

Add more value to retirement income conversations.

Simply having a relationship with your clients is not enough to create retirement confidence. Studies show the sense of security comes when you help them complete a formal retirement income strategy.

LIMRA found that financial professionals have completed a formal retirement income strategy for only 35% of their retiree clients.¹ Retirees with a retirement income strategy may feel more confident because they have realistic expectations of income and expenses. In addition, these retirees may trust their financial professional to manage more of their assets.

LET'S LOOK AT THREE COMPONENTS OF A FORMAL RETIREMENT INCOME STRATEGY AND HOW YOU MAY BE ABLE TO INCORPORATE THEM INTO YOUR CONVERSATIONS:



Enhancing Social Security benefits

Many Americans depend on Social Security as the foundation of their retirement income. But if they don't know how it works, it can be an obstacle, rather than an opportunity.

This is why it's important to help your clients make the most of the available benefits by identifying the appropriate strategy.

How to add more value

Start your conversation by helping clients better understand:

- How Social Security benefits work and the important role they play
- How to help enhance the value of their benefits



Adding an annuity allocation

Because it's uncertain how long we will live and what the markets will do in the future, a financially secure lifestyle in retirement is not guaranteed for everyone.

You can help alleviate this uncertainty by providing your clients with a second source of guaranteed income, such as an annuity.

How to add more value

After discussing Social Security benefits, show clients how annuities can:

- Help supplement Social Security by covering a portion of retirement expenses
- Help reduce the pressure on the rest of the retirement portfolio



Complementing with life insurance

Fixed index universal life (FIUL) insurance is not a source of guaranteed income in retirement, but in addition to providing death benefit protection, it can provide the opportunity to build accumulation value that can be accessed through policy loans and withdrawals to help:

- supplement an income gap,
- pay for discretionary expenses such as a health care emergency, or
- supplement a college funding strategy.

How to add more value

You can also determine if any additional discretionary or legacy income needs can be fulfilled with an FIUL policy. FIUL policies can also provide additional benefits, such as:

- Income-tax-free death benefit²
- Tax-deferred cash value accumulation potential
- Income-tax-free policy loans and withdrawals³

Annuities are designed to meet long-term needs for retirement income by providing tax deferral, a death benefit during the accumulation phase, and a guaranteed stream of income for life.



¹ LIMRA Secure Retirement Institute, "The differences they make: an advisor, an annuity, or a formal plan in a retiree's life," January 2018. Survey of 2,025 retirees aged 55-79 with household incomes of at least \$35,000.

² The death benefit is generally income-tax-free when passed on to beneficiaries.

³ 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.

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

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Use these tools and follow these steps to help incorporate Social Security and insurance products into your client conversations.

1 USE A SOCIAL SECURITY TOOL.

Your clients' decisions about when and how to file for Social Security benefits will impact their income and lifestyle throughout retirement.

A Social Security tool can help:

- Guide your clients to the appropriate choice
- Investigate new client opportunities
- Provide additional value for existing clients

Financial professionals can provide information, but not advice related to Social Security benefits. Clients should seek guidance from the Social Security Administration or www.ssa.gov regarding their particular situation.

2 COMPLETE AN EXPENSE-AND-INCOME WORKSHEET, OR USE PLANNING SOFTWARE.

Now that your clients have an estimate of their Social Security benefits, they can complete an expense-and-income worksheet or use planning software.

Typically, Social Security benefits alone will not be enough to cover retirees' essential expenses (e.g., food, housing, transportation, etc.) throughout retirement. And other sources of income may not be enough to supplement discretionary or legacy needs, so this step can help determine if they are **facing an income gap** and need to generate additional guaranteed or supplemental income for their essential and/or discretionary retirement needs.

3 INTRODUCE A TOOL TO SHOW HOW AN ANNUITY OR LIFE INSURANCE CAN HELP.

If you determine that your clients need more guaranteed or supplemental income, then you can use our sales tool, Will your retirement income strategy cover all your retirement needs? (ENT-3372) to help show clients:

- Why it's important to fund essential expenses with sources of guaranteed income (e.g., Social Security, pensions, annuity)
- **How an annuity can help supplement Social Security**, and in turn allow the rest of the portfolio to add value elsewhere. Use "Understanding FIAs" (M-5217) consumer brochure with your clients.
- **How life insurance can address death benefit needs and potentially supplement discretionary**, legacy, or unexpected expenses. Use "Understanding FIULs" (M-3959) consumer brochure with your clients.

4 USE THE INCOME CALCULATOR OR ILLUSTRATION SOFTWARE.

After determining that your clients need more guaranteed income and that an annuity may be a suitable option for a portion of their portfolio, then use an annuity income calculator or illustration software to **determine the purchase payment amount** needed to generate additional annuity income to help fill any gaps or expense needs.

For clients who have a need for death benefit coverage, a life insurance policy can provide protection and the potential for additional resources in retirement. A personalized life insurance illustration can show the client how the policy could work for their situation.

Please note that Allianz Life Insurance Company of North America, its affiliated companies, and their representatives and employees do not give legal, tax, or Social Security advice. Encourage your clients to consult their tax advisor or attorney. Clients should contact the Social Security Administration regarding their particular situation.

Distributions from an annuity are subject to ordinary income taxes and, if taken prior to age 59½, a 10% federal additional tax.

Guarantees are backed by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America.

Products are issued by Allianz Life Insurance Company of North America.

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