Allianz

Allianz Life Insurance Company of North America

The three buckets of a retirement strategy

And how you could fill them.

When you think about your retirement income needs, it's common to focus on the daily and monthly expenses you'll need to cover to live comfortably. That's important, but you should also plan for handling unexpected expenses, as well as building a legacy you can leave after your death.

A solid financial strategy should include assets to help address all three of these categories – or, buckets:

1 LIFESTYLE

Lifestyle assets include savings accounts and retirement savings vehicles such as 401(k)s. These are the resources you'll draw on to enjoy retirement and maintain your standard of living, and will cover expenses like:

- Basic needs
- Property, i.e., your house and cars
- Entertainment and travel

2 EMERGENCY

Ideally, you should also have enough funds set aside to cover emergencies without having to dip into your lifestyle assets. These unexpected events include:

- Illness
- Car repairs
- Home repairs, i.e., a new roof or furnace

3 LEGACY

These "idle assets" are the money you don't anticipate spending during your lifetime. Reasons for legacy assets, provided by the death benefit, include:

- Leaving an inheritance for your children or grandchildren
- Giving a gift to charity

Indexed universal life (IUL) insurance can help fill all three buckets.

This material must be accompanied by the "Understanding indexed universal life insurance" consumer brochure (M-3959) or the consumer product brochure (M-8119).

Product and feature availability may vary by state and broker/dealer.

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INDEXED UNIVERSAL LIFE INSURANCE CAN HELP WITH YOUR FINANCIAL GOALS – NOW AND IN THE FUTURE.

If you need life insurance coverage, an IUL policy can provide an income-tax-free death benefit[1] for your beneficiaries – that's your legacy bucket. **But because IUL insurance has the potential to build accumulation value that's tax-deferred, it can help supplement your lifestyle and emergency buckets as well.**

1 LIFESTYLE

You can access any available cash value accumulation through policy loans or withdrawals[2] to help:

- Supplement retirement income
- Supplement college funding
- Pay for a child's wedding
- Pay for vacations

2 EMERGENCY

You can access any available cash value accumulation through policy loans and withdrawals[2] for:

- Medical bills
- Car repairs
- Home repairs

3 LEGACY

An IUL policy can help you efficiently pass the death benefit upon your death to:

- Family or other beneficiaries
- Charities or other organizations

Considerations

- IUL requires qualification through health and financial underwriting.
- When accessing policy loans and withdrawals, it's important to consider that your available cash value and death benefit will be proportionately reduced, and you should carefully monitor the cash values in the policy to help prevent a policy 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.
- Keep in mind that any outstanding loans may be taxable if the policy lapses or is surrendered.
- IUL is not a retirement vehicle and does not provide a guaranteed income stream in retirement. The potential for supplemental retirement income through policy loans and withdrawals is dependent on the policy earning enough interest to support the strategy, and there is no guarantee that the policy will earn sufficient interest.

WORK WITH YOUR FINANCIAL PROFESSIONAL to find out how IUL can provide death benefit protection and help fill your three financial buckets.

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

[2] 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.