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Allianz

Allianz Endurance 15℠ Annuity
Statement of Understanding

Thank you for considering the Allianz Endurance 15 Annuity. We want to be sure that you are aware of the features, benefits, costs, and risks associated with the purchase of your contract.

Please read the following summary. If you need additional clarification of any of the items listed below, please refer to the annuity contract.

Once you have read this summary, please sign the last page to confirm you understand the contract you are considering.

How does Allianz Endurance 15 work?

Allianz Endurance 15 is a fixed index insurance product. This means interest may be credited to your annuity's value based on the performance of one or more nationally recognized market indexes.

You can choose to earn interest credits based on the S&P 500®, the Nasdaq-100®, the FTSE 100, or a blended index option that contains a predefined mix of domestic and international equity indexes along with a bond index.

How do I choose – and change – the way my annuity's value is allocated?

You can allocate all of your money to any of the index options mentioned above. If you prefer you can designate all of your premium to earn fixed interest. In addition, when you purchase your annuity you can also divide its value and allocate it (in 1% increments) to any combination of these options.

Shortly after each contract anniversary you will receive an annual report. It will include a form that allows you to change your current allocations. If that is your intention, you must complete the allocation change form and return it to the Home Office within 21 days of your contract anniversary. This will lock in your request and determine how your contract values are allocated over that contract year. If the form is not received within 21 days of your contract anniversary, your changes will not take effect until the next contract anniversary.

Assuming I choose the fixed interest option, how is fixed interest calculated and credited to my contract?

If you don't want your potential interest credits to be based solely on index changes, the Allianz Endurance 15 Annuity allows you to allocate, or designate, some or all of your annuity's value to a fixed interest option. This fixed interest option credits your contract with predictable interest based on rates we establish that are not based on a market index. Your initial interest rate is guaranteed for the first contract year. We can change the interest rate each contract year thereafter, but we guarantee it will be no less than 1.5% in all contract years. Your fixed interest is calculated and credited daily.

Assuming I allocate my money to an index option, how is interest calculated and credited to my contract?

If you choose the S&P 500, Nasdaq-100, or FTSE 100 option(s), you can choose either annual point-to-point, monthly sum, or monthly average as your crediting method (or you can allocate some of your money to each crediting method). The blended index option is only available with the annual point-to-point and monthly average crediting methods.

Can you describe how annual point-to-point crediting works?

With annual point-to-point crediting, we capture the value of each index on the last business day before your contract is issued. We then capture it exactly one year later (and then on the last business day before each subsequent contract anniversary). We take the current year's index value and subtract the prior year's index value to determine how much the index has changed over that contract year. We then divide that difference by the prior year's index value, to determine the percentage of change that took place during the contract year.

As long as the percentage of change for an index does not exceed its stated annual cap (which we will define later), the indexed interest rate we will credit to your contract will be equal to the year's full percentage of change. If the percentage of change is greater than the annual cap, the annual cap percentage will be the indexed interest rate we will credit to your contract. If the percentage of change for an index is negative, the portion of your contract value allocated to that index option will not lose any value, but it will receive no indexed interest for that year.

Now can you describe monthly sum crediting?

We again start by capturing the value of each index on the last business day before your contract is issued. With monthly sum crediting, however, we capture the index value 12 more times each year, on the last business day before each of your contract's "monthiversaries." If your contract is dated the 14th of the month, for example, your monthiversary will be the 14th of every month throughout the life of your contract.

Each month, we take the current month's index value and subtract the previous monthiversary's index value. We then divide the difference (either positive or negative) by the previous month's index value. This determines the monthly return. For any month in which the monthly return exceeds the monthly cap for that index, the monthly cap percentage will be used to calculate the indexed interest rate you will receive. At the end of each contract year, we total these 12 monthly percentages (whether positive or negative) to determine the indexed interest rate we will credit to your contract for the year.

If the 12 monthly percentages for an index add up to a negative percentage, the portion of your contract value allocated to that index option will not lose any value, but it will receive no indexed interest for that year.

Can you describe how monthly average crediting works?
As is the case with monthly sum crediting, we start by capturing the value of each index on the last business day before your contract is issued. We then capture the index value 12 more times each year, on the last business day before each of your contract's monthiversaries. These 12 values are then added together, and divided by 12. We take this average and subtract the starting index value, then divide that difference by the starting index value to determine the percentage of change that took place during the contract year. Finally we subtract a spread (which we'll define later) from the percentage of change. If still positive, this is the indexed interest rate we will credit to your contract value for that contract year. If the result is negative, the portion of your contract value allocated to that index option will not lose any value, but it will receive no indexed interest for that year.

What are caps and spreads, and how do they affect my contract's potential growth?
A cap is a preset limit on the percentage of indexed growth that we use in calculating any indexed interest rate we credit to your contract each year. With annual point-to-point crediting, we apply an annual cap. If the percentage of change for an index during a contract year exceeds its annual cap, the annual cap percentage is the indexed interest rate you will receive. With monthly sum crediting, we apply a monthly cap. If the monthly return for an index during a contract month exceeds its monthly cap, the monthly cap percentage is used to calculate the indexed interest rate you will receive.

For monthly average crediting, there is no cap, but there is a spread. A spread is a preset deduction from the percentage of indexed growth that we use to calculate the indexed interest rate we credit to your contract each year. We subtract a spread from the percentage of change to determine the indexed interest rate you will receive.

Annual caps, monthly caps, and spreads for the first contract year are established when you purchase your contract. We may change these caps and spreads on each contract anniversary for the coming contract year. Annual caps will never be less than 3%. Monthly caps will never be less than 1.25%. Spreads will never be more than 8%.

Can I see how these three crediting methods could work?

Shown below are historical S&P 500 index values taken from three recent years. Each year was selected because it showcases the difference in hypothetical indexed interest rates calculated using the three crediting methods.

In each year we sample, one of the crediting methods outperforms the other two. So it is apparent that **no single crediting method offers superior performance under all market index conditions.**

For each of the years shown, we illustrate two columns of hypothetical values. The first column illustrates minimum values the annuity would have guaranteed if its caps and spread were at their "worst case" levels.

The column to the right shows values the annuity would have generated at hypothetical (nonguaranteed) caps and spread.

Monthly average crediting would have produced the greatest growth in 1998:

End of month	S&P 500 index value	Monthly return	Capped at 1.25%	Capped at 2.80%
Dec	*970.43*	–	–	–
Jan	980.28	1.02%	1.02%	1.02%
Feb	1049.34	7.04%	1.25%	2.80%
Mar	1101.75	4.99%	1.25%	2.80%
Apr	1111.75	0.91%	0.91%	0.91%
May	1090.82	-1.88%	-1.88%	-1.88%
Jun	1133.84	3.94%	1.25%	2.80%
Jul	1120.67	-1.16%	-1.16%	-1.16%
Aug	957.28	-14.58%	-14.58%	-14.58%
Sep	1017.01	6.24%	1.25%	2.80%
Oct	1098.67	8.03%	1.25%	2.80%
Nov	1163.63	5.91%	1.25%	2.80%
Dec	1229.23	5.64%	1.25%	2.80%
Average	1087.86	**Sum**	-6.95%	3.90%

If you had selected annual point-to-point crediting:	At 3% cap	At 7% cap
Beginning year index value:	970.43	970.43
Ending index value:	1229.23	1229.23
Percentage of change:	26.67%	26.67%
Indexed interest rate:	**3.00%**	**7.00%**
If you had selected monthly sum crediting:	At 1.25% cap	At 2.8% cap
Sum of capped monthly returns:	-6.95%	3.90%
Indexed interest rate:	**0.00%**	**3.90%**
If you had selected monthly average crediting:	At 8% spread	At 1.25% spread
Beginning year index value:	970.43	970.43
Average index value:	1087.86	1087.86
Percentage of change:	12.10%	12.10%
Indexed interest rate:	**4.10%**	**10.85%**

Monthly sum crediting would have produced the greatest growth in 2004:

End of month	S&P index value	Monthly return	Capped at 1.25%	Capped at 2.80%
Dec	*1111.92*	–	–	–
Jan	1131.13	1.73%	1.25%	1.73%
Feb	1144.94	1.22%	1.22%	1.22%
Mar	1126.21	-1.64%	-1.64%	-1.64%
Apr	1107.30	-1.68%	-1.68%	-1.68%
May	1120.68	1.21%	1.21%	1.21%
Jun	1140.84	1.80%	1.25%	1.80%
Jul	1101.72	-3.43%	-3.43%	-3.43%
Aug	1104.24	0.23%	0.23%	0.23%
Sep	1114.58	0.94%	0.94%	0.94%
Oct	1130.20	1.40%	1.25%	1.40%
Nov	1173.82	3.86%	1.25%	2.80%
Dec	1211.92	3.25%	1.25%	2.80%
Average	1133.97	**Sum**	3.10%	7.38%

If you had selected annual point-to-point crediting:	At 3% cap	At 7% cap
Beginning year index value:	1111.92	1111.92
Ending index value:	1211.92	1211.92
Percentage of change:	8.99%	8.99%
Indexed interest rate:	**3.00%**	**7.00%**
If you had selected monthly sum crediting:	At 1.25% cap	At 2.8% cap
Sum of capped monthly returns:	3.10%	7.38%
Indexed interest rate:	**3.10%**	**7.38%**
If you had selected monthly average crediting:	At 8% spread	At 1.25% spread
Beginning index value:	1111.92	1111.92
Average index value:	1133.97	1133.97
Percentage of change:	1.98%	1.98%
Indexed interest rate:	**0.00%**	**0.73%**

Annual point-to-point crediting would have produced the greatest growth in 2005:

End of month	S&P 500 index value	Monthly return	Capped at 1.25%	Capped at 2.80%
Dec	*1211.92*	–	–	–
Jan	1181.27	-2.53%	-2.53%	-2.53%
Feb	1203.60	1.89%	1.25%	1.89%
Mar	1180.59	-1.91%	-1.91%	-1.91%
Apr	1156.85	-2.01%	-2.01%	-2.01%
May	1191.50	3.00%	1.25%	2.80%
Jun	1191.33	-0.01%	-0.01%	-0.01%
Jul	1234.18	3.60%	1.25%	2.80%
Aug	1220.33	-1.12%	-1.12%	-1.12%
Sep	1228.81	0.69%	0.69%	0.69%
Oct	1207.01	-1.77%	-1.77%	-1.77%
Nov	1249.48	3.52%	1.25%	2.80%
Dec	1248.29	-0.09%	-0.09%	-0.09%
Average	1207.77	**Sum**	-3.76%	1.53%

If you had selected annual point-to-point crediting:	At 3% cap	At 7% cap
Beginning year index value:	1211.92	1211.92
Ending index value:	1248.29	1248.29
Percentage of change:	3.00%	3.00%
Indexed interest rate:	**3.00%**	**3.00%**
If you had selected monthly sum crediting:	At 1.25% cap	At 2.8% cap
Sum of capped monthly returns:	-3.76%	1.53%
Indexed interest rate:	**0.00%**	**1.53%**
If you had selected monthly average crediting:	At 8% spread	At 1.25% spread
Beginning year index value:	1211.92	1211.92
Average index value:	1207.77	1207.77
Percentage of change:	-0.34%	-0.34%
Indexed interest rate:	**0.00%**	**0.00%**

How is interest calculated for the blended index option?

The blended index option is made up of multiple market indexes in fixed percentages, or weights, that will not change during the life of your contract. The indexes (and their weights) are as follows: Dow Jones Industrial Average (35%), Lehman Brothers U.S. Aggregate Index (35%), FTSE 100 Index (20%), and Russell 2000 (10%). To calculate the indexed interest rate for the blended index, the percentage of change for each index in the blend is calculated using either the annual point-to-point or the monthly average methods we described previously, and then the percentages are combined according to the weight of each index.

The hypothetical example below shows how the indexed interest rate for the blended index option would be calculated.

	Beginning index value	Ending or average index value	Percentage of change	Weight	Weighted percentage of change
Index 1	2422.70	2589.00	6.864%	X35%	= **2.402%**
Index 2	53.65	62.00	15.564%	X35%	= **5.447%**
Index 3	2753.20	2633.66	-4.342%	X20%	= **-0.868%**
Index 4	168.31	189.00	12.293%	X10%	= **1.229%**

In this example, the sum of the four bold weighted percentages of change = 8.21%.

Note that, for the annual point-to-point method, an annual cap is applied to the sum of the weighted percentages of change, not to each individual weighted percentage of change. As long as the sum of the weighted percentages of change for the blended index option does not exceed its stated annual cap, the indexed interest rate we will credit to your contract under the annual point-to-point crediting method will be equal to the year's full weighted percentage of change. If the sum of the weighted percentages of change for the blended index option exceeds the annual cap, the annual cap percentage is the indexed interest rate you will receive under that method. If the sum of the weighted percentages of change is a negative percentage, the portion of your contract value allocated to that index option will not lose any value, but it will receive no indexed interest for that year. For the monthly average crediting method, we will credit the year's full weighted percentage of change minus the spread. If the result after subtracting the spread is negative, the portion of your contract value allocated to that index option will not lose any value, but it will receive no indexed interest for that year.

Can my annuity's value go down due to losses in the index(es) I choose?

No. If the index(es) suffer a loss in any given year, your principal (the money you put into the annuity) is protected. Any interest – fixed or indexed – that has been previously credited is also safe from index losses. However, your annuity's value will be affected by when – and how – you decide to take money out of the contract.

Although an external index may affect your contract values, the contract does not directly participate in any stock or investments. You are not buying any bonds, shares of stock, or shares of an index. The market index value does not include the dividends paid on the stocks underlying a stock index. These dividends are also not reflected in the interest credited to your contract.

Does this annuity have a participation rate?

Yes. The participation rate determines how much of the index return for an index option will be used to calculate the interest that is credited to your contract. The participation rate is 100% and is guaranteed for the life of the contract. Keep in mind, the amount of any gains allowed by your participation rate will still be subject to the cap(s) for your selected index(es).

How will I know the value of my annuity contract?

The first thing you should know is that, throughout the life of your annuity contract, Allianz Endurance 15℠ Annuity will actually have **four separate values**. Access to each of these values depends on when – and how – you take money out of the annuity. Those values are the:

- Accumulation value
- Enhanced Withdrawal Benefit (EWB) value
- Cash surrender value
- Guaranteed minimum value

Accumulation value. The accumulation value equals the premium you pay into the contract plus any interest credits earned. Withdrawals and any applicable surrender charges will decrease your contract's accumulation value.

Enhanced Withdrawal Benefit value. The Enhanced Withdrawal Benefit value equals the premium you pay into the contract plus a 15% premium bonus. This sum earns an enhanced interest rate that is 110% of the rate credited to the accumulation value. This will be your contract's highest value. It is available after 10 contract years and you must exercise one of the two Enhanced Withdrawal Benefit options to receive it.

Cash surrender value. The cash surrender value is your accumulation value minus any applicable surrender charge. The surrender charge applies during the first 10 contract years and may result in a partial loss of premium and the loss of some or all of your interest credits earned previously. We discuss surrender charges later.

Guaranteed minimum value. In addition to the three values mentioned directly above, we are required by law to provide a guaranteed minimum value with all fixed annuities.

The guaranteed minimum value will generally be your lowest contract value. You would receive your contract's guaranteed minimum value only if it were higher than your contract's cash surrender value described above. The guaranteed minimum value equals 90% of your total premium, minus any withdrawals, growing at an annual interest rate no less than 1.5% nor greater than 3%, depending on your selection of indexed and/or fixed interest allocation options.

Can you tell me more about the annuity's Enhanced Withdrawal Benefit value?

Allianz Endurance 15 Annuity was designed to reward contract owners who leave their money in the annuity through at least 10 contract years, and then receive the annuity's value in enhanced withdrawal payments. Clients who choose this course of action can receive an enhanced – or increased – value for the money they commit to the annuity.

This Enhanced Withdrawal Benefit (EWB) value adds a 15% bonus to all premium paid into the contract during the first three contract years. The EWB value can then grow at an enhanced rate that is 110% of the rate credited to the accumulation value (for both fixed and potential indexed interest), for 10% greater growth potential.

Can I see an illustration of the various values associated with my annuity?

The following tables show hypothetical values for an Allianz Endurance 15[SM] Annuity that was purchased with an initial premium of $100,000, with 100% allocated to an index option with annual point-to-point crediting, a guaranteed minimum value interest rate of 1.5%, and no additional premium payments. Table 1 shows an assumed cap of 7.75%, Table 2 shows the minimum guaranteed cap of 3%. You can track the changes in the $100,000 initial premium as it is impacted by the hypothetical changes in the index.

Notice the relationship between the accumulation value and the cash surrender value. You can see that once the contract has completed its 10-year surrender charge period, its accumulation value and cash surrender value are identical. That means that anytime after your tenth contract anniversary, you would be free to cancel your contract and receive your entire accumulation value. The guaranteed minimum value is also listed for your reference.

Also, note the relationship between the accumulation value and the Enhanced Withdrawal Benefit. You can see the effect of the 15% bonus in the first contract year as well as the continuing positive impact the enhanced interest rate can have on the Enhanced Withdrawal Benefit for all contract years. While the EWB is 15% greater in year one, by the end of year 10 the effect of the annually compounding Enhanced Interest Rate has led to an Enhanced Withdrawal Benefit value that is 20% greater than the accumulation value.

Table 1 (Assumes 7.75% cap)

End of contract year	Annual index return	Annual interest rate	Accumulation value	Surrender charge	Cash surrender value	Guaranteed minimum value	Enhanced interest rate	Enhanced Withdrawal Benefit value
Issue			$100,000	9.10%	$ 90,900	$ 90,000		$115,000
1	2.0%	2.00%	$102,000	8.19%	$ 93,646	$ 91,350	2.20%	$117,530
2	15.0%	**7.75%**[1]	$109,905	7.28%	$101,904	$ 92,720	8.53%	$127,549
3	11.0%	**7.75%**[1]	$118,423	6.37%	$110,879	$ 94,111	8.53%	$138,423
4	4.0%	4.00%	$123,160	5.46%	$116,435	$ 95,523	4.40%	$144,514
5	5.0%	5.00%	$129,318	4.55%	$123,434	$ 96,956	5.50%	$152,462
6	-2.0%	0.00%	$129,318	3.64%	$124,610	$ 98,410	0.00%	$152,462
7	-8.0%	0.00%	$129,318	2.73%	$125,787	$ 99,886	0.00%	$152,462
8	7.0%	7.00%	$138,370	1.82%	$135,851	$101,384	7.70%	$164,201
9	12.0%	**7.75%**[1]	$149,093	0.91%	$147,737	$102,905	8.53%	$178,200
10	-7.0%	0.00%	$149,093	0.00%	$149,093	$104,449	0.00%	$178,200

[1] In years 2, 3, and 9, the annual index return exceeds the assumed annual cap. Therefore, the annual index rate in each of those years is equal to the cap of 7.75%.

Table 2 (Assumes minimum 3% cap)

End of contract year	Annual index return	Annual interest rate	Accumulation value	Surrender charge	Cash surrender value	Guaranteed minimum value	Enhanced interest rate	Enhanced Withdrawal Benefit value
Issue			$100,000	9.10%	$ 90,900	$ 90,000		$115,000
1	2.0%	2.00%	$102,000	8.19%	$ 93,646	$ 91,350	2.20%	$117,530
2	15.0%	**3.00%**[1]	$105,060	7.28%	$ 97,412	$ 92,720	3.30%	$121,408
3	11.0%	**3.00%**[1]	$108,212	6.37%	$101,319	$ 94,111	3.30%	$125,415
4	4.0%	**3.00%**[1]	$111,458	5.46%	$105,373	$ 95,523	3.30%	$129,554
5	5.0%	**3.00%**[1]	$114,802	4.55%	$109,578	$ 96,956	3.30%	$133,829
6	-2.0%	0.00%	$114,802	3.64%	$110,623	$ 98,410	0.00%	$133,829
7	-8.0%	0.00%	$114,802	2.73%	$111,668	$ 99,886	0.00%	$133,829
8	7.0%	**3.00%**[1]	$118,246	1.82%	$116,094	$101,384	3.30%	$138,245
9	12.0%	**3.00%**[1]	$121,793	0.91%	$120,685	$102,905	3.30%	$142,807
10	-7.0%	0.00%	$121,793	0.00%	$121,793	$104,449	0.00%	$142,807

[1] In years 2, 3, 4, 5, 8, and 9, the annual index return exceeds the minimum guaranteed annual cap. Therefore, the annual index rate in each of those years is equal to the cap of 3%.

I see there is a surrender charge. What is it?

The surrender charge is the penalty you pay to surrender (cancel) or withdraw all or part of your contract during the first 10 contract years.

The surrender charge starts at 9.1% of the contract's accumulation value, then beginning in contract year four it decreases by .0758% at the beginning of each contract month. On the first day of contract year 11 it will decrease to zero.

This chart details the surrender charges during the first 10 contract years for any withdrawals that are subject to a penalty. If you take a full or partial withdrawal that is subject to a penalty during this time, we will apply the surrender charge shown to your withdrawal.

Beginning contract year	1	2	3	4	5	6	7	8	9	10	11+
Surrender charge %	9.10	8.19	7.28	6.37	5.46	4.55	3.64	2.73	1.82	0.91	0.00

How do I avoid surrender charges?

After 10 contract years you will avoid surrender charges, and you can take your full accumulation value as a lump sum. During the surrender charge period, you can also take penalty-free withdrawals (which are described later) from your contract, and no surrender charges or other contract penalties will apply. Even after the surrender charge period has expired, proportionate reductions to the remaining Enhanced Withdrawal Benefit value and future enhanced withdrawals will still apply if you take a partial surrender that is not penalty-free. Regardless of whether a withdrawal is penalty-free or subject to a surrender charge and/or other contract penalty, however, any time you take a withdrawal from your annuity it may be subject to taxes (which are discussed later).

Can I take money out of my annuity without incurring contract penalties?

Yes. We offer a variety of ways you can get some of your money out of your annuity without incurring surrender charges to the accumulation value or proportionate reductions to the Enhanced Withdrawal Benefit value (and future enhanced withdrawal payments). These options include:

- Penalty-free partial withdrawals (before you begin receiving enhanced withdrawal payments)
- Contract loans
- Required minimum distributions
- Our Nursing Home Benefit

How can I take a penalty-free partial withdrawal from my contract before I begin taking enhanced withdrawals?

Our penalty-free partial withdrawal option is one way you can access a portion of your contract's value without incurring a surrender charge or proportionate reduction. To be penalty-free, a withdrawal must meet all four of the following conditions:

- The withdrawal must not exceed 10% of your total premium paid.
- The withdrawal must be taken after the contract anniversary following your most recent premium.
- The withdrawal must be taken before you select one of the two Enhanced Withdrawal Benefit options.

A penalty-free withdrawal will reduce your guaranteed minimum value, accumulation value, and Enhanced Withdrawal Benefit value by the amount withdrawn. A penalty-free partial withdrawal is eligible to receive interest at the end of the contract year it is taken. This interest is based on the annual interest rate and the amount of time during that year before the free withdrawal was taken. If you select one of the two Enhanced Withdrawal Benefit options, those withdrawals will also be considered penalty-free withdrawals.

How can I take a penalty-free partial withdrawal from my contract?

A penalty-free partial withdrawal will not be subject to a surrender charge, although taxes and tax penalties may apply. A penalty-free partial withdrawal will reduce each of your guaranteed minimum value and accumulation value by the partial withdrawal amount. If the partial withdrawal is not penalty-free, your guaranteed minimum value will be reduced by the partial withdrawal amount and your accumulation value will be reduced by the partial withdrawal amount and any associated surrender change.

To be penalty-free, a partial withdrawal must meet all of the following conditions:

- The partial withdrawal must be taken after the contract anniversary following your most recent premium; and
- The cumulative partial withdrawal amount within a contract year must not exceed 10% of your total premium paid.

We will recalculate any penalty-free partial withdrawal as if it were not penalty-free under certain conditions. We will make this recalculation if, within a contract year after you take a penalty-free partial withdrawal:

- You request a full surrender; or
- You send us additional premium.

Penalty-free partial withdrawals from index allocations are eligible to receive interest at the end of the contract year the withdrawals were taken. This interest is based on the indexed interest rate and the amount of time during that year before each free withdrawal was taken.

I understand I may have to take required minimum distributions someday. Does my annuity allow these?

Based on your age (usually 70½ or older) and the tax designation of your contract (IRA, SEP, etc.) you may have to take minimum distribution payments. If they are taken annually in December or monthly throughout the year, required minimum distributions (RMDs) are penalty-free, although they will reduce or eliminate the amount available for other penalty-free withdrawals. You may not exceed the annual RMD amount specified by the IRS, which will be based on your age and the value of your contract. Allianz will only send a required minimum distribution for the contracts you have with us, and only if you request that we do so.

How can your Nursing Home Benefit help me access my money without surrender charges or other contract penalty?

After the first contract anniversary, if you are the contract owner and you become confined to a nursing home for 30 out of 35 consecutive days, your full accumulation value can be paid to you as annuity payments over as little as five years.

How do I receive the full value of my Enhanced Withdrawal Benefit?

If you die before traditional annuity payments have begun, whether or not you are receiving enhanced withdrawals, we will pay the remaining accumulation value to your beneficiaries as a death benefit if they choose to receive a single payment. If your beneficiaries choose to receive the death benefit as annuity payments over at least a five year period, we will base the payments on any remaining Enhanced Withdrawal Benefit value instead.

What are my options for receiving payments of the Enhanced Withdrawal Benefit value?

Option I: Scheduled Withdrawals – With this withdrawal option, you can choose to receive a withdrawal from your annuity's Enhanced Withdrawal Benefit value each year, up to a specified maximum amount. The maximum amount of your first withdrawal is 10% of the Enhanced Withdrawal Benefit value. Each year after that, both the maximum withdrawal amount and the remaining Enhanced Withdrawal Benefit value can increase by earning the enhanced interest rate. Scheduled withdrawals will reduce the accumulation value and Enhanced Withdrawal Benefit value dollar-for-dollar. If you take more than the maximum annual withdrawal while you are receiving scheduled withdrawals, the additional withdrawal will reduce the annuity's accumulation value dollar-for-dollar; however, the Enhanced Withdrawal Benefit value and your maximum withdrawal amount will be reduced proportionately by the percentage of accumulation value withdrawn. Scheduled withdrawals will continue until your annuity's Enhanced Withdrawal Benefit value has been exhausted.

On each contract anniversary, you can change the frequency with which you receive scheduled withdrawals (monthly, quarterly, semiannually, or annually), as well as the amount you will receive the next year (as long as it is not greater than the maximum withdrawal amount). On any contract anniversary after you begin receiving scheduled withdrawals (as long as you are at least age 60 but no older than age 90), you also have the option to apply any remaining Enhanced Withdrawal Benefit value to Option II, lifetime withdrawals.

Option II: Lifetime Withdrawals – With this withdrawal option, you will receive payments based on your Enhanced Withdrawal Benefit value for the rest of your life, even if your accumulation value is completely exhausted. Unlike Option I, which has no age requirements, you must be at least age 60 but no older than age 90 in order to select this option.

This means that if you are younger than age 50 when your contract is issued you may have to hold your contract for more than 10 years in order to select this option.

At the time you select this option, the withdrawal amount for the first year will be a percentage of the Enhanced Withdrawal Benefit value. The percentage depends on your age at the beginning of the contract year that you select lifetime withdrawals. The table below shows the percentages for different ages.

Age at selection of lifetime withdrawals	Percent of Enhanced Withdrawal Benefit value available for lifetime withdrawals in the first year of payments
60-69	5%
70-79	6%
80-90	7%

Your lifetime payments will never decrease (unless you take an additional withdrawal). Every year, the amount of your lifetime withdrawals for the following year can increase by earning the enhanced interest rate. Once you elect to take lifetime withdrawals, the Enhanced Withdrawal Benefit value is no longer available for scheduled withdrawals under Option I. On each contract anniversary, you can change the frequency of future lifetime withdrawal payments. **Once lifetime withdrawals have been selected, you cannot stop your payments.** You can always cancel your contract by taking the full amount of remaining accumulation value.

Lifetime withdrawals will reduce the accumulation value dollar-for-dollar. If you take an additional withdrawal while you are receiving lifetime withdrawals, your accumulation value will be reduced by the amount that is withdrawn. In addition, your future lifetime withdrawals will be reduced proportionally.

If two married spouses are joint owners of the annuity, lifetime withdrawals can continue for the lifetimes of both spouses, so long as both are at least age 60 and no older than age 90 at the time payments begin. The initial payment percentage will be based on the age of the younger joint owner at the beginning of the selection year. The percentages for joint withdrawals are 0.5% lower than those shown in the chart above.

Can I see examples of the Enhanced Withdrawal Benefit payments?

The following hypothetical examples show the first 10 years of payments under both Enhanced Withdrawal Benefit options. For Option I, the scheduled withdrawal is equal to the maximum withdrawal in each year. For Option II, the lifetime withdrawal percentage equals five percent. The assumed accumulation value and Enhanced Withdrawal Benefit value at the end of contract year 10, when withdrawal payments are assumed to begin, are taken from Table 1 and Table 2. The other assumptions used with Table 1 and Table 2 (including allocation to an index option with a 7.75% annual cap and 3% annual cap) continue to apply.

Assumes 7.75% cap

End of contract year	Annual index return	Annual interest rate
10		
11	10.0%	7.75%
12	-5.0%	0.00%
13	-1.0%	0.00%
14	11.0%	7.75%
15	13.0%	7.75%
16	3.0%	3.00%
17	5.0%	5.00%
18	-2.0%	0.00%
19	-6.0%	0.00%
20	6.0%	6.00%

Option I: Scheduled withdrawals

Accumulation value	Scheduled withdrawal payment	Enhanced interest rate	Enhanced withdrawal value
$149,093			$178,200
$141,447	$17,820	8.53%	$174,052
$122,108	$19,339	0.00%	$154,713
$102,769	$19,339	0.00%	$135,374
$ 89,896	$19,339	8.53%	$125,927
$ 74,248	$20,988	8.53%	$113,885
$ 53,015	$22,777	3.30%	$ 94,114
$ 30,961	$23,529	5.50%	$ 74,468
$ 6,138	$24,823	0.00%	$ 49,645
	$24,823	0.00%	$ 24,823
	$24,823	6.60%	

Option II: Lifetime withdrawals

Accumulation value	Lifetime withdrawal payment	Enhanced interest rate
$149,093		
$151,048	$ 8,910	8.53%
$141,378	$ 9,670	0.00%
$131,709	$ 9,670	0.00%
$131,497	$ 9,670	8.53%
$130,381	$10,494	8.53%
$122,562	$11,388	3.30%
$116,338	$11,764	5.50%
$103,926	$12,411	0.00%
$ 91,515	$12,411	0.00%
$ 83,850	$12,411	6.60%

Assumes minimum 3% cap

End of contract year	Annual index return	Annual interest rate
10		
11	10.0%	3.00%
12	-5.0%	0.00%
13	-1.0%	0.00%
14	11.0%	3.00%
15	13.0%	3.00%
16	3.0%	3.00%
17	5.0%	3.00%
18	-2.0%	0.00%
19	-6.0%	0.00%
20	6.0%	3.00%

Option I: Scheduled withdrawals

Accumulation value	Scheduled withdrawal payment	Enhanced interest rate	Enhanced withdrawal value
$121,793			$142,807
$110,738	$14,281	3.30%	$132,768
$ 95,986	$14,752	0.00%	$118,016
$ 81,234	$14,752	0.00%	$103,264
$ 68,476	$14,752	3.30%	$ 91,433
$ 54,835	$15,239	3.30%	$ 78,708
$ 40,266	$15,742	3.30%	$ 65,045
$ 24,725	$16,261	3.30%	$ 50,393
$ 7,927	$16,798	0.00%	$ 33,596
-	$16,798	0.00%	$ 16,798
-	$16,798	3.30%	-

Option II: Lifetime withdrawals

Accumulation value	Lifetime withdrawal payment	Enhanced interest rate
$121,793		
$118,093	$7,140	3.30%
$110,717	$7,376	0.00%
$103,341	$7,376	0.00%
$ 98,843	$7,376	3.30%
$ 93,961	$7,619	3.30%
$ 88,673	$7,871	3.30%
$ 82,958	$8,131	3.30%
$ 74,559	$8,399	0.00%
$ 66,161	$8,399	0.00%
$ 59,494	$8,399	3.30%

Note that the Enhanced Withdrawal Benefit payments (under either Option I or Option II) reduce the accumulation value on a dollar-for-dollar basis. For Option I, the Enhanced Withdrawal Benefit value is also reduced dollar-for-dollar with each Enhanced Withdrawal Benefit payment.

Under either Option I or Option II, any amount withdrawn in excess of the maximum annual Enhanced Withdrawal Benefit payment will reduce the accumulation value on a dollar-for dollar basis, and will reduce the future Enhanced Withdrawal Benefit payment proportionally. Under Option I, such withdrawals will also reduce the Enhanced Withdrawal Benefit value proportionally.

Note also that under Option I, in the above example, after the 10th payment is received, the Enhanced Withdrawal Benefit value is reduced to $0. Thus, the contract would terminate and you would receive no further payments. Under Option II, payments are guaranteed to continue for the life of the contract owner, unless additional withdrawals reduce the annual Enhanced Withdrawal Benefit payment to less than $100. In that event, we reserve the right to treat this as a request for full surrender.

Under both options, note that the enhanced interest rate applied to any future Enhanced Withdrawal Benefit payments is 110% of the rate applied to the accumulation value. The enhanced interest rate is also applied to the Enhanced Withdrawal Benefit value under Option I. Future payments under either option will never decrease unless additional withdrawals are taken while receiving Enhanced Withdrawal Benefit payments.

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What is traditional annuitization?

Allianz Endurance 15℠ Annuity was designed to provide contract owners with income, based on one of the Enhanced Withdrawal Benefit options discussed earlier, or through traditional annuitization. Allianz Endurance 15 offers the following six annuitization options that can be exercised anytime after the fifth contract anniversary. **Keep in mind that if one of these options is selected, payments would be based on the accumulation value – not the Enhanced Withdrawal Benefit value.**

- Interest only – You have the option to receive interest-only annuity payments for five years. Interest will be paid as earned based on your then-current accumulation value. After five years of taking interest-only payments, you may then take your accumulation value as a lump-sum payment.
- Installments for a guaranteed period – You can choose to receive annuity payments in equal installments for a period from 10 to 30 years. Each installment would consist of part principal and part interest.
- Installments for life – You have the option to receive annuity payments in equal installments for the rest of your life. Payments end upon your death, even if we have paid only one annuity payment at the time you die.
- Installments for life with a guaranteed period – You can choose to receive annuity payments in equal installments for the rest of your life. Upon your death, payments for the balance of the guaranteed period, if any, will be paid to your beneficiary in the same way as they were previously being made.
- Installments for a selected amount – You may select to receive annuity payments in equal installments of an amount that you choose, as long as the payments last for at least 10 years. Payments continue until your accumulation value and interest are gone.
- Joint and survivor – You can select to have equal installments paid until your death with additional payments to your named survivor. In this case, payments to your named survivor would continue until his or her death at 100%, 2/3, or 1/2 of your original installments, based on your selection.

Are there any options for receiving annuity payments without waiting for five contract years?

Yes, our Flexible Annuity Option Rider allows you to receive your accumulation value anytime after the first contract year but before the sixth contract year over a specific period of 10 to 30 years. Or, at the higher ages shown in the table included in the Flexible Annuity Option Rider, you may request this value in equal installments for a specific period of less than 10 years. Each installment will consist of part benefit and part interest. There is no charge for this rider.

What happens if I cancel my contract?

That depends on when you cancel it. This contract is designed for people who are willing to allow their assets to build for 10 years (or longer), after which they can cancel their annuity contract without penalty and receive its full accumulation value. The remaining accumulation value would also be paid if the contract owner cancels the contract after beginning to receive payments under the Enhanced Withdrawal Benefit.

The annuity's EWB value is available only to contract owners who (1) hold the annuity for at least 10 years, and (2) choose – and continue to receive payments under – one of the two EWB options we described earlier.

If you fully (or partially) surrender your annuity contract before its tenth anniversary, the amount you receive will be subject to a surrender charge. This could result in the loss of some or all of the previously credited interest, a partial loss of principal, and loss of access to the Enhanced Withdrawal Benefit value and Enhanced Withdrawal Benefit options.

Are there any tax consequences if I withdraw money (or surrender my contract)?

Regardless of whether a withdrawal is penalty-free or subject to a surrender charge and/or other contract penalty, any time you take a withdrawal from your annuity it may be taxed as ordinary income. This includes partial withdrawals, as well as any withdrawals you receive under an Enhanced Withdrawal Benefit option. In addition, any amount you withdraw from your annuity prior to age 59½ may be subject to a 10% federal tax penalty. These taxes and tax penalties may result in a partial loss of principal, as well as a partial loss of any indexed or fixed interest earned previously. Allianz does not provide legal counsel or tax advice, so please consult a tax or legal advisor for further information about tax issues.

Can I add money to my Allianz Endurance 15 Annuity down the road?

Yes. Additional money (or premium) may be added to your annuity at any time within the first three contract years. The additional premium you pay during a contract year will automatically be placed into an interim interest allocation where it will earn fixed interest – guaranteed to be at least 1.5% – until your next contract anniversary. It will then be allocated to your selected index options and/or the fixed interest option according to your premium allocation percentages. Additional premium will increase your EWB value, and will also receive a 15% EWB premium bonus.

How will I know how my contract is doing?

You will receive an annual report following each contract anniversary. This report will show your contract's current accumulation value and Enhanced Withdrawal Benefit value (including any interest or bonus credited to those values), along with its cash surrender value. The annual report will also reflect any premium payments and any surrenders or withdrawals, and will show the fixed interest rates and the annual and monthly caps for the upcoming contract year.

What happens if I die before annuity payments have begun under my Allianz Endurance 15 Annuity?

Regardless of whether your beneficiary(ies) select to receive the lump-sum payment, or choose to receive payments over the course of five years (or longer), they will receive the greater of the contract's accumulation value or guaranteed minimum value.

Are there any other important points I should know about annuities like Allianz Endurance 15?

If you are purchasing Allianz Endurance 15 to replace an annuity you currently own, compare the two products carefully. The benefits and guarantees offered by the two products may be different. Keep in mind that you may incur a surrender charge if you cancel an existing annuity to purchase Allianz Endurance 15. You will also begin a new surrender charge period with your purchase of Allianz Endurance 15. Purchasing Allianz Endurance 15 within an IRA or other qualified retirement plan that already provides tax deferral under the Internal Revenue Code results in no additional tax benefit to you. If you are considering the purchase of Allianz Endurance 15 in a qualified retirement plan, you should therefore base your decision on its other benefits and features as well as its risks and costs.

I have read the information above. It has been explained to me by the agent. I understand that, during the first 10 contract years, amounts payable under this contract are subject to a surrender charge which may result in a partial loss of premium and the loss of some or all of any interest credits earned previously.

I understand that, in order to receive the Enhanced Withdrawal Benefit value, including the premium bonus, I must hold the contract for at least 10 contract years, and then must receive withdrawal payments under one of the two Enhanced Withdrawal Benefit options described above. In addition, I understand that I must be at least age 60 and no older than age 90 in order to elect lifetime withdrawal payments under Enhanced Withdrawal Benefit Option II.

I have also received and read the Allianz Endurance 15℠ Annuity consumer brochure. I understand that any values shown, other than guaranteed minimum values, are not guarantees, promises, or warranties. I understand that I may return my contract within the free look period (shown on the first page of my contract) if I am dissatisfied for any reason.

Owner ____ Date ________________

I have presented and provided a signed copy of this disclosure to the owner. I have not made statements that differ from the disclosure form and no promises or assurances have been made about the future values of the contract.

Agent/Registered Representative ________________________________ Date ________________

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