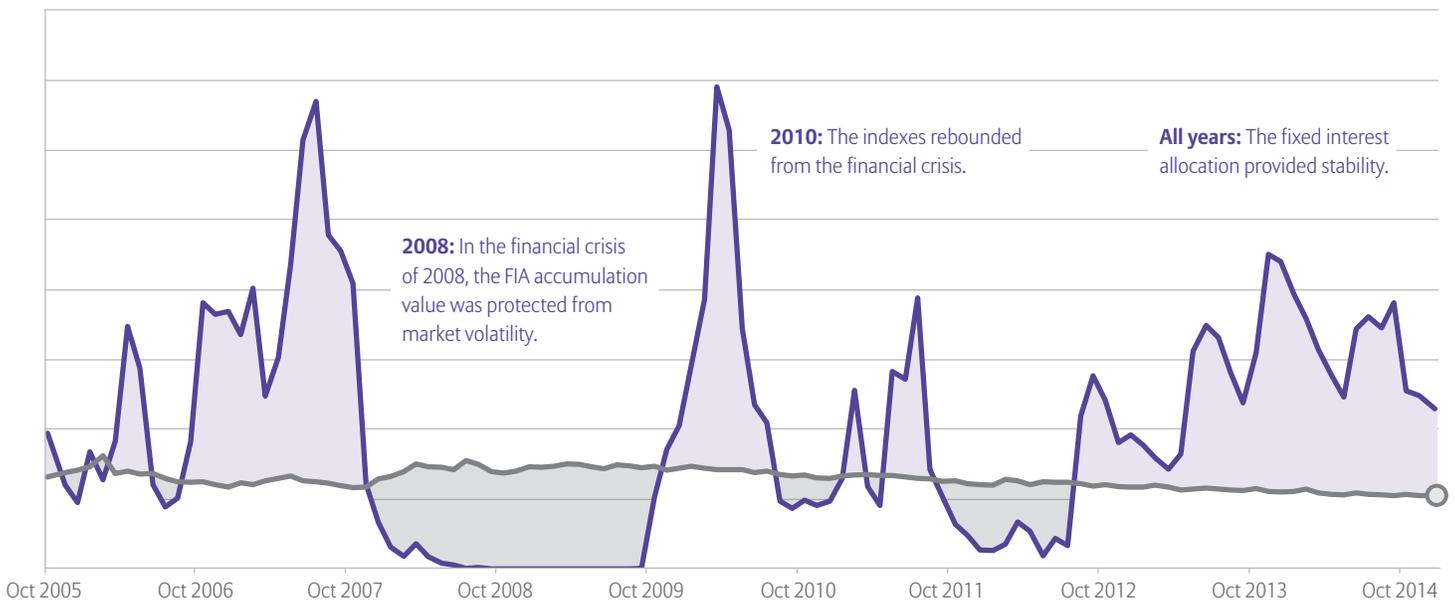
The rates declared annually are important to know. However, the interest credits that you actually receive are an excellent indicator of value being passed on to you, the contract owner.

Let's take a closer look at both the average fixed interest credits and average indexed interest credits for Allianz fixed index annuity (FIA) contracts. In the chart below, the gray line represents average fixed interest credits and the purple line represents average indexed 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.

IN-FORCE CREDITS BY MONTH

— Average indexed credit — Average fixed credit ○ 2.12% average fixed interest credit during the month of December 2014



This chart displays the fixed index annuity crediting history of all Allianz single tier annual reset fixed index annuities from 10/1/2004 through 12/31/2014. 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. Generally on today's newly issued business, fixed rates and caps are lower and spreads are higher than on business issued in the past when the level of interest rates was higher.

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.**

Annuities are designed to meet long-term needs for retirement income. They provide guarantees against the loss of principal and credited interest, and the reassurance of a death benefit for beneficiaries.

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.

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