



MasterDex™ Annuity

Imagine new possibilities

An equity-indexed, fixed annuity with “point-to-point” monthly crediting
Allianz Life Insurance Company of North America



Discover the MasterDex™ Annuity
from Allianz



An equity-indexed, fixed annuity from Allianz can be a valuable asset.

A prudent wealth management plan shouldn't rely solely on future Social Security to pay for an individual's retirement years. One way to accumulate additional assets for retirement income is an annuity.

The money in an annuity has the potential to create an additional source of retirement income that can supplement Social Security. Assets placed in an annuity can even provide a variety of income streams. This is one reason many individuals use annuities to help them achieve their long-term financial goals, including retirement income.

Here's how an annuity works.

An annuity is a contract between a contract owner and a life insurance company. The annuity's value is backed by the financial strength and claims-paying ability of the issuing insurance company.

As contract owner, you pay premium to the insurance company. In exchange for your premium, the insurance company promises to make payments to you at some

point in the future. You may also receive the benefits listed on the following page.

You should not buy an annuity for short-term purposes. You generally have to keep your premium in the annuity for a specified period of time to avoid the assessment of penalties, such as surrender charges.



Annuities offer important benefits.

Potential growth during the annuity's accumulation phase: During this initial phase, an annuity can be an ideal vehicle to help you accumulate money for your retirement.

Income for life and other options during the retirement income phase: When you are ready to start taking income, the annuity offers you a range of payout options. Some options may offer an immediate, single payment. Others may include income payments scheduled over a specific period of time, including your entire lifetime.

Tax deferral that can help your money grow: The money in your annuity can grow tax-deferred. This means you don't have to pay taxes on your annuity's growth until you begin to withdraw money from the annuity. The power of tax deferral, compounded over the life of your annuity's accumulation phase, may have a positive impact on the value your annuity generates for your retirement. Any distribution may be subject to ordinary income taxes and, if taken prior to age 59½, to a 10% federal tax penalty.

Death benefit protection for your beneficiaries: As we noted earlier, annuities are life insurance products. So it's only natural that they can give you peace of mind, knowing your beneficiaries are protected if you pass away.

Equity-indexed annuities are different.

An equity-indexed annuity earns interest based on changes in an external equity index. This is different from traditional annuities, which credit interest calculated at a fixed rate set in the contract. The selected index varies from day to day and is not predictable. When you buy an equity-indexed annuity you own an insurance contract – you are not buying shares of any stock or index.

Many equity-indexed annuities also permit contract owners to allocate premium to a traditional fixed interest option, where interest is credited at a fixed rate of interest not based on any external equity index. The value of an equity-indexed annuity will not drop below a guaranteed minimum specified in the contract. This means that if you take money out of the contract or die, you (or your beneficiaries) are guaranteed to receive at least a minimum value.

To summarize, an equity-indexed annuity offers contract owners:

- The potential for growth by basing interest earned on the performance of an equity index or indexes (Interest earned on an equity-indexed annuity could be less than the interest earned in a traditional fixed annuity.)
- A guaranteed minimum value

Discover the MasterDex Annuity from Allianz.

MasterDex can offer you safety while it helps you reach your financial goals. With MasterDex:

- Each year, you may receive indexed interest based on monthly changes of a market index, subject to a monthly cap.
- After just seven years you can take your annuity's full value.¹
- Any indexed interest is locked in once a year, eliminating risk due to market index losses.¹

¹ During the first seven contract years, we will apply a surrender charge and market value adjustment if you (or your beneficiaries) partially or fully surrender your contract. The same would apply if you begin annuitization, which means taking income payments, prior to the sixth policy year (or for fewer than 10 years). Any amounts withdrawn may be subject to ordinary income taxes and, if taken prior to age 59½, to a 10% IRS penalty. These charges and taxes may result in a loss of indexed interest and fixed interest, and a partial loss of principal.



Safety

MasterDex locks in any annual indexed interest automatically.¹

If indexed interest is credited to your annuity's values, it can never be lost due to market index volatility.

MasterDex protects your principal from index losses.¹

Your principal is never subject to market index risk. A downturn in the market index(es) cannot have a negative impact on your contract values. We guarantee it.

Growth

MasterDex lets you benefit when the market index is heading up.

When the market is headed up, the value of your MasterDex can also increase. That's because at the end of each year, you get full 100% participation in potential monthly gains subject, however, to an established maximum, or monthly cap.

MasterDex has a real difference. This sums it up.

The MasterDex tracks point-to-point monthly changes (subject to a monthly cap) in the market index(es). Once a year, those 12 months' values are automatically added up and credited if positive. The sum helps determine the current value of your annuity.

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Control

If you need cash, MasterDex gives you access.¹

Beginning 12 months after your last premium is received, you may annually withdraw up to 10% of your total premiums paid – without a surrender charge or market value adjustment – until 50% of your total premium has been withdrawn.

After seven years it's your choice: take the money, or stay.¹

Anytime after your seventh contract year, you can walk away with your annuity's full value (minus any loans or withdrawals). Of course, you can leave your money in the annuity so it continues to benefit from potential indexed interest.

Safety Growth Control

MasterDex tracks market index changes, then puts it all together. Here's how.

With MasterDex, the value of your annuity is based on the monthly point-to-point fluctuations of two of America's most recognized stock indexes: the S&P 500 and the Nasdaq-100.®

MasterDex Annuity basics

The MasterDex Annuity is a point-to-point equity-indexed annuity that offers retirement income and a choice of fixed interest and/or indexed interest based on changes in the S&P 500 and Nasdaq-100 indexes.

You can get all the benefits offered by the MasterDex with an initial premium amount of \$25,000 or more. You can add money at any time during the first three contract years. Additional premium payments made during a contract year are credited to your contract's interim interest account until the following contract anniversary, at which time you can decide how they should be allocated.

Interest crediting calculations

We capture the current value of the market index on the date you purchased your contract, as well as on each contract's "monthiversary." So if your contract is dated the seventh of the month, your monthiversary will be the seventh day of every succeeding month throughout the life of the contract.

Monthly returns are calculated in two steps. First, the change from the previous month's index value to the current month's index value is divided by the previous month's index value. This amount is then multiplied by the participation rate.

In any given month, a positive monthly return may exceed your annuity's stated monthly cap. In that case, the monthly capped return will be used in the indexed interest calculation. We can raise or lower the monthly cap annually but it will never be less than 1%.

At the end of each contract year, the monthly capped returns are added together to calculate your indexed interest for that year. If this sum is negative, the indexed interest for that year will be zero.

Although there is a monthly cap on positive monthly returns, there is no established limit on negative monthly returns. This means that a large decrease in one month could negate several monthly increases. Actual indexed interest may be lower (or zero) if the market index declines from one monthiversary to the next, even if the market index experienced an overall gain for the year.

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

Here's a hypothetical illustration showing indexed interest based on 12 months of hypothetical index returns and a 2.60% monthly cap. We establish this monthly cap on every anniversary, and guarantee it for that contract year. We can lower the monthly cap but it can never be less than 1.00%. Figures impacted by the monthly cap are shown in **bold** type. Although you can allocate premium to either index (or both), for simplicity's sake our example will presume all of the annuity's premium has been allocated to a single index.

To find the indexed interest for the year, simply add up the 12 monthly capped returns.

Accumulation value at beginning of contract year: \$100,000		Assumed monthly cap percentage: 2.60%
Month	Hypothetical monthly index return	Monthly cap applied
1	5.27	+2.60
2	-2.00	-2.00
3	2.00	+2.00
4	-1.50	-1.50
5	4.61	+2.60
6	2.50	+2.50
7	3.87	+2.60
8	0.25	+0.25
9	-3.00	-3.00
10	-4.00	-4.00
11	4.43	+2.60
12	2.25	+2.25
Value at end of contract year: \$106,900		+6.90% (The sum of monthly capped returns equals the year's indexed interest.)

No representation is made of future performance. As a MasterDex contract owner, you do not invest directly in any index. We used a hypothetical 2.60% monthly cap. Using the minimum 1.00% monthly cap the indexed interest for the year would be 0%.

You can earn fixed interest.

Traditional fixed interest is calculated and credited daily for both the fixed interest allocation and the interim interest account. Interest credit rates are declared annually by Allianz. We can raise or lower interest credit rates annually, but they will never be less than 1.5%.

There are no up-front fees or future sales charges.

There are never any asset fees or up-front sales charges. 100% of your premium is credited to your accumulation value. However, surrender charges and market value adjustments do apply during the first seven contract years.

Put all your eggs in one basket. Or two. Or three.

When you purchase your MasterDex, you can base your annuity's potential growth exclusively on the S&P 500 or the Nasdaq-100®. You can also allocate your entire premium to a fixed interest option.

If you wish, however, you can allocate (in 25% increments) among all three options. Now THAT'S control!

Change your mind? No problem!

Shortly after your contract anniversary each year, we'll notify you that you can change your allocations. Changes to your allocations must be submitted in writing. If we receive your changes within 21 days of your contract anniversary, they will be effective during that contract year. Allocation changes received more than 21 days after your contract anniversary won't take effect until your next contract anniversary.

No matter what the market index does – MasterDex gives you:

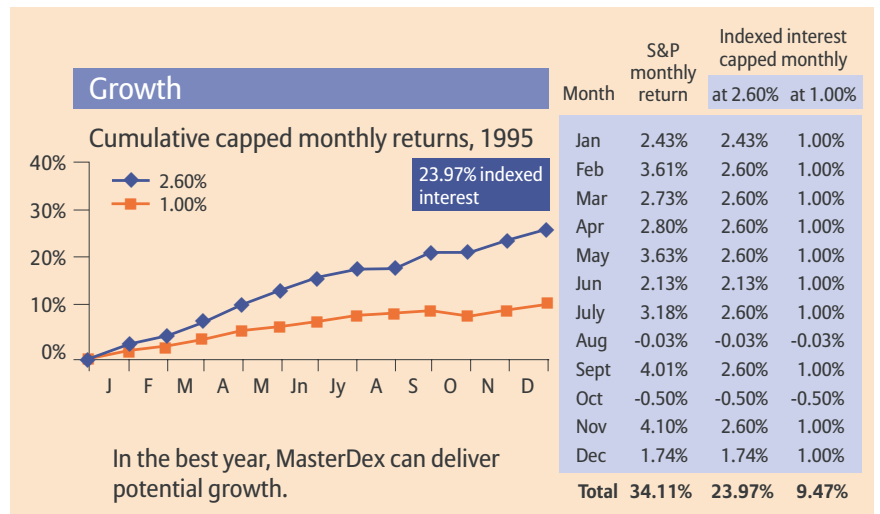
- Potential indexed interest based on a market index
- Protection from market index losses
- All your money (including indexed interest) after seven years!

The large chart to the right turns back the clock to show how the MasterDex Annuity might have delivered from 1995 through 2004 if the policy had been offered.

The values shown are based on the following assumptions:

- \$100,000 initial premium
- 100% participation rate guaranteed for the life of the contract
- Hypothetical 2.60% monthly cap for each year
- Minimum guaranteed 1.00% monthly cap for each year
- Product available since 1995
- 100% allocation to the S&P 500

Under these assumptions, had the MasterDex existed, it would have provided an average annual interest rate of 6.50% using the 2.60% monthly cap over the 10-year period shown. Using the minimum 1.00% monthly cap, the average annual interest rate would be 1.54%.

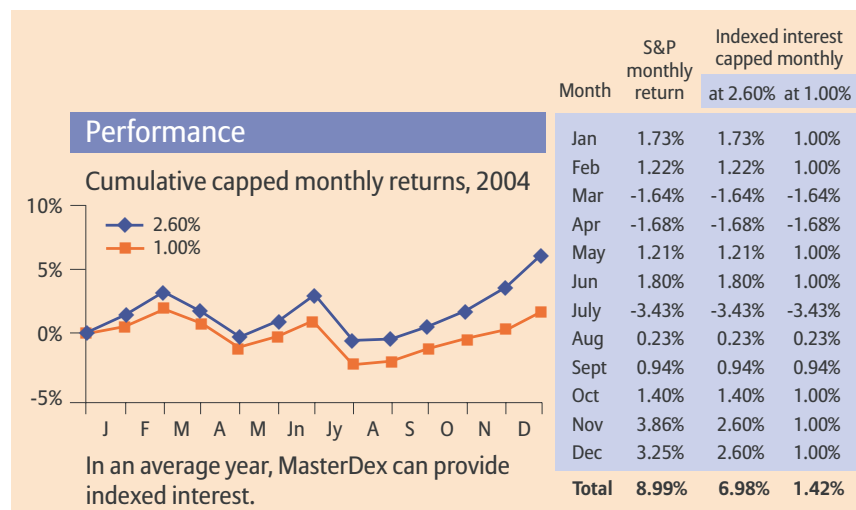
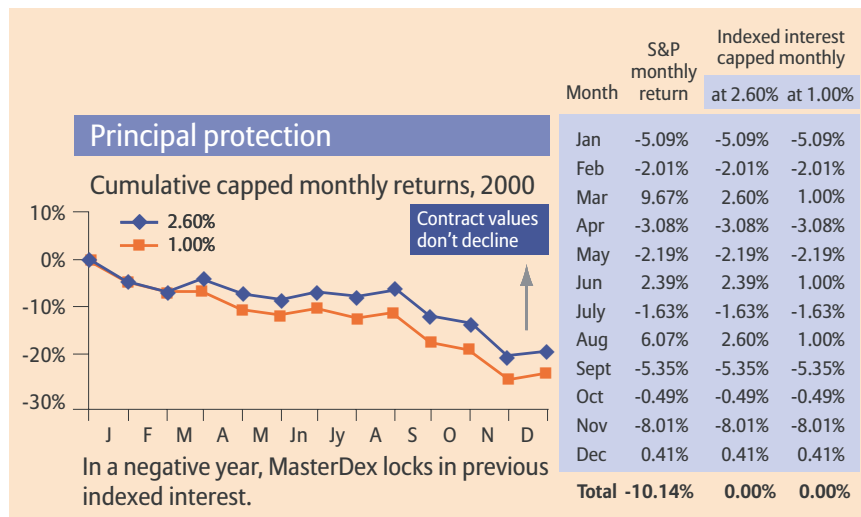
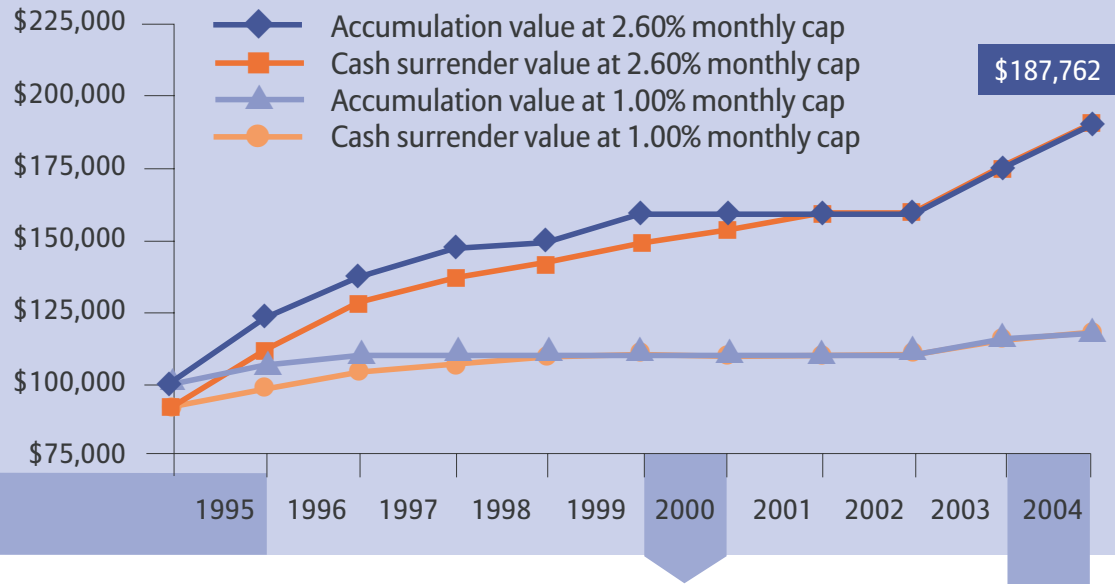


In the best year, MasterDex can deliver potential growth.

In these three magnified scenarios (Growth, Principal protection, and Performance), we take a closer look at the MasterDex Annuity during three very different years. Note the way month-by-month changes in the market index have an impact on indexed interest.

Hypothetical example based on S&P 500 performance from: 1995-2004

Values in this chart are based on S&P 500 performance (without dividends) during the most recent 10-year period. All values are year-end values. Past performance is no guarantee of future results. No representation is made of future performance. You are not buying shares of any stock or index.





Choose from a variety of options to receive steady, predictable income from your annuity.

Choose from several annuity payment options.

If you keep your contract in deferral for at least five years, you can choose to receive annuity payments in any of the following ways:

- Interest only – You have the option to receive interest-only annuity payments for five years. Interest will be paid as earned based on the amount of your accumulation value. After five years of interest only payments, you can take your full 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.
- 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, the balance of the guaranteed period, if any, will be paid to your beneficiary the same way as you previously selected.
- 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 is gone.



- Joint and survivor – You can select to have equal installments paid until your death, then continue to be paid to your survivor. In this case, you can select 100%, 2/3, or 1/2 of your payment amount to be paid to your survivor until his/her death.

The payout rate used to determine the income stream depends on the age of your contract and the payout option selected. The guaranteed interest rate in payout is 1%.

MasterDex offers you a death benefit.

The MasterDex Annuity provides a death benefit payable to your named beneficiary. If taken as annuity payments over at least five years, the annuity payments will be based on your contract's full accumulation value. If taken as a lump sum, the death benefit will equal the greater of the sum of premiums paid less any withdrawals or the cash surrender value (which is the accumulation value adjusted for a surrender charge and market value adjustment during the surrender charge period). The death benefit paid to a properly designated beneficiary (other than the estate) will pass without the costs and delays of probate.

Access your money sooner to help pay for nursing home care.¹

If you, as the contract owner, should enter a nursing home, long term care facility, or hospital for at least 30 days out of a 35-consecutive-day period after the first contract year, you may take an accelerated distribution of your contract's accumulation value over a period as short as five years.

If you don't want your annuity proceeds to be a tax burden for your beneficiary, here's a solution.

The Death Benefit Rider¹ enables your beneficiary to receive a tax-free death benefit up to 28% of taxable gain. It allows you to pass on more of your annuity's value to your beneficiaries and reduces a possible tax obstacle for them. Although the rate at which your beneficiaries will pay income tax at some future date is unknown, the Death Benefit Rider can offset a substantial portion – or all – of the federal income taxes due at the time of your death (state or local taxes may apply). Please note: A Death Benefit Rider charge will apply; benefit only applies to nonqualified contracts where owner/annuitant are the same.

¹ Not available in all states.

MasterDex gives you the freedom to access your money in several ways.

Take free withdrawals.

You can take one free withdrawal of up to 10% of premiums every 12 months – without a surrender charge or market value adjustment – as long as:

- It occurs 12 months after the last premium is received
- No more than one withdrawal is taken within a 12-month period
- Total free withdrawals do not exceed 50% of premiums received

If, within 12 months of a free withdrawal, the contract is surrendered or annuitized, another withdrawal is taken, or additional premium is added, we will retroactively apply a surrender charge and market value adjustment (MVA) to that withdrawal. This could result in a loss of indexed interest and fixed interest and a partial loss of principal. Withdrawals will decrease the value of the contract and its death benefit.

A free withdrawal is eligible to receive partial indexed interest at the end of the contract year. Partial indexed interest is based on the annual indexed interest and the amount of time during that year before the free withdrawal was taken.

Schedule Systematic Withdrawal of Credits.

Systematic Withdrawal of Credits allows you to keep your contract in deferral and receive payment of indexed interest. You can select to receive payments after your fifth contract year. Payments will be based on indexed interest applied to your contract after the request is received. You may take this Systematic Withdrawal of Credits without surrender charges and MVA, and your contract continues to benefit from potential indexed interest. To qualify for this option, your contract must be held at least five contract years and still be in deferral. Taking Systematic Withdrawal of Credits will lower the accumulation value and value of death benefits.

Take a contract loan.

A contract loan may be taken for up to 50% of the cash surrender value (maximum of \$50,000). The loan interest rate is 7.4% annually in advance. Loans are not available with IRA, SEP, or some other qualified plans. Unpaid loans will be treated as a partial surrender, which means it is subject to surrender charges and MVA.

Take required minimum distributions.

Required minimum distributions from a tax-qualified plan (IRA, SEP, etc.) will qualify as a free withdrawal if taken annually in December or monthly throughout the year. Contract values and the amount available for free withdrawal will be reduced by the distribution amount withdrawn.



Surrender with lump-sum payout.

Walk away with your annuity’s full accumulation value at any time after seven contract years. If you partially or fully surrender your contract before the seventh contract anniversary, the amount you receive will be reduced by a surrender charge and an MVA as shown in the charts below. A surrender charge and an MVA will also apply if you annuitize prior to the sixth contract year or if the annuity payments are taken over a period of fewer than 10 years. This could result in loss of indexed interest, fixed interest, and a partial loss of principal. However, the cash surrender value will never be less than the guaranteed minimum value as described in your contract. A surrender charge and an MVA may be applied upon death.

Surrender charge percentages	
Start of contract year	Surrender charge %
1	10%
2	9%
3	8%
4	7%
5	6%
6	5%
7	4%
8	0%

The surrender charge percentage will decrease by 0.0833% on each monthly anniversary before the eighth contract year. The surrender charge percentage on the last day of contract year seven will be 3.0833%. Day one of contract year eight, it will be 0%.

Note: the money you take out may be taxable.

Your contract values grow tax-deferred. However, any distributions from your contract, including free withdrawals, partial withdrawals, loans, Systematic Withdrawal of Credits and required minimum distributions, may be taxable as ordinary income. If you are under age 59½ when a distribution is taken, the IRS may impose an additional 10% penalty tax.

A note about the market value adjustment (MVA):

If you partially or fully surrender your MasterDex Annuity, it will be subject to an MVA during the surrender charge period. An MVA will also apply if you annuitize prior to the sixth contract year or if the annuity payments are taken over a period of less than 10 years. An MVA is a calculation used to adjust the value of money withdrawn according to the interest rate environment at the time the withdrawal is taken. The MVA may increase or decrease your contract’s cash surrender value.

In general, if the 7-year US Treasury Constant Maturity Interest Rate at time of withdrawal is:	Then the MVA is:	Resulting in:
Less than when the premium was submitted	Greater than 1	Higher cash surrender value
Equal to when the premium was submitted	Equal to 1	No effect on cash surrender value
Greater than when the premium was submitted	Less than 1	Lower cash surrender value

Is the MasterDex Annuity the right choice for your retirement plans?

The MasterDex Annuity offers a combination of insurance guarantees and benefits. It merits your careful consideration if:

- You wish to receive indexed interest based on potential gains in the S&P 500 or Nasdaq-100.®
- You want to protect your principal, fixed interest, and locked-in indexed interest if the market index declines.
- You want long-term tax-deferral of retirement assets.
- You want flexible income options.
- You want a death benefit for your heirs.

The MasterDex Annuity: a powerful financial tool for principal protection along with potential growth.

Make it part of your retirement portfolio.

Our top priority is the safety of your money.

All contracts are issued by Allianz Life Insurance Company of North America, a member of the Allianz Group. With over 700 subsidiaries in more than 70 countries, the Allianz Group is one of the world's leading providers of integrated financial services.

Our goal is to provide contract owners with wealth management products that can help meet today's needs and financial objectives, with a product philosophy of offering fair and equitable values on each contract we issue. Foremost in our minds is the safety of the money you entrust to our care.

Allianz has consistently been assigned financial strength ratings by Standard & Poor's and A.M. Best that are among the highest available. It is one of a select group of major insurance companies to receive such high ratings.

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.

Innovative products, exceptional customer service, and sound financial strength make Allianz the place to turn to help meet your retirement objectives.

Contracts are issued by Allianz Life Insurance Company of North America (form P50614 (with PS50614-7) and state variations if applicable).

Agent name _____

License number _____

Product availability and benefits may vary by state.

www.allianzlife.com

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