

WHITE PAPER

# Personalization + Protection with Purpose

Driving better Participant outcomes with Managed Accounts and Allianz Lifetime Income+<sup>®</sup> Annuity with the Lifetime Income Benefit

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# Helping real people face the reality of retirement today

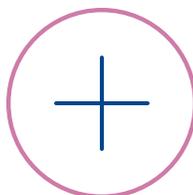
The majority of Americans (74%) say they think the market will be very volatile this year.<sup>1</sup> Combined with interest rate increases and more systemic issues like the rising costs of health and long term care, Americans have been challenged to find new and unique solutions to build confidence in their retirement strategies.



## Managed Accounts

provide customized, professionally managed advice based on individual factors such as age, salary, contribution rate, risk tolerance, and out-of-plan assets.

+



## Allianz Lifetime Income+® Annuity

helps build and protect a portion of defined contribution plan savings now for guaranteed lifetime income in retirement, plus the opportunity for income increases.

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## Personalization and protection

to help real people face the reality of retirement today.

<sup>1</sup> Source: Allianz 2024 4Q Quarterly Market Perceptions study of individuals age 18+.

# Personalization Matters

The assumption that most people would like to maintain their pre-retirement standard of living is challenged by the reality that many Americans are faced with financial and physical health constraints that influence how they spend and save before and during retirement.



### 1 in 4 early retirees:

Had unexpected early retirement due to job loss and health issues



### 1 in 4 near retirees:

Are delaying retirement or expecting a lower quality of life in retirement because of economic conditions

Source: Allspring Global, Hiding Behind the Averages, December 20, 2022

Unconstrained by health and wealth, consumption is relatively flat during retirement years. However, when these constraints are introduced, people rely on the age-old advice: spend less.

## Spending patterns in retirement



Source: Boston College Center for Retirement Research, Do retirees want constant, increasing, or decreasing consumption?, November 2022

Whether this is by choice or force, it reveals the personal nature of retirement today. Just as expenses and income will vary based on circumstance, so should our approach to retirement savings.

One-size-fits-all solutions based on conventional wisdom ignore the unique needs of the individual – leaving people unsure of how to maximize the efficiency of their retirement portfolio for their specific situation.



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## UNDERSPENDING among the unconstrained

Retirees in excellent financial health may not be maximizing the potential of their retirement portfolio – even if levels of spending are flat.

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“ Surveys reveal **a clear preference among retirees to live off income** and many don't feel comfortable spending down assets to fund a lifestyle.

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Source: David Blanchett and Michael S. Finke, *Guaranteed Income: A License to Spend*, 2021

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## GLOBAL SHIFTS in the retirement landscape underscore the need for personalization

Beyond personal factors like an individual's financial and physical health, macro trends including changes in life expectancy and new mindsets for how people live, work, and retire emphasize the need for customization in their retirement portfolios.

Global life expectancy has risen from 34 years in 1913 to 72 years in 2022 and is expected to largely continue this course, according to recent research from the International Monetary Fund (IMF).<sup>1</sup>

While this is a broad trend, its impacts are anything but. What an individual chooses to do with additional years is a personal choice influenced by factors both inside and outside their control. Some may choose to enjoy longer retirements. Others may work longer years.

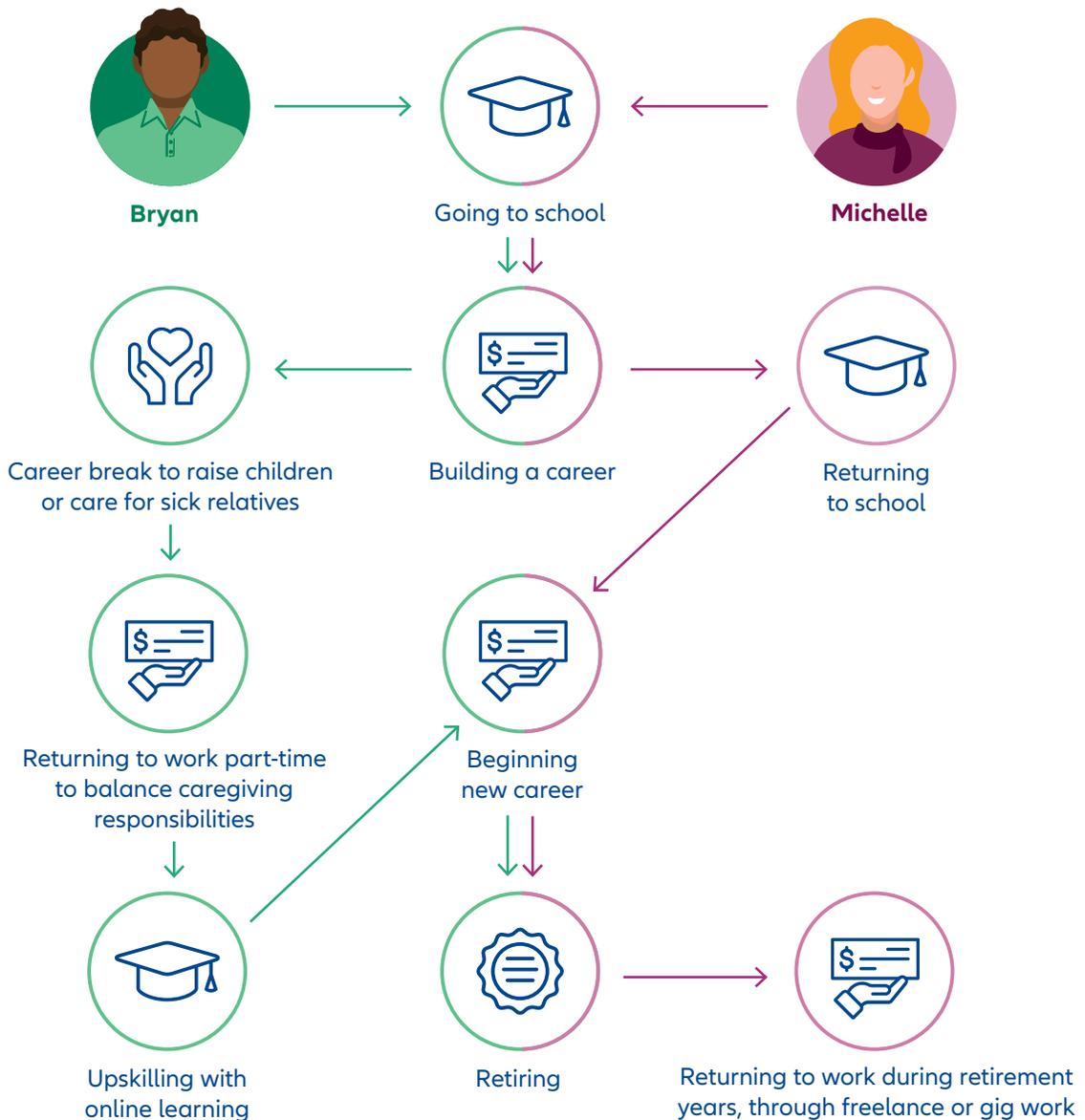
This opens the door for the pursuit of less traditional life paths, such as going back to school later in life, reentering the workforce after retirement, or taking mid-career breaks. Thus emphasizing the need for more tailored retirement income solutions.

<sup>1</sup>Source: International Monetary Fund, *Aging Is the Real Population Bomb*

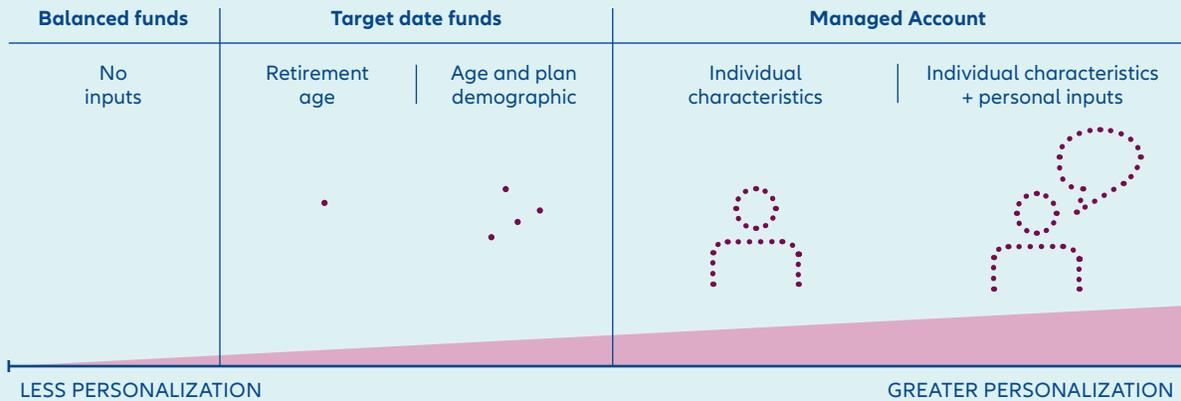
**IN THE PAST**, people largely approached living, working, and retiring in three phases.



**TODAY**, more people are taking less linear paths. These represent just two of **many possible** retirement pathways.



## PERSONALIZED GUIDANCE for Plan Participants



**ON THE SPECTRUM OF PERSONALIZATION,** Managed Accounts are the most granular.

The prototype for retirement plan personalization, Managed Accounts **offer a high degree of personalization** based on known data points from the recordkeeper, plan sponsor, and potentially the participant themselves.

By aggregating these data points and giving participants an entry to engage, the Managed Account is able to build **a more holistic view of their current financial situation and future goals** – and develop a strategy centered on participants’ needs.

Managed Accounts are also an attractive option because they give participants **access to experienced professionals** to assist with investment decisions.

For those faced with a more complex financial situation, the **“hands-on” approach** of a Managed Account can help operate the levers to keep their retirement portfolios on track. While, for others, professional input can help participants **stay the course through ups and downs in the market.**

A key component of personalization is the recognition that it is not for everyone. Younger plan participants who are less engaged and more focused on cost-savings to help them meet other financial goals may be better suited with a Target Date Fund (TDF). Since they have many years before retirement, they can typically be much more aggressive than those nearing retirement can, depending on their individual risk tolerance.

The good news is that these options can be used in tandem to keep up with participants’ needs through different life stages. Some Qualified Default Investment Alternatives (QDIAs) exist where the QDIA for younger plan participants is a target retirement date, but it becomes a Managed Account when participants reach a specific age.

By offering a Managed Account in later years, plan sponsors are able to help their workers feel more ready for retirement with personalized guidance. Although, **employees of all ages are likely to benefit from the personalization of investment options and the tailored advice** of a Managed Account.

It’s important to note that some Managed Accounts even assist participants after they retire – with **tailor-made decumulation and withdrawal strategies.** This helps ensure participants are taking income from the right place, at the right time for their objectives, while also rebalancing their portfolios.

# Protection Matters

A Managed Account gives participants access to experienced portfolio managers who oversee all the moving parts of their portfolio, including asset allocation, fund selection, tax-loss harvesting, rebalancing, and more.

They monitor and adjust based on personal goals and have the experience necessary to remain calm in the control room during periods of market volatility. All of which are designed to help participants save efficiently for retirement, yet the fact remains that IRAs, 401(k)s, and 403(b) retirement plans invested in the stock market are not protected from market downturns.

On top of market risk, longevity and inflation risks can further complicate retirement planning.



### **Longevity risk:**

We don't know how long we'll live. But we do know that the longer a person lives, the less they can afford to withdraw from their retirement savings.



### **Inflation risk:**

We also know that inflation erodes purchasing power by requiring that more money be withdrawn from retirement savings each year to maintain the same standard of living.

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## **WHAT IF we could equip a Managed Account provider's "control room" with a solution to help reduce risks and improve participant outcomes?**

Allianz Lifetime Income+<sup>®</sup> Annuity with Lifetime Income Benefit is a fixed index annuity that is easily added to any defined contribution plan, and offers valuable benefits to help reduce these risks and improve participant outcomes.

- **Protection from market loss:** As an FIA contract issued by an insurance company, contributions to Allianz Lifetime Income+<sup>®</sup> Annuity are not directly invested in stocks or bonds, keeping participant allocations protected from market risk.
- **Reducing longevity risk:** Designed to meet long-term needs for retirement income, Allianz Lifetime Income+<sup>®</sup> provides income that a participant cannot outlive.
- **Addressing the impact of inflation:** With an innovative, increasing lifetime income design, Allianz Lifetime Income+<sup>®</sup> can help participants build future income to help address the effects of inflation.

With a participant's contributions allocated to the annuity, Allianz Lifetime Income+<sup>®</sup> begins building and protecting a portion of guaranteed retirement income that participants can rely on – for as long as they live. When Allianz Lifetime Income+<sup>®</sup> is delivered within a Managed Account, it offers the benefits of both:

### **Managed Accounts**

- Tax efficiency
- Personalization
- Convenience

### **Allianz Lifetime Income+<sup>®</sup>**

- Guaranteed lifetime income
- Flexibility and portability
- Seamless integration



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## A CUSTOMIZED PATH for a multi-stage retirement

To align with current realities, pathways for saving, protecting, and spending retirement income also need to be nonlinear with options to flex based on individual needs.

Allianz Lifetime Income+<sup>®</sup> Annuity with the Lifetime Income Benefit is not your traditional annuity. It is a modern, fixed index annuity that offers guaranteed retirement income that is easily added to any defined contribution retirement plan.

Designed to meet long-term needs for retirement income, it provides guarantees against the loss of principal and credited interest, tax-deferred accumulation potential, and the reassurance of a death benefit for beneficiaries.

In addition to protection and potential for increases, **Allianz Lifetime Income+<sup>®</sup> Annuity also offers:**



### **Flexibility**

Participants can contribute to the annuity when they want (as the plan allows), choose when lifetime withdrawals start (at age 60 or older), pause income payments, and even take a partial or full withdrawal of the accumulation value with no surrender charges (please note that with a partial or full withdrawal, a Market Value Adjustment may apply).



### **Portability**

Unlike a group annuity, this is an individual contract, and all benefits, guarantees, and pricing carry with the contract if a participant leaves the plan or the plan removes the option from the lineup. It's also fully portable at the plan level when changing recordkeepers.

Plus, by offering seamless integration with existing enrollment, Managed Accounts, and financial wellness solutions – it is a modern solution for today's retirement risks.

## MORE CERTAINTY, LESS COMPLEXITY

Market volatility, unpredictable lifespans, and inflating health and long term care costs have led many consumers to turn to annuity products, which can help individuals turn money accumulated during working years into guaranteed lifetime income after they retire.

While interest in annuities is growing, not everyone knows where to start. With the independent backing and personalized recommendation of a Managed Account provider, participants can enjoy increased confidence in an allocation to the Allianz Lifetime Income+® Annuity to help meet their essential retirement needs.

And since it's an investment option of their employer-sponsored plan, this combination brings the power of personalized financial planning support to those who may not otherwise have access.

A majority of Americans will **rely on an employer-sponsored plan for their financial future**, yet many remain uncomfortable with the uncertainty of their retirement savings lasting as long as they do.



8 in 10 workers expect their workplace retirement savings plan to be **a source of income in retirement.**<sup>1</sup>



Over half **worry about running out of money** from their plan in retirement.<sup>2</sup>

Adding a guaranteed lifetime income option would **provide additional support for employees**. 70% of employer-sponsored plan participants stated that recent volatility has increased their interest in adding an option that offers protected growth to their plan.<sup>2</sup>



Over 6 in 10 workers **would like more information about annuities** as part of their plan.<sup>2</sup>



Nearly 2 in 3 retirees **prioritize income stability** in their retirement.<sup>1</sup>

An **annuity in employer-sponsored plans**, complemented by the **personalized advice from a Managed Account**, can help:

- **Increase retirement readiness and confidence** with a portion of guaranteed income that participants can rely on for as long as they live
- **Encourage better financial behaviors** as participants receive personalized advice from experienced professionals
- **Simplify the participant experience** with dynamic defaults for different life stages

<sup>1</sup>EBRI and Greenwald Research, 2023 Retirement Confidence Survey, April 2023.

<sup>2</sup>Source: Allianz Center for the Future of Retirement™, The State of Lifetime Income: Participant Survey, conducted in November 2024 with a nationally representative sample of 2,488 respondents age 18+ who are currently contributing to an employer-sponsored retirement plan.

OUR MISSION IS SIMPLE:

We secure your future.

Allianz is driven by the vision that our customers should be able to live their lives with confidence. That commitment is at the heart of everything we do, from our values-driven, inclusive culture, to our innovative financial products, to our responsible investment philosophy.

**READY TO DRIVE BETTER PARTICIPANT OUTCOMES?**

Contact your plan advisors or plan consultants, or connect with the dedicated Employer Markets team at Allianz to learn more.

→ EMAIL [retirement-income@allianzlife.com](mailto:retirement-income@allianzlife.com)

→ VISIT [www.allianzlife.com/dcplan](http://www.allianzlife.com/dcplan)

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A leading provider of annuities and life insurance, we serve clients like you through our **risk management experience, innovative products, and network of trusted financial professionals.** Consistently high ratings from independent rating agencies reflect our financial strength, integrity, and wise investment decisions.

As part of Allianz SE, one of the world's largest financial services companies, **we are committed to keeping our promises so you can live with confidence** – knowing that we'll be there when you need us, wherever you need us.

Products are issued by:

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PO Box 59060  
Minneapolis, MN 55459-0060

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Fixed index annuities are designed to meet long-term needs for retirement income. They provide guarantees against the loss of principal and credited interest, tax-deferred accumulation potential, and the reassurance of a death benefit for beneficiaries.

Increasing income potential is provided through a built-in rider at no additional cost.

Withdrawals from the annuity may be subject to ordinary federal and state income taxes. You may also be subject to a 10% federal early withdrawal penalty if you take withdrawals prior to age 59½.

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 and retirement plan.

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