

# Beyond Social Security

Why Washington supports  
lifetime income options



Allianz Life Insurance Company of North America  
Allianz Life Insurance Company of New York

AMK-285-N

For all that's ahead.™



# Will you have enough income for a long retirement?

You can help alleviate this uncertainty with certain retirement income vehicles that help protect you from running out of money during retirement.

## You probably know about these types of retirement income vehicles.

37% of boomers, ages 55-65, surveyed said **"OUTLIVING MY INCOME"** is a top concern.<sup>1</sup>

Social Security is one kind of retirement income that helps protect you. At retirement, Social Security promises to pay you income for life, regardless of how long you live.

Another example, which some employers offer, is retirement income in the form of a promised pension that lasts for a retiree's life.

However, many employers have replaced income-for-life pensions with defined contribution plans such as 401(k)s and 403(b)s, which help you save for retirement but rarely offer options for lifetime income. In fact, most employees either keep their 401(k)s when they retire and take distributions on their own or they roll their 401(k)s to IRAs and take distributions on their own, rather than taking distributions in the form of structured payments.

Still, because of longer lives and pressures on retirement savings, many more Americans are facing the prospect of spending all of their 401(k) or IRA savings during their lifetime, leaving them with little income other than Social Security.

## But you can also buy some retirement income products that allow your income to continue for life.

An annuity is an insurance product from an insurance company that promises to pay you income for life, depending on the distribution option you choose. (It's the reverse of life insurance, which promises to pay you in the event of your death.)<sup>2</sup> And you can purchase an annuity with part of the savings you earmark for your retirement.

<sup>1</sup> The Allianz Transition Boomers and Retirement survey, June 2012.

<sup>2</sup> Purchasing an annuity within a retirement plan that provides tax deferral under sections of the Internal Revenue Code results in no additional tax benefit. An annuity should be used to fund a qualified plan based upon the annuity's features other than tax deferral. All annuity features, risks, limitations, and costs should be considered prior to purchasing an annuity within a tax-qualified retirement plan.

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



## Annuities can offer you several financial advantages.

WASHINGTON UNDERSTANDS AND RECOGNIZES the importance of lifetime income options that can be provided by **ANNUITIES.**

Our federal government has recognized the important role that annuities play in helping retirees secure income for life. In fact, in May 2015, the chairman of the White House Council of Economic Advisers described the government's sustained effort to encourage retirement plans to improve distribution options such as through longevity annuity contracts as a way to handle the risk of running out of money in retirement.<sup>1</sup> Additionally, the Department of the Treasury issued new regulations allowing for the use of "qualified longevity annuity contracts" inside of retirement accounts if certain conditions are met. Also, the Treasury Department and the IRS issued Notice 2014-66 that clarified that retirement plan sponsors can include deferred income annuities in target date funds used as a default investment to comply with the plan qualification rules.

These proposed changes and general recognition demonstrate that Washington understands and recognizes the importance of lifetime income options that annuities can provide and the role they can play in your retirement future.

## But annuities work for more than just retirement plans.

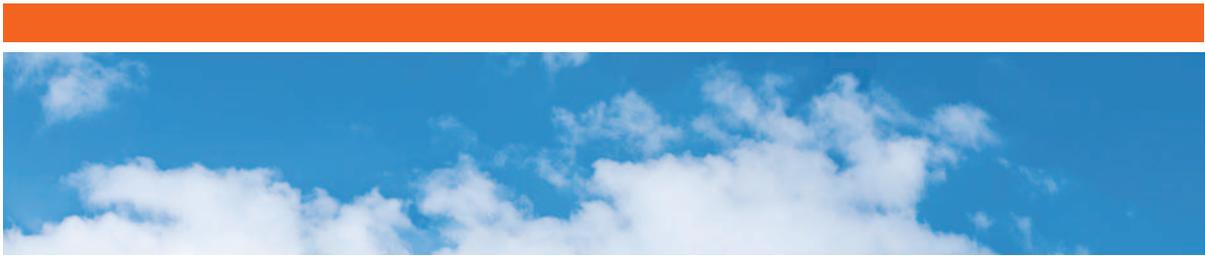
Nonqualified annuities are available outside of retirement plans as well. If you have savings in a bank, mutual funds, or brokerage accounts, you might instead want to use a portion to purchase an annuity. Insurance companies offer many products, like annuities, that can provide tax advantages and guaranteed income for life. A nonqualified annuity, for example, provides tax deferral of earnings.

Annuities can help alleviate the fear of running out of money in retirement – and offer a level of financial reassurance in an uncertain world. **Contact your financial professional to discuss whether an annuity is appropriate for you.**

<sup>1</sup> Jason Furman, Chairman, "Remarks on Retirement Security," Council on Economic Advisers, May 12, 2015.

This material is intended for informational purposes only. It should not be considered an offer of any product. You can use a variety of funding vehicles to plan for your retirement. You should consult your financial professional to help you determine what is most suitable for your individual needs.

Any transaction that involves a recommendation about funds held in a security product can be conducted only by individuals currently affiliated with a properly registered broker/dealer or registered investment advisor. If your financial professional does not hold the appropriate registration, please consult with your own broker/dealer representative for guidance on your securities holdings.



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

As leading providers of annuities and life insurance, Allianz Life Insurance Company of North America (Allianz) and its subsidiary, Allianz Life Insurance Company of New York (Allianz Life® of NY), base 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, Allianz and Allianz Life of NY together help people as they seek to achieve their financial and retirement goals. Founded in 1896, Allianz, together with Allianz Life of NY, 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 pride ourselves on our financial strength, we're made of much more than our balance sheet. We believe in making a difference with our clients by being true to our commitments and keeping our promises. People rely on Allianz and Allianz Life of NY today and count on us for tomorrow – when they need us most.

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

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