

Most common suitability reviews



Certain situations require us to get additional information to complete our suitability review. These guidelines outline the two most common situations.

Liquidity and financial thresholds

Guidelines:

For clients age 65 and older:

- After purchase, liquid assets total \$79,600 or less.
- Amount of annuity is more than 25% of net worth.
- Premium is more than four times annual income.

For clients age 64 and younger:

- After purchase, liquid assets fall below our minimum thresholds. These generally range from \$21,650 to \$41,200, depending on household income.
- For households with incomes greater than \$106,000, there is no liquidity requirement.

All ages:

- Annual household income is \$21,250 or less.
- Monthly disposable income is negative.
- Significant increase in living expenses or a decrease in income



Factors to be considered:

If your client is near the thresholds, please make sure you have captured all liquid assets in your summary, including:

- Annual disposable income
- Free withdrawals from other annuities
- Life insurance cash value
- Marketable assets with recognized market value
- Any account or investment that can be easily converted to cash without imposition of a fee or penalty

Other considerations that may enhance your client's liquidity status:

- Immediate annuities will add disposable income.
- The annuity being purchased may include an income rider (e.g., Allianz MasterDex 5 PlusSM Annuity).
- The client owns supplemental medical coverage, nursing home benefits, or insurance.
- Unique circumstances that should be considered in the suitability process

Replacements

Guidelines:

When your sale involves the replacement of an existing annuity, Allianz will review to determine that the replacement is appropriate.

- Surrender charges are viewed within the context of the product being recommended.
- We are looking for a readily apparent, net tangible benefit to the client.
- If not really evident, we will likely need additional information about the reason for replacement.



Factors to be considered:

- Context about why the new annuity delivers a better value to the client, or how it provides a benefit not available with their current product
- Policy parameters, such as current interest rate, caps, crediting method, par rate, previous returns, guaranteed rates, etc.
- If you submit a completed "Replacement Comparison" form, it is possible that we will not need to contact you for more information.

For further information, visit the PACT Web page at www.allianzlife.com, or call the FASTeam at 800.950.7372.

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