

ANOTHER RESOURCE TO HELP PAY FOR COLLEGE

Life insurance can cover more than your life.



This material must be accompanied by the "Understanding fixed index universal life insurance" consumer brochure (M-3959) or appropriate product brochure.

M-5285



College costs are on the rise.

Students are paying an average cost of over \$21,000 per year for tuition and room and board to attend a public four-year, in-state college or university. The average cost of attending a four-year private institution is over \$49,000 per year.¹

¹"Average Published Undergraduate Charges by Sector, 2019-2020," The College Board, October 2019.

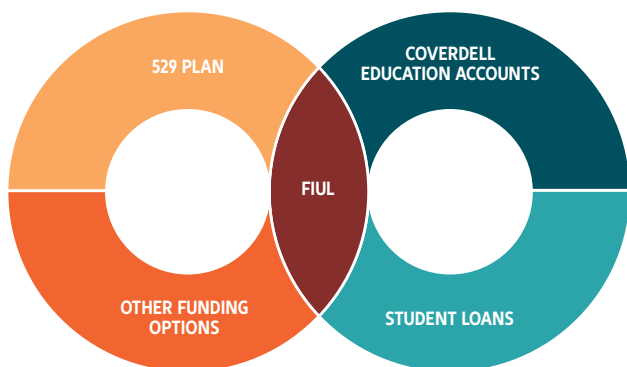
An option to help bridge the gap in college funding

Even when 529 plans, Coverdell Education Accounts, and other funding options are available, many people still find a gap between the available funds and the cost of college. But there's another option to help fill the gap that many people overlook – their life insurance policy.

LIFE INSURANCE CAN COVER MORE THAN YOUR LIFE.

The main reason for buying life insurance is to provide a death benefit for your loved ones. The death benefit can help replace your income and cover final expenses, should the unforeseen occur. The death benefit proceeds could also be used to help pay for the costs of a college education.

With fixed index universal life (FIUL) insurance, you pay premium into your policy with the opportunity for that premium to build accumulation value. Later, you can access any available cash value through policy loans or withdrawals for anything you choose – including supplementing a college funding strategy. Please see the additional important benefits and features of FIUL and 529 plans at the back of the brochure.



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.

Life insurance can be an important – and versatile – part of your overall financial strategy.

Fixed index universal life (FIUL) insurance also offers several other important benefits.

Tax advantages: Your policy can help you in a variety of ways when it comes to taxes.

- **Income-tax-free death benefit¹** for your beneficiaries – can be used to help pay for a college education, income replacement, and more.
- **Tax-deferred accumulation** – the accumulation value has the opportunity to build tax-deferred to help it have greater accumulation potential over time.
- **Income-tax-free loans** let you access any available cash value for many financial needs through policy loans. However, there are many factors to consider when taking policy loans, including potential tax implications.

Flexibility: You can access your policy's available cash value when you want, and for any purpose you choose. This gives you the freedom to change your mind if your plans change later on. If you fully surrender your policy, surrender charges may apply. For partial surrenders (withdrawals), partial surrender charges may also apply.

Taking policy loans and withdrawals is dependent on the policy earning sufficient interest to support the strategy. Allow sufficient time for the accumulation value to build over time. Because taking policy loans or withdrawals will reduce your policy's cash value, you need to ensure that you

are managing your policy values carefully to ensure the policy is properly funded, remains in force, and your death benefit needs are met.

Eligibility: There are no complex eligibility requirements and no income limits to consider. Currently, the money you receive through policy loans generally won't affect the student's eligibility for other financial aid.² Keep in mind, life insurance requires health and financial underwriting.

Simplicity: Accessing your policy's available cash value is as simple as requesting a loan or withdrawal.

Control: Only you can access your policy's available cash value, and only you decide how your policy loans or withdrawals are used. When taking policy loans, you should carefully manage your policy values to help prevent a policy lapse.



Talk to your financial professional.

Ask how an FIUL policy can help complement your college funding strategy.

For information on how life insurance works, including fees, expenses, and cost of insurance, please contact your financial professional.

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

²Withdrawals from the cash value do generally count as income when applying for other types of financial aid. Please see the chart on the next page and your university or college for further information regarding eligibility requirements, as they may vary by school.

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.

Important benefits and features of FIUL and 529 plans

Many people rely solely on 529 plans to help pay for college. You may consider supplementing such a plan with loans taken against the available cash value from a fixed index universal life insurance policy. When considering using a FIUL policy to help supplement tuition expenses, you should allow sufficient time to fund the policy and allow the accumulation value to build. The table below looks at characteristics of both options.

Life insurance provides death benefit protection for your beneficiaries. The death benefit can be used for income replacement, final expenses, college funding, and other financial needs.

Fixed index universal life insurance	
Overview	Provides death benefit protection for your beneficiaries. Potential accumulation value grows tax-deferred. Supplemental college funding can be provided by accessing the available cash value accumulation in the policy through policy loans and withdrawals. ¹
If the insured dies	Death benefit is passed generally income-tax-free to the beneficiaries when beneficiary is properly named (can be used for college funding).
Underwriting	Life insurance policies require health and financial underwriting.
Premiums	There are limits on how much premium you can pay for your policy (without creating a modified endowment contract or MEC) – in relation to the amount of your death benefit – without losing favorable tax treatment on loans or withdrawals you may take from your policy.
Taxation of policy loans and withdrawals	Income-tax-free
Value for State Education Financial Needs Analysis	<ul style="list-style-type: none"> The cash value in a life insurance policy does not count as an available asset. Withdrawals from the cash value do count as income. Loans on the cash value may or may not count. Keep in mind that some colleges and universities use other forms and methodologies.
Access to cash value	Any available cash value can be used to supplement paying the cost of college, but it can also be used for other financial needs, providing added flexibility if the child does not go to college.
Fees and expenses	Premium charges, cost of insurance, monthly deductions, and surrender charges may apply. ²
Estate planning	Included in the estate if the insured owns the policy
Gifting	No gift tax consequences when the insured parent owns the policy
Considerations	<ul style="list-style-type: none"> Cash value life insurance policies have caps and floors. The cap sets a maximum interest rate that can potentially be achieved every year, and with the floor, your index interest can never be negative because of the 0% floor (although fees and charges will reduce policy values). Cash value life insurance would be less volatile than a 529 plan because of the cap and floor.

A 529 plan is a state-sponsored program designed to help save for education expenses. 529 plans provide a tax-free way to save for your child's or grandchildren's college education.

529 plans	
Overview	Tax-exempt vehicle designed to encourage saving for future college expenses.
If account owner dies	<ul style="list-style-type: none"> State law will determine what happens to the account. Contributions stop (account value may not be sufficient).
Underwriting	No underwriting required
Contributions	<ul style="list-style-type: none"> \$15,000/year (To be eligible for annual gift tax exclusion, see gifting below.) Five years worth of contributions can be made in one year without gift tax (states may have additional limitations).
Taxation of withdrawals	Income-tax-free (for qualified education expenses only)
Value for State Education Financial Needs Analysis	Included
Access to funds	<ul style="list-style-type: none"> Funds must be used for qualified education expenses. If funds are not used for qualified education expenses, the earnings portion of nonqualified withdrawals is included in the beneficiary's income and is subject to a 10% federal additional tax. Account may generally be transferred to another child or member of the family without tax consequences.
Fees and expenses	Annual maintenance and administration fees and expenses
Estate planning	Generally, contributions are not included in the estate of the account owner.
Gifting	Contributions are considered gifts and are subject to the \$15,000 annual exclusion from gift taxes when purchased for a beneficiary other than yourself.
Considerations	<ul style="list-style-type: none"> A 529 plan is subject to market risk and negative performance; however, it does not have a cap, so it has unlimited accumulation potential. A 529 plan is subject to greater volatility than a cash value life insurance policy.

¹ 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.

² A premium charge is deducted as premium is paid into the policy. Deductions are taken from the current value on the monthly anniversary of the policy's issue. If you fully surrender or cancel your policy during the surrender period, surrender charges will apply. Ask your financial professional for more details about the policy you're considering.

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True to our passion for making wise investment decisions. And **true to the people we serve**, each and every day.

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