

Allianz
Life Pro+®
Fixed Index
Universal Life
Insurance
Policy

(R-12/2015)

Allianz Life Insurance Company of North America

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



How life insurance can provide a death benefit 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 1962 (making them age 54). 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 access Social Security at full retirement age 67

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

OPTION 2: Mike files at 67 to collect his full retirement age (FRA) benefit. Staci waits until 70 to collect her 24% in delayed retirement credits.

Social Security beneficiary	Monthly estimated income ¹
Mike at age 67	\$2,000
Staci at age 70	\$3,224

For all that's ahead.®

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Must be accompanied by the Allianz Life Pro+ consumer brochure (M-5320 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.

CSI-402

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.



Mike's Allianz Life Pro+ policy			Staci's Allianz Life Pro+ policy		
Death benefit	\$500,000		Death benefit	\$500,000	
Annual premium to age 66 (12 years)	\$20,000		Annual premium to age 66 (12 years)	\$20,000	
	6.5% nonguaranteed illustrated rate ³	0.1% minimum guaranteed fixed interest rate ⁴		6.5% nonguaranteed illustrated rate ³	0.1% minimum guaranteed fixed interest rate ⁴
Cash value at age 66	\$271,166	\$141,997	Cash value at age 66	\$284,300	\$159,957
Policy loans ² starting at age 67	\$28,836 for 19 years	\$28,836 for 3 years, then policy lapses	Policy loans ² starting at age 67	\$30,097 for 19 years	\$30,097 for 4 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; 6.5% nonguaranteed illustrated rate; policy loans beginning at age 67 through age 85

Assumptions: 54-year-old female; Preferred Plus Nontobacco risk class; \$500,000 death benefit; \$20,000 annual premium for 12 years; 6.5% nonguaranteed illustrated rate; policy loans beginning at age 67 through age 85

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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. 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. Tax laws are subject to change and you should consult a tax professional.

By purchasing two Allianz Life 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 also allow them the potential to maintain a policy throughout their retirement years.

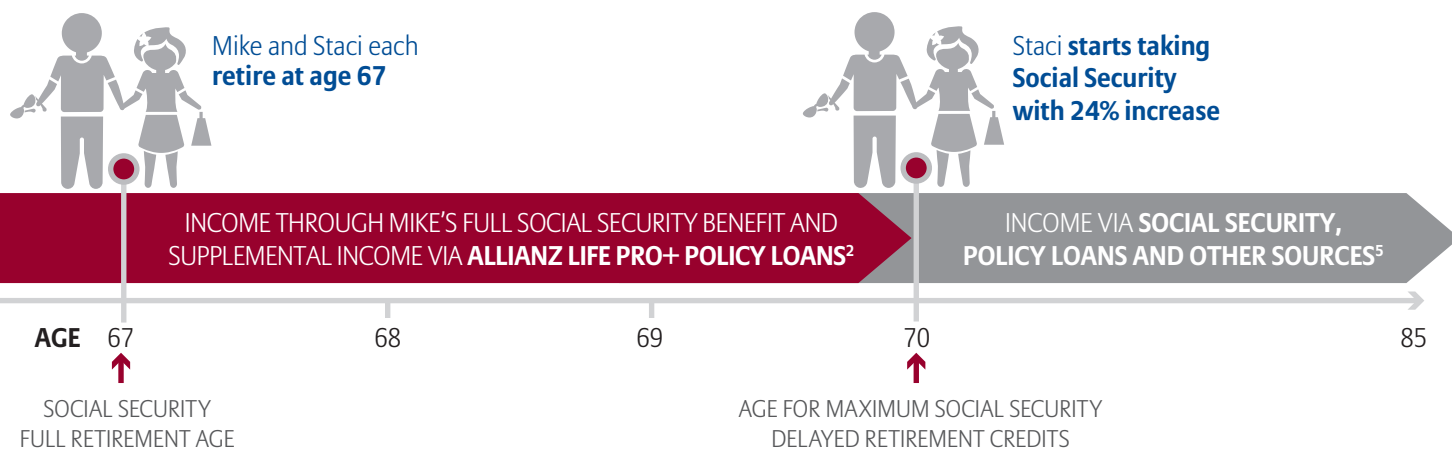
2 If Mike or Staci passes away prematurely when retired or receiving Social Security benefits, **THE INCOME-TAX-FREE DEATH BENEFIT CAN BE USED TO HELP FUND COLLEGE FOR THEIR CHILDREN OR REPLACE THE LOST SOCIAL SECURITY INCOME.** (The \$500,000 death benefit could offer about 20 years' replacement of the \$2,000 monthly Social Security payment that would be lost due to the death.)

3 Allianz Life Pro+ also offers the opportunity to build cash value that can be used for a variety of purposes – such as supplemental retirement income – by accessing their policy's cash value through policy loans and withdrawals.² These **POLICY LOANS AND WITHDRAWALS MAY HELP MAKE IT POSSIBLE FOR ONE OR BOTH OF 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. In this case, we are illustrating accessing policy loans until age 85 which is just beyond their life expectancy. Note: it is important to understand the effect of loans on the policy and the income tax consequences if the loans cause the policy to lapse.

When Mike and Staci reach their FRA they can decide to take Mike's lower amount of \$2,000 a month, which allows them to grow Staci's benefit by 8% a year or 24% in total. They can supplement their income during this time with loans from one or both of their life insurance policies.

4 While they are still working, Mike and Staci have the ability to **PAY ADDITIONAL PREMIUM (ABOVE TARGET, SUBJECT TO CERTAIN LIMITS) INTO THEIR POLICY THAT CAN HELP INCREASE THE POTENTIAL CASH VALUE AVAILABLE FOR POLICY LOANS.** They want to pay premium until age 66 and then start accessing policy loans when they retire at age 67.

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.



³ Assumes a level credited interest rate, current charges in all policy years, and an accumulation bonus of 0.6% starting in year 11.

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.

⁴ Assumes a guaranteed fixed interest rate of 0.1%, maximum charges in all policy years, and an accumulation bonus of 0.6% starting in year 11.

⁵ Retirement income sources may include 401(k)s, nonqualified annuities, and Allianz Life Pro+ policy loans.

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

Allianz Life Pro+® can provide death benefit protection **plus** a way to supplement your retirement income strategy. Contact your financial professional to find out more.

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

CONSIDERATIONS

- This is one of the many possible strategies to supplement your retirement income and/or enhance your Social Security payout.
- 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. (This may not have the impact of losing the higher wage earner's Social Security income.)
- If there is a significant age gap (for example, if the younger spouse is under age 62 when the older spouse is already accessing Social Security income) and the older spouse dies, the younger spouse won't 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.
- Please consult with your financial professional to receive information about Social Security benefit options that may be appropriate for your individual circumstances.
- Life insurance requires health and financial underwriting.

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.

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.

Please note that Allianz Life Insurance Company of North America, its affiliated companies, and their representatives and employees do not give legal or tax advice, or advice related to Social Security benefits. For more information, please visit your local tax advisor, attorney, or Social Security Administration office for your particular situation.

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