

RETIREMENT OUTLOOK

The changing outlook on retirement

Preparing for the known – and unknown

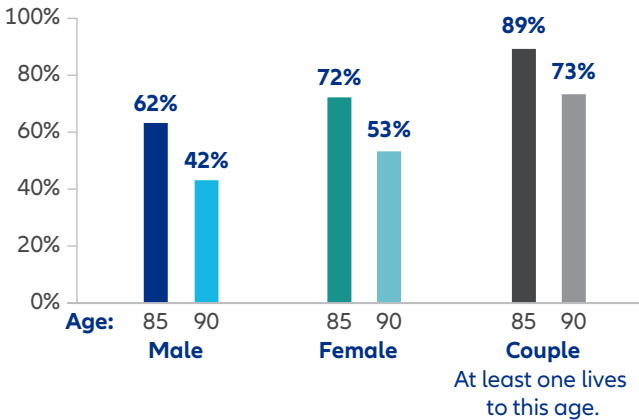


The retirement unknowns

1 What factors do we know will affect retirement funding?

We know that we need to plan for longer retirements. With health care advancements and healthier lifestyles, we're now living longer than past generations. Retirements could potentially last 25 or 30 years, and even longer if you're part of a couple.

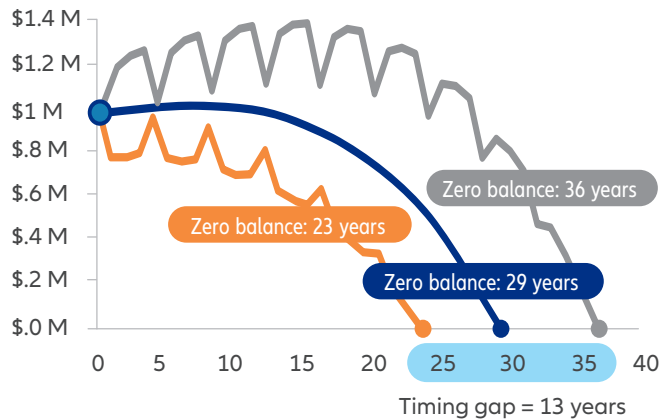
PROBABILITY OF 65-YEAR-OLDS SURVIVING TO AGE 85 OR 90



Health is assumed to be average in all cases.
Insured Retirement Institute, Fact Book, 2021.

We know that the sequence of returns has a big impact on how long our money lasts. In the accumulation phase of retirement saving, the sequence of market returns is not as important as long as the money is not withdrawn. But it has a big impact once we begin taking distributions in retirement.

YOUR SEQUENCE OF RETURNS IMPACTS HOW LONG YOUR MONEY LASTS



- Scenario 1** has a constant (but unrealistic) 6% compounded return every year.
- Scenario 2** has higher returns early on, with a repeating annual sequence of 27%, 9%, 7%, -15% (6% average annual compounded return).
- Scenario 3** has lower returns early on, using the same returns but in a reverse sequence of -15%, 7%, 9%, 27% (6% average annual compounded return).
- Timing gap** – The difference between scenario 2 and 3 in how long money could last depending on the sequence of returns.

This is a hypothetical example of how the sequence of returns can impact your portfolio in retirement when taking annual withdrawals of \$50,000, adjusted at an assumed 3.5% each year for inflation. It is not intended to project the performance of any specific product or index. If this were an actual product, the returns may be reduced by certain fees and expenses. Withdrawals are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal additional tax. Past performance is not a guarantee of future results.

INVESTMENT AND INSURANCE PRODUCTS ARE: • NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
• NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, THE BANK OR ANY OF ITS AFFILIATES
• SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED

2 What factors in retirement funding are impossible to know?

We know we need to prepare for a retirement that will cost more. Retirees age 65 or older spend a greater share of their money on housing and their medical expenses are much higher.

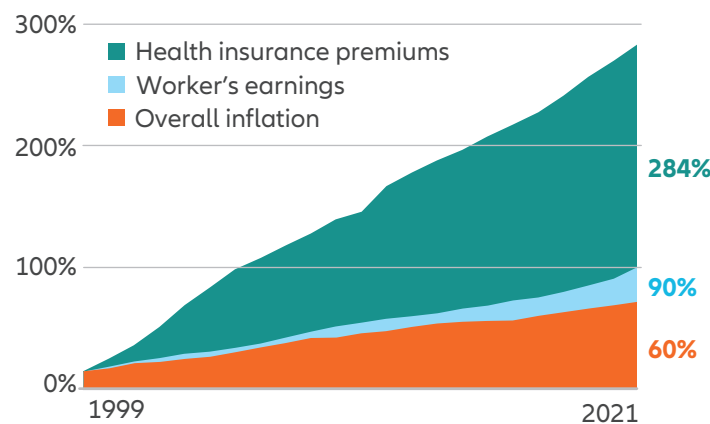
	Spending (All ages)	Spending (65 years and older)
Food/beverage	11.9%	12%
Housing	34.9%	36.6%
Apparel	2.3%	1.7%
Transportation	16.0%	13.1%
Health care	8.4%	14%
Entertainment	4.7%	4.8%

U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2021.

We know health care costs are continuing to rise.

While wages have increased 90% since 1999, health care premiums have increased 284%. Retirees used to worry about passing away too soon; now, they're worried about living too long.

HEALTH CARE COSTS IN RETIREMENT HAVE A DRAMATIC EFFECT ON RETIREMENT



"Cumulative Increases in Family Premiums, Inflation, and Workers' Earnings, 1999-2021," Kaiser Family Foundation/HRET Survey of Employer-Health Benefits, November 10, 2021.

We don't know the long-term solvency of Social Security. The ratio of covered workers to Social Security beneficiaries has changed significantly, with fewer workers per recipient.

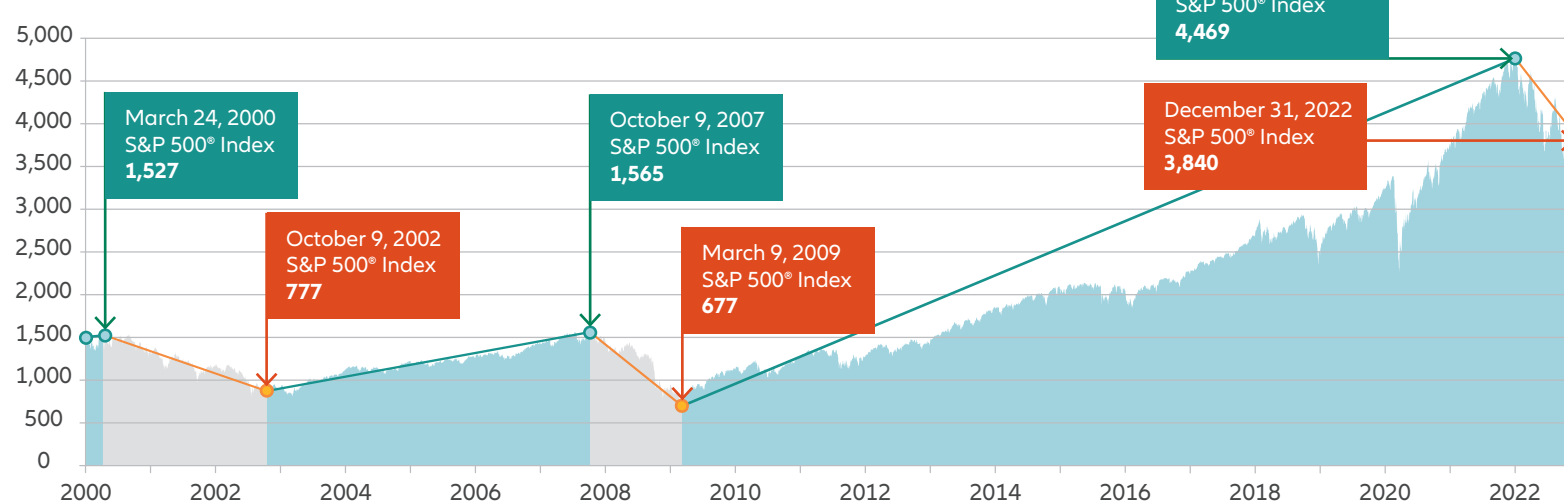
Fewer workers are covering each Social Security beneficiary

- 1980: 3.2 workers to 1 beneficiary
- 2021: 2.8 workers to 1 beneficiary
- 2033: 2.3 projected workers to 1 beneficiary

"The 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," June 2, 2022.

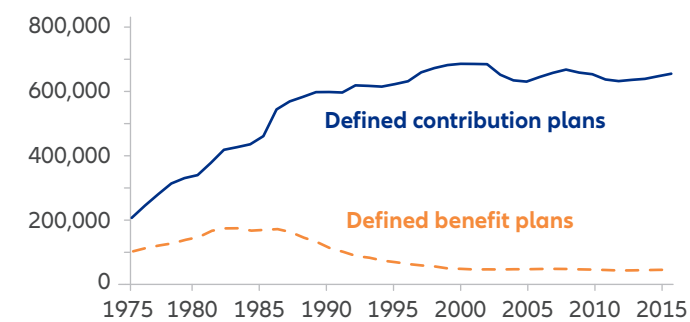
S&P 500® PERFORMANCE, 2000 – DECEMBER 31, 2022

We don't know how market volatility will affect retirement savings in the future. Our IRAs, 401(k)s, and 403(b) retirement savings plans that are invested in the stock market are all subject to the ups and downs of the market – and in recent years, we've seen how volatile the market can be.



We don't know how much longer traditional pension plans will exist. There's been a huge shift from employer-provided pension plans that paid retirees a steady stream of income (a defined benefit) to defined contribution plans (such as 401(k) plans). This change shifts the responsibility for ensuring lifetime income to the individual.

Defined contribution plans have become increasingly popular over time. How long will traditional pension (defined benefit) plans exist?



Private Pension Plan Bulletin Historical Tables and Graphs 1975-2019, Employee Benefits Security Administration, United States Department of Labor.

3 THE RETIREMENT NEED: A more balanced solution that helps reduce uncertainty.

We need more lifetime income to replace what we lost when traditional pensions were replaced by 401(k)s and IRAs. We need new ways to think about the need for lifetime income to replace what we've lost.

We need to protect our retirement savings from market downturns. 59% of non-retirees say they are worried about running out of money from their plan while in retirement. (Source, The Allianz Market Perceptions, 2021 1Q).

We need a product like an annuity that can help convert a portion of our portfolio income to lifetime income.

Annuities can help you meet your long-term retirement goals by offering tax-deferred growth potential, a death benefit during the accumulation phase, and a guaranteed stream of income at retirement. Annuity guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.

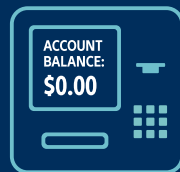
You should carefully consider the features, benefits, limitations, risks, and fees that may be associated with an annuity, as well as the expenses, investment risks, and objectives of the underlying investment options in a variable annuity. Ask your financial professional if an annuity is appropriate for you based on your financial situation and objectives.

Variable annuities are subject to investment risk, including possible loss of principal. Investment returns and principal value will fluctuate with market conditions so that units, upon distribution, may be worth more or less than the original cost.

Any transaction that involves a recommendation to liquidate a securities product, including those within an IRA, 401(k), or other retirement plan for the purchase of an annuity or for other similar purposes, can be conducted only by individuals currently affiliated with a properly registered broker/dealer or registered investment adviser. If your financial professional does not hold the appropriate registration, please consult with your own broker/dealer representative or investment adviser representative for guidance on your securities holdings.

New realities are reshaping the American retirement.

That calls for new strategies, and not just in your planning during the years leading up to your retirement. Your investment needs are different during the distribution years, due to factors known – and unknown.



What are your retirement concerns?

59% of non-retirees say they are worried about running out of money from their plan while in retirement.

Source: Allianz Market Perceptions, 2021 1Q.

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.

Withdrawals will reduce the contract value and the value of any protection benefits. Withdrawals taken within the contract withdrawal charge schedule will be subject to a withdrawal charge. All withdrawals are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal additional tax.

All annuity contract and rider guarantees, or annuity payout rates, are backed by the claims-paying ability of the issuing insurance company. They are not backed by the broker/dealer from which this annuity is purchased, by the insurance agency from which this annuity is purchased, or any affiliates of those entities, and none makes any representations or guarantees regarding the claims-paying ability of Allianz Life Insurance Company of North America or Allianz Life Insurance Company of New York. Guarantees do not apply to the performance of the variable subaccounts, which will fluctuate with market conditions.

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