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## Allianz Life's new FIA features rising withdrawal percentage

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By Editor Test     *Tue, Aug 2, 2011*

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*Starting as early as age 40, the lifetime payout percentage increases by 35 basis points for every year the client delays income. There's also a 50% bonus on the interest credited every year during the accumulation period and, optionally, during the income period.*

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Allianz 360, a new fixed index annuity (FIA) from Allianz Life Insurance Co. of North America, offers an annual 50% interest rate bonus during the accumulation stage and a withdrawal percentage that rises by about 35 basis points for every year that the contract owner defers income.

Starting August 2, the product will be distributed exclusively by Allianz Life's Preferred field marketing organizations, a group of 29 wholesaling organizations that meet Allianz Life's standards for compliance and suitability. Of the 29 FMOs, Allianz Life owns nine. Allianz 360 is available in 26 states. The mandatory rider costs 95 basis points a year and is assessed on the accumulation value.

"The longer you hold Allianz 360 before taking lifetime income withdrawals, the greater the percentage of income available for lifetime withdrawals will be," said Eric Thomes, Allianz Life senior vice president of sales. "If a customer purchased the contract at age 55 and held it for 10 years, their annual withdrawal percentage would increase from 3.50% to 7% or from 4.50% to 8%, depending on the income option they chose. No other annuity offers this benefit."

Where many annuities with living benefits offer a bonus on the guaranteed benefit base for each year income is deferred, the Allianz 360 offers a 50% increase in the actual account value during the accumulation period. If the contract earns 4% for the year, the bonus will bring it up to 6%. The minimum credit in any year is 0.50%, according to an Allianz Life product [brochure](#).

"With most other annuities, you have an income benefit value and an account value," Thomes said. "This contract has one value. Your withdrawal value, your income value and your death benefit are all the same value. It makes it very simple for the advisor and the client."

During the income period, which doesn't require annuitization, contract owners can take level payments at whatever withdrawal rate they've earned or they could take rising payments at a slightly lower withdrawal rate. For instance, a 65-year-old might take 8% of the final accumulated value for life. Alternately, he or she might take 7% of the accumulated value, and continue to have the accumulated value grow under the same crediting method as during the accumulation period. The payouts can ratchet up but can't go down.

"The line we use in distribution is, 'You get increasing income on a depreciating asset,'" Thomes told RIJ. He said that between 55% and 60% of the producers who sell Allianz 360 are registered to sell securities as well as insurance. "That's up significantly from a few years ago," he said. As a result, it's possible that the FIA will come into direct competition with variable annuities with lifetime income riders.

In general, VAs—where much of the assets are invested in stocks—have lifetime income riders that offer a

lower floor income but more upside potential, while FIAs—where most of the assets are invested in bonds—have lifetime income riders that offer a higher floor income but less upside potential.

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