Fixed index universal life (FIUL) insurance

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Allianz Life Insurance Company of North America

Balancing your portfolio's risk and return potential with a low-correlation asset

Does your current strategy offer accumulation potential without adding market risk?

If you're seeking a financial strategy that balances risk and return potential, it's generally important to include a mix of various assets and financial vehicles to help address your needs. While it's true that some risks are unavoidable, you *can* help mitigate their effects.

POTENTIAL FINANCIAL RISKS include:	**PRIMARY ASSET CLASSES** include:
Market volatility	Equities
Taxes	Fixed income
Longevity	Money market/cash
Inflation	Real estate

Lack of diversification can lead to **FINANCIAL SHORTFALLS** **when preparing for the future.**

Diversifying your assets can help spread out market risk.

Most of these asset classes correlate with the stock market in the form of financial vehicles – like stocks, bonds, and other market assets. When they fall, the related assets in your financial portfolio could fall, too. Yet, by diversifying with financial vehicles that react differently to the market environment, you can potentially spread your market risk and may also have the opportunity to grow your portfolio with fewer bumps along the way.

For all that's ahead.®

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Must be accompanied by the "Understanding fixed index universal life insurance" brochure (M-3959).

CSI-495

A low-correlation asset could positively impact your portfolio.

A low-correlation asset may not be as severely impacted by the ups and downs of the market – like fixed index universal life (FIUL) insurance. Along with the opportunity to earn indexed interest, an FIUL policy can provide protection and a way to help reduce the risk in your overall portfolio in a time of volatile markets. It offers:

PROTECTION: financial reassurance to beneficiaries	• A self-completing asset that provides an income-tax-free death benefit[1] • Paid to beneficiaries regardless of market conditions
TAX DIVERSIFICATION: may be an effective way to manage how much and when your assets are taxed	• Income-tax-free death benefit • Tax-deferred accumulation potential • Income-tax-free policy loans and withdrawals[2]
PORTFOLIO DIVERSIFICATION: assets that have varying reactions to movement in the market	• Opportunity to earn interest at a fixed rate or rate based on the growth of an external index,[3] plus a level of protection with the 0% floor • Does not directly participate in any equity or fixed income investments; you do not own shares of an index
ACCESS AND FLEXIBILITY: help address immediate financial concerns	• Access cash value through income-tax-free loans and withdrawals[2] • Available when you want, for what you want When you take policy loans, be sure to manage the policy values and premium payments so your policy remains in force. If you are considering a loan strategy, it's important to consult with your tax advisor and financial professional to discuss potential tax consequences for your specific situation.

The challenge of market volatility

IF THE MARKETS DROP 15%, 20%, OR WORSE – as they did in 2008 and 2009 – your FIUL interest credit for those years is 0%.

If you take on too much risk, it could result in large losses due to market volatility – and it could take a long time to recover from those losses. Over the last 25 years, the S&P 500® Index was negative for seven of them.

How long would it take to recover from these losses?

Consider the hypothetical chart below. If your other portfolio assets lose 30% of their value, you would need a total return of 43% to make up the loss. **With FIUL, zero is your hero.** This means that although your policy may not earn interest during volatile times, the cash value will remain flat and **unaffected by market losses.** Although an FIUL policy can't protect your other assets from a loss, it can help you diversify your risk to potentially lessen the loss.

% OF LOSS	% OF GAIN REQUIRED TO MAKE UP LOSS
10%	11%
20%	25%
30%	43%

This hypothetical example is provided for illustrative purposes only and is not intended to represent the performance of any specific investment, product, or index. However, with FIUL you are also limiting your potential, set by the cap or participation rate.

[1] The death benefit is generally income-tax-free when passed on to beneficiaries.

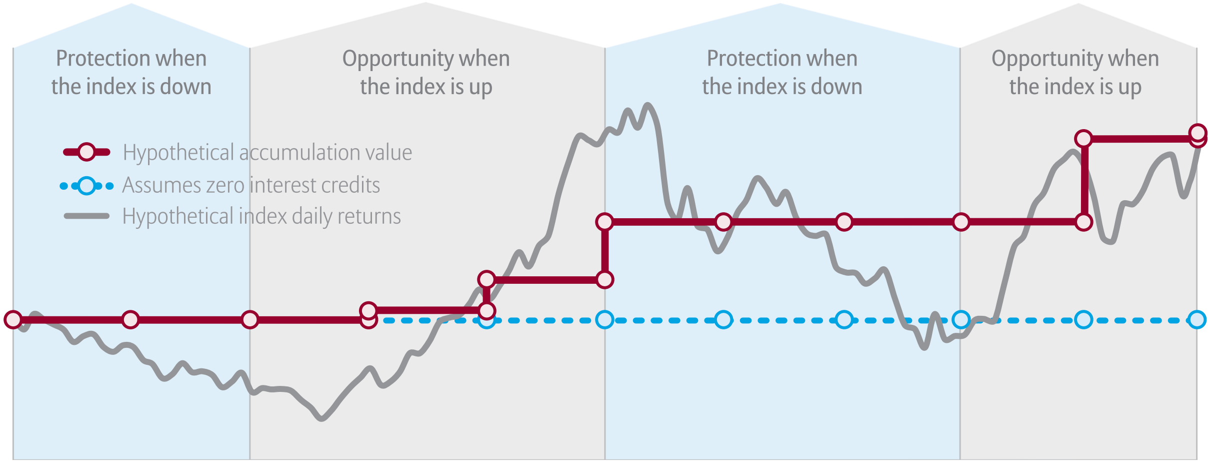
[2] Policy loans and withdrawals will reduce the available cash value and death benefit and may cause the policy to lapse, or affect guarantees against lapse. Withdrawals in excess of premiums paid will be subject to ordinary income tax. Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax. If a policy is a modified endowment contract (MEC), policy loans and withdrawals will be taxable as ordinary income to the extent there are earnings in the policy. If any of these features are exercised prior to age 59½ on a MEC, a 10% federal additional tax may be imposed. Tax laws are subject to change and you should consult a tax professional.

[3] Subject to certain restrictions, such as a cap.

Fixed index universal life insurance policies are not a source of guaranteed retirement income.

Annual reset in action

The following example shows how an FIUL policy can provide opportunity and protection with annual reset. The annual reset feature looks only at the change during that individual policy year. So if the index performance is positive for that year, your policy will receive an interest credit – even if the index has not recovered any previous policy year's losses. This means that each year, interest is credited to the policy and is locked in. It cannot be taken away due to negative index performance, and it will benefit from future interest potential.



Keep in mind, however, that fees and charges will reduce the policy's cash value. This example also assumes no policy loans or withdrawals are taken, which would further reduce policy values. No single crediting method will be most effective in all environments. Past performance is not an indication of future results. This hypothetical example is provided for illustrative purposes only and is not intended to illustrate any specific FIUL product.

REMEMBER: A low correlation asset like FIUL can help diversify the risk and return potential of your financial portfolio, plus give additional protection with the death benefit.

Diversification is key to a well-balanced portfolio. Ask your financial professional how adding an FIUL policy to your portfolio can help provide a more balanced retirement strategy.

Life insurance requires qualification through health and financial underwriting.

Diversification does not ensure a profit or protection against a loss.

The indexes available within the policy 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. Although an index may affect your interest credited, you cannot buy, directly participate in, or receive dividend payments from any of them through the policy.

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