Allianz Life Insurance Company of North America

FIXED INDEX UNIVERSAL LIFE (FIUL)

Income planning complemented with fixed index universal life insurance

The potential benefits could add supplemental income to your long-term strategy.

Protect your family and help bridge your retirement income gap.

What are your goals in retirement? If your strategy is similar to many other Americans, part of it may include financial protection for your family. An FIUL policy could play an integral role in your overall financial strategy – with a way to protect your family with a death benefit that is generally income-tax-free – and **help bridge the gap between your retirement savings and your retirement income goals.**

It addresses the primary need for death benefit protection for your beneficiaries and it also offers the opportunity to access any available cash value through income-tax-free policy loans or withdrawals.[1] Work with your financial professional to determine if this strategy could be appropriate for your individual situation.

HYPOTHETICAL CASE STUDY: Using FIUL to help bridge the retirement income gap

Client profile	
Names Joe and Deb	**Ages** 40
Retirement goals • Securing financial protection for their family • Funding their child's college tuition • Retiring at age 62 while maintaining their current lifestyle in retirement	

Current estimated income sources	
401 (K) plans $104,000	**Total income need** $175,000 per year
Social Security income $60,000	

The characters in this example are fictional.

Take a closer look to see how Joe and Deb could bridge the gap between their retirement savings and their retirement goals.

Must be accompanied by the appropriate product consumer brochure.

Guarantees are backed by the financial strength and claims-paying ability of the issuing company.

[1] 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.

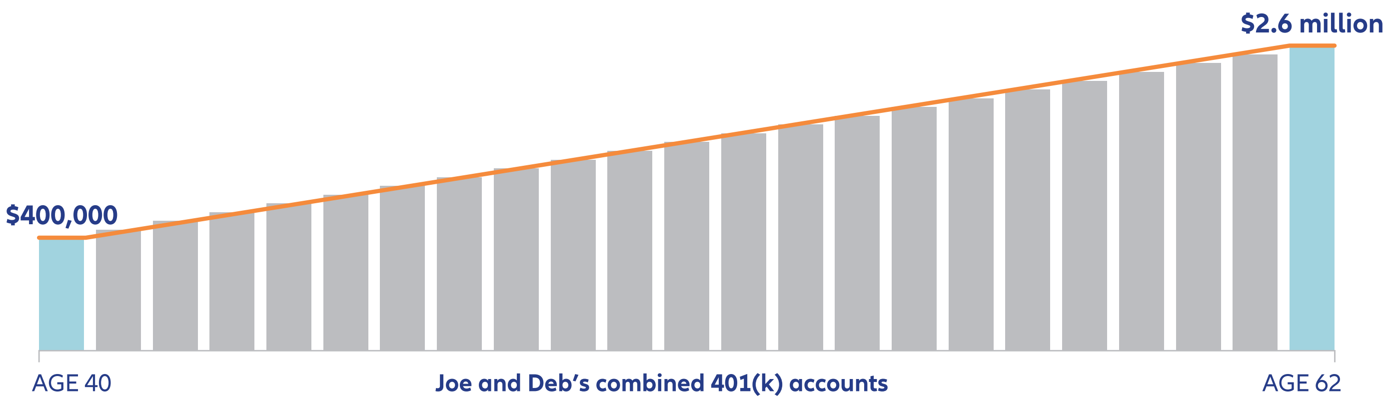
Products are issued by Allianz Life Insurance Company of North America, 5701 Golden Hills Drive Minneapolis, MN 55416-1297. 800.950.1962 www.allianzlife.com

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

CSI-506 (R-11/2022)

Joe and Deb need $175,000 per year to live comfortably in retirement.

In addition to Social Security, they are both saving in their company-sponsored 401(k) plans. They each have saved approximately $400,000 combined in their respective accounts. If they each continue to save $10,000 per year into their 401(k) with a company match of 4%, they can contribute an additional $616,000 in their 401(k)s by age 62. They estimate their 401(k) accounts will increase 6% each year until they retire, accumulating to approximately $2.6 million combined. In working with their financial professional, they believe they can withdraw 4% ($104,000 combined per year) from their 401(k)s and adjust for inflation each year.



Depending on when they claim Social Security, Joe and Deb's income needs from retirement savings could vary greatly.

Based on their specific circumstances and goals, they have narrowed it down to three options to consider:

1	Claim at age 62 and take a 30% reduction of their full retirement age Social Security income.
2	Claim Social Security at 67 (full retirement age) for approximately $2,000 per month.
3	Delay claiming to age 70 and earn 8% per year (24% total) in retirement credits.

Joe and Deb decide to delay claiming Social Security until age 70.

They still plan to retire at age 62, so they will need to fund their entire retirement income ($175,000 per year) from their personal savings accounts. At age 70, they will start receiving $60,000 a year in Social Security benefits, which will allow them to reduce the amount they need to access from other sources, but still leaves them with an income gap of $115,000.

Joe and Deb know if one of them passes away, the surviving spouse would collect only one check from Social Security – which could impact their income goals and savings for retirement. Their income goals may change with only one living spouse, however, they may still have the similar expenses if their hope is to stay in their home and maintain the same standard of living.

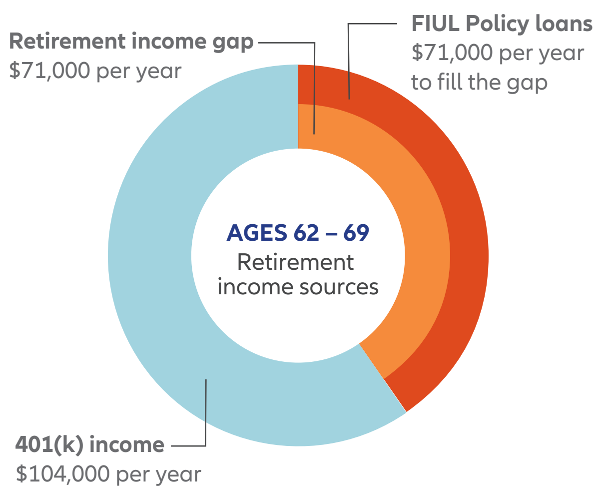
A potential solution for Joe and Deb's retirement income gap

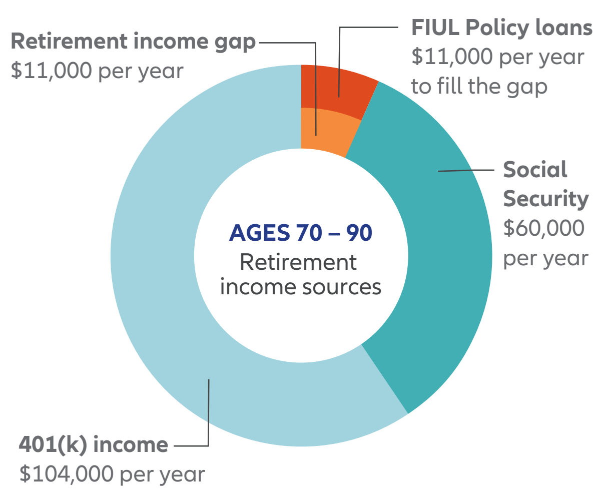
Joe and Deb decide to each purchase an Allianz Life Pro+® Advantage Fixed Index Universal Life Insurance Policy. The policies will provide a generally income-tax-free death benefit for their surviving spouse, giving them the reassurance that they will be financially taken care of in the event of an early death. The policies also provide the potential to build accumulation value that can be used to supplement to the distributions they take from their 401(k)s and what they receive from Social Security.

This is an attractive solution for Joe and Deb because the accumulation value will not decline with market losses – although fees and charges will have an impact. Because utilizing a policy loan strategy has potential risks and tax consequences associated with it, they have discussed it with their financial professional and tax advisor to make sure it is appropriate for their financial strategy.

Between ages 62 and 69, Joe and Deb will not be receiving Social Security benefits. Assuming a withdrawal rate of 4%, they could withdraw approximately $104,000 combined (before taxes) from their 401(k)s – leaving them with a retirement income gap. If they start taking loans from their FIUL policies at age 62, Joe and Deb could access a combined loan amount of $71,000 until age 69 to fill the gap (assuming their policies have earned sufficient interest).

At age 70, Joe and Deb begin to receive roughly $60,000 in Social Security benefits. Depending on their future earnings and cost of living adjustments, this number could be higher or lower than what they had originally planned. At this time they are able to reduce the loan amount from their FIUL policy to $11,000 to supplement the remaining retirement income gap. At age 90, even after taking 28 years of policy loans, they still have a death benefit that they would pass on to their beneficiaries at their death.





Assumptions: Two Allianz Life Pro+ Advantage policies, male and female age 40, Preferred Nontobacco, $500,000 death benefit, $12,000 annual premium 21 years, death benefit option B to A (policy year 22), 6.0% nonguaranteed illustration rate, 0.90% interest bonus opportunity starting in year 1, indexed loan charge 5%.

401(k) retirement account, 6.0% annual return, annual contributions $28,000 for 22 years.

This hypothetical example assumes a consistent interest rate and bonus credit in each year and does not consider market volatility, which is not realistic.

Assuming the minimum guaranteed rate of 0.10% and maximum charges, both policies would lapse in year 25, after four years of loans are taken, and would not be able to support the remaining loan strategy. This could result in adverse tax consequences which could be significant.

Including FIUL in your overall financial strategy provides many potential benefits.

FIUL benefits	Considerations
Death benefit protection if either spouse passes unexpectedly and potential replacement for the deceased spouse's Social Security income	FIUL requires health and financial underwriting.
Protection of credited interest from market downturns	An FIUL policy is subject to market volatility, to a certain extent; negative index performance would result in zero interest earned by the policy. The amount of interest the policy earns impacts the amount of cash value available, and there is no guarantee that there will be sufficient cash value available to keep the policy in force.
The opportunity for income-tax-free policy loans or withdrawals to supplement their retirement income and/or their child's college tuition	If taking policy loans, you need to be sure you are managing your policy values to ensure that the policy remains in force. Additional premium payments may be required to keep the policy in force.
Flexibility to control the amount of their taxable income (by taking income-tax-free loans or withdrawals) which determines their Medicare premium amount	The cost of the loan can vary by loan type, and the interest earned by the policy may not be enough to cover the loan cost each year, which reduces policy values.
	Policy loans will reduce your available cash value, which may cause the policy to lapse.
	If the policy lapses, outstanding policy loans in excess of the premium paid will be subject to ordinary income tax, which can be a substantial amount of taxable income.
	FIUL is not a source for guaranteed retirement income.

Looking for an option to help supplement your retirement income? **ASK YOUR FINANCIAL PROFESSIONAL** for a personalized illustration to see how this strategy could work for your individual situation.

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.

This content is for general educational purposes only. It is not intended to provide fiduciary, tax, or legal advice and cannot be used to avoid tax penalties; nor is it intended to market, promote, or recommend any tax plan or arrangement. Allianz Life Insurance Company of North America, its affiliates, and their employees and representatives do not give legal or tax advice. Customers are encouraged to consult with their own legal, tax, and financial professionals for specific advice or product recommendations.

P64163