

Thomas Chen — Annuity Policy X-Ray

YOU	Thomas Chen, age 67
YOUR ANNUITY	Allianz 222 fixed indexed annuity, opened January 2017
YOU DEPOSITED	\$250,000
CURRENT VALUE	\$296,800
TOTAL GROWTH	\$46,800 over 9 years (about 2.7% per year average)
SURRENDER CHARGE	2% (\$5,936) — drops to 0% in January 2027

Questions this X-Ray answers

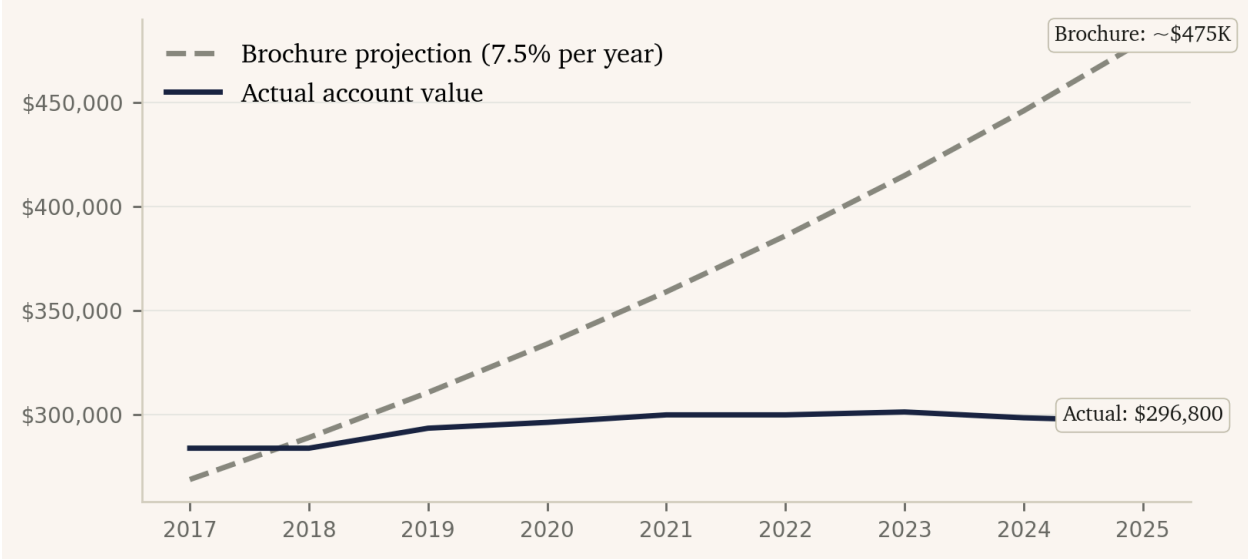
- ♦ Why didn't this annuity grow like the brochure said?
- ♦ Is this annuity working for you or against you?
- ♦ What are your options now that the surrender period is almost over?
- ♦ Which option fits your situation?

The reading

The gap between what you were shown at the seminar and what actually happened is roughly \$150,000 to \$200,000 of growth you didn't get. The mechanism is the cap — the annual rate ceiling the carrier controls and can change — which started at 11.5% when you bought and sits at 6.5% today. The annuity is doing exactly what the contract allows, not what the illustration suggested. Your surrender period closes in January

2027, which gives you a clear decision window. The options below show what to do with the money once that lock-out ends.

FIGURE 1 *What the brochure showed vs. what actually happened*



1 What you were told vs. what happened

The advisor at the dinner seminar showed you projections of 7-8% average annual returns and an account value of \$450,000-\$500,000 by now. Here’s what actually happened:

TABLE 1 *Illustrated vs. actual performance*

	WHAT THE BROCHURE SHOWED	WHAT ACTUALLY HAPPENED
Average annual return	7-8%	2.7%
Account value after 9 years	\$450,000-\$500,000	\$296,800
Total growth	\$200,000-\$250,000	\$46,800

The gap is enormous: roughly \$150,000-\$200,000 less than you were led to expect. Here’s why.

2 How this annuity actually works

An indexed annuity doesn't invest in the stock market directly. Instead, Allianz credits you based on how the S&P 500 performs — but with a cap. In good years, you earn up to the cap. In bad years, you earn zero (not negative — the 0% floor protects you from losses).

The problem: the cap has been dropping. When you bought this, the cap was 11.5%. It's now 6.5%.

FIGURE 2 Your S&P 500 cap has dropped every few years

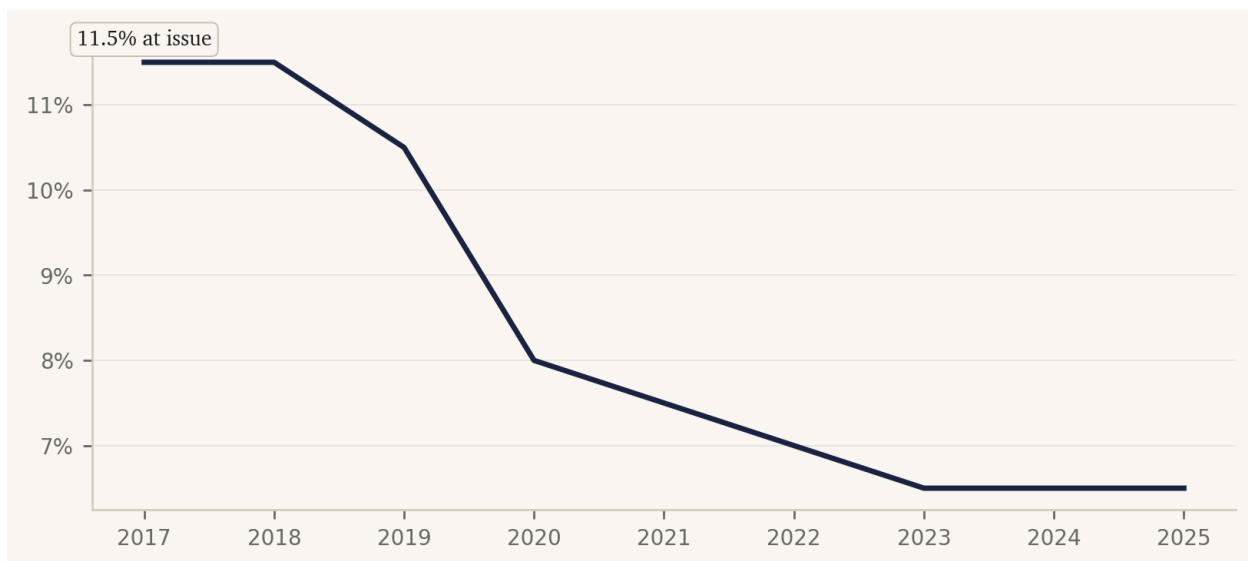


TABLE 2 How the cap limited your returns (S&P 500 portion)

YEAR	S&P 500 RETURN	YOUR CAP	WHAT YOU EARNED
2017	+19.4%	11.5%	11.5% (capped)
2018	-6.2%	11.5%	0% (floor protected you)
2019	+28.9%	10.5%	10.5% (capped)
2020	+16.3%	8.0%	8.0% (capped)
2021	+26.9%	7.5%	7.5% (capped)
2022	-19.4%	7.0%	0% (floor protected you)

2023	+24.2%	6.5%	6.5% (capped)
2024	+23.3%	6.5%	6.5% (capped)
2025	-2.1%	6.5%	0% (floor protected you)

In the 6 positive years, the S&P returned an average of 23.2% — but the cap meant you earned an average of 8.4%. In the 3 negative years, the floor protected you from losses. The net result: about 2.7% per year on average.

The brochure assumed you'd capture most of the market's upside. In practice, the cap took away 60-75% of the gains in every good year. The floor protected you in bad years, but the math doesn't come close to 7-8%.

3 The premium bonus — it's mostly yours now

When you opened this annuity, Allianz added a 10% bonus — \$25,000 — to your account. That bonus vests over 10 years (10% per year). After 9 years, 90% is vested — meaning \$22,500 of the \$25,000 is yours to keep if you leave. The remaining \$2,500 vests in January 2027.

This bonus is already included in your \$296,800 account value. It's not extra money on top — it was credited on day one and has been part of the balance all along.

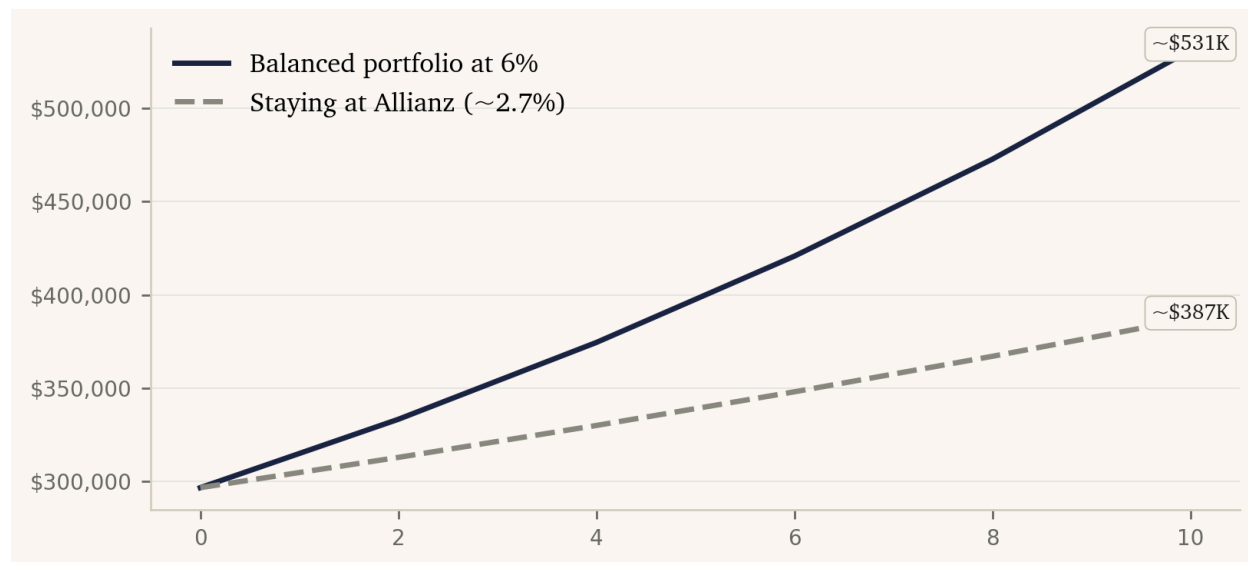
4 Option A — Wait until January 2027 and move to a simple portfolio

The basics

Wait 10 months for the surrender charge to drop to zero, then move the full \$296,800+ out. The remaining \$2,500 of the bonus vests at the same time.

If you move to a simple balanced portfolio earning 6% per year with low fees (0.1-0.3%), your money would work significantly harder. Over 10 years at 6%, the account grows to roughly \$531,000 — about what the brochure promised in the first place. Staying at the current 2.7% pace grows it to roughly \$387,000 over the same period.

FIGURE 3 Option A — \$296,800 over the next 10 years



The tax situation: you have a \$46,800 gain (\$296,800 minus your \$250,000 deposit). If you surrender and take the cash, you'd owe approximately \$14,600 in federal and Arizona state taxes on the gain. You could avoid this tax by doing a 1035 exchange to a new annuity — but only if another annuity is the right move (see Option B).

At 6% in a simple portfolio, \$296,800 grows to roughly \$531,000 in 10 years. Staying at Allianz's 2.7% pace, it grows to \$387,000. The gap is roughly \$144,000 over a decade.

When this fits

You're comfortable investing on your own or with a fee-only advisor, you want the money in a more flexible and lower-cost account, and you can wait 10 months.

It stops making sense if you want guaranteed income for life (which a brokerage account doesn't provide) or if you're worried about managing investments at age 67+ with a heart condition. In that case, Option B might be worth considering.

How to do it

In December 2026, open a brokerage account at Schwab, Fidelity, or Vanguard. In January 2027, call Allianz at 1-800-624-0197 and request a full surrender. They will send you the account value minus taxes withheld (you can choose withholding amounts). Invest in a balanced portfolio of low-cost index funds. You'll owe tax on the \$46,800 gain when you file your return.

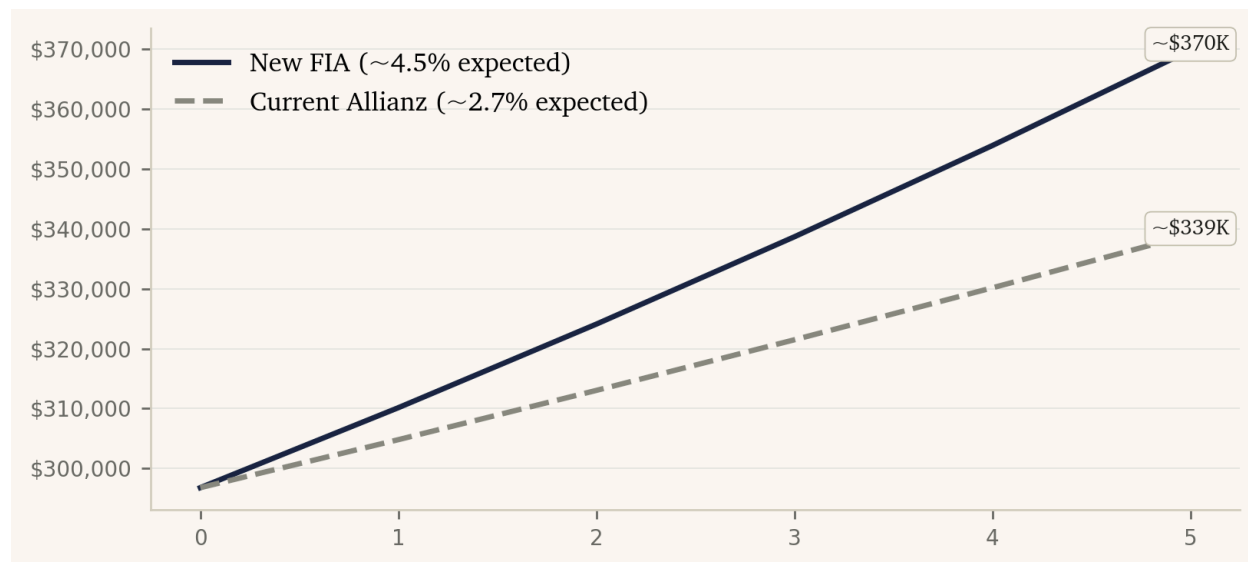
5 Option B — Exchange to a new indexed annuity with better terms

The basics

Do a 1035 exchange from the Allianz 222 to a new FIA with higher caps (9.5-10% vs. your current 6.5%). The exchange avoids the tax on your \$46,800 gain — it's deferred until you eventually withdraw.

Current FIAs are offering caps of 9.5-10% on the S&P 500 strategy — roughly 50% higher than your current 6.5%. If those caps hold, your actual returns could improve from 2.7% today to 4.5% — not a brokerage portfolio's return, but meaningfully better than where you are.

FIGURE 4 *Option B — current annuity vs. new FIA with 9.5% cap*



The trade-off: you enter a new surrender period (7-10 years depending on the product). You're 67 — a new 10-year surrender period means you're locked in until age 77. A 7-year product locks you in until 74.

Better caps and no tax hit — but you're locked into a new surrender period. At 67, think carefully about tying up \$296,000 until age 74-77.

When this fits

You want to stay in an indexed annuity (market-linked growth with downside protection), you want better terms than your current 6.5% cap, and the tax deferral on \$46,800 matters to you. A new FIA with a GLWB rider could also add guaranteed lifetime income — something your current annuity doesn't have.

It stops making sense if you're tired of annuities, want full liquidity, or are uncomfortable with another long surrender period.

How to do it

Work with a licensed annuity advisor (or GetSure can help). They'll compare products and process the 1035 exchange paperwork. The exchange is not taxable. Allianz sends the money directly to the new carrier. Must be initiated after the current surrender period ends to avoid the 2% charge. Wait until January 2027.

6 Option C — Keep the annuity at Allianz

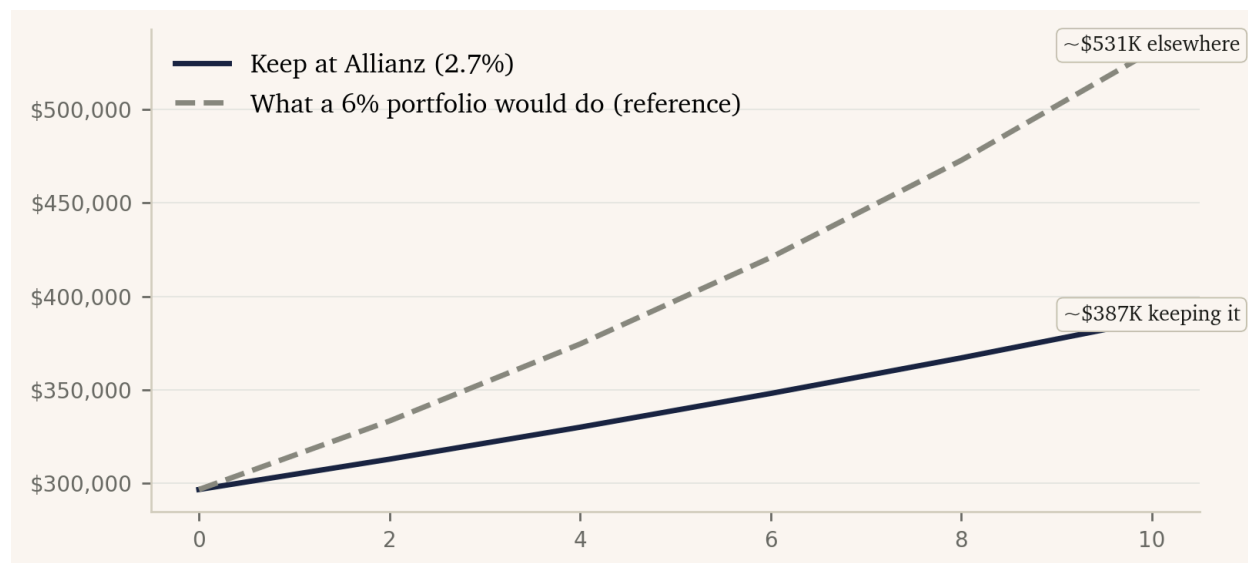
The basics

Change nothing. The money stays at Allianz earning whatever the S&P 500 cap and the Bloomberg index provide. Current caps: 6.5% on S&P, 105% participation on Bloomberg.

After the surrender period ends in January 2027, you can withdraw any amount at any time without penalty. The annuity essentially becomes a flexible account — but one that earns less than alternatives.

At the current 6.5% cap, your expected returns are roughly 2-4% per year depending on the market. A balanced portfolio with similar risk could earn 5-7%.

FIGURE 5 Option C — staying put costs you growth you could have had



After January 2027, there's no penalty to leave — but there's also no reason to stay. The 6.5% cap means you're giving up more than half of every good market year.

When this fits

You want to keep the 0% floor protection and you're very risk-averse. Or you genuinely don't want to deal with the paperwork of moving money.

It stops making sense the moment you compare 2-4% expected returns to what's available elsewhere. The cap is too low to justify staying.

How to do it

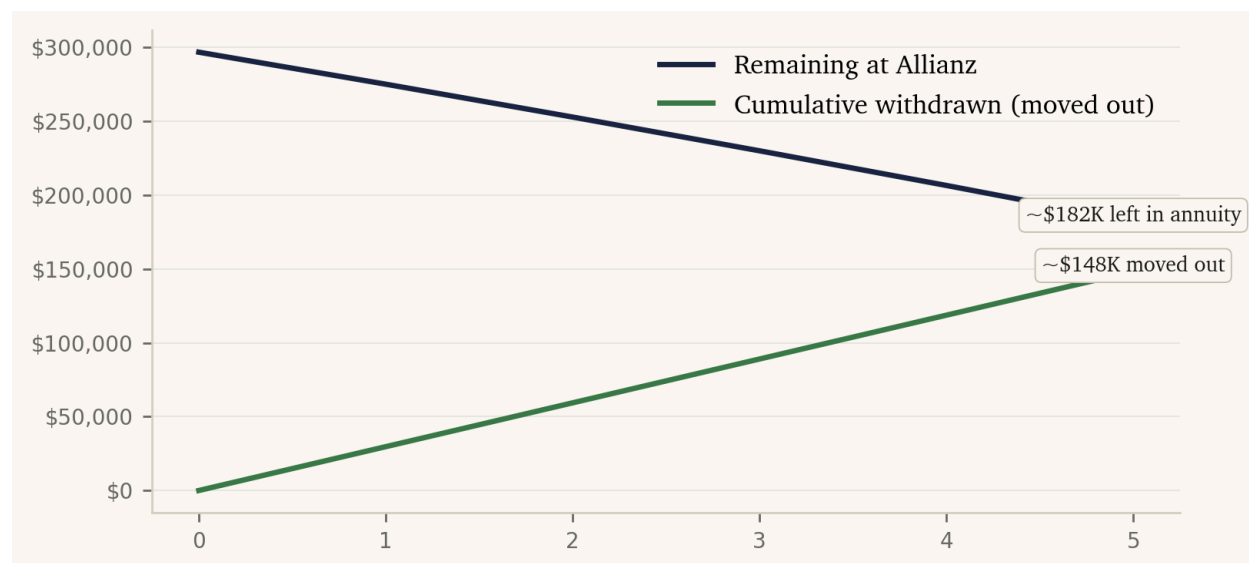
Nothing. The money stays at Allianz. After January 2027, you can withdraw any amount at any time. But every year you stay is a year earning less than you could.

7 Option D — Start withdrawing 10% per year now

The basics

Use the free 10% annual withdrawal provision to pull \$29,680 per year out of the annuity — no surrender charges — and put it into a higher-returning account. Over 3-5 years, you could move most of the money out without ever paying a surrender penalty.

FIGURE 6 *Option D — taking \$29,680/year for 5 years*



The first \$46,800 you withdraw will be taxed as a gain (annuities use “last in, first out” for non-qualified money — gains come out first). After that, the remaining withdrawals are a return of your \$250,000 deposit and are not taxed.

You can pull \$29,680 per year with no penalty. The first withdrawals are taxable (gains come out first), but after \$46,800 the rest is your original money, tax-free.

When this fits

You need some cash now for living expenses, the potential move to Oregon/Washington, or the house downsizing. The 10% withdrawal gives you access without waiting for the surrender period to end.

It stops making sense as a full exit strategy — it's slow. By the time you've moved everything out, you've spent 3+ years earning 2-4% on the remaining balance. Options A or B move the money faster once the surrender period ends.

How to do it

Call Allianz at 1-800-624-0197. Request a partial withdrawal of 10% of account value under the free withdrawal provision. Specify whether you want it sent to your bank or transferred to another account. Tax will be withheld on the gain portion (or you can manage it yourself at tax time). You can do this once per year.

8 Which option fits you?

IF THIS DESCRIBES YOU...	CONSIDER...
You want out and prefer investing on your own with lower fees	Option A — wait until January 2027, then move everything
You like the downside protection but want better caps	Option B — exchange to a new FIA after January 2027
You need cash now for the potential move or other expenses	Option D — start taking 10% per year now
You want guaranteed lifetime income in the future	Option B with a GLWB rider — adds income guarantees your current annuity doesn't have

The most important date is January 2027 — that's when the surrender charge and bonus vesting both resolve. If you don't need the money before then, wait. If you do, the 10% free withdrawal is available now.

Regarding what the brochure promised: the 7-8% projections were based on assumptions that didn't hold up. The cap dropped from 11.5% to 6.5%, and that change alone explains most of the gap. This is common with indexed annuities — the terms at purchase are not guaranteed for the life of the contract. Going forward, any product you choose should be evaluated based on its guaranteed terms, not its illustrated projections.

Hi Thomas — I hope this review gave you a clearer picture of where things stand and what your real options are. These decisions are personal, and there's no single right answer — just the one that fits your situation. If anything in here raised questions, or if you'd like to talk through the trade-offs, I'm always happy to get on a call. You can reach me at rikin@getsure.org or (925) 391-8282.

Warm regards,

Rikin Shah

Co-Founder, GetSure Insurance Agency