Allianz Life Insurance Company of North America

FIXED INDEX ANNUITY

Index Allocation Options Guide

M-7214-1 (R-10/2023) | Must be accompanied by the applicable fixed index annuity consumer brochure and insert.

Contents

A variety of options for today's retirement

A key advantage of a fixed index annuity is the opportunity to accumulate interest based on changes in an external index.

Fixed index annuities (FIAs) offer the potential to earn tax-deferred interest, guarantees of principal and credited interest from market downturns, and a guaranteed income stream for life. One benefit of an FIA is the potential to gain interest based on one or more external market indexes.

When you purchase a fixed index annuity, you allocate its value to one or more of these chosen indexes. We then use a crediting method (which we will define later) to track the performance of your index(es).

At the end of each applicable crediting period, we calculate and credit any indexed interest.

If the result is **positive,** you will automatically receive indexed interest, subject to a participation rate or a cap (which we will also define later). That interest is locked in and cannot be lost due to index declines at some point in the future.

If the result is **negative,** nothing happens – and that can be good news! Although you won't receive any indexed interest, your annuity's value doesn't decline.

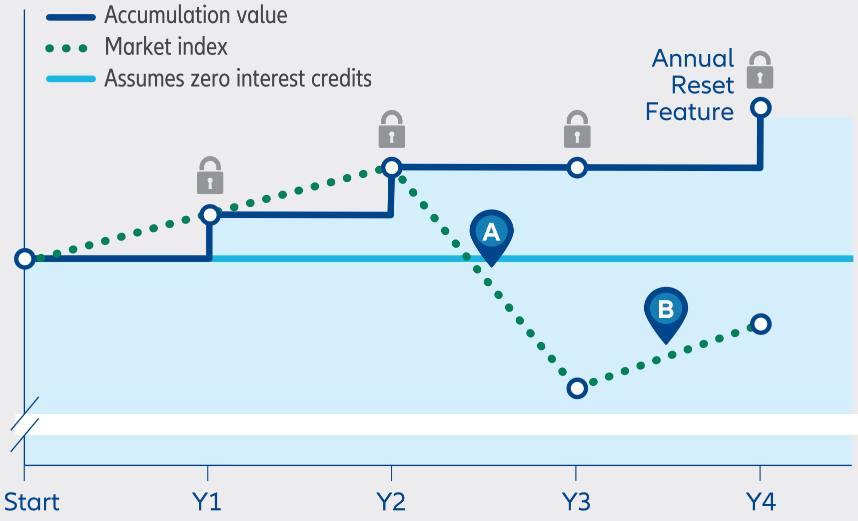
Some FIAs offer you a choice of indexes rather than just one. In addition to choosing your indexes, you can also determine what portion of your annuity's value will be based on each index chosen. Although an external market index or indexes may affect your contract values, these indexes are benchmarks only. The contract does not directly participate in any stock or equity or bond investments. You are not buying shares of any stock or index fund.

A fixed interest allocation is also available. With the fixed interest allocation, interest is credited daily at the rate we establish at the beginning of each contract year.

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 year (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. Multi-year reset is an FIA feature that automatically resets your annuity's index values at the end of a longer crediting period, such as the 2-year point-to-point and 5-year point-to-point choices available with the MY (multi-year) point-to-point crediting method. Similar to annual reset, that means the crediting period's ending value becomes the next crediting period's starting value – locking in any interest your contract earned and ensuring you do not need to make up losses in the index value before you see additional credits in the future.

This chart shows how annual reset works



A The index drops, but your contract value holds steady.

B 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 accumulation value 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 surrender charges or market value adjustments (MVAs) that may be assessed. With the purchase of any additional-cost riders, the contract's values will be reduced by the cost of the rider. This may result in 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 rider charge. If there is no indexed interest, the value would be the money you put into the annuity.

Index options

There are a variety of indexes available on your FIA.

Because it's an FIA, which gives you the opportunity to earn interest based on changes to an external market index, you have several indexes from which you can choose. These indexes keep track of diverse segments of the U.S. or international markets and/or specific market sectors. Use the following descriptions, and the guidance of your financial professional, to choose the indexes that most closely match your financial goals.

BENCHMARK INDEX OFFERINGS

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.

S&P 500® Futures Daily Risk Control 5% Index
(For more information, visit www.spglobal.com)

- A U.S. balanced futures index
- The S&P 500 Futures Daily Risk Control 5% Index is comprised of the S&P 500 Futures Index ER and the S&P 10-year Treasury Note Futures Index ER.
- Every day, the S&P 500 Futures Daily Risk Control 5% Index dynamically allocates between the S&P 500® Futures Index ER and the S&P 10-year Treasury Futures Note Index ER to achieve a desired 5% volatility target. If volatility target cannot be achieved with 100% allocation to the fixed income component, a lesser amount will be used resulting in a total allocation between components of 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. The indexes available within the contract are constructed to keep track of diverse segments of the U.S. or international markets, or specific market sectors. 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.

ALLIANZ EXCLUSIVE BENCHMARK ER INDEX OFFERINGS

Allianz Exclusive Benchmark Excess Return indexes are designed to manage market volatility, either dynamically, with protection against rising rates, or with a forward-looking annual adjustment. In addition, these indexes track 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.

BlackRock iBLD Claria® ER Index

(For more information, visit www.blackrock.com/investing/annuity/annuity-index-claria)

- A U.S. and International balanced futures index
- The BlackRock iBLD Claria ER Index reflects the performance of an allocation strategy that shifts between baskets of equity and fixed income exchange-traded funds (ETFs) and cash. The basket provides broad diversification across global and domestic, small- and large-cap opportunities that are evaluated annually by BlackRock asset managers to take advantage of current market trends.
- In addition to daily reallocations, the weights between the ETFs within each basket are determined annually by BlackRock asset managers. This movement each year is based on the expertise of these managers using their forward-looking economic outlook. This index was designed with this unique opportunity in mind, providing the asset managers with a globally diversified set of options to choose from.

Equity Basket	Fixed Income Basket	Cash
• Russell 2000® ETF (IMW) • S&P 500® ETF (IVV) • MSCI EFE ETF (IMW) • MSCI Emerging Markets ETF (EEM)	• 1-3 Year Treasury Bond ETF (SHY) • 3-7 Year Treasury Bond ETF (IEI) • 7-10 Year Treasury Bond ETF (IEF)	• 3 Month LIBOR

PIMCO Tactical Balanced ER Index

(For more information, visit www.pimcoindex.com)

- A U.S. balanced futures index
- The PIMCO Tactical Balanced ER Index reflects the performance of an allocation strategy that shifts between the S&P 500® Index and a bond component comprised of the PIMCO Synthetic Bond Index and a duration overlay. 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%.
- The PIMCO Synthetic Bond Index is a unique PIMCO-developed custom index comprised of a small number of derivative instruments designed to provide exposure to U.S. investment-grade and Treasury bond markets. The duration overlay adjusts the interest rate exposure in response to changes in market trends.

PIMCO and Allianz Life Insurance Company of North America are affiliated companies.

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 RBI® Series 1 Index and the S&P 500® Index. The Bloomberg US Aggregate RBI® Series 1 Index is designed to track the Bloomberg US Aggregate Bond Index.
- Every day, the Bloomberg US Dynamic Balance II ER Index dynamically allocates between the S&P 500® Index and the Bloomberg US Aggregate RBI® Series 1 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.

Crediting methods

Another factor is the interest crediting method you choose for your FIA.

The crediting method you choose can significantly impact how much indexed interest you receive. That's why you should carefully consider your options, based on your overall financial strategy.

Remember that 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 you can choose a combination of crediting methods.

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 (e.g., one year for annual point-to-point). The crediting method also has components such as caps or participation rates that may limit the amount of indexed interest you receive. In the following pages, we'll describe three crediting methods and show how they work.

Components

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 1.00% and the value of the index rose by 7.00%, the cap amount of 1.00% would be credited to your contract. However, if the index change was 0.5%, your contract would be credited 0.5%, 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 and MY point-to-point with a participation rate crediting methods 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 years.

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 financial professional for current and minimum rates. In addition, some allocation options may have an allocation charge applied.

Now let's take a look at three types of crediting methods that are used to calculate your interest.

Monthly sum

Monthly sum is the most volatility-sensitive crediting method. It can provide interest in steady "up" markets, but it can be adversely affected by large monthly decreases.

How it works:

- On your contract anniversary each month, the index value is compared to the prior month's value, and the percentage of change is calculated.
- At the end of the year, the monthly index increases and decreases are added up. The increases may be subject to a cap; however, decreases are not limited by the cap.
- If the final sum is positive, you'll receive that amount as indexed interest.
- If the sum is negative, you'll receive no indexed interest.
- Amounts allocated to monthly sum crediting methods are not subject to an allocation charge.

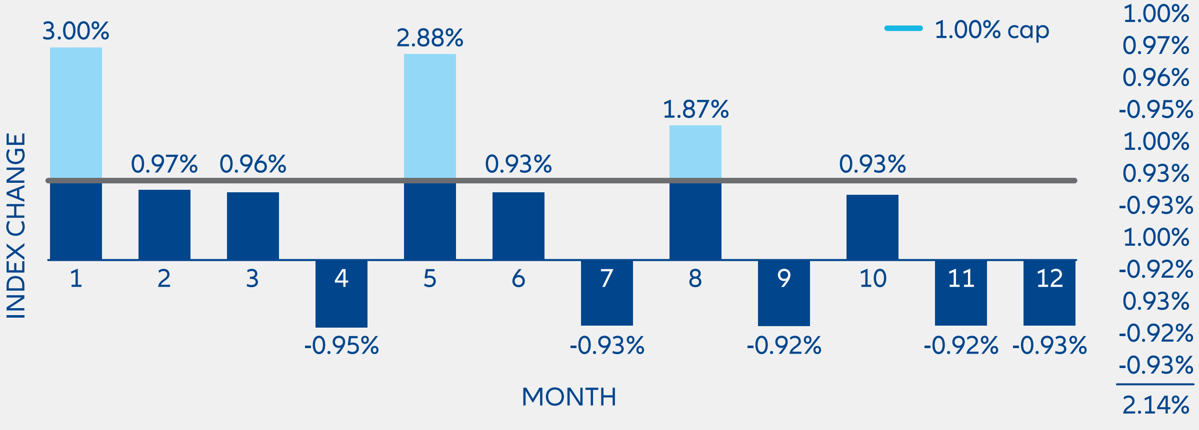
Example:

This hypothetical example shows monthly sum crediting, with a cap of 1.00%.

Every month, the index value is compared to the prior month's value. The percentages you see below represent the percentage in index change, month over month.

At the end of the year, the monthly percentages are added up. In this example, the contract owner would receive 2.14% in indexed interest.

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.

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.
- Amounts allocated to annual point-to-point crediting methods are subject to an allocation charge that is deducted annually from the accumulation value and the guaranteed minimum value.
- You also have the opportunity to activate an Index Lock one time at any point during the crediting period (described later).

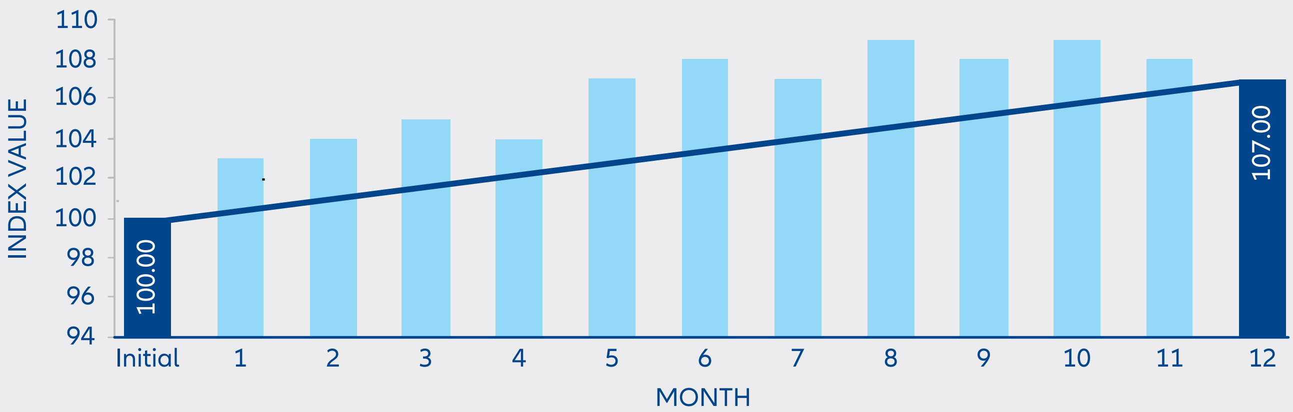
Example:

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.

MY point-to-point crediting method

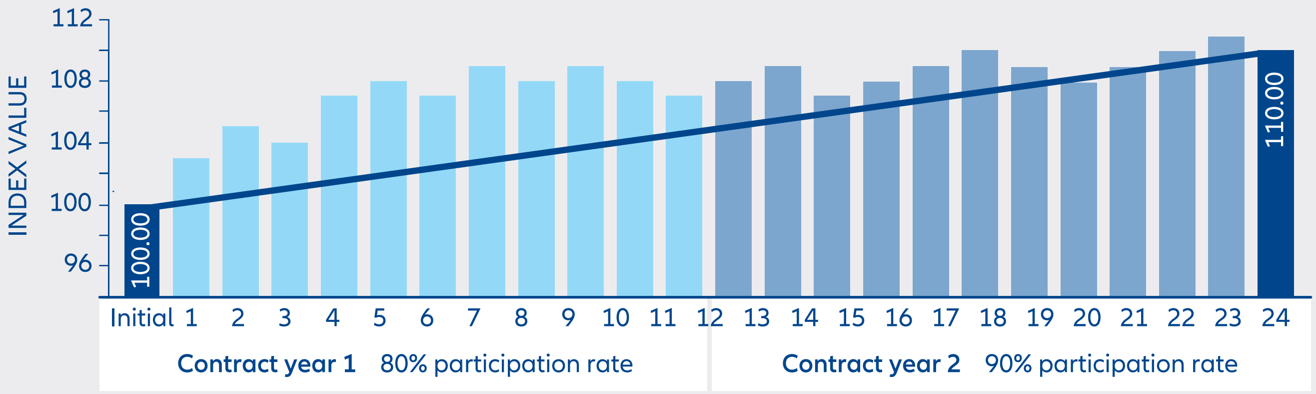
The MY (multi-year) point-to-point crediting method may be a good choice if you want to help minimize the effects of volatility between two points, multiple years apart.

How it works:

- You have two crediting periods to choose from: 2-year point-to-point, which uses the index value from two points in time, two contract years apart, or 5-year point-to-point, which uses the index value from two points in time, five contract years apart.
- On your applicable contract anniversary, we compare the index value from the beginning of the crediting period to the index value at the end of the crediting period.
- We calculate the percentage of change in the index.
- If the ending index value is higher than the beginning index value, the corresponding participation rate is applied to determine the amount of indexed interest you will receive.
- If the ending index value at the end of your crediting period is lower, you won't receive indexed interest.
- You also have the opportunity to activate an Index Lock one time at any point during the crediting period (described later).

2-year point-to-point example:

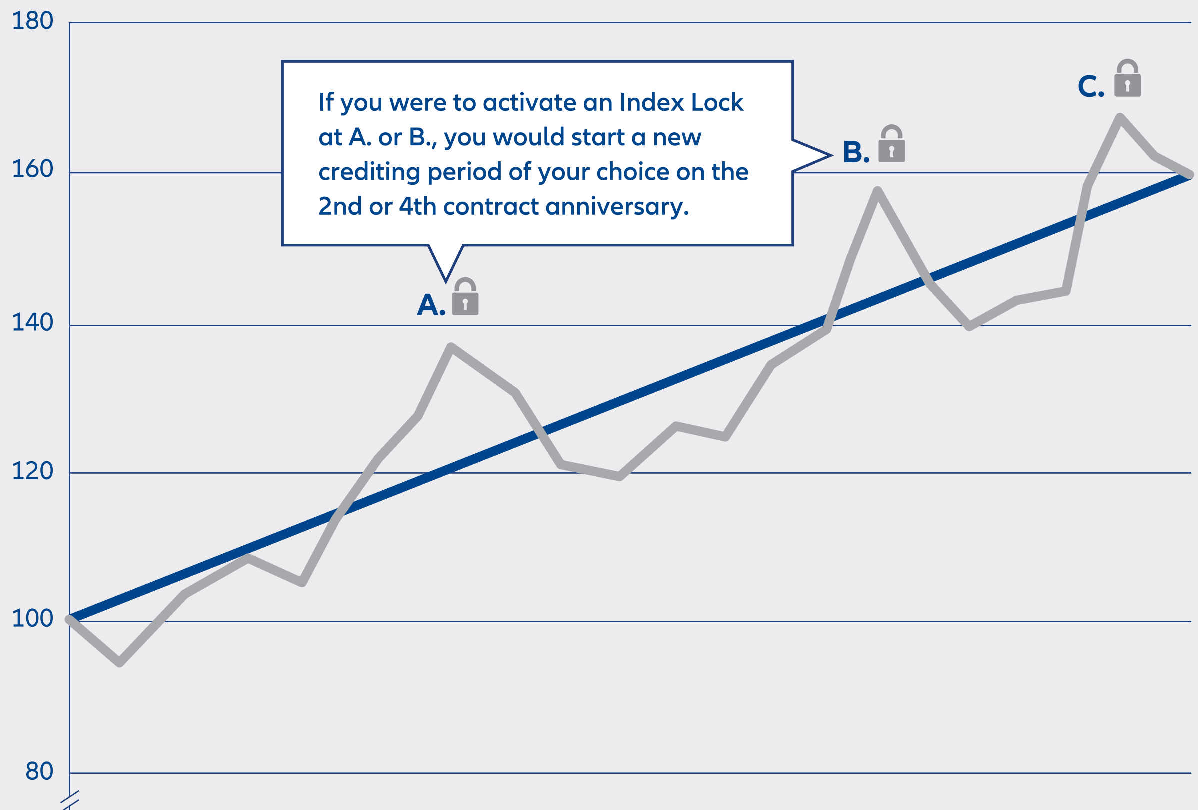
In this hypothetical example, the contract owner waited until the end of the two-year crediting period. The beginning index value (100) is compared to the ending index value (110) resulting in a change of 10%. The actual amount of indexed interest credited would depend on the application of the corresponding participation rate for contract year two.



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. The participation rates shown are hypothetical. Please consult your specific annuity's Guide to Current Rates for current participation rates. Amounts allocated to the MY 2-year point-to-point crediting method are subject to an allocation charge that is deducted annually from the accumulation value and guaranteed minimum value.

5-year point-to-point example:

In this hypothetical example, the contract owner also waited until the end of the 5-year crediting period. The beginning index value (100) is compared to the ending index value (160) resulting in a change of 60% over the five-year period. The actual amount of indexed interest credited would depend on the application of the corresponding participation rate for contract year five. If the contract owner decided to activate an Index Lock prior to the end of the five-year crediting period (examples of lock opportunities A, B, and C), the corresponding participation rate would be applied and the indexed interest would be credited on the next contract anniversary.



	Contract Year 1	Contract Year 2	Contract Year 3	Contract Year 4	Contract Year 5
Participation rate	80%	90%	100%	110%	120%

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. The participation rates shown are hypothetical. Please consult your specific annuity's Guide to Current Rates for current participation rates. Amounts allocated to the MY 5-year point-to-point crediting method are subject to an allocation charge that is deducted annually from the accumulation value and guaranteed minimum value.

Index Lock

How it works:

With both annual point-to-point and MY point-to-point crediting methods, you have the ability to lock in an index value on any of your individual indexed interest allocation(s) one time at any point during the crediting period:

- For the annual point-to-point crediting method, the indexed interest credit will be applied at the end of the crediting period based on the locked index value and the applicable participation rate.
- For the MY point-to-point to crediting method, you don't have to wait until the end of the crediting period. The indexed interest credit is calculated based on the locked index value and the corresponding participation rate for the contract year you activate an Index Lock.[1] Any indexed interest credit will be applied on the next contract anniversary. You will then have the opportunity to reallocate to new allocation options. If you choose to lock in an index value, the beginning index value for your next crediting period will be the index value at the end of the previous contract anniversary (not the chosen locked-in index value). Because the lock is executed at the end of the trading day, **the index value used to determine interest credited may be higher or lower than the index value at the time of request.**

Note: An Index Lock can only be activated on index returns that are greater than 0%, unless otherwise indicated.

Activate the Index Lock automatically

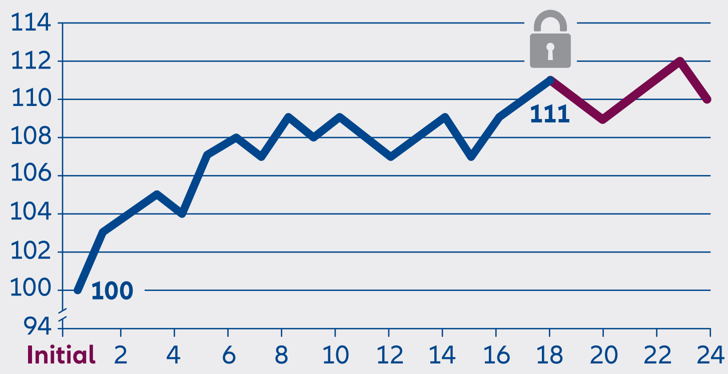
If you wish, an Index Lock can be activated automatically with our Auto Lock feature. Simply set the index interest rate percentage you wish to target. You can set both upper and lower targets, as long as you set them above (upper) or below (lower) the current index interest rate percentage. If your allocation option's index interest rate percentage reaches your target, Auto Lock will automatically lock in the index value until the end of the crediting period.[2] With upper targets on one-year crediting methods, you also have the option to choose auto-renewal. This means the set target will continue from year to year for the length of the contract, unless it is changed or canceled.

You're also free to adjust your target index interest rate percentage – either up or down – as many times as you wish, as long as Auto Lock hasn't been activated during that crediting period and your upper target is greater (or lower target is less than) the current index interest rate percentage. And it's easy to administer: Just log in to your contract online to set or reset Auto Lock.[3]

See CSI-504 for Index Lock details and business rules.

Index Lock example:

In this hypothetical example, the index value rose to 111 in month 18, at which time the decision was made to lock in the index value. The beginning index value (100) is compared to the locked index value (111), resulting in a change of 11%. If the participation rate were 80%, the indexed interest for this crediting period would be 8.8% (80% of 11%). By using Index Lock, you are able to lock in the current index value and be assured a positive index credit for the crediting period – no matter what happens during the remaining months.



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.

[1] Current participation rates for each contract year can be found in the applicable product Guide to Current Rates.

[2] Setting targets authorizes Allianz to automatically activate an Index Lock once the target is reached, based on the index interest rate percentage at the end of the business day. Targets need to be renewed after each crediting period unless auto-renewal is active.

[3] You may activate an Index Lock manually online at any time, as long as an Auto Lock hasn't already been activated. Activating Index Lock manually will cancel any current targets you have set for the current crediting period. If you decide to activate Index Lock manually – or if neither target has been reached at the end of your current crediting period – you will need to set new targets for the next crediting period unless auto-renewal is active.

What are my allocation options?

Your allocation options are made up of the combination of index and crediting method available on your contract. Allianz annuities offer a variety of allocation options to choose from, giving you flexibility throughout the life of your contract – from accumulation through income.

Accumulation: When you purchase your FIA, you can choose your allocation options. Then you have the flexibility to change your allocations each crediting period as your needs or the economic environment changes.

Income: While taking lifetime withdrawals, you can continue to reallocate at the end of your crediting period – even after your contract value has been fully paid to you. Not many companies offer this flexibility.

Allocation changes must be received within 21 days after the crediting period to be in effect for the next crediting period.

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

		Monthly sum	Allocation charge applies[1]			
			Annual point-to-point[1]		MY point-to-point[1]	
					2-year	5-year
Large-cap index	S&P 500® Index	Cap	Cap			
Volatility-controlled futures index (stock and bond futures)	Bloomberg US Dynamic Balance II ER Index			Participation rate	Participation rate	Participation rate
	PIMCO Tactical Balanced ER Index			Participation rate	Participation rate	Participation rate
	BlackRock iBLD Claria® ER Index			Participation rate		
	S&P 500® Futures Daily Risk Control 5% Index				Participation rate	Participation rate

In addition to the indexed interest allocation options, you can also choose a fixed interest allocation. The fixed interest rate is credited daily. Allianz establishes the rate at the beginning of each contract year.

[1] Annual point-to-point and MY point-to-point crediting methods are subject to an allocation charge, deducted annually from the contract's accumulation value and guaranteed minimum value. The allocation charge percentage can only change when specified triggers are met and can never be greater than the maximum allocation charge percentage of 2.5%. The current allocation charge can be found in the applicable product Guide to Current Rates.

Which allocation options should I consider?

Why is having an array of options important?

Because allocation options can work differently in a variety of market conditions, all of our FIAs offer you several options to choose from, as well as the ability to change and diversify your allocations on an annual basis.

You can choose one allocation option or diversify among multiple allocation options in 1% increments. By diversifying the index exposure and crediting methods within your FIA, it may help you reduce volatility and achieve a more consistent return. However, diversification does not guarantee you will receive an index credit in any given year.

No matter which allocation options you choose, you cannot lose value due to negative index performance. Your principal and credited interest are locked in and protected during periods of index decline. Keep in mind, if you have purchased an additional-cost rider, your contract will be reduced by the cost of the rider, which could mean a loss in value in any year your contract earns no interest or earns less interest than the cost of the rider.

How do I compare available rates?

All allocations are expected to have a similar long-term outlook for interest credits, and the rates that are available when the FIA is issued reflect that. You should consider the indexes and crediting methods in relation to the current economic environment to find those that most closely match your outlook and your financial goals.

It's important to know that after the contract has been issued, not all rates will renew in the same way. The structure of the index will have an impact on how often and by how much the renewal rates will change (for example, futures indexes are less sensitive to changes in the interest rate environment than other index designs, so they may have more stable renewal rates).

Remember, no allocation will perform the best in every environment. Therefore, you should consider all the options you have to diversify and adapt in a variety of economic environments.

What economic factors should I consider?

Equity markets: Depending on whether you think there is strong growth, moderate growth, or a negative outlook for performance on the horizon, you will likely want to match that outlook with the level of equity exposure the index provides and the potential for interest credits offered by the crediting method.

Volatility: What will the markets look like over the next year? Do you expect some ups and downs on the road ahead? If you want to smooth out that ride, you may want to consider how the index seeks to control volatility and how sensitive the crediting method is to the index's ups and downs.

Interest rates: Will interest be on the climb, steady, or falling over the next year? When analyzing the index structures, do they include mechanisms to adjust to changing rates or are they built to mitigate their effects (futures)?

The index(es) and crediting method(s) you choose can significantly impact how much indexed interest you receive. That's why you should carefully consider your options, based on your overall financial strategy.

How have interest credits on Allianz® fixed index annuities fared in the past?

Although we can't predict how much interest your contract will earn in the future, it may help to look at historical average fixed and indexed credits for Allianz fixed index annuity contracts.

As we have mentioned, allocation options can work differently in a variety of market conditions, which is why we provide a variety of indexes and crediting methods to choose from in 1% increments. This allows you the opportunity to decide to allocate to just one or diversify into many of these choices. Some crediting methods offer the potential for a higher level of interest, but in exchange, they generally have more volatility – meaning a greater risk of earning zero interest in a given year. Other crediting methods may not offer the potential to earn the most but offer a greater chance of consistently earning interest.

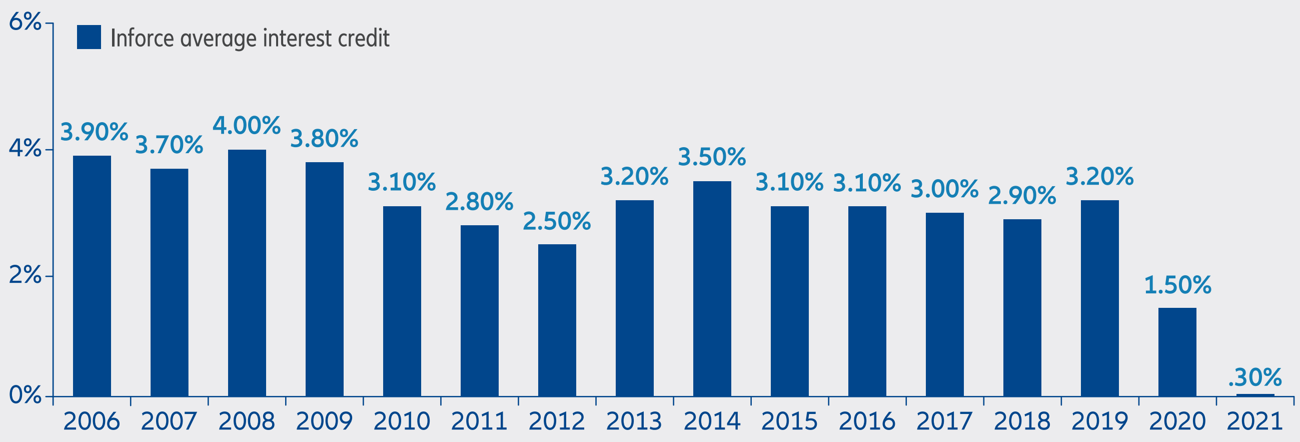
Diversifying your allocations does help spread out the interest potential and volatility over different economic cycles. However, even a diversified allocation does not ensure you will earn an interest credit every year.

The chart below shows average annual interest credits by contract issue year from 2006 through 2021. 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 16 opportunities to earn an interest credit (including returns from 2022) and have averaged 3.90% over that period of time (keep in mind that no interest is credited until the first contract anniversary after issue).

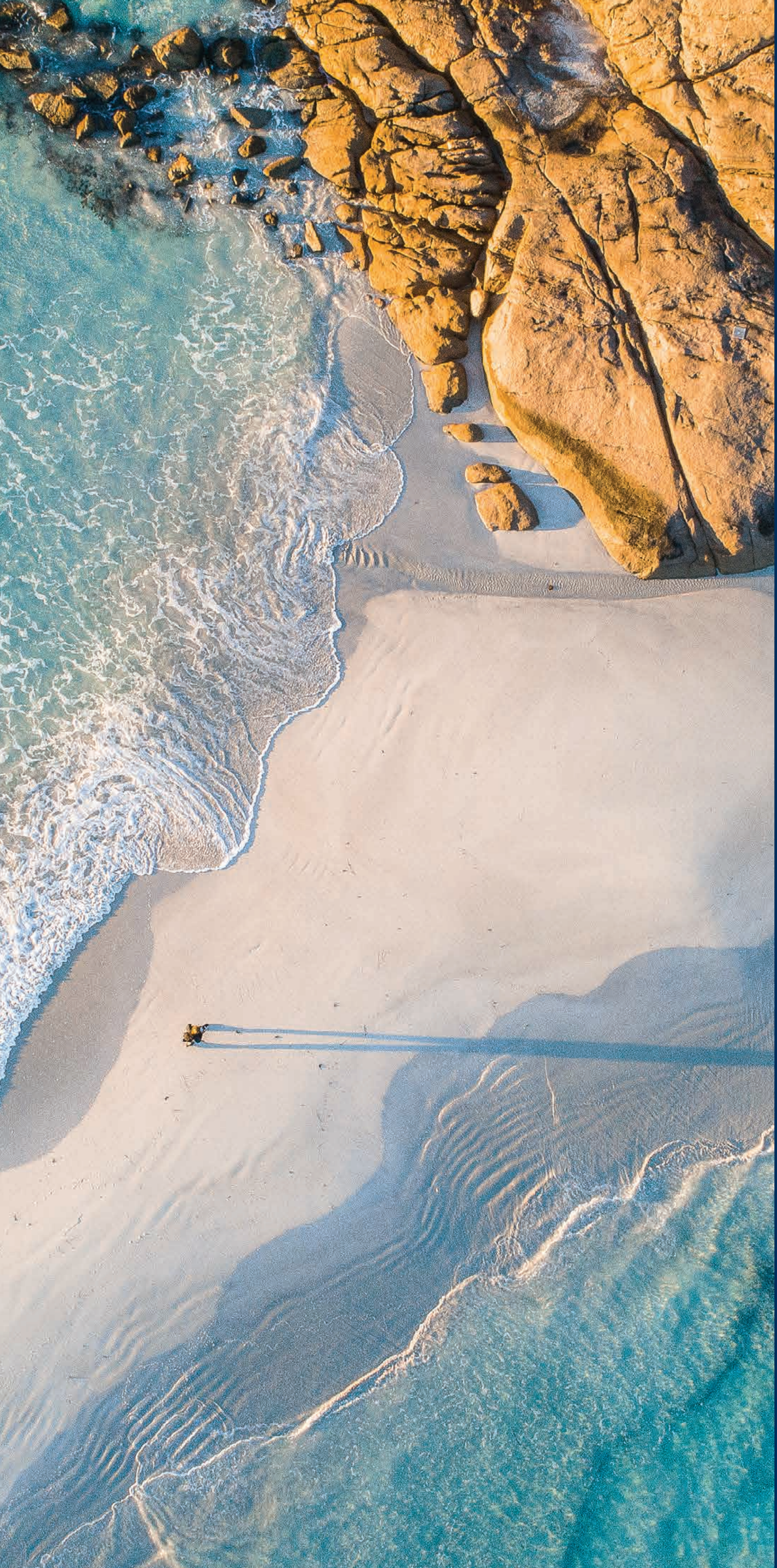
On the other hand, contracts issued in 2021 have had one opportunity to earn interest. On average, all contracts issued in 2021 earned 0.30%.

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 opportunities.

Average annual interest credits by contract issue year



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 12/31/2022 (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. Contracts issued in 2022 are not yet displayed because all contracts have not had a full contract year to earn an interest credit. Individual contracts may have seen higher or lower credits.



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

TALK TO YOUR FINANCIAL PROFESSIONAL for more information when determining what options are right for you.

The S&P 500® Index is comprised of 500 stocks representing major U.S. industrial sectors. The S&P 500® Futures Daily Risk Control 5% Index is comprised of the S&P 500 Futures Index ER and the S&P 10-year Treasury Note Futures Index ER and is balanced daily to achieve target volatility.

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