

A suitability guide for financial professionals selling Allianz annuities

Make customer satisfaction part of the sale.

Allianz Life Insurance Company of North America



A shared commitment to your clients

Purchasing an annuity is a big decision for your clients. Often it involves a considerable amount of the client's money, and it may limit the client's access to that money for a substantial period of time. So it is important for the client to see that your recommendation is based on their individual financial goals and circumstances.

At Allianz, we are committed to providing your clients with the reassurance they deserve, just as you are.

That's why we've created a "customer confidence" process that offers you a framework for your sales procedure, to offer your clients an important level of reassurance. The centerpiece of this process is our Product Suitability Form, NB3051. It's a great way to collect and record the information you will need to submit – and save – to demonstrate that your recommendation was appropriate.

We understand no checklist or list of questions will ever replace your good judgment. But our "customer confidence" approach can strengthen and support your sales process as you discover and document:

- 1. What is the customer's current financial situation?**
- 2. What is their main financial objective or concern?**
- 3. How does the recommended Allianz annuity fit the client's current (and future) needs – and their risk tolerance?**
- 4. What are the strengths – and shortcomings – of the product you are recommending?**
- 5. If applicable, how will the Allianz product you are presenting be a better fit than the annuity the client is replacing?**

Let's look at how following these five steps will build your clients' satisfaction with the Allianz annuity you are recommending.



You'll gain a better understanding of your client's current financial situation.

The first step in what we call the customer confidence process is to obtain a full and accurate picture of your client's financial status. The opening questions on our Product Suitability Form (NB3051) will guide you as you capture a snapshot of your client's:

- Current income and net worth
- Tax status
- Stage in life (Are they working, transitioning into the uncertainty of retirement, or currently retired?)

Some of this information will be entered on a financial inventory worksheet (like our form NB6022) or one you developed for your personal use. You'll want to complete and keep a worksheet for every Allianz annuity you sell.

You'll appreciate your client's financial objectives and concerns, and recognize what their current strategy lacks.

Turning your focus from the present to the future, you work to understand your client's unique short- and long-term goals. Where is your client headed? Where do they want to be in 10 or 20 years? And how can you help them get there?

The Product Suitability Form will help frame this discussion. The information on it will act like a compass, pointing you toward a financial solution that can make sense today and for years to come.

You'll know whether an Allianz annuity will truly fit the client's current and future needs.

The information you recorded on the Product Suitability Form (along with your financial inventory worksheet) set the stage. Now your experience and product knowledge take over, helping you select a specific product to meet your client's needs and tolerance for risk.

At this point, it may be apparent that an annuity could meet the client's current and future needs. If that's the case, you can recommend an annuity as a sensible, suitable addition to the client's current retirement strategy.

We hope that will be an Allianz annuity. But you should know we will only issue an annuity contract when we can evaluate suitability based on the client's stated financial status, needs, and objectives. That's why we require a completed Product Suitability Form with the application.



You'll take the time to explain the strengths – and shortcomings – of the product you are recommending.

As you know, many people are not familiar with how annuities work. So imagine your client is a relative or close friend, and you are recommending the same product to them. If that were the case, wouldn't you:

- Make sure they understood the features, benefits, and costs of that product?
- Remind them to discuss their annuity purchase with their tax advisor or legal professional?
- Suggest they engage other family members who may be impacted by their decision to purchase this product?

Of course you would. After all, it's the right thing to do. So provide the same full, accurate disclosure to every client.

A good place to start is to walk your client through the disclosure information found in the product's consumer brochure and Statement of Understanding. Then be sure they sign and date the disclosure document(s) appropriate for the Allianz product they are purchasing.

If necessary, you'll be able to demonstrate how the Allianz annuity you are presenting could achieve the client's financial objectives more effectively than the current annuity.

Replacement contracts are subject to additional suitability requirements. We will, for example, **decline any replacement application submitted within one year** of the original annuity's purchase date.

To help make sure your recommendation is appropriate for the client's needs, we've created a Replacement Comparison worksheet (form NB6023). You can use this worksheet, or a comparable one, to help you:

- Demonstrate which aspects of the current contract do not meet the client's needs or goals (which you captured earlier on the Product Suitability Form)
- Provide a comparison of the benefits and restrictions of both contracts
- Fully explain the benefits and costs of the replacement transaction, including surrender charges, loss of bonus, tax consequences, and product features, expenses, fees, etc.
- Keep a record of the replacement recommendation and your discussions about it

We urge you to always complete and maintain financial inventory worksheets, along with replacement worksheets when a replacement is involved. They can help speed the approval process should we need to contact you for additional information for our further review.

You can download these worksheets and our Product Suitability Form at www.allianzlife.com. Just click on the link to our Partnership for Consumer Trust – or PACT – Web page, where you can also learn more about our commitment to customer reassurance. While you are logged on, be sure to check out the eLearning modules that address suitability, disclosure, and replacements – the three cornerstones of our customer confidence process.

A step-by-step guide to our Product Suitability Form

Important note: In order to speed the processing of your annuity business, be sure to fill out the form completely, including signatures. If any changes are made to the application before it is submitted, those changes must be initialed by the proposed contract owner. **The home office will resolve any conflicting or missing information, delaying issuance of the contract and your commissions.**

A Line A:

Fill in the contract **owner's name** and **age**, and the **product name** of the Allianz annuity under consideration.

Note: If the contract owner is NOT an individual, complete the entire form based on the annuitant's information. Otherwise, use the contract owner's information throughout.

B Line B:

Fill in the **joint owner's name** (if any) and **age**, followed by the **premium amount** that will fund this annuity contract.

C Line C:


Check the **annuity type** and indicate whether the applicant is **actively employed** at this time.

Note: The contract's tax status is critically important to assuring suitability.

We recommend you maintain accurate records of the source of the contract's funds should a future review be necessary.

FINANCIAL STATUS

- 1** The approximate gross monthly household income total should include any income from a spouse or partner, as well as payouts from other annuities (prorated as a monthly value).
- 2** The approximate monthly household living expenses should include any expenses of the spouse or partner, as well as any estimated taxes (prorated as a monthly value).
- 3** To determine the applicant's monthly disposable income, simply subtract the value you estimated for expenses on line 2 from the income shown on line 1.
- 4** Does the monthly income (shown on line 1) exceed the monthly expenses (on line 2)? If you show positive disposable income on line 3, the answer is Yes. If line 2 is larger than line 1, mark No.

Allianz Life Insurance Company of North America PO Box 59060 Minneapolis, MN 55459-0060		Allianz 	
Product Suitability Form			
Thank you for your interest in an Allianz annuity. Before we can process your application and issue your policy, we need to confirm that the annuity purchase suits your current financial situation and long-term goals. Please complete this form in its entirety and submit with your application.			
A Owner's name ¹	Age	Product name	
B Joint owner's name	Age	Premium amount	
C Annuity type: <input type="checkbox"/> Qualified <input type="checkbox"/> Nonqualified		Are you actively employed? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Your privacy is a high priority to us. The information you provide is only used to confirm the suitability of your purchase. It will not be shared and is treated with the highest degree of confidentiality.			
FINANCIAL STATUS			
1. Approximate gross monthly household income²		\$ _____	/Month
<ul style="list-style-type: none"> Examples: salary, Social Security, pension/retirement benefits, investment and rental income Exclude income currently earned on the money that will be used to purchase this annuity 			
2. Approximate monthly household living expenses		\$ _____	/Month
<ul style="list-style-type: none"> Examples: housing, transportation, insurance, food, healthcare and taxes (include property, income, and FICA taxes) 			
3. Disposable income (line 1 minus line 2)		\$ _____	/Month
4. Does your monthly income exceed your monthly expenses?		<input type="checkbox"/> Yes	<input type="checkbox"/> No

5 Use the table below to determine the **minimum number of years** the applicant must own this annuity **to receive the maximum value**. Values for many of our annuity products are shown in the chart below. For deferral periods for other Allianz annuities, reference the “Deferral and Payout Reference” on the PACT page on the agent website, www.allianzlife.com.

5. Minimum number of years you must own this annuity to receive the maximum value _____ Years

6. Do you anticipate a significant increase in living expenses or decrease in household monthly income during the time period indicated in question 5? Yes No

- If yes, please explain (if possible, approximate when you expect changes in living expenses or income, and the amount)
- Examples of increases in living expenses might be housing, medical, nursing home, assisted living, or travel expenses
- Examples of decreases in household income might be retirement or a lower pension amount

Product	Formula	Result
Allianz Endurance SM Plus Annuity	10 years deferral + 10 years EWB income	20 years
Dominator Plus [®] Annuity	10-year decreasing surrender period	10 years
Dominator [®] Select Annuity	3-year decreasing surrender period	3 years
Allianz MasterDex Plus SM Annuity (with rider) and Allianz MasterDex 5 Plus SM Annuity (with rider)	Life income only option	Lifetime
MasterDex 10 [®] Annuity and Allianz MasterDex 10 Plus SM Annuity	5 years deferral + 10 years annuitization	15 years
MasterDex X SM Annuity (with income rider)	Life income only option	Lifetime
MasterDex X SM Annuity	10-year decreasing surrender period	10 years

6 Does the applicant **anticipate a significant increase in living expenses or decrease in household monthly income** during the deferral period entered on line 5? Check the appropriate box; if the answer is Yes, the applicant should provide a brief explanation in the space provided.

7 To quickly determine the applicant’s **federal income tax bracket**, compare their most recent taxable income (from their previous year’s tax return) to the current rate brackets shown at www.irs.gov.

8 Subtract the applicant’s total debt from total assets to determine their **approximate household net worth**.

In estimating the total debt, **do not include the mortgage on their primary residence**, but be sure to include mortgages on other properties, credit card debt, student loans, etc.

In estimating total assets, use the suggestions listed below as a guide. **Do not include the value of the applicant’s primary residence**. For this question, remember to include the money being used for this annuity purchase.

9 To estimate the **approximate household liquid assets**, use this guide:

Liquid assets include:

- Checking and saving accounts
- Money market accounts
- Securities sold without penalties
- Cash value of life insurance policies
- CDs that are less than one year from maturity

Nonliquid assets include:

- Real estate
- Automobiles
- Jewelry, furnishings, collections
- CDs that are more than 1 year from maturity

Note: Liquid assets that are being used to purchase this annuity **should not be included** here.

10 If the applicant answers Yes to “**Do you anticipate any significant reduction in your liquid assets during the time period indicated in question 5,**” be sure to provide a written explanation with the application, and save a copy in your sales file.

7. Federal income tax bracket	<input type="checkbox"/> 0% <input type="checkbox"/> 10% <input type="checkbox"/> 15% <input type="checkbox"/> 25% <input type="checkbox"/> 28% <input type="checkbox"/> 33% <input type="checkbox"/> 35%	
8. Approximate household net worth		\$ _____
<ul style="list-style-type: none"> • Net worth = total assets less total debt • Exclude primary residence, mortgage, and personal belongings 		
9. Approximate household liquid assets		\$ _____
<ul style="list-style-type: none"> • Examples: checking, savings or money market accounts, short-term CDs, bonds, annuities without surrender charges, etc. • Exclude assets used to fund this annuity, free withdrawals from this annuity, and personal belongings 		
10. Do you anticipate any significant reduction in your liquid assets during the time period indicated in question 5?		<input type="checkbox"/> Yes <input type="checkbox"/> No
11. Total value of all annuities you own (include the purchase of this annuity)		\$ _____
12. Do you currently reside in a nursing home or assisted living facility?		<input type="checkbox"/> Yes <input type="checkbox"/> No
<small>¹ For trust and corporate owned contracts, see agent guide for instructions on completion of form ² Household means the owner and spouse/partner, if a member of the owner's household</small>		
NB3051	<input type="checkbox"/> Submit original to Home Office with application. <input type="checkbox"/> Leave copy with owner. <input type="checkbox"/> Keep copy in agent file.	(R-7/2008)
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11 Enter the total accumulation/annuitization **value of all annuities** the applicant currently owns, including the one being considered for this purchase.

12 Does the applicant **currently reside in a nursing home or assisted living facility?** We need this information because some product benefits (e.g., the Nursing Home Benefit) may not be available to clients currently living in a nursing home or assisted living facility. Check the appropriate box, based on these definitions:

- Nursing homes are licensed facilities that provide 24-hour skilled medical and nursing services under the supervision of a physician or RN. Daily medical records are maintained.
- Assisted living facilities provide unskilled assistance and supervision and have at least one trained staff member on duty 24 hours per day. An assisted living facility may include dementia care facilities, adult foster homes, and residential care facilities, but does not include a private home, independent living facilities, congregate housing for adults, or an unlicensed assisted living facility (or something similar to an assisted living facility) where licensing is required.

FINANCIAL OBJECTIVES

- 13 Indicate all of the applicant’s **financial objectives** for purchasing this annuity. Verify that they align with the information you record in the “Accessing Your Money” section below.
- 14 Indicate the applicant’s **other financial products**.
- 15 Check the relevant boxes for each source of this annuity’s premium. Note: Proceeds from a reverse mortgage or home equity loan cannot be used as premium for an Allianz annuity.
- 16 A replacement occurs when, in order to purchase a new annuity contract, an applicant:
 - Stops making premium payments on an existing policy or contract
 - Surrenders, terminates, or forfeits an existing policy or contract
 - Assigns the proceeds of an existing annuity – including free withdrawals – to the insurer issuing the new contract

Product Suitability Form

FINANCIAL OBJECTIVES

13. Financial objectives in purchasing this product (check all that apply)

Income now Guarantees provided Growth potential Growth followed by income
 Tax-deferred growth Pass on to beneficiaries Other _____

14. Other financial products you own or have previously owned (check all that apply)

None Certificates of deposit Fixed annuities Variable annuities Stocks/bonds/mutual funds

15. Source of this annuity’s premium (check all that apply)

Annuity Life insurance Certificates of deposit Other _____
 Reverse mortgage/home equity loan Savings/checking Stocks/bonds/mutual funds

16. Is this a replacement of an annuity or life contract? Yes No

If yes, what type? Fixed Fixed index Variable

If yes, is there a surrender charge? Yes No

If there is a charge, what is it on each contract being replaced? ___% ___% ___% ___%

If this annuity is a **replacement of an annuity or life contract**, indicate which type of product(s) will be replaced. If there is a surrender charge for the contract(s) being replaced, indicate this and fill in the percentage of the surrender charge for each contract. Be sure to keep a record of the original contract value and the **surrender charge prior to the effect of any market value adjustment** for each replacement in the event the case is reviewed after issue.

Note: For disclosure purposes, do not use the bonus offered by the product being purchased to offset the surrender charge(s) required by the product(s) being replaced.



ACCESSING YOUR MONEY

17 Indicate all the ways the applicant anticipates **taking distributions from this annuity**. The responses are not binding, so if the applicant is undecided, feel free to mark the most likely choices. The applicant’s choices should reflect their financial objectives and the other information you’ve recorded on the Product Suitability Form.

18 Check the one box that most closely approximates when the client will take their **first distribution** of the contract’s value. If the client is not anticipating taking distributions or is unsure when they are likely to begin, mark the box titled “None anticipated.”

19 Confirm that the applicant understands how their **beneficiaries can receive the maximum contract value**.


ACCESSING YOUR MONEY		
17. How do you anticipate taking distributions from this annuity? (check all that apply)		
<input type="checkbox"/> Free/systematic withdrawals or income rider	<input type="checkbox"/> Annuitize	<input type="checkbox"/> Required minimum distribution
<input type="checkbox"/> Lump sum	<input type="checkbox"/> Loans	<input type="checkbox"/> Leave to beneficiary
		<input type="checkbox"/> Enhanced withdrawal benefit
		<input type="checkbox"/> Immediate income
18. When do you anticipate taking your first distribution from this annuity? (choose one)		
<input type="checkbox"/> Less than one year	<input type="checkbox"/> Between one and five years	<input type="checkbox"/> Between six and nine years
<input type="checkbox"/> 10 or more years	<input type="checkbox"/> None anticipated	
19. I understand how my beneficiaries can receive the maximum contract value <input type="checkbox"/> Yes <input type="checkbox"/> No		
NOTE: Please verify that all 19 questions were answered. This form must be completed, signed, and dated so we can consider your application.		
Owner acknowledgment		
To the best of my knowledge and belief, the information above is true and complete. I understand that I should consult my tax advisor regarding possible tax implications of the purchase of an annuity or the exchange of an existing annuity or life insurance contract.		
Owner's signature	Date	
Joint owner's signature	Date	
Agent acknowledgment		
I believe this annuity is suitable for the financial needs and objectives of the owner(s). I base this belief on the information the owner(s) provided and on everything I know at this time.		
Agent's signature	Agent number	Date
<div style="display: flex; justify-content: space-between; align-items: center;"> NB3051 <div style="border: 1px solid black; padding: 2px;">Submit original to Home Office with application. Leave copy with owner. Keep copy in agent file.</div> (R-7/2008) </div>		
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Signatures section

Both you and the applicant must sign the Product Suitability Form.

- If the applicant is a trust, the form must be signed by the trustee.
- If the applicant is a corporation, the form must be signed by the appropriate corporate representative.
- If the policy is an UTMA or an UGMA, the form must be signed by the applicant’s parent/guardian.

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 Minneapolis, MN 55459-0060
 800.950.7372

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Financial inventory

Owner's name _____ Date _____

Monthly household* income

Salary/wages	\$
Social security payments	
Pension /retirement	
Interest/dividend income ¹	
Rental income	
Other	
Total income	\$

Monthly household* expense

Rent/mortgage payment	\$
Utilities	
Debt repayment	
Transportation	
Food	
Health care	
Taxes ²	
Dependant support	
Charitable donations	
Travel	
Other	
Total expense	\$
Disposable income (Total income minus total expense)	\$

Household* net worth
(Do not include primary residence, personal belongings or personal property such as jewelry, furnishings and vehicles)

Checking accounts	\$
Savings accounts and CDs	
Nonqualified securities	
Nonqualified annuities	
Retirement accounts	
Real estate ³	
Business equity ⁴	
Other	
Total assets	
Minus total liabilities⁵	
Net worth	\$

Household* liquid assets
(Assets that can be easily converted to cash, without penalty. Do not include personal belongings or personal property such as jewelry, furnishings and vehicles)

Checking accounts	
Savings accounts	
Securities ⁶	
Annuity free withdrawals ⁷	
Other	
Total liquidity⁸	\$


*Household means applicant and spouse/partner, if a member of the applicant's household.

¹ Do not include income currently earned on money that will be used to purchase this annuity.
² Do not include the value of primary residence with the business.
³ Include property taxes, income, and FICA taxes.
⁴ Do not include the mortgage on primary residence.
⁵ Include mutual funds with no deferred sales charges.
⁶ Do not include the value of assets used to purchase this annuity.
⁷ Do not include free withdrawals from policy being applied for.
⁸ Do not include the value of assets used to purchase this annuity.

(12/2007)

As we mentioned earlier, the Financial inventory and Replacement comparison forms are not required to be submitted with the annuity application, but they must be maintained in your records.

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Replacement comparison

(Complete one for each policy being replaced by this application)

Owner's name _____ Date _____

	Replaced contract	New contract
Issuing company		
Contract type		
Issue date		
Surrender charge % at time of sale		
Years remaining in surrender schedule		
Guaranteed interest rate		
Guaranteed annuity rate at age 65		
Guaranteed annuity rate at age 70		
Annuitization/accumulation value		
Surrender value		

If replaced policy was a variable contract, was there a fixed account option? Yes No

If yes, what was the fixed rate at the time of the sale? _____ %

Please provide a summary explaining why the contract being replaced is not meeting the financial objectives of the annuitant:

Please provide a summary explaining how the replacing contract is a better solution for your client:

Did you sell the replaced contract? Yes No

NB6023 (12/2007)

Our commitment to you

We are committed to providing you with tools, training, and information to help you succeed. We encourage you to read the Compliance Guide to Successful Business and to complete our eLearning courses on suitability at www.allianzlife.com.

If you have questions about suitability, please call the Suitability Team at **800.950.7372** (press 2 for New Business, then ask to speak to the Suitability Team).

Thank you for working with us to protect your interests,
your clients' interests, and our ability to serve you both.

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PO Box 59060
Minneapolis, MN 55459-0060
800.950.7372

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