



Simple Income II Rider

Retirement income that's simply predictable

Allianz Life Insurance Company of North America



From our global parent ...

We are part of Allianz SE, one of the world's largest integrated financial services organizations. Founded in 1890 in Germany, Allianz SE has more than 80 million customers in about 70 countries, and is the world's 14th largest company¹ and 3rd largest money manager.²

... to our American family.

As a leading provider of annuities, life insurance, and long term care insurance, Allianz Life Insurance Company of North America (Allianz) has over 1.2 million customers and has been rated A (Excellent) by A.M. Best.³

We're proud to be associated with the other Allianz SE companies in North America, including Fireman's Fund® and Allianz Global Investors. Fireman's Fund has been selling insurance for more than 140 years, and Allianz Global Investors is a network of companies that includes: PIMCO, Nicholas-Applegate Capital Management, and Oppenheimer Capital.

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

¹ "Forbes Global 2000," *Forbes*, April 21, 2008. *Forbes'* ranking is based on a composite of sales, profits, assets, and market value.

² "The P&I/Watson Wyatt 500: World's Largest Managers," *Pensions & Investments*, October 13, 2008 (www.pionline.com).

³ The A.M. Best rating of A (Excellent) is the 3rd highest out of 16 possible ratings, and is effective as of December 2008. These independent agency ratings are based on an analysis of financial results and evaluation of management objectives and strategies. The ratings do not indicate approval by the analysts and are subject to change.

Other information is accurate as of December 8, 2008.





 Oppenheimer Capital

P I M C O



 Fireman's FundSM
Insurance Company

A company of Allianz 

1890	1895	1932	1972	1979	2000	Today
Founded in Germany	Listed on Berlin Stock Exchange	Establishes Allianz Center for Technology	Enters North American market	Acquires 80-year-old business to become Allianz Life Insurance Company of North America (formerly North American Life & Casualty Company)	Allianz SE added to the New York Stock Exchange	14 th largest corporation, 3 rd largest money manager
						

How will you get paid in retirement?

The answer can be simple.

The assurance of steady income doesn't have to stop when you retire. The Simple Income II Rider is designed for people who want to receive lifetime income. It offers simplicity, flexibility, predictability and the opportunity for increasing income payments.

It's **simple** because it credits a simple bonus to your simple withdrawal value at the end of each contract year. It's also **flexible** because when you are ready to start your lifetime income payments, you can choose between two 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.

The Simple Income II Rider is optional when you purchase an eligible Allianz annuity and is available for an annual cost of 0.60% of the simple withdrawal value.

Simplicity

The beauty of the Simple Income II 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 base contract. 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.

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



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

Flexibility

When you are ready to begin lifetime income you have the flexibility to decide between a steady, predictable income payment or one that has the potential to grow. 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 offers a smaller payment up front, but has the potential to increase each year by the interest rate credited to your allocation options in your base contract. On every contract anniversary, your maximum withdrawal amount (income payment) will be recalculated to reflect any positive changes in the selected allocations.

With either option, your maximum income payment is a percentage of your simple withdrawal value that is based on your age when payments begin. Your payment is guaranteed for as long as you live.

Predictable payments – Income option 1

In this hypothetical example, let's assume "Paul," who is 60 years old, purchases an Allianz annuity. He adds the Simple Income II Rider, which guarantees him a simple bonus at the end of every contract year until he starts taking income payments. Paul doesn't plan on taking income until he retires in five years at age 65.

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%

Paul is ready to start his income payments five years later at age 65 and decides to choose income option 1. Let's assume his simple withdrawal value is \$148,000. His payment would be based on \$148,000 and he would receive \$7,400 (5.0%) every year for the rest of his life.

Years until income payments begin	Simple withdrawal value	Age when income payments begin – annual maximum income payment			
		(50-59)	(60-69)	(70-79)	(80-90)
5	\$148,000	\$6,660	\$7,400	\$8,140	\$8,880

Payments that can increase – Income option 2

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%

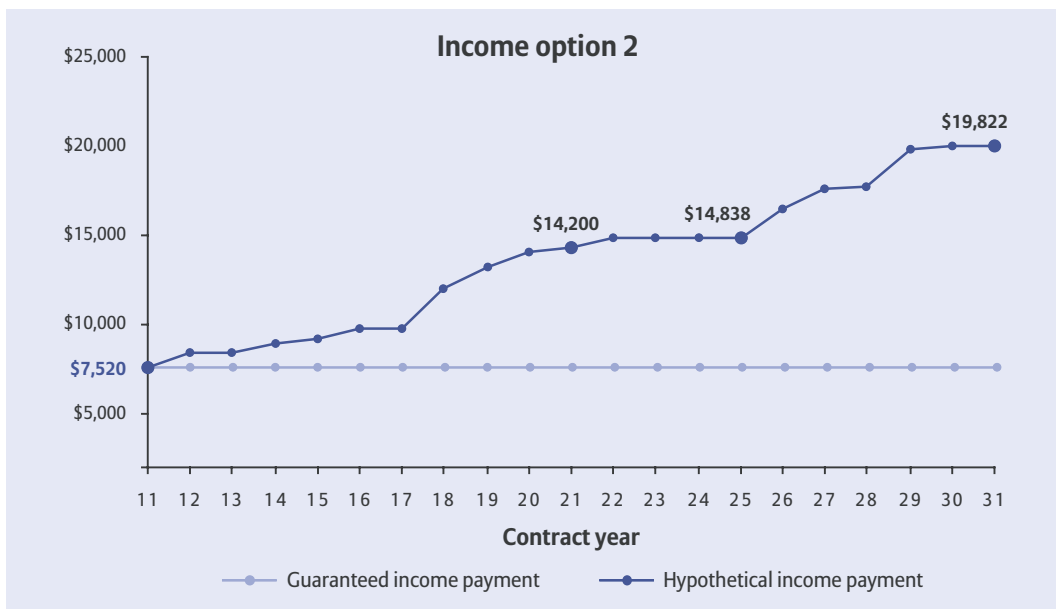
Payments for the joint lives of two spouses – based on the age of the younger spouse at the time income payments begin				
Age	50-59	60-69	70-79	80-90
Pmt %	3.00%	3.50%	4.00%	4.50%

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 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.

Rose starts her income payments 10 years after she buys her annuity, at age 60. Let's assume her payment will start at \$7,520, which is 4% of a hypothetical \$188,000 simple withdrawal value. On each contract anniversary, her annual maximum income payment 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 II Rider were available during the time period shown and both were issued on 1/1/1979 at the age of 50.
- The contract was held for 10 years before Rose started income payments and 100% of the money was allocated to the S&P 500 during the time period shown.
- The monthly sum crediting method was selected with a hypothetical monthly cap of 2.5%, and no withdrawals were taken prior to starting lifetime income on 1/1/1989.
- 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, and the indexes and crediting method chosen.



Based on this hypothetical example, if the indexed interest rate was zero in all years, the guaranteed annual income payment would have stayed at \$7,520.

By her 10th year of taking income, Rose's maximum withdrawal amount or income payment would have increased to \$14,200. By the 20th year of taking income, her payment would have grown to \$19,822. And even if the market declines, as in years 22 through 25, Rose's payment would not decrease. Her payment always has the potential to increase, but it will never go down!

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

Additional features of the Simple Income II Rider

Withdrawals

If you need to take a withdrawal, including required minimum distributions (RMDs), you can do so according to the terms of your base contract. 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.

Cumulative withdrawals

Once you begin taking lifetime income payments, you can choose to take less than your maximum 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. This feature allows you to take any or all of that remainder at any time.

Should you pass away, your beneficiary will receive the cumulative withdrawal value if it is greater than the death benefit in your base contract.

"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. Once you begin taking lifetime income payments, 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.

Questions and answers

Can I add premium to my annuity?

If your base contract allows, you may add premium to your annuity. 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 payments.

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 II Rider?

The annual cost of the rider is 0.60% of your simple withdrawal value. One-twelfth of this charge is automatically deducted each month from your annuity's accumulation value. The rider charge will continue for the life of the contract, even if you have begun receiving lifetime income payments and are no longer receiving the simple bonus.

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 II Rider may be a good choice if you want the simplicity of annual bonuses, and the flexibility of choosing between a predictable lifetime income payment or one that has the potential to increase year after year.



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

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

Agent name _____

License number _____

Email _____

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

Product availability and features may vary by state.

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