

L.I.F.E.

Life Insurance as a Financial EngineSM



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Do you have an appropriate mix of assets to help prepare for the future you envision?

In today's environment, it's important to remember that a successful financial strategy needs a mix of various assets and financial vehicles to help support and protect your long-term goals.

You've likely already begun to save using common financial vehicles such as your company-sponsored qualified plan and tax-advantaged plans (such as IRAs, as well as savings accounts and real estate investments).

Typically, each asset or financial vehicle reflects different risk-and-return characteristics, which over the long term may help you reduce your overall financial risk. **The more diversified your financial options, the more likely you'll be able to weather the ups and downs of uncertain markets – giving yourself some opportunity for growth while still protecting a portion of your assets.**

Life insurance can be a powerful asset in your financial strategy – by offering protection, flexibility, and tax advantages.

Diversification does not ensure a profit or protect against loss.

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Cash value life insurance can help diversify your financial portfolio.

If you need death benefit protection and are looking to diversify your financial portfolio, cash value life insurance – such as fixed index universal life (FIUL) insurance – may be an appropriate addition to your strategy.

The primary reason to purchase life insurance is for the income-tax-free death benefit¹ that is left to beneficiaries. But when you consider the additional advantages it offers, FIUL can be an appropriate choice to help diversify your portfolio.

FIUL policies offer a combination of three tax advantages in one product

- **Tax-deferred** accumulation value
- **Income-tax-free** loans and withdrawals²
- **Income-tax-free** death benefit¹

Life insurance does not have restrictions like other financial vehicles

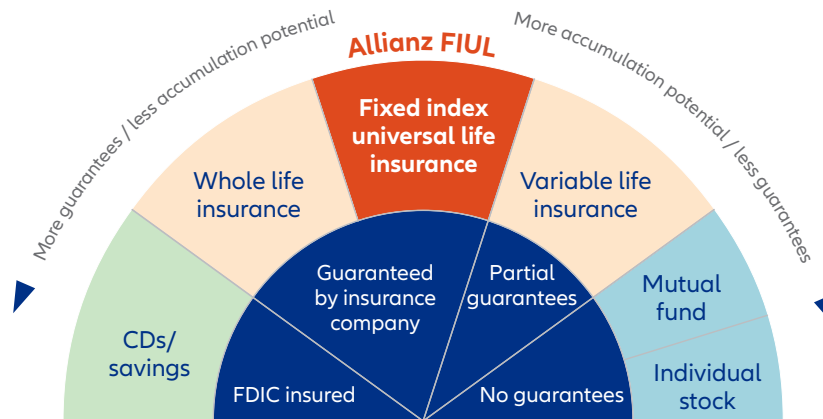
- No penalties for accessing cash value prior to age 59½, assuming the policy is not a modified endowment contract
- Accessing any available cash value through policy loans and withdrawals² currently does not have an effect on your available Social Security Retirement Benefits
- No required minimum distributions (RMD) at age 70½³

FIUL can help complement your retirement portfolio with protection features

- An income-tax-free death benefit¹
- Guarantees within the accumulation value
- Protection from market volatility

Risk profiles for a variety of financial vehicles

Different assets have varying levels of risk, accumulation potential, and guarantees – that’s why it’s important to have a diversified strategy.



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

²Policy 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.

³ Life insurance does not provide a stream of income in retirement. Any potential supplemental income is available through policy loans and withdrawals.

Protection to and through retirement

As you near retirement, you'll have questions like these to consider

- "Will I be able to afford a comfortable lifestyle during retirement?"
- "How could my future tax situation affect my retirement income?"
- "What if I outlive my retirement savings?"
- "Will there be an estate to pass on to my family after I'm gone?"
- "Do I have a succession plan for my business?"

Fixed index universal life (FIUL) insurance can help bridge the gap between your retirement savings and retirement income needs

61% of Americans say they are worried their current financial strategy won't provide the lifestyle they'd like to have in retirement.¹

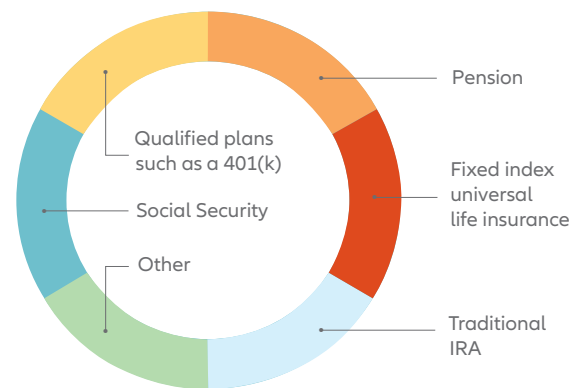
61% of Americans say they are worried their current financial strategy won't provide the lifestyle they'd like to have in retirement.¹ Even more worrisome – given that the average life expectancy for a 65-year-old is 84 for men and 87 for women – is that outliving your retirement assets could be a real possibility.²

With FIUL, you can supplement your retirement income by accessing any available cash value through income-tax-free policy loans and withdrawals.³ (Withdrawals may be income-tax-free as long as they do not exceed the premium you've paid).

FIUL can help supplement these common sources of retirement income:

- Social Security
- Pension
- Qualified plans such as a 401(k)
- Tax-advantaged plans such as IRAs
- Other assets including nonqualified annuities, savings accounts, and CDs

FINANCIAL PORTFOLIO



Life insurance does not provide a guaranteed income stream in retirement. The potential for loans and withdrawals is based upon how much interest the policy has earned.

¹ 2021 Q4 Allianz Life Quarterly Market Perceptions Study

² Social Security Administration Life Expectancy Calculator, April 2022.

³ 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.

Tax diversification can also help your retirement strategy.

Asset diversification and the flexibility to adjust your taxable income

Taxes can have a significant impact on how much of your savings you can access in the future – and the amount you pass on to your beneficiaries. That’s why it’s important to also consider tax diversification as part of your retirement strategy.

According to the Stanford Center on Longevity, individuals living today will exceed the average life expectancy of those in the 20th century by an additional 30 years. That means for some, retirement could last 30 years or longer. Diversifying your retirement strategy to include fixed index universal life (FIUL) insurance can

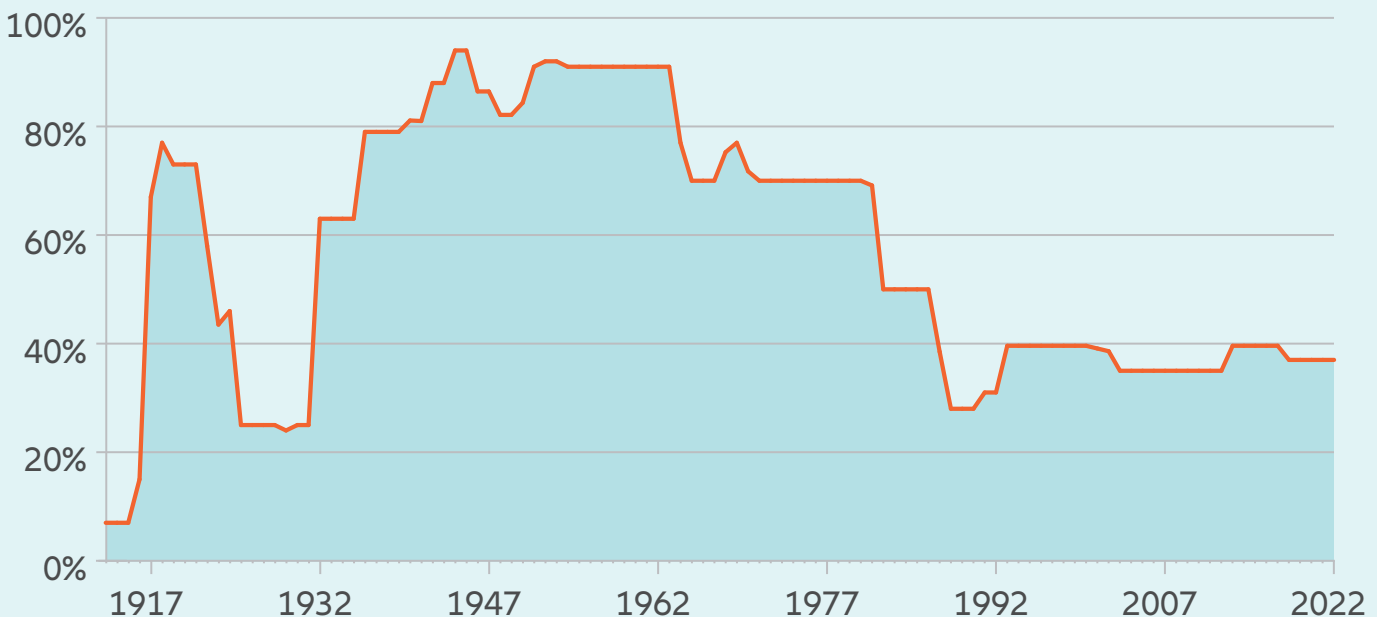
help lessen exposure to adverse tax impacts by allocating to vehicles that offer different tax treatments.

Taxes during a retirement of 30 or more years may significantly impact how much of your savings you can access.

When looking at the historical rates below, you see substantial variations over time. In recent years, the marginal income tax rate for the highest earners is hovering just below 40%. But over the past century, that rate has been significantly higher. **No one can be sure where it will be during your retirement.**

What will your retirement look like?

U.S. income tax rates for highest-income earners



Source: Tax Policy Center, "Historical Highest Marginal Income Tax Rates, February 2022"

How are your financial vehicles taxed?

Having a diversified strategy may help you effectively manage how much and when you are being taxed. To prepare for your future, it's important to consider the tax advantages and consequences of various financial vehicles.

The table below is based on current tax laws and is intended to provide a general overview of the tax treatments of specific financial vehicles, including life insurance. This is not a complete comparison of all features of the financial vehicles. A comprehensive approach to your retirement strategy may consider a variety of financial vehicles in different tax classification categories, including the ones defined below.

	Life insurance	Qualified plan/traditional IRA	Roth IRA/Roth 401(k)	Individually owned mutual funds	Municipal bonds	Nonqualified deferred annuities
Funding / contribution limits	No ¹	Yes ²	Yes ²	No	No	No ³
Funding / contribution pre-tax	No	Yes	No	No	No	No
Income-tax-deferred accumulation	Yes	Yes	Yes	No ⁴	Yes	Yes
Income-tax advantaged distributions	Yes ⁵	No	Yes ⁶	Yes ⁷	Yes ⁸	Yes ⁹
Income-tax-free or advantaged benefit at death	Yes	No	Yes ⁶	Yes ¹⁰	Yes ^{8, 10, 12}	No
Additional tax for early withdrawal (unless an exception applies)	No ¹¹	Yes	Yes	No	No	Yes

Fixed index universal life (FIUL) insurance can play an important role in your overall financial strategy.

- It can help protect your loved ones in the event of a premature death
- It offers three distinct tax advantages
- It can provide flexibility and control



CONTACT YOUR FINANCIAL PROFESSIONAL AND TAX ADVISOR to discuss using FIUL to help diversify your portfolio.

¹ To ensure any available cash value is available on a tax-advantaged basis, the Internal Revenue Code regulates the relationship between the death benefit and the accumulation value. Life insurance may require ongoing contributions to ensure the policy stays in force. If the policy is not sufficiently funded it may lapse.

² May be limited by adjusted gross income, in addition to the dollar limits.

³ Contract provisions may limit contributions.

⁴ Capital gains and dividends declared by mutual fund managers may be taxable.

⁵ 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.

⁶ If qualified distributions occur.

⁷ To the extent that the capital gains tax is more favorable than ordinary income tax.

⁸ Municipal bonds may be subject to state and local taxes and Alternative Minimum Tax.

⁹ Provided the contract is annuitized, the distributions are tax-advantaged.

¹⁰ Step-up in basis applies at death.

¹¹ Withdrawals and loans from a life insurance policy are subject to the additional tax for early withdrawal if the policy is classified as a modified endowment contract (MEC).

¹² Municipal bond interest is generally exempt from federal income tax. All of the financial vehicles listed above will have various fees and charges.

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A leading provider of annuities and life insurance, Allianz Life Insurance Company of North America (Allianz) bases each decision on a philosophy of being true: **True to our strength** as an important part of a leading global financial organization. **True to our passion** for making wise investment decisions. And **true to the people we serve**, each and every day.

Through a line of innovative products and a network of trusted financial professionals, and with 3.7 million contracts issued, Allianz helps people as they seek to achieve their financial and retirement goals. Founded in 1896, Allianz is proud to play a vital role in the success of our global parent, Allianz SE, one of the world's largest financial services companies.

While we are proud of our financial strength, we are made of much more than our balance sheet. By being true to our commitments and keeping our promises, we believe we make a real difference for our clients. It's why so many people rely on Allianz today and count on us for tomorrow – when they need us most.

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