

# The impact of dying too soon

Do your life insurance needs consider your long-term savings goals?

(R-8/2019)

We all try to plan for the future – whether that means saving for retirement, college funding for the grandkids, or leaving an inheritance for your family. But what would happen if you passed away prematurely – how would these goals be funded?

## Are you financially protected along the way?

### HOW WOULD YOUR FUTURE FINANCIAL GOALS

be achieved if you passed  
away prematurely?

Life insurance, such as fixed index universal life (FIUL) insurance, offers a unique benefit that many other financial vehicles don't: FIUL generally provides an **income-tax-free death benefit to your beneficiaries when you pass away.**

#### The death benefit can be used to pay for:

- final expenses,
- income replacement,
- and more.

If you have a need for death benefit protection, adding an FIUL policy to your overall financial portfolio can provide a level of financial reassurance for your beneficiaries if you die too soon.

FIUL insurance also has the potential to build accumulation value by allocating to one or more index allocation options. You also have the choice to allocate to a fixed interest allocation that can earn fixed interest.

You can access any cash value that has accumulated in the policy to help supplement the retirement savings you already have in place through policy loans and withdrawals.<sup>1</sup> FIUL can help bridge the gap to help meet your retirement income needs; however, keep in mind FIUL is not a retirement vehicle and does not provide a guaranteed income stream.

For all that's ahead.®

Allianz 

This material must be accompanied by the Allianz Life Pro+ Advantage<sup>SM</sup> Fixed Index Universal Life Insurance Policy consumer brochure.

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.

<sup>1</sup> 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.

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

MLIF-1141

# Let's look at a hypothetical example.

**Retirement accumulation need = \$1 million**

**CURRENT SCENARIO:** Retirement account only, no FIUL policy

There are multiple options for accumulating \$1 million. In this example, we assume contributing \$26,000 a year to a typical no-load savings vehicle. Assuming a nonguaranteed 6% interest rate, the savings vehicle would accumulate to just over \$1 million in 20 years.

But what happens if the account owner dies unexpectedly in year 5? How would their spouse get to that \$1 million needed for retirement if the account owner were no longer able to fund the account?

**WHAT HAPPENS IF THE ACCOUNT OWNER DIES IN YEAR 5?**

Only \$155,358 would be passed to the beneficiary, leaving a significant gap in their retirement accumulation need.

YEAR	ADDITIONS	INTEREST (nonguaranteed 6%)	BALANCE
Start	\$26,000.00		\$26,000.00
1	\$26,000.00	\$1,560.00	\$27,560.00
2	\$26,000.00	\$3,213.60	\$56,773.60
3	\$26,000.00	\$4,966.42	\$87,740.02
4	\$26,000.00	\$6,824.40	\$120,564.42
5	\$26,000.00	\$8,793.87	\$155,358.29
6	\$26,000.00	\$10,881.50	\$192,239.79
7	\$26,000.00	\$13,094.39	\$231,334.18
8	\$26,000.00	\$15,440.05	\$272,774.23
9	\$26,000.00	\$17,926.45	\$316,700.68
10	\$26,000.00	\$20,562.04	\$363,262.72
11	\$26,000.00	\$23,355.76	\$412,618.48
12	\$26,000.00	\$26,317.11	\$464,935.59
13	\$26,000.00	\$29,458.14	\$520,391.73
14	\$26,000.00	\$32,783.50	\$579,175.23
15	\$26,000.00	\$36,310.51	\$641,485.74
16	\$26,000.00	\$40,049.14	\$707,534.88
17	\$26,000.00	\$44,012.09	\$777,546.97
18	\$26,000.00	\$48,212.82	\$851,759.79
19	\$26,000.00	\$52,665.59	\$930,425.38
20	\$26,000.00	\$57,385.52	\$1,013,810.90
21	\$26,000.00	\$62,388.65	\$1,102,199.55
22	\$26,000.00	\$67,691.97	\$1,195,891.52
23	\$26,000.00	\$73,313.49	\$1,295,205.01
24	\$26,000.00	\$79,272.30	\$1,400,477.31
25	\$26,000.00	\$85,588.64	\$1,512,065.95

This hypothetical example is provided for illustrative purposes only and is not intended to represent the performance of a specific product or investment. Actual results will vary.

**ASSUMPTIONS:** Contributing \$26,000 per year to age 65, nonguaranteed 6% interest rate, compounding annually.

## PROPOSED SCENARIO: Retirement account + FIUL policy

When there is a need for death benefit protection, adding an FIUL policy to their overall portfolio can help insure their retirement savings with the generally income-tax-free death benefit provided to beneficiaries. The death benefit would be paid to the surviving spouse, which can help ensure a comfortable lifestyle by helping to meet the desired retirement need.

In this example, the client takes the \$26,000 and puts \$13,000 into a no-load savings vehicle (see chart below) and \$13,000 into an FIUL policy (see chart on following page). If the insured passed away in year 5, the \$1 million death benefit from the FIUL policy would pass to the beneficiary income-tax-free. If they lived until retirement as planned, they would be able to access the value in the savings vehicle and also any available cash value in the FIUL policy through policy loans and withdrawals<sup>1</sup> to supplement what they have already saved for retirement. The policy owner should carefully manage policy values when taking loans and withdrawals to help prevent a policy lapse.

YEAR	ADDITIONS	INTEREST (nonguaranteed 6%)	BALANCE
Start	\$13,000.00		\$13,000.00
1	\$13,000.00	\$780.00	\$13,780.00
2	\$13,000.00	\$1,606.80	\$28,386.80
3	\$13,000.00	\$2,483.21	\$43,870.01
4	\$13,000.00	\$3,412.20	\$60,282.21
5	\$13,000.00	\$4,396.93	\$77,679.14
6	\$13,000.00	\$5,440.75	\$96,119.89
7	\$13,000.00	\$6,547.19	\$115,667.08
8	\$13,000.00	\$7,720.02	\$136,387.10
9	\$13,000.00	\$8,963.23	\$158,350.33
10	\$13,000.00	\$10,281.02	\$181,631.35
11	\$13,000.00	\$11,677.88	\$206,309.23
12	\$13,000.00	\$13,158.55	\$232,467.78
13	\$13,000.00	\$14,728.07	\$260,195.85
14	\$13,000.00	\$16,391.75	\$289,587.60
15	\$13,000.00	\$18,155.26	\$320,742.86
16	\$13,000.00	\$20,024.57	\$353,767.43
17	\$13,000.00	\$22,006.05	\$388,773.48
18	\$13,000.00	\$24,106.41	\$425,879.89
19	\$13,000.00	\$26,332.79	\$465,212.68
20	\$13,000.00	\$28,692.76	\$506,905.44
21	\$13,000.00	\$31,194.33	\$551,099.77
22	\$13,000.00	\$33,845.99	\$597,945.76
23	\$13,000.00	\$36,656.75	\$647,602.51
24	\$13,000.00	\$39,636.15	\$700,238.66
25	\$13,000.00	\$42,794.32	\$756,032.98

### IF THE ACCOUNT OWNER DIES IN YEAR 5,

\$77,679 would be passed to the beneficiary from the savings vehicle, along with the death benefit from the FIUL (see chart on following page).

**ASSUMPTIONS:** Contributions \$13,000 per year to age 65, nonguaranteed 6% interest rate, compounding annually.

<sup>1</sup>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.

## Allianz Life Pro+ Advantage<sup>SM</sup> Fixed Index Universal Life Insurance Policy

YEAR	CASH VALUE		DEATH BENEFIT	
	Guaranteed 0.1%	Nonguaranteed 6%	Guaranteed 0.1%	Nonguaranteed 6%
1	\$0	\$0	\$1,007,990	\$1,009,402
2	\$0	\$0	\$1,015,847	\$1,019,453
3	\$0	\$5,668	\$1,023,592	\$1,030,198
4	\$7,075	\$17,464	\$1,031,295	\$1,041,684
5	\$15,035	\$30,062	\$1,038,935	\$1,053,962
6	\$22,952	\$43,518	\$1,046,522	\$1,067,088
7	\$30,817	\$57,889	\$1,054,047	\$1,081,119
8	\$42,149	\$76,758	\$1,061,509	\$1,096,118
9	\$53,428	\$96,663	\$1,068,918	\$1,112,153
10	\$64,625	\$118,239	\$1,076,235	\$1,129,849
11	\$75,678	\$141,027	\$1,083,418	\$1,148,767
12	\$86,558	\$165,120	\$1,090,428	\$1,168,990
13	\$97,244	\$190,609	\$1,097,244	\$1,190,609
14	\$103,825	\$213,719	\$1,103,825	\$1,213,719
15	\$110,142	\$238,315	\$1,110,142	\$1,238,315
16	\$116,144	\$266,241	\$1,116,144	\$1,266,241
17	\$121,790	\$295,902	\$1,121,790	\$1,295,902
18	\$127,019	\$327,411	\$1,127,019	\$1,327,411
19	\$131,771	\$360,887	\$1,131,771	\$1,360,887
20	\$135,964	\$396,438	\$1,135,964	\$1,396,438
21	\$139,525	\$434,168	\$1,139,525	\$1,434,168
22	\$142,355	\$474,185	\$1,142,355	\$1,474,185
23	\$144,360	\$516,569	\$1,144,360	\$1,516,569
24	\$145,438	\$561,388	\$1,145,438	\$1,561,388
25	\$145,516	\$608,646	\$1,145,516	\$1,608,646

### IF THEY LIVED TO RETIREMENT AS PLANNED,


they can access both the value in the savings vehicle and any available cash value in the FIUL policy to help supplement retirement income.

### IF THE POLICY OWNER PASSED AWAY IN YEAR 5,

over \$1,000,000 would generally pass to beneficiaries income-tax-free.



This example is hypothetical in nature. Based on historical performance, the policy's allocation options, had they been available, would have resulted in a wide range of interest rates. Some would have exceeded 6% and some would have been less than this. Keep in mind that different time periods and different indexes will produce higher or lower averages. Any indexed interest credited to a policy is based on the caps and participation rates in the policy and is subject to change on any policy anniversary based on several external factors including, but not limited to, market volatility, short-term interest rates, and long-term interest yields. See the contract for more details.

**ASSUMPTIONS:** Life Pro+ Advantage, male, age 40, Preferred Plus Nontobacco, \$13,000 annual premium paid to age 65, assuming annual nonguaranteed 6% interest rate, increasing death benefit.



This is just an overview of one way an FIUL policy can help provide the protection you and your family need – while also offering you the opportunity to supplement your retirement strategy.

**Ask your financial professional** whether adding an FIUL policy to your portfolio may be a solution for your financial goals.



# True to our promises ... so you can be true to yours.®

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 over 3.6 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.

Guarantees are backed solely 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.

[www.allianzlife.com](http://www.allianzlife.com)

Products are issued by:

Allianz Life Insurance Company

of North America

PO Box 59060

Minneapolis, MN 55459-0060

800.950.1962

P64339