Allianz Asset Pro+SM Fixed Index Universal Life Insurance Policy

(R-7/2018)

Allianz Life Insurance Company of North America

A strategy to help **provide protection and enhance your Social Security** benefits

How life insurance can provide protection and allow a married couple to delay and increase their Social Security benefits

Meet Mike and Staci. In this hypothetical case study, Mike and Staci were each born in 1963. They are married, with two teenage children at home. Staci is an attorney at a local law firm and Mike is a human resources director at a large software company. Both Mike and Staci plan on retiring at their full retirement age of 67.

Their financial needs: Mike and Staci have planned well and have several expected sources of income for retirement in place, including their 401(k)s, nonqualified annuities, and Social Security. They both need individual life insurance policies in addition to the term insurance they have through their employer in case of job loss or change of employment. They also like the idea of being able to maintain some life insurance coverage even after they retire. Their goal for the life insurance death benefit is to replace lost income and help with college funding for their children.

OPTION 1: Mike and Staci both file at age 67 to collect Social Security at full retirement age

Social Security beneficiary	Monthly estimated income[1]
Mike	$2,000
Staci	$2,600

OPTION 2: Mike and Staci wait until 70 to increase their benefit by 24% with delayed retirement credits.

Social Security beneficiary	Monthly estimated income[1]
Mike at age 70	$2,480
Staci at age 70	$3,224

For all that's ahead.®

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Must be accompanied by the Allianz Asset Pro+ consumer brochure (M-6025 and appropriate state variations).

This hypothetical example is provided for illustrative purposes only. Characters are fictional and not actual Allianz Life Insurance Company of North America (Allianz) clients.

Financial professionals may provide information, but not advice, related to Social Security benefits. You should seek information from the Social Security Administration regarding your particular situation. For more information, please see your local Social Security office or visit www.ssa.gov.

Social Security income is an estimate only and rules may change. Please visit www.ssa.gov for more information.

[1] The Social Security monthly estimate income is hypothetical only and does not take into account potential cost-of-living adjustments if declared by the Social Security Administration, or changes due to potential salary changes while working.

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Mike and Staci's retirement concerns[1]

If one of them were to pass away unexpectedly, under current rules, the surviving spouse can keep receiving the higher earner's Social Security benefits – but will stop receiving the lower earner's benefits. That means if they had both started taking Social Security at age 67, the surviving spouse would lose $2,000 of income per month.

And while they like the idea of delaying their Social Security benefits until age 70 in order to increase their Social Security payments, they are concerned that their current retirement income resources may not be enough to bridge the gap.

While they could purchase additional nonqualified annuities or increase their 401(k) contributions, these possibilities do not address their need for death benefit protection.

By purchasing two Allianz Asset Pro+ policies, Mike and Staci **can meet their life insurance needs and potentially enhance their retirement income.**

1 **THEY HAVE LIFE INSURANCE COVERAGE THAT'S INDEPENDENT OF THEIR JOBS**, so if one or both of them were to lose current employment, they have their individual policies in place. This would help them protect their assets in retirement.

2 If Mike or Staci passes away prematurely prior to retirement or when receiving Social Security benefits, **THE INCOME-TAX-FREE DEATH BENEFIT[2] CAN BE USED TO HELP FUND COLLEGE FOR THEIR CHILDREN OR REPLACE THE LOST SOCIAL SECURITY INCOME**.

3 Allianz Asset Pro+ also offers the opportunity to build cash value that can be used for a variety of purposes – such as supplemental retirement income – through policy loans and withdrawals.[3] These **POLICY LOANS AND WITHDRAWALS HELP MAKE IT POSSIBLE FOR THEM TO DELAY TAKING THEIR FULL SOCIAL SECURITY BENEFITS** until age 70 – which can enhance their Social Security income payments. It may also provide a supplement to their retirement income beyond age 70.

[1] This hypothetical example is provided for illustrative purposes only. Characters are fictional and not actual Allianz clients.

[2] The death benefit is generally income-tax-free when passed on to beneficiaries

[3] Policy loans and withdrawals will reduce the available cash value and death benefit and may cause the policy to lapse, or affect guarantees against lapse. Withdrawals in excess of premiums paid will be subject to ordinary income tax. Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax. If a policy is a modified endowment contract (MEC), policy loans and withdrawals will be taxable as ordinary income to the extent there are earnings in the policy. If any of these features are exercised prior to age 59½ on a MEC, a 10% federal additional tax may be imposed. Tax laws are subject to change and you should consult a tax professional.

THEIR SOLUTION:
TWO ALLIANZ ASSET PRO+ POLICIES

Mike's Allianz Asset Pro+ policy

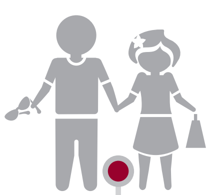
Death benefit	$500,000	
Annual premium to age 66	$20,000	
	5.5% nonguaranteed illustrated rate[4]	0.1% minimum guaranteed fixed interest rate[5]
Cash value at age 66	$257,983	$135,839
Policy loans[3] starting at age 67	$19,538 for 19 years	$19,538 for 5 years, then policy lapses

Assumptions: 54-year-old male; Preferred Plus Nontobacco risk class; $500,000 death benefit; $20,000 annual premium for 12 years; 5.5% nonguaranteed illustrated rate; policy loans beginning at age 67 through age 85.

Staci's Allianz Asset Pro+ policy

Death benefit	$500,000	
Annual premium to age 66	$20,000	
	5.5% nonguaranteed illustrated rate[4]	0.1% minimum guaranteed fixed interest rate[5]
Cash value at age 66	$272,296	$150,029
Policy loans[3] starting at age 67	$21,883 for 19 years	$21,883 for 5 years, then policy lapses

Assumptions: 54-year-old female; Preferred Plus Nontobacco risk class; $500,000 death benefit; $20,000 annual premium for 12 years; 5.5% nonguaranteed illustrated rate; policy loans beginning at age 67 through age 85.



Mike and Staci each **retire at age 67** but delay starting Social Security until age 70

Mike and Staci **start taking Social Security with 24% increase**

INCOME THROUGH RETIREMENT INCOME SOURCES AND SUPPLEMENTAL INCOME VIA **ALLIANZ ASSET PRO+ POLICY LOANS**[3,6]

INCOME VIA **SOCIAL SECURITY AND OTHER RETIREMENT INCOME SOURCES**[6]

AGE 67 68 69 70 85

SOCIAL SECURITY FULL RETIREMENT AGE

AGE FOR MAXIMUM SOCIAL SECURITY DELAYED RETIREMENT CREDITS

[4] Assumes a level credited interest rate, current charges in all policy years, and an accumulation bonus starting after year 1.

The external indexes on which credited rates are based are volatile. It is not possible to predict the credited rates in any given year, and credited rates may be dramatically different from one year to the next based on a number of factors, including market conditions.

[5] Assumes a guaranteed fixed interest rate of 0.1%, maximum charges in all policy years, and an interest bonus of 15% of any interest credit starting after year 1.

[6] Retirement income sources may include 401(k)s, nonqualified retirement accounts, and Allianz Asset Pro+ policy loans.

Bonus products may include higher surrender charges, longer surrender periods, lower caps, or other restrictions that are not included in similar products that don't offer a bonus.

This strategy may be **appropriate** if you are:

- Married
- Healthy
- Needing life insurance for things like income replacement, debt payoff, or to supplement a college funding strategy
- Looking for other potential sources of supplemental retirement income
- Able to delay taking Social Security income until 70 for one or both spouses using other sources for retirement income

This strategy may **not be appropriate** for all situations.

CONSIDERATIONS

- This is one of the many possible strategies to potentially supplement your retirement income and/or enhance your Social Security payout.
- There is no one best age to file for Social Security benefits for everyone. When and how to apply for Social Security benefits is a personal decision based on your individual and family circumstances.
- If one person has a lower income (not a high-wage earner), the couple would lose the lower person's Social Security income at death.
- If there is a significant age gap (for example, if the younger spouse is under age 60 when the older spouse is already accessing Social Security income) and the older spouse dies, the younger spouse is not able to receive any Social Security income until age 60.
- Keep in mind that policy loans may be more or less than originally illustrated and will reduce your available death benefit and cash value, which may cause the policy to lapse. If the policy lapses, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax, which can be a substantial amount of taxable income. If taking policy loans, you need to ensure that you are managing your policy values to ensure that the policy remains in force.
- There are different types of policy loans available and the cost associated with loans will vary by the loan selected. These factors will impact a policy when accessing any available cash value.
- In addition to policy loans, you can also access any cash value through withdrawals. Provided the policy is not a modified endowment contract, withdrawals are income-tax-free up to the basis amount. Withdrawals reduce the policy values, including the death benefit; withdrawals in excess of basis may be taxed as ordinary income.
- Life insurance does not provide a guaranteed income stream for retirement. The potential for supplemental retirement income through policy loans and withdrawals is dependent on the policy earning sufficient interest to support the strategy, and there is no guarantee the policy will earn sufficient interest
- While a financial professional can provide general information related to Social Security, for information on your specific situation, you should contact the Social Security Administration
- Life insurance requires health and financial underwriting.

Allianz Asset Pro+℠ can provide death benefit protection ***plus*** the potential to help supplement your retirement income strategy. Contact your financial professional to find out more.

Life insurance policies have certain fees and charges associated with them that pay for the death benefit, underwriting expenses, and issuing and administering the policy.

Policy loans and withdrawals will reduce the available cash value and death benefit and may cause unintended consequences, including lapse or taxable events. Please see the full loan and withdrawal disclosure within this material for details.

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Guarantees are backed 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 broker/dealer.

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