Making the most of low interest rates

(R-11/2019)

Allianz Life Insurance Company of North America

The potential **cost of waiting**

Is holding out for a higher interest rate *always* in your best interest?

You know you need to save for retirement. You know you need to make a decision about where to put your money.

But if the low interest rate environment and economic uncertainty have you at a standstill, that's understandable. You may be worried that if you commit your money at today's interest rate, you won't be able to take advantage of a higher interest rate in the future.

The longer you wait to purchase a retirement product, **THE MORE INTEREST** you may have to make up later.

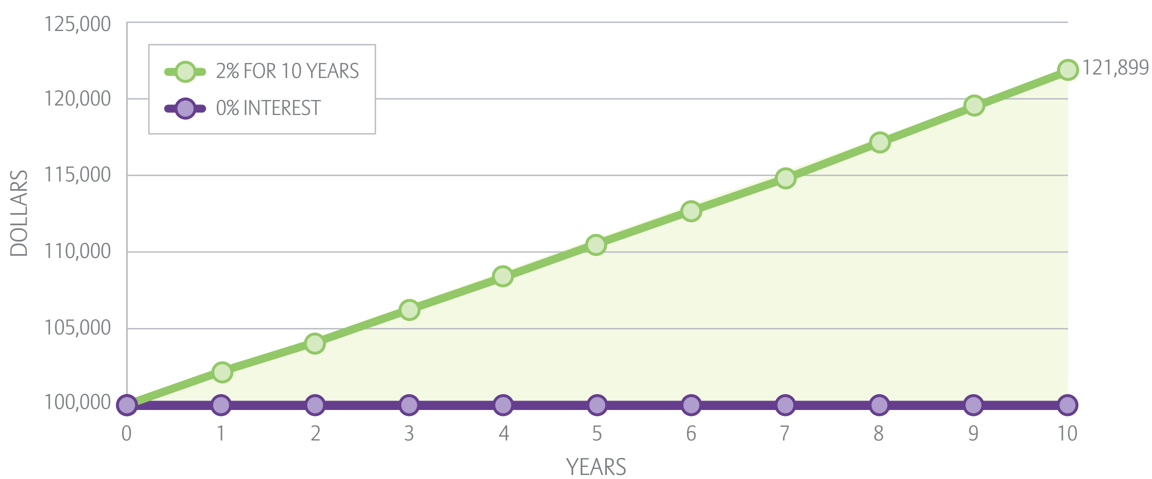
So for now, you're waiting.

That might seem like the sensible decision. But here's something important you should consider. Nobody knows how long it will be before interest rates start rising. And when they do, nobody knows how much they'll rise. In the meantime, **every year that you're sitting on the sidelines, you may be losing out on potential interest that could take you years to make up** – even if you get a higher rate of return later.

The potential cost of waiting, explained

Here's a 10-year hypothetical example. Let's say you start with $100,000 and purchase a 10-year product today that earns 2% interest per year (the green line).

After 10 years, that $100,000 would have increased to $121,899. Due to the design of an fixed index annuity, there are factors that could limit the accumulation potential.



This hypothetical example is intended to show the cost of waiting. It is not intended to predict or project results of any specific financial product, and does not take into account product fees, expenses, or taxes. Assumes a [static/constant] interest rate each year, which is not realistic as the interest earned by a fixed index annuity would be subject, to some extent, to market volatility.

For all that's ahead.®

Allianz

CSI-369

Must be accompanied by Understanding Fixed Annuities (M-5210) or the appropriate product brochure.

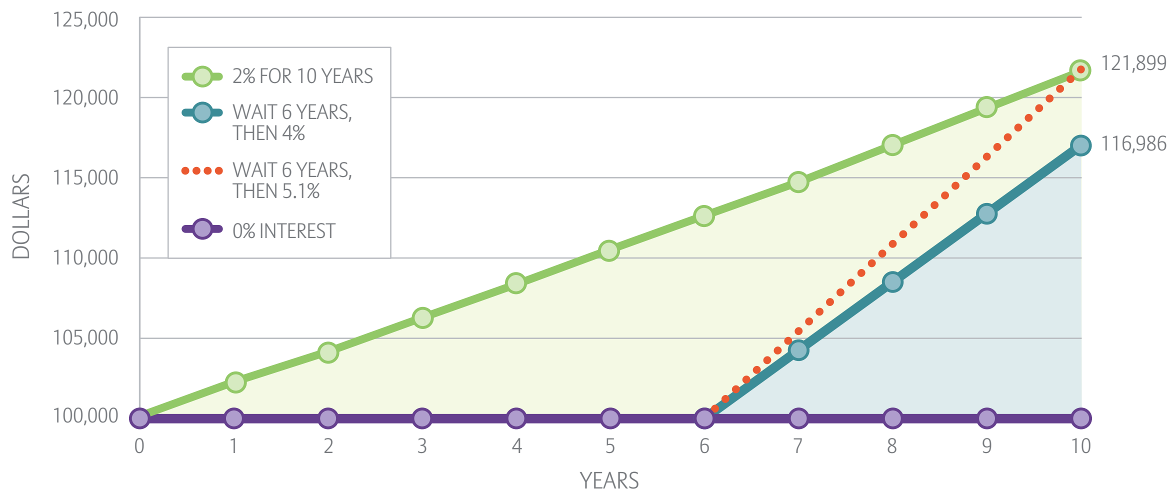
Do you think waiting will be **WORTH** the potential **COST?**

To continue our hypothetical example, let's say that you waited before making a purchase, and in year 6, interest rates doubled from 2% to 4%. If you then bought a product at the end of year 6 that earned 4%, over the next four years you would have a total of $116,986 (the blue line).

That's nearly $5,000 less than you'd have if you had purchased the 2% product in year 1.

So what would it take for you to match what was earned over 10 years at 2% interest?

If you waited those six years before purchasing, it would take an interest rate of 5.1% for the next four years (the red dotted line) to equal that $121,899.



Of course, as noted, this is just a hypothetical example and is not intended to predict or project results of any specific financial product, and does not take into account product fees, expenses, or taxes. No one knows for certain what tomorrow's interest rates will look like. But what if it's even longer before interest rates rise? Are you willing to wait on the chance they'll rise significantly in the near future?

Regardless of interest rates, a fixed index annuity can help you meet your long-term retirement needs. They offer principal protection, tax deferral, and a death benefit for beneficiaries. **Talk to your financial professional to find out if an annuity may be a good fit for you.**