Essential Income 7® Annuity and Essential Income Benefit

(R-8/2017)

Allianz Life Insurance Company of North America

Retirement income worksheet

Most people think retirement planning simply means saving money. But saving is only part of the equation. It's also making sure you have a source of lifetime income with the opportunity for increases. After all, if retirement lasts 20 years or more and your income remains level, inflation can erode your standard of living.

Complete this worksheet to help you determine your approximate **RETIREMENT INCOME NEED**.

Essential expenses: Estimate the essential day-to-day monthly living expenses you'll need to cover:

Food and clothing	$ ______
Health care	$ ______
Housing (mortgage, utilities, etc.)	$ ______
Insurance	$ ______
Taxes	$ ______
Transportation	$ ______
Other	$ ______
Total monthly basic living expenses	$ ______
x 12 months = Total annual basic living expenses	**$** ______

Lifetime income sources: Retirement income can come from many different places. List the sources of guaranteed lifetime income you will receive each month.

Pension (defined benefit plans)	$ ______
Social Security	$ ______
Other sources	$ ______
Total monthly lifetime income sources	$ ______
x 12 months = Total annual lifetime income sources	**$** ______

A **Let's calculate your INCOME NEED.** The difference between your essential expenses and your lifetime income sources is your INCOME NEED. This is the additional income you will need to pay for your essential expenses in retirement.

Total annual essential expenses	$ ______
– Total annual lifetime income sources	$ ______
= Total annual **INCOME NEED**	**$** ______

A possible income solution

Essential Income 7 and Essential Income Benefit (included for an additional cost) can help meet your INCOME NEED by:

- Protecting your premium from market downturns
- Building a foundation for retirement income
- Offering the choice of predictable lifetime income, or income that has the potential to increase each year

For all that's ahead.®

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The annual benefit charge for the Essential Income Benefit is a percentage of the accumulation value, deducted monthly from the accumulation value and guaranteed minimum value (in most states). The annual benefit charge percentage for the guaranteed minimum value is 0.85% for all contract years. The annual benefit charge percentage for the accumulation value is 0.85% for the first contract year. It can change each year during the next six contract years, but will not be more than 2.50%. After the seventh contract year, the annual benefit charge percentage will be 0.85% for all remaining contract years.

Early withdrawals may be subject to surrender charges, market value adjustments, or other penalties.

This material must be preceded or accompanied by a Essential Income 7 Annuity consumer brochure (CB61892) or appropriate variations and corresponding insert (CB61892-B).

Products are issued by Allianz Life Insurance Company of North America, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297.

• 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 and feature availability may vary by state.

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How Essential Income 7 can help meet your income need

Fixed index annuities (FIAs) can help you reach your long-term financial goals by providing principal protection, tax deferral, and a death benefit for beneficiaries. But some annuities – like Essential Income 7® Annuity and Essential Income Benefit – offer different features and benefits to help meet specific needs.

If you are not ready to begin lifetime income withdrawals, Essential Income 7 and Essential Income Benefit provide a unique benefit that rewards you for waiting. Beginning at age 45, lifetime withdrawal percentages are guaranteed to increase every year until income withdrawals begin.

When you are at least age 50 (but not older than age 100) and ready to begin taking lifetime withdrawals, you have the flexibility to choose from two different payment options that best fit your income needs: Option 1 or Option 2.

Option 1 provides predictable, dependable income for life.
Option 2 also provides income for life with an opportunity for payment increases. This option offers a smaller payment up front, but has the potential to increase each year that the allocations earn interest.

Income now or later?

Whether you are interested in starting income today or at a later date, you'll need to make an initial premium payment to fund your annuity. The amount of money needed will be based on your income need and your lifetime withdrawal percentage. Now that we know what your income need is from page 1, we just need to identify your lifetime withdrawal percentage, which depends on your retirement age and whether you choose single or joint payments.

To determine your lifetime withdrawal percentage, choose either income now B or income later C, then follow the applicable steps.

B Income **now**

- Choose either income option 1 or 2.
- Identify your age at issue.
- Choose either single or joint withdrawal percentage. (Note: if there are two joint covered persons, we use the age of the younger.)

Option 1

Age at issue	Initial withdrawal percentage at issue	
	Single	Joint
54 or less	4.00%	3.50%
55-59	4.50%	4.00%
60-64	5.00%	4.50%
65-69	5.50%	5.00%
70-74	6.00%	5.50%
75-79	6.50%	6.00%
80	7.00%	6.50%

Option 2

Age at issue	Initial withdrawal percentage at issue	
	Single	Joint
54 or less	3.00%	2.50%
55-59	3.50%	3.00%
60-64	4.00%	3.50%
65-69	4.50%	4.00%
70-74	5.00%	4.50%
75-79	5.50%	5.00%
80	6.00%	5.50%

C Income **later**

- Fill in the numbers of years until retirement (e.g., 10 years) in the box that applies to your age at issue.
- Multiply the number of years by the Annual Increase Percentage.
- Add either the single or joint withdrawal percentage. (Note: if there are two joint covered persons, we use the age of the younger covered person.)

Option 1

Age at issue		Number of years until retirement		Annual increase percentage		Initial withdrawal percentage at issue			Income later withdrawal percentage
						Single	Joint		
54 or less	➡		×	0.25%	+	4.00%	3.50%	=	
55-59	➡		×	0.30%	+	4.50%	4.00%	=	
60-64	➡		×	0.35%	+	5.00%	4.50%	=	
65-69	➡		×	0.40%	+	5.50%	5.00%	=	
70-74	➡		×	0.45%	+	6.00%	5.50%	=	
75-79	➡		×	0.50%	+	6.50%	6.00%	=	
80	➡		×	0.55%	+	7.00%	6.50%	=	

Option 2

Age at issue		Number of years until retirement		Annual increase percentage		Initial withdrawal percentage at issue			Income later withdrawal percentage
						Single	Joint		
54 or less	➡		×	0.25%	+	3.00%	2.50%	=	
55-59	➡		×	0.30%	+	3.50%	3.00%	=	
60-64	➡		×	0.35%	+	4.00%	3.50%	=	
65-69	➡		×	0.40%	+	4.50%	4.00%	=	
70-74	➡		×	0.45%	+	5.00%	4.50%	=	
75-79	➡		×	0.50%	+	5.50%	5.00%	=	
80	➡		×	0.55%	+	6.00%	5.50%	=	

Initial premium payment

Complete this section to help you determine how much money you will need to purchase a Essential Income 7® Annuity to help meet your retirement income need.

1. Take your annual **income need** A from page 1: INCOME NEED $__________________ A

2. Fill in this step if you are taking income later and are concerned about the **effects of inflation**. Otherwise proceed to step 3.

- Multiply the number of years until retirement by an average inflation rate (Note: 1.76% or 0.0176 is the average rate of inflation over the last 10 years)[1]

  Number of years __________________
  Inflation rate x __________________%
  = __________________%

- Multiply this inflation factor by your income need A

  x $__________________ A
  = $__________________

- Add this amount to your income need A

  \+ $__________________ A

- This is your annual **income need with inflation** = INCOME NEED $__________________

3. Divide the income need in either step 1 or 2 by the **lifetime withdrawal percentage** from either B or C, depending on if you want income now or later *(example: 5% = 0.05)*.

Income need $__________________
÷ __________________% B or C

This is the amount you need to use to purchase your Essential Income 7 Annuity to help meet your retirement income need. = $__________________

Now that you know your income need and how to help solve for it, complete the necessary paperwork with your financial professional and **start protecting your retirement with the Essential Income 7 Annuity.**

[1] U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers (CPI-U). Accessed January 2017.

Withdrawals will reduce the contract value and the value of any protection benefits. Additional withdrawals taken within the contract surrender charge schedule will be subject to a withdrawal charge. All withdrawals are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal additional tax.

Products are issued by Allianz Life Insurance Company of North America, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297.

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

Product and feature availability may vary by state.

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 3.5 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 are proud of our financial strength, we are made of much more than our balance sheet. By being true to our commitments and keeping our promises we believe we make a real difference for our clients. It's why so many 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.

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Products are issued by:
Allianz Life Insurance Company
of North America
PO Box 59060
Minneapolis, MN 55459-0060
800.950.1962

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