

Auto Lock case study: Creating a level of certainty in times of volatility

Flexibility, control, and the potential for interest credits every year

Meet Kevin, a hypothetical 45 year old and owner of an Allianz Life Pro+® Advantage Fixed Index Universal Life Insurance Policy.

Along with protection for his loved ones,¹ he's interested in accumulation potential for the future.

In discussion with his financial professional, Kevin says he'd like his **policy to achieve an average interest rate of 8%**. However, he feels that the market will continue to be volatile and will impact his accumulation value, and he's looking for a level of control.

Kevin has already taken one step, allocating his accumulation value to a volatility-controlled index – the Bloomberg US Dynamic Balance II ER Index – one of many allocation options available.²

To help alleviate his concerns further, he decides to use the policy's Index Lock feature and its Auto Lock option.

With **Index Lock**, Kevin's policy can lock in an index value at any time during the crediting period and hold it at that level until the end of the period. And with the **Auto Lock** option, the policy can activate the Index Lock automatically when it reaches Kevin's set target – which means he doesn't have to closely monitor the volatile swings of the index.

Keep reading to learn more about Auto Lock and Kevin's strategy.



Must be accompanied by the Allianz Life Pro+® Advantage consumer brochure (M-7183), Your allocation options guide (M-7391), and Index Lock sales idea (CSI-512) for more detailed information and business rules.

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

² In addition to index allocation options, Allianz Life Pro+® Advantage also offers a fixed interest allocation. CSI-552 (R-4/2022)

Setting Auto Lock to help account for ongoing volatility



At any time during the crediting period, Kevin can set the index interest rate percentage he wants to target – 10% in his case. He chooses 10% because he realizes that he will not get an interest rate of 8% every year, so to make up for the down years, he needs to set his Auto Lock target higher.

If his allocation reaches or exceeds the target at the end of the business day, Auto Lock will automatically lock in the index value until the end of the crediting period.¹ Each crediting period Kevin will need to renew his target, in his case at 10%.

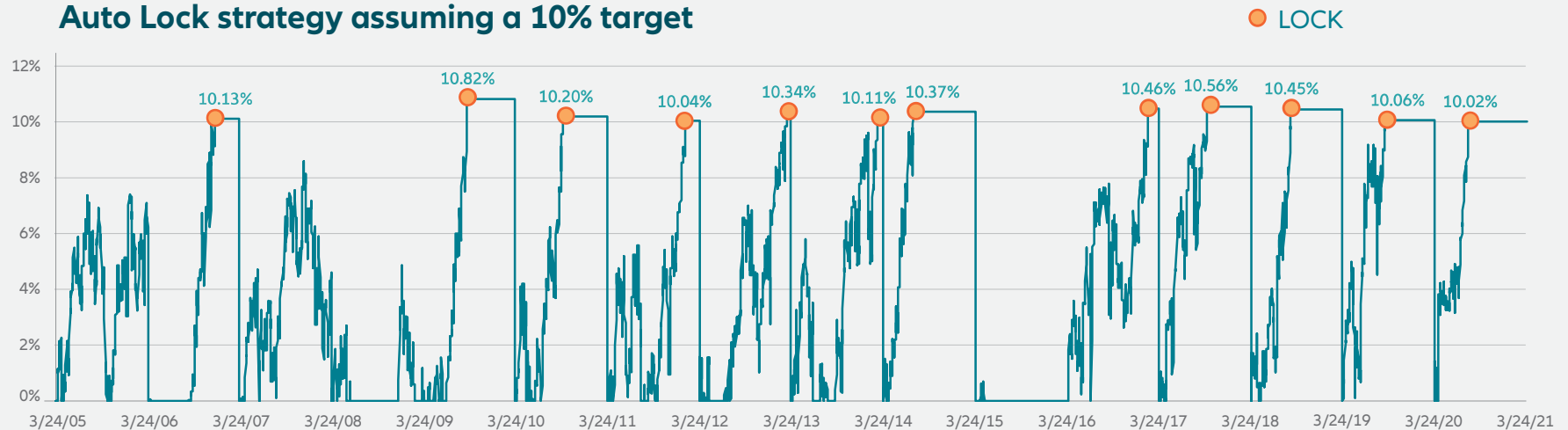
So how would Kevin have done with Auto Lock?

Let's take a look to see how many times his Auto Lock feature would have activated, based on the hypothetical historical results for his allocation over the past 16 years assuming a target index interest rate percentage of 10% each year.

- Auto Lock would have activated the Index Lock **12 times**, locking in at **10% or higher** – and would have no longer been subject to market volatility during the remainder of those crediting periods.
- In the other **four years**, Auto Lock would not have activated.

OVER THE 16-YEAR PERIOD, KEVIN WOULD HAVE AVERAGED AN 8.36% RETURN, **LOCKING IN 12 TIMES AND EXCEEDING HIS DESIRED AVERAGE RETURN OF 8%.**

Auto Lock strategy assuming a 10% target



Historical returns of the Bloomberg US Dynamic Balance II ER Index with 145% participation rate and 40% bonus based on a policy start date of 3/24/2005. Actual rates that could have been applied over this time frame would have been different from the figures shown in this example and, in some cases, significantly higher or lower depending on a number of factors, including market conditions. In an effort to help the index achieve the target volatility, the index was changed as of 4/21/2020; therefore, any historical depictions including hypothetical returns will not include this change for data prior to 4/21/2020.

These examples are not intended to reflect actual results that would be realized in a policy, and are provided to show how certain policy features work. They are not a promise of future results. No single crediting method consistently delivers the most interest under all market conditions.

¹Setting targets authorizes Allianz to automatically activate an Index Lock once the target is reached based on the index interest rate percentage at the end of the business day. Targets need to be renewed after each crediting period and must be greater than the current index return for the crediting period. This service may be discontinued at any time.



Kevin can set his **Auto Lock** target at any value

GOAL OF 10% RETURN

Based on hypothetical historical data, if Kevin had a goal of returning 10% on average, he should have set his Auto Lock at 14.25% each year.

- Kevin could experience **more volatility** with a higher lock
- He could experience **fewer locks** over time
- He could have the potential to receive a **higher average rate**

GOAL OF 6% RETURN

Based on hypothetical historical data, if Kevin had a goal of returning 6% on average, he should have set his Auto Lock at 6.75% each year.

- Kevin could experience **less volatility** with a lower lock
- He could experience **more locks** over time
- He could have the potential to receive a **lower average rate**

NOTE: There is no guarantee that a policy will earn indexed interest in any given year, even if utilizing Index Lock and Auto Lock.

BY SETTING AN AUTO LOCK TARGET, KEVIN GETS A **LEVEL OF CONTROL OVER HIS INDEX ALLOCATIONS** AND DOESN'T HAVE TO TRACK THE MOVEMENTS OF THE INDEX ON A DAILY BASIS.



To discuss how Allianz Life Pro+® Advantage, Index Lock, and Auto Lock can help support your financial goals, contact your financial professional.

Index Lock is available with certain indexes and only available with the annual point-to-point with participation rate crediting method.

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.

The Bloomberg US Dynamic Balance II ER Index is comprised of the Bloomberg US Aggregate Custom RBI Unfunded Index and the Bloomberg US Equity Custom Futures ER Index and shifts weighting daily between them based on realized market volatility. The Bloomberg US Aggregate Custom RBI Unfunded Index is comprised of a portfolio of derivative instruments that are designed to provide exposure to U.S. Investment-grade and Treasury bond markets in excess of a benchmark rate. The Bloomberg US Equity Custom Futures ER Index is designed to provide exposure to large cap U.S. stocks in excess of a benchmark rate.

"Bloomberg" and Bloomberg US Dynamic Balance II ER Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Allianz Life Insurance Company of North America ("Allianz"). Bloomberg is not affiliated with Allianz Life Insurance Company of North America ("Allianz"), and Bloomberg does not approve, endorse, review, or recommend the Allianz product. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Allianz product.

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Through a line of innovative products and a network of trusted financial professionals, and with 3.7 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.

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