

Allianz Life Insurance Company of North America

Simple Income III Rider

Flexibility with lifetime income

For all that's ahead.®

Allianz 

Must be used with an appropriate annuity consumer brochure.

CB91077



How will you get paid in retirement?

The answer can be simple.

**SIMPLE
INCOME III
RIDER offers
GUARANTEED
LIFETIME
INCOME.**

The assurance of steady income doesn't have to stop when you retire. The Simple Income III Rider is designed for people who want to receive lifetime income in the form of partial withdrawals. It offers simplicity and flexibility, giving you a choice from three different payment options to suit your needs.

It's **simple** because it credits a simple bonus to your simple withdrawal value at the end of each contract year.

It's **flexible** because when you are ready to start your lifetime income withdrawals, you can choose from

three payout options. If you want the predictability of knowing exactly how much each payment will be, you can choose income option 1. If you want the potential to see your income payments increase each year, you may want to choose income option 2. And if you want to help protect your retirement income payments from the effects of inflation, you can choose income option 3.

The Simple Income III Rider is optional when you purchase selected Allianz Life Insurance Company of North America (Allianz) annuities and must be chosen at the time of application. It is available for an annual cost of 0.95% of the simple withdrawal value, deducted on a monthly basis from the accumulation value and guaranteed minimum value.

Bonus annuities may include higher surrender charges, longer surrender charge periods, lower caps, higher spreads, or other restrictions that are not included in similar annuities that don't offer a bonus feature.

Withdrawals are subject to ordinary income tax and, if taken prior to age 59½, a 10% federal additional tax.

Simplicity

The beauty of the Simple Income III Rider lies in its simplicity. On the day your contract is issued, your simple withdrawal value equals 100% of the premium you place in your annuity plus any premium bonus from your annuity. At the end of each contract year your simple withdrawal value will be rewarded with a "simple bonus."

This simple bonus is equal to your adjusted premium multiplied by your simple bonus percentage. The adjusted premium is equal to the total premiums you have paid, reduced proportionally for any withdrawals

or surrenders you have taken. If you add money to your contract, the adjusted premium will increase at the end of the next contract year by the dollar amount you add. Ask your financial professional for the current simple bonus rate.

Because the bonus percentage is guaranteed, you will continue to receive a simple bonus through the age of 90 or until you begin taking lifetime income withdrawals, whichever comes first.

Note: If you begin lifetime income withdrawals immediately, you will not receive any simple bonuses.



Flexibility

Your **PAYMENT**
IS GUARANTEED FOR
THE REST OF YOUR LIFE –
no matter how
long you live.

When you are ready to begin lifetime income withdrawals with Simple Income III, you have the flexibility to choose from three different payment options:

- Income option 1** provides a predictable payment, so you know exactly what your income payment will be for the rest of your life.
- Income option 2** has the potential to increase each year by the interest rate credited to your allocation options in your annuity contract. On every contract anniversary, your maximum withdrawal amount (income payment) will be recalculated to reflect any positive changes in the selected allocations.
- Income option 3** offers an inflation-adjusted solution that can help you keep up with the negative effects of inflation. Your income payments will start out smaller, but because this option is tied to the Consumer Price Index (CPI-U), your payments can increase when the cost of living goes up. Increases are capped at 10% per year and are limited to the first 20 contract years after income payments begin.

Whichever option you choose, your maximum withdrawal amount is a percentage of your simple withdrawal value that is based on your age when payments begin. To be eligible for annual income withdrawal increases, you must take your maximum annual withdrawal amount each year. And your payment is guaranteed for the rest of your life – no matter how long you live.

Predictable payments – Income option 1

In this hypothetical example, let's assume Paul, who is 55 years old, purchases an Allianz annuity. He adds the Simple Income III Rider, which guarantees him a simple bonus at the end of every contract year until he starts taking income withdrawals. Paul doesn't plan on taking income until he retires in five years at age 60.

Paul is ready to start his income withdrawals five years later at age 60 and decides to choose income option 1. Let's assume his simple withdrawal value is \$150,000. His payment would be based on \$150,000 and he would receive \$7,500 (5.0%) every year for the rest of his life.

Payments for the life of one person – based on age at the time income payments begin				
Age	50-59	60-69	70-79	80-90
Pmt %	4.50%	5.00%	5.50%	6.00%

Payments for the joint lives of two spouses – based on the age of the younger spouse at the time income payments begin				
Age	50-59	60-69	70-79	80-90
Pmt %	4.00%	4.50%	5.00%	5.50%

Years until income payments begin	5			
Simple withdrawal value	\$150,000			
Age when income payments begin – annual maximum income payment				
	50-59	60-69	70-79	80-90
	\$6,750	\$7,500	\$8,250	\$9,000

Payments that can increase – Income option 2

Let's take a look at another hypothetical scenario using income option 2. Rose is 50 years old, and she also purchases an Allianz annuity. Rose doesn't need to start taking income withdrawals until she retires in 10 years at age 60. She selects income option 2 because it offers her the potential for payment increases throughout her lifetime.

Payments for the life of one person – based on age at the time income payments begin				
Age	50-59	60-69	70-79	80-90
Pmt %	3.50%	4.00%	4.50%	5.00%

Payments for the joint lives of two spouses – based on the age of the younger spouse at the time income payments begin				
Age	50-59	60-69	70-79	80-90
Pmt %	3.00%	3.50%	4.00%	4.50%



Rose starts her income withdrawals 10 years after she buys her annuity, at age 60. Let's assume her payment will start at \$8,000, which is 4% of a hypothetical \$200,000 simple withdrawal value. On each contract anniversary, her annual maximum withdrawal amount will be recalculated to reflect any positive changes in her selected allocations. This means Rose's income payment has the potential to increase every year for the rest of her life.

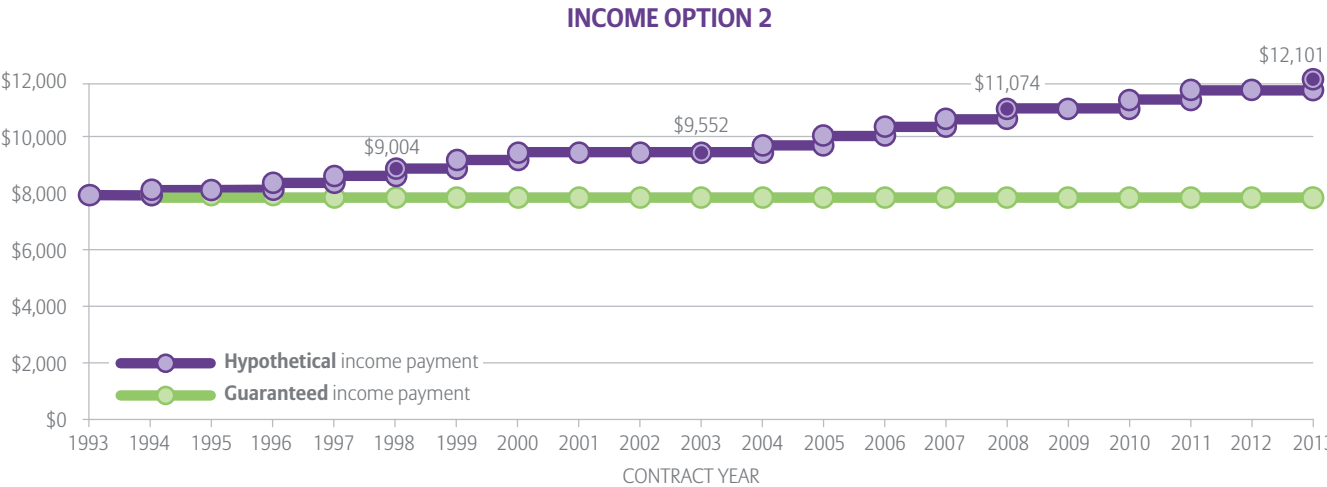
The following hypothetical illustration assumes:

- The annuity contract and Simple Income III Rider were available during the time period shown and both were issued on 1/1/1983 at the age of 50.
- The contract was held for 10 years before Rose started income withdrawals and 100% of the money was allocated to the S&P 500® Index from 1/1/1983 to 1/1/2013.
- The annual point-to-point crediting method was selected with a hypothetical cap of 3.00%, and no withdrawals were taken prior to starting lifetime income withdrawals on 1/1/1993.

- These figures represent past performance of the S&P 500® Index only, and may not be used to predict or project future results. Actual results will vary by the current simple bonus, cap and/or spread, the allocations chosen, and the actual index performance.

Based on this hypothetical example, if the indexed interest rate was zero in all years, the guaranteed annual income withdrawal would have stayed at \$8,000.

By her 10th year of taking income, Rose's maximum annual withdrawal amount or income payment would have increased to \$9,552. By the 20th year of taking income, her annual income payment would have increased to \$12,101. And even if the market declines, Rose's payment would not decrease. Her payment always has the potential to increase, but it will never go down due to market fluctuation!



Inflation-protection payments – Income option 3

In this hypothetical example, let's assume Gary, who is 50 years old, purchases an Allianz annuity. He adds the Simple Income III Rider and chooses income option 3 because it offers him inflation protection. He wants his income to have the potential to keep up with the rising costs of living as measured by the Consumer Price Index (CPI-U).

Gary begins taking his income withdrawals 10 years after he purchases his annuity, at age 60. Let's assume his payment will start at \$8,500, which is 4.25% of a hypothetical \$200,000 simple withdrawal value. On each contract anniversary for the first 20 contract years after income withdrawals begin, his annual maximum withdrawal amount will be recalculated to reflect any changes in the Consumer Price Index, up to an annual maximum of 10%. This means Gary's income payment has the potential to increase when the CPI-U surpasses its previously recorded high point.

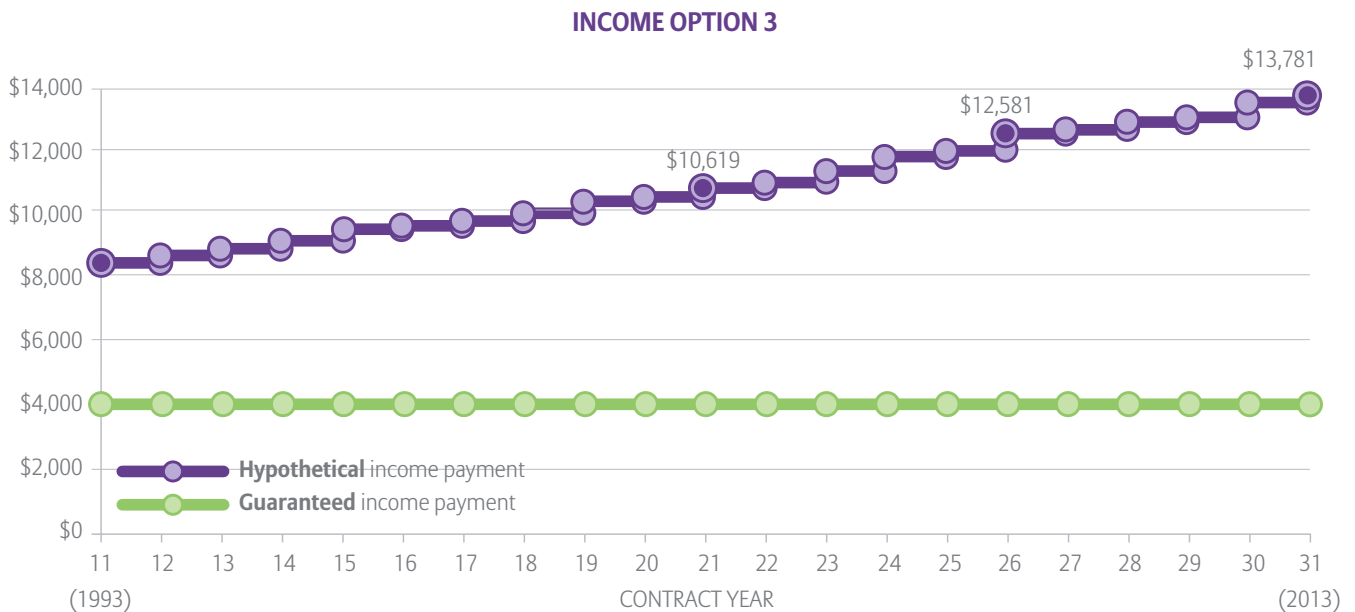
The following hypothetical illustration assumes:

- The annuity contract and Simple Income III Rider were available during the time period shown and both were issued on 1/1/1983 at the age of 50.
- The contract was held for 10 years before Gary started income withdrawals.

- No withdrawals were taken prior to starting lifetime income withdrawals on 1/1/1993.
- The actual November CPI-U value preceding the contract anniversary was used to calculate the payment increases from 1993 until 2013.
- These figures represent past values of the CPI-U only, and may not be used to predict or project future results. Actual results will vary by the current simple bonus, cap and/or spread, allocations chosen, and actual changes in the CPI-U.

Payout percentages can change monthly until the time of election. Based on this hypothetical example, if the guaranteed minimum payout percentage of 2% was used and the CPI-U value did not increase in any contract year, the guaranteed annual income withdrawal would have been \$4,000.

By his 10th year of taking income, Gary's maximum annual withdrawal amount would have increased to \$10,619. By the 20th year of taking income, his annual income payment would have increased to \$13,781, helping his purchasing power stay as strong as when he received his first payment. At that time, though, the CPI-U-linked increases would stop.





Questions and answers

Can I add premium to my annuity?

You may add premium to your annuity for the first three contract years. Your simple bonus will not be based on the additional premium until the end of the following contract year, when the additional premium will have been in your contract for a full contract year. You cannot add premium once you have begun lifetime income withdrawals.

What if I want to surrender my contract?

Although your annuity may permit some penalty-free withdrawals, in order to avoid penalties you're generally required to leave your money in the annuity for a specified period of time, usually referred to as the surrender charge period. If you fully surrender your annuity contract at any time, this rider will no longer be in force, and you will receive your contract's cash surrender value. The cash surrender value does not include any of the simple bonus. See your annuity contract for more details.

How is the rider charge calculated for the Simple Income III Rider?

The annual cost of the rider is 0.95% of your simple withdrawal value. One-twelfth of this charge is automatically deducted each month from your annuity's accumulation value and guaranteed minimum value. The rider charge will continue for the life of the contract, even if you have begun receiving lifetime income withdrawals and are no longer receiving the simple bonus.

Can I take annuity payments instead of simple withdrawals?

Yes. If you take annuity payments, your annuity payments will be based on either the accumulation value or the cash surrender value of your contract, not the simple withdrawal value. In most cases, the simple withdrawal value may provide you with a maximum annual withdrawal amount that is greater than the annual annuity payment amount you would receive based on your accumulation value.

Can I cancel the rider?

You can cancel the rider anytime after the fifth contract year. Once the rider is terminated, it may not be reinstated.

Additional features of the Simple Income III Rider

Withdrawals

If you need to take a withdrawal, including required minimum distributions (RMDs), you can do so according to the terms of your annuity. Withdrawals will reduce your adjusted premium and simple withdrawal value by the same percentage that they reduce your accumulation value. Your new simple bonus amount will be based on your adjusted premium.

This feature allows you to take any or all of that remainder any time after you have taken your maximum annual income payment in a contract year. Should you pass away, your beneficiary will receive the cumulative withdrawal amount if it is greater than the death benefit in your Allianz fixed annuity contract. The cumulative withdrawal amount does not earn fixed or indexed interest.

Cumulative withdrawals

Once you begin taking lifetime income withdrawals, you can choose to take less than your maximum annual withdrawal amount (income payment). We keep track of the amount that's "left over." The amount that is left over is called the cumulative withdrawal value.

"Step-ups"

If, on any contract anniversary, your contract's accumulation value exceeds your simple withdrawal value, the simple withdrawal value will be "stepped up" to equal the accumulation value. Under income option 1, once you begin taking lifetime income withdrawals, if the accumulation value multiplied by your payment percentage exceeds your current maximum withdrawal amount, your income payment automatically increases, as long as you took the maximum withdrawal amount during the prior contract year.

Purchasing an annuity within a retirement plan that provides tax deferral under sections of the Internal Revenue Code results in no additional tax benefit. An annuity should be used to fund a qualified plan based upon the annuity's features other than tax deferral. All annuity features, risks, limitations, and costs should be considered prior to purchasing an annuity within a tax-qualified retirement plan.



Make planning for retirement a little easier with a simple and flexible income rider.

The Simple Income III Rider may be a good choice if you want the simplicity of annual bonuses, and the flexibility of choosing between a predictable lifetime income withdrawal, one that has the potential to increase year after year, or one that can help protect your retirement income from the effects of inflation.

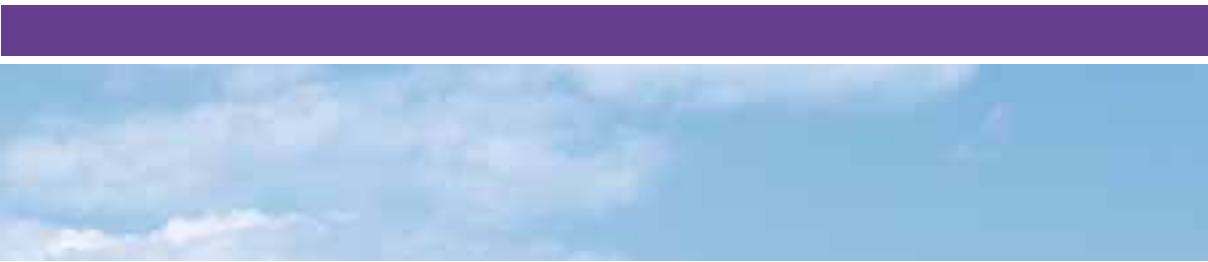
Talk to your financial professional about the **Simple Income III Rider** and how it can help meet your financial needs.

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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 2.6 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 pride ourselves on our financial strength, we're made of much more than our balance sheet. We believe in making a difference with our clients by being true to our commitments and keeping our promises. People rely on Allianz today and count on us for tomorrow – when they need us most.

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

Product and feature availability may vary by state and broker/dealer.

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