

**The Retirement
Income Imperative:**
Transform retirement
with income certainty

CER TAIN TY

Allianz Retire+
POWERED BY PIMCO





‘The retirement income imperative’ is an informative paper designed to outline the changing demographic landscape and approach to retirement planning.

From a money point of view, retiring means shifting your client’s mindset from saving and growing their nest egg, to protecting their money and making sure they have enough income for the rest of their life.

In this paper, we help you understand the different options for regular income in retirement and how this can provide more certainty for your clients.

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Foreword

Australians are experiencing a major societal transformation that has resulted in people living longer, healthier lives. Retirees today also tend to enjoy a more active lifestyle than any previous generation.

The enormous gains in quality and quantity of life, however, come with an implied financial cost that requires retirees to stretch their savings over multi-decade timeframes that will include unpredictable market conditions and personal challenges.

As Australians face retirement, there's a mix of excitement and fear; the opportunity to realise dreams overlaid with the very real concern that retirement savings simply won't last the distance. How can individuals plan for the future when there's the uncertainty of not knowing for how long they will need a regular income to fund their lifestyle? What about if they need access to money to meet unplanned health or aged care needs, or fund other 'lumpy' expenses?

Unfortunately, the investment strategies and products that have served so well to accumulate assets via super don't necessarily provide the kind of financial certainty Australians expect for their retirement years.

When it comes to planning for and financing retirement, Australians shouldn't have to worry about tomorrow's 'what ifs', inflation and market volatility, or whether they'll have enough money for the future. These uncertainties may well be a leading source of stress, compounding the health issues retirees typically face with age.

As a result, many retirees look to 'self-insure' against such concerns by spending less during retirement – in effect, unnecessarily depriving themselves of a lifestyle they worked hard over many decades to establish and one many look forward to.

Up until now, traditional strategies haven't been fully able to solve these issues or fully meet retirees' needs.

What if... retirees could access an income solution to provide certainty of income and alleviate the worry about tomorrow's 'what ifs'?

What if... individuals could have certainty and flexibility around the income they have to spend in retirement via a guaranteed income for life?

What if... Australians could retire with the peace of mind that allows them to plan and live the retirement lifestyle they've dreamed of?

At Allianz Retire+, we have brought together the expertise of the centres of excellence within the Allianz Group to develop retirement solutions that will provide the peace of mind that comes from a secure, guaranteed lifetime income, with the flexibility to access capital if needed.

Many retirees look to 'self-insure' against running out of retirement savings by spending less than they potentially could during retirement



Section 1

The times they are a-changin'

Years ago, a 'set and forget' approach to retirement planning may have been all that was needed to enjoy a comfortable lifestyle. But times have changed...Australia's demographic composition is ageing, the cost of living is rising, and volatility remains an ever-present challenge. Fear and uncertainty are steadily invading the retirement years.

Australia's retirees now live longer, healthier lives and will be able to enjoy a more active lifestyle than their parents and grandparents. Rather than celebrating the extra years of life, policy makers and retirees are fearful – how will these extra years of life be funded?

Australia's shifting retirement landscape

Today's retirement landscape is different to that experienced a generation or so ago and it will continue to shift and evolve as Australia's retiree population increases. This population is expected to surge from 7.4 million in 2022 to 10 million in 2041¹ and retirement assets grow from \$0.9 trillion to \$2.1 trillion over that same time period². The annual value of transition to retirement savings is projected to increase from \$55 billion in 2022 to over \$206 billion in 2041³.

That's a big number on face value. However despite its apparent size, Treasury projections indicate the median super balance at retirement will grow to \$460,000 by 2060-61 as the system matures⁴. While this is a positive improvement on today's average balance, is it enough to fund 25-30 years post-retirement?

The federal government is committed to supporting a robust retirement system to mitigate the fiscal challenges of Australia's ageing population. The Retirement Income Covenant came into effect on 1 July 2022 and requires trustees to develop a retirement income strategy for super fund members. It identifies the goals of retirement investing as:

- To maximise retirement income
- To manage the risks to the sustainability of that income
- To have some flexible access to savings during retirement

To achieve these goals, it's important to understand the risks that can impact the quantum of funding available for retirement, as well as each individual's expected standard of living. Given the expanded timeframe over which retirement income may be required, it's important that both financial advisers and retirees understand and plan for those risks that can impact retirement savings (see section three).

The number of retirees in Australia is expected to surge from 7.4 million in 2022 to 10 million in 2041 and retirement assets grow from \$0.9 trillion to \$2.1 trillion over that same period

1 Australian Bureau of Statistics | Population Projections, Australia, 2017 (base) – 2066 (Latest Release, 2018, Medium Series)

2 Deloitte Actuaries & Consultants – Superannuation Market Projections Report 2021 (today's dollars)

3 Deloitte Actuaries & Consultants – Superannuation Market Projections Report 2021 (today's dollars)

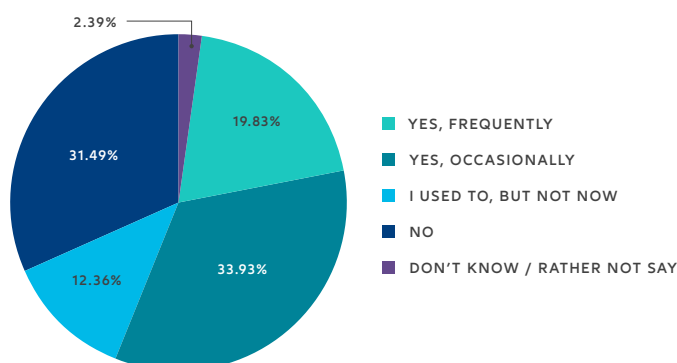
4 Australian Treasury, 2021 Intergenerational Report, 28 June 2021

Fear and uncertainty

About 700 Australians retire every day⁵. Many of those entering the post-work phase of life are scared; for more than half of them, this fear stems from uncertainty as to whether their savings will see them through retirement⁶.

National Seniors' 2020 report Retirement income worry: who worries and why? signals that Australia's retirement system has more work to do to provide our retirees with confidence in their retirement. The report found that most older Australians (53 percent) are worried about outliving their savings, with women (59 percent) more worried than men (47 percent).

Figure one: Do you worry that you might outlive your savings and investments?



Source: National Seniors Australia, 'Retirement Income Worry: Who worries and why?', January 2020

Despite the increasing size of super retirement balances, research consistently shows that money worries are a leading cause of anxiety for older Australians⁷. Many retirees possess a cautious mindset, developed through years of financial prudence and the desire to maintain financial security throughout retirement.

The rising cost of living, notably healthcare and aged care services, can be a deterrent to spending retirement savings; older Australians may prefer to retain funds to cover potential expenses and ensure a comfortable lifestyle in their later years.

Retirees are often reluctant to exhaust their superannuation, preferring to leave a financial cushion for unexpected expenses or bequeathing an inheritance

There are three main reasons why those in retirement may choose to live more thriftily rather than spend their income or capital⁸.

1. A concern that access to the Age Pension will be reduced or the base rate of the pension will be reduced over time.
2. The desire to help out adult children or others by leaving bequests.
3. Many retirees are unsure of how long their money will last, so they respond conservatively by spending little and accruing savings.

Uncertainty and mental health

Retirement heralds a range of life changes. No more attending a place of work, camaraderie with colleagues or the feeling of satisfaction that arises from an achievement or job well done. The added burden of uncertainty about managing financially can lead to anxiety, depression and other health problems.

Many of the current retirement strategies are perceived as rigid and difficult to execute, often pushing retirees to adopt sub-optimal self-insurance actions such as budgeting and lifestyle limitations to eke out their savings. Retirees need appropriate products that provide capital preservation and capital growth, as well as a flexible retirement income stream to ensure they can look forward with confidence and live the retirement lifestyle they'd planned.

⁵ Firstlinks, Survey: Share your retirement experiences, 29 June 2022

⁶ National Seniors Australia, Retirement Income Worry: Who worries and why?, January 2020.

⁷ R Dinham, 'A close look at retiree fears and expectations', Firstlinks, 3 February 2021

⁸ Retirement Essentials - <https://retirementessentials.com.au/should-you-spend-your-money-before-you-go/>



Section 2

The retirement 'pay cheque'

Nothing beats the reassurance of knowing there's money coming in each month. Then retirement happens and, suddenly, it's up to the individual to generate income to live on. Super is only one part of a retirement income plan. In reality, most people will be supported by other sources of income such as the Age Pension or income from other investments such as shares, property or term deposits.

The current range of super-based retirement income strategies is limited. The options generally don't fully address the financial fears held by retirees.

At one end of the spectrum, Account Based Pensions alone provide flexibility, but can leave retirees shouldering significant investment risk, especially when used in isolation. At the other end, traditional lifetime Annuities are poorly understood and generally perceived as an expensive and inflexible solution. The Age Pension, meanwhile, barely provides enough income to sustain a subsistence level retirement.

Traditional retirement income products involve tough trade-offs between income certainty and flexibility and are often subject to unpalatable limits as to how one can invest, withdraw or use their money.

Traditional retirement income products involve tough trade-offs between income certainty and flexibility

Good retirement planning should also keep in mind the myriad of issues that could interrupt the best laid plans. Illness, accident or an unexpected redundancy can all lead to an unplanned early retirement and throw plans into disarray. Similarly, retirement can be interrupted by unexpected health issues, some of which might require access to money over and above the retirement 'pay cheque.'

Account Based Pensions

Most Australian retirees manage their income needs via traditional asset allocation strategies within an Account Based Pension (ABP). ABPs are sometimes referred to as Allocated Pensions. While a common choice – and one that generally works well in a bull market – they leave retirees exposed to multiple risks.

Fear and uncertainty come to the fore when concerns about fluctuating, market-linked account balances can often see retirees forego holidays, family visits and other comforts to cushion the impact of future, unknown, investment downturns or unexpected personal costs⁹.

What is an Account Based Pension?

An ABP offers regular, flexible and tax-effective income from superannuation. Retirees can access an ABP when they reach 'preservation age' and it lasts as long as their super money does.

Importantly, it is not a guaranteed income for life.

9 L Lucas, 'Why do people spend the way they do in retirement? Findings from EBRI's spending in retirement survey', Employee Benefit Research Institute Issue Brief, 14 January 2021

How does it work?

An ABP is a regular income stream bought with money from a super fund upon retirement – or as part of a transition to retirement strategy.

Typically, retirees get to choose:

- How much of their super balance they wish to transfer to the 'pension phase' (subject to balance transfer cap rules)
- The size and frequency of income payments (subject to government minimum drawdown requirements)
- How the capital is invested (through the super fund)

Pros and cons

 Pros	 Cons
Flexible pension payments within minimum and maximum* ranges *maximums available only for transition to retirement	Longevity risk – there's no guarantee the super balance will last the retiree's lifetime – ABP payments cease once the account balance is exhausted
Investing capital in growth assets can increase the value of the investment and the longevity of the income stream	Capital, especially that invested in growth assets, is subject to a range of risks arising from market volatility – this may reduce the longevity of the income stream
If eligible for the Age Pension, retirees can use their ABP to top up the income received	An ABP forms part of the income and assets tests, so it may affect Age Pension eligibility
It's tax effective – tax is not paid on pension payments from age 60	ABP payments are linked to market performance; if drawing a fixed percentage of the balance, pension payments may increase or decrease in line with market movements. ABP payments can be increased to compensate for market falls, even if the total value of the capital has fallen; however, this draws a higher percentage of assets and increases the likelihood of consuming income producing assets more quickly.
Investment earnings are also tax free	
Retirees can withdraw capital at any time	
An ABP can be transferred to an eligible beneficiary after the account holder dies	

A word about Defined Benefit Schemes

Some industries still have employees whose retirement savings have been accrued in a Defined Benefit Scheme (DBS). Rather than being based on investment returns, a DBS pays a pension determined by a formula generally based on contributions and the employee's average income for several years prior to retirement.

Most DBS are now closed to new members; they were designed to support 10-15 years of retirement living, but longevity has challenged the long-term sustainability of the DBS.

Annuities

Traditional annuities have not been used by many retirees. While the product shares longevity risk (and in some cases investment risk) to an insurer, there are several other reasons that have led to a low level of take up.

What is an Annuity?

An annuity is a form of retirement income product that provides a guaranteed income for a fixed period, which can include the term of a retiree's life.

How does it work?

An annuity can be purchased from a super fund or life insurance company using superannuation or other savings.

And, while an annuity is less flexible than a typical ABP, it does provide income certainty for the selected term, which could be:

- A fixed number of years
- The retiree's average life expectancy
- Lifetime

Pros and cons

 Pros	 Cons
A regular income, with some products providing a guaranteed level of income	Some annuities have market linked income streams that may fluctuate in line with market movements. Some are compounded with a benchmark making income even more volatile
Some options may be suitable for retirees who don't want to bear investment risk	There can be less flexibility in relation to how the money is invested; it's dependent on the type of annuity selected
An annuity bought with super money is tax-free from age 60	Income payments will be lower if the annuity starts in a period with low interest rates
An indexed annuity may protect the recipient from the rising cost of living	Inflexibility – once income payments start, there's no opportunity to change the amount received
Payments from a lifetime annuity may help mitigate the risk of outliving retirement savings	Money is locked away until the term of the annuity ends; retirees can be left unable to cover large or unexpected expenses, causing financial stress
Payments related to a fixed-term guarantee period will revert to the estate if the beneficiary dies before that time is up	There's reduced ability to withdraw capital from an annuity
An annuity that provides a lifetime income stream (established after 1 July 2019) receives favourable treatment in both the assets and income tests when assessing eligibility for the Age Pension. With most annuities only having 60% of income being counted towards the income test	Lack of transparency around fees and expenses
	Loss aversion – retirees may fear dying sooner than expected and losing capital that could otherwise have been passed onto beneficiaries

While an annuity can theoretically provide a lifetime income, the product's drawbacks and complexities have thwarted its take up by many retirees.

Age Pension

The Age Pension is the most common income support payment available for people aged 65 and over: on 26 March 2021, around 2.6 million people – or 62 percent of over 65s – received a full or part Age Pension¹⁰.

What is the Age Pension?

Subject to an income and assets test, the Age Pension is a fortnightly government payment designed as a safety net, to ensure income support reaches those most in need. The amount paid reduces in line with recipients being able to provide for themselves.

How does it work?

Administered by Services Australia, the Age Pension is available to retired (or semi-retired) Australians aged 67 plus. It involves a substantial application process and is subject to an assets test (which excludes the family home) and an income test. The latter includes any income received from part time work, as well as retirement income received from an ABP or annuity.

Pros and cons

✓ Pros	✗ Cons
A fortnightly income stream paid by the government, indexed twice yearly	Income received from the Age Pension could be described as 'basic' – in isolation it is insufficient for a comfortable retirement
Retirees can access a wide range of extra benefits and discounts if they qualify for a full or part Age Pension	Risk of future potential changes to eligibility and payment amounts
Provides income for life as long as the retiree continues to meet eligibility requirements	

As a safety net, the Age Pension is fit for purpose. As a sole retirement income stream, it makes for a challenging retirement.



¹⁰ Age Pension Snapshot, Australian Institute of Health and Welfare, 16 September 2021

Other savings

Some people will have savings outside of superannuation that can be drawn on during retirement. Australian equities are popular for the dividend income and franking credits provided by many listed companies. Other common income streams come from residential or commercial investment properties, or term deposits.

Savings accrued outside of the superannuation system can be used to purchase an annuity but cannot be used for an ABP unless the money is transferred into super. Whether this is possible will depend on each individual's circumstances.

Other savings will be assessed as part of the assets test and income test in the event of an application for the Age Pension.

As life expectancies increase and living costs rise, the strategies and tools currently available are becoming less effective in managing the growing risks. With the retirements of 4.2 million plus Australians¹¹ at stake, new and innovative income solutions are urgently needed to complement the industry's existing products and strategies.

It's important for retirees to have diversified, reliable sources of retirement income. As well as the incumbent strategies discussed, there are new solutions available that can provide income certainty throughout retirement.



¹¹ Australian Institute of Health and Welfare, 'Older Australians', 20 November 2021

Navigating the risks of retirement

While living a long and healthy life sounds appealing, it does raise a valid question – is there a chance of outliving retirement savings? Controllable and uncontrollable risks can derail the best planned retirement and must be considered when building a robust retirement funding strategy.

The world is undergoing a transition in its financial climate, moving from low-rate, stable inflation conditions to a period of higher rates, a spiralling cost of living and rising uncertainty across financial markets.

Retirees have to navigate through the immediate market turbulence knowing a wrong move now might have long-term implications, impacting retirement plans for what could be decades. Given the prevalence of these risks it's no surprise that funding the post-work lifestyle is a cause of stress for Australians close to retirement.

Retirees have to navigate through the immediate market turbulence knowing a wrong move now might have long-term implications, impacting retirement plans for what could be decades

'Controllable' risks

There are several retirement risks that are often described as 'controllable', although that might not always be the case. Unforeseen circumstances can derail the best of plans, although ideally, personal insurance will provide a safety net, particularly for those forced to retire due to ill health or accident.

Controllable risks include:

- The timing of retirement – although 43 percent¹² of Australians surveyed in 2021 were unexpectedly forced into early retirement due to ill health, accidents, carer responsibilities, job loss or business failure
- The quantum of retirement savings available – while increasing contributions can mitigate the risk of insufficient savings, that's not always possible
- The rate of withdrawal – the higher the rate of capital drawdown, the faster retirement savings will be consumed

Unforeseen circumstances such as illness, accident or redundancy can derail the best of retirement plans

¹² Allianz Retire, [Project McFerrin], July 2021

Uncontrollable Risks

Uncontrollable risks are often interrelated and can result in retirees questioning how long their money will last or whether they can afford the lifestyle they want. These risks may have longer term ramifications: lower investment risk tolerance, increased uncertainty, a reduction in spending or unwanted lifestyle adjustments.

Uncontrollable risks may have longer term ramifications including increased uncertainty and unwanted lifestyle adjustments

Will the savings last?

The biggest fear voiced by Australians prior to and during retirement is running out of money. This is known as longevity risk – or the risk of outliving retirement savings.

With the expectations of a longer life, how much can a retiree afford to draw down each year? For many it's a dire choice: live more frugally today or risk running out of money.

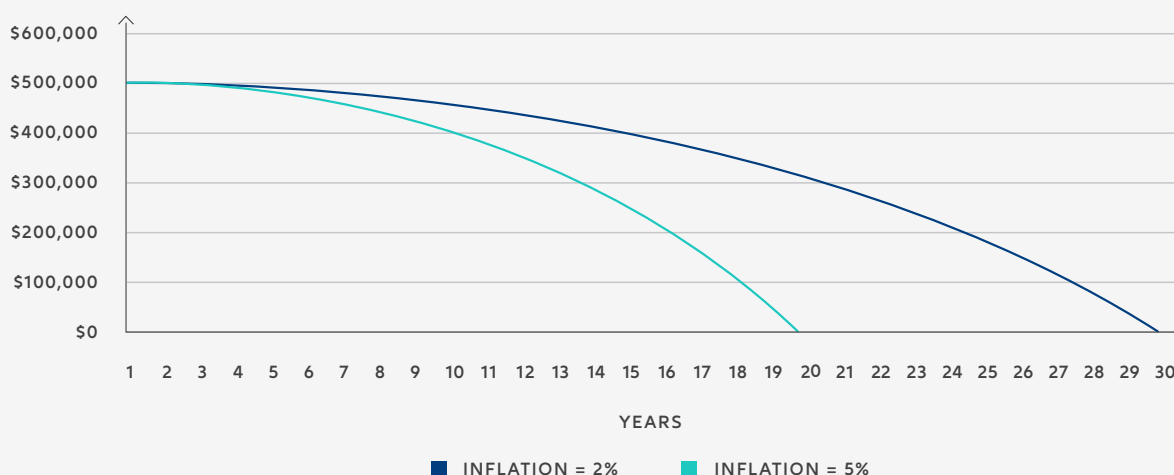
Inflation chips away at the value of savings

Inflation risk is once again top of mind as Australia's cost of living rapidly increases. Higher inflation reduces the purchasing power of every dollar saved. It can exacerbate the fear of running out of money and increase loss aversion.

The compounding impact of inflation over time can erode retirement savings as illustrated in figure two, which uses the example of a retiree with \$500,000. An annual inflation rate of 5% would result in their savings running out 10 years sooner than if inflation stayed at 2%.

Concerns about inflation and rising costs are top of mind for many pre-retirees; for those already living on a fixed income, the figure is likely to be much greater.

Figure two: The impact of inflation



Source: Allianz Retire+, March 2022.

For illustrative purposes only. Assumes a fixed rate of inflation applied to the withdrawal amount for the entire investment period. Fixed rate of investment return for the entire investment period. Not reflective of historical or expected capital market outcomes.

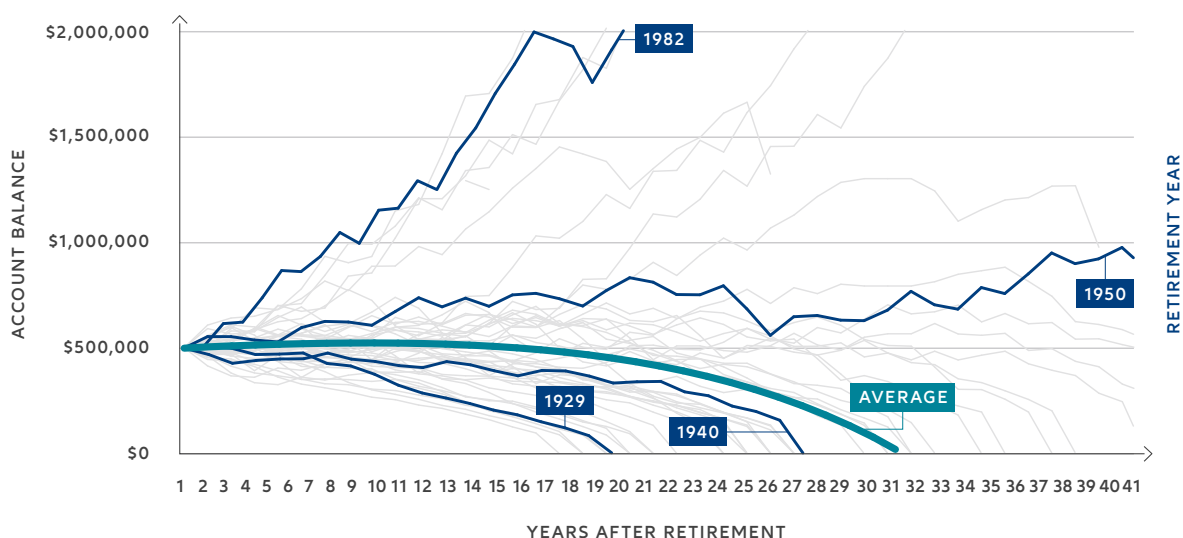
Market volatility erodes income producing assets

Financial market volatility is once again making headline news. The prevailing market conditions prior to and during retirement can affect the longevity of retirement capital and the level of income generated.

The timing, as well as the size, of a market downturn can have dramatic consequences. As modelled in figure three, the prevailing market conditions at the time of, and after, retirement can determine how long a retiree's capital could last when investing in a balanced portfolio. It was chance that dealt 1982's retirees buoyant markets, and chance that presented 1929's retirees with a crash and rapid capital depletion.

Because retirees usually can't align their retirement date with ideal market conditions, the decision (forced or not) to leave work can be a big gamble, particularly without the right mix of strategies and products. Unfortunately, chance can have a much greater impact on retirement outcomes than good planning.

Figure three: Impact of retirement year on future returns



Source: Wealth benchmarks™

\$500,000 invested in a diversified, multi-sector balanced portfolio – rebalanced annually. Income of 5% drawn in year one, then an annual amount adjusted by 3% p.a. for inflation.

A significant capital loss requires a significant gain to get back to the same point. As illustrated in figure four, there is a nonlinear relationship between gains and losses; as the loss grows, the gain required to restore the loss escalates.

Figure four: The math of recovery from portfolio loss

Percentage loss	Gain needed to restore loss
10%	11.1%
20%	25.0%
30%	42.9%
50%	100%

Source: Craig Israelsen, Ph.D.

A fall in market value can exacerbate longevity risk and increase loss aversion. While clients in the accumulation phase generally have the advantage of time to recover losses, retirees in the decumulation or pension phase generally don't have this opportunity.

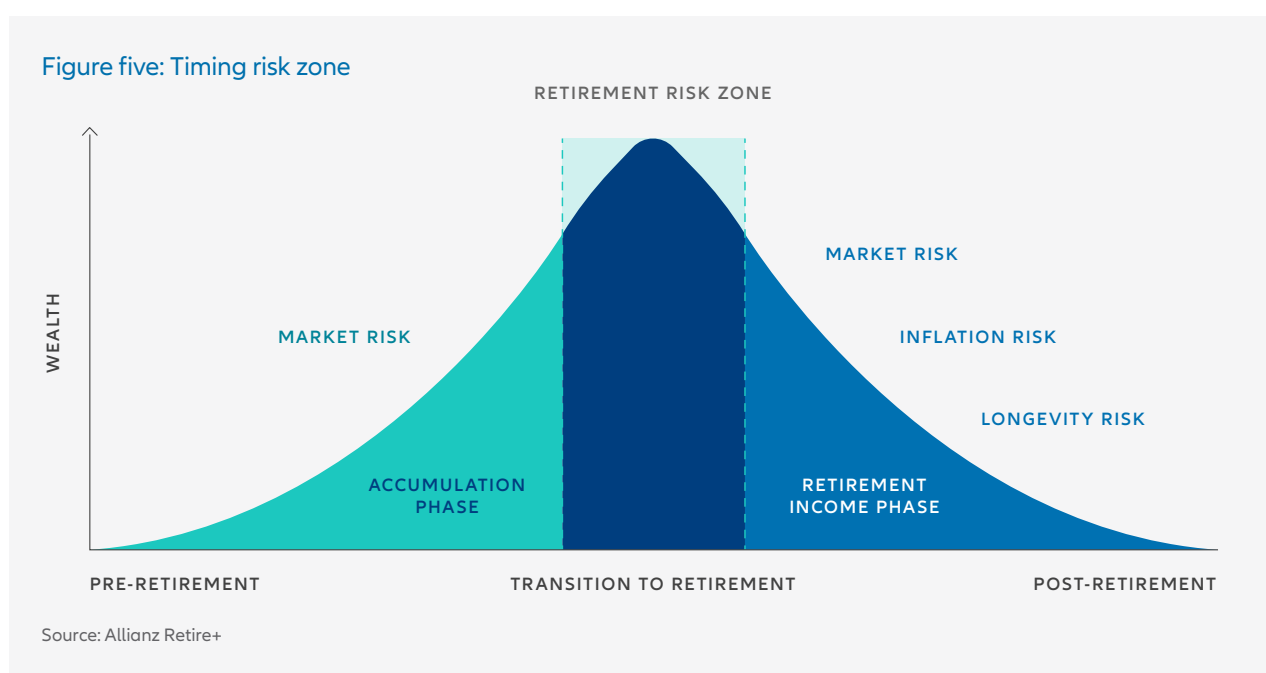
Timing risk impacts the longevity of retirement savings

The market conditions that prevail in the years just before and after a person retires can make an enormous difference to how long their funds last. Those crucial years are often called ‘the retirement risk zone’; a period when retirees are most vulnerable to market volatility.

If someone is fortunate enough to retire in a period of upbeat markets, then their income drawdowns will be fully or partially offset by investment returns.

However, if the ‘retirement risk zone’ (see figure five) coincides with a period of negative returns, retirees may start eating into their savings at an accelerated rate, potentially emptying the nest egg¹³. Market shocks during the vulnerable period will leave Australian retirees with less time to recover, while falling asset prices and drawdowns for income can magnify the scale of capital losses.

Ultimately, any losses will diminish the total value of the remaining assets.



Loss aversion can negatively influence retirement decision making

Loss aversion, sometimes called behavioural risk, can impact how a retiree invests, how much income they draw – and can even impact their lifestyle. A range of behavioural studies have illustrated traits and biases that can impede people from making reasonable decisions about their retirement savings.

These biases might stem from others’ experiences, the fear of outliving their savings or the fear of losing capital. Investment Trends¹⁴ identified three retirement fears pertinent in the current environment.

Expect to outlive their super	47%
Concerned about medical costs	43%
Concerned about inflation & rising costs	42%

While loss aversion is a major factor influencing investor behaviour, particularly in retirement when it’s difficult to recoup losses, understanding the biases and fears that can negatively impact decision making is an essential part of retirement planning.

¹³ Allianz Retire+, ‘Talking about sequencing risk’, February 2019

¹⁴ Investment Trends, 2022 Retirement Income Report, October 2022



Section 4

Creating a reliable retirement plan

Every type of income has its benefits. A smart retirement portfolio helps to manage risk and ensures savings work hard at every stage of retirement. As with any astute investment approach, tapping into diverse sources of retirement income is key when it comes to balancing risk and return. After all, after a lifetime's work, peace of mind is a reasonable expectation in retirement. While there will always be small worries, having access to income and capital to fund a comfortable life should not be one of them.

Accumulating as much as possible in superannuation (and other investments) is only part of the retirement puzzle. For Australians to have the confidence to spend and thrive in retirement, they also need access to capital and a high level of retirement income certainty.

For comfort and certainty, retirees need two things. The retirement products available today can stretch to provide them, but for many retirees, the risk of outliving their capital is real. This leaves them dependent on the Age Pension.

1. A safety net income to cover day-to-day living costs.

The Age Pension alone is generally not sufficient to sustain even a modest cost of living, so combining the pension with a regular income stream from a lifetime annuity can top up this basic income to cover essential costs.

2. Secondly, retirees need access to capital.

This may be for big ticket items, major health expenses or simply to enjoy life. Those little extras, such as going out to dinner, seeing a show or going on holiday can enhance retirement lifestyle. An ABP could potentially be used to fund this; because payments aren't guaranteed and may one day run out, using this income on non-essential spending is worth consideration.

Rather than having to shoe-horn retirement into existing products to get the 'best possible' outcome, what if there was an innovative solution that could provide retirees with the capital protection, flexibility and income certainty that most existing products don't deliver?

A 2022 Actuaries Institute report noted that combining traditional products with innovative solutions could lead to a remarkable 30 percent increase in retirement income. Further, the report noted that methods such as using investment-linked lifetime income streams have been shown to lift retirement income without increasing longevity risk: a win-win outcome that would see Australian retirees benefit from larger payments and a better quality of life without increasing the likelihood of outliving their savings¹⁵.

What if there was an innovative solution that could provide retirees with the capital protection, flexibility and income certainty that most existing products don't deliver?

¹⁵ Actuaries Institute, 'Actuaries develop a framework for maximising retirement income', 26 April 2022

Certainty leads to confidence

Confidence in retirement is good for the individual, good for their community and good for the economy; rather than living frugally, confident retirees will spend in their community, support business and live the retirement lifestyle they've looked forward to.

Australians close to retirement are increasingly wary of the risks posed by longer life expectancies and market volatility. And as this new wave of retirees – flush with ever-larger superannuation balances – rolls into the post-work phase, they need products and strategies that address their very reasonable concerns.

Next generation retirement income products

While superannuation funds and other financial services firms have focused primarily on the accumulation phase, the development of innovative retirement income products has been slow.

However, the next generation of retirement products can improve further on the earlier efforts with outcome oriented solutions designed around core features including:

Protected growth	Retirees are be able to benefit from growth and a downside protection mechanism limiting risk exposure, while offering the potential for the capital growth necessary to fund longer retirement periods
Guaranteed lifetime income	Backed by regulated life companies with strong balance sheets and capital reserves, guaranteed income payments are paid for the life of the retiree. A choice of fixed or rising income payments will also be available
Flexible access to savings	Retirees are able to withdraw all or part of their account balance at any time so that unexpected expenses can be quickly and easily met
Control	A range of investment and protection options enable retired Australians to adjust their investment strategies as their needs change
Seamless integration	Integration into a super fund or an ABP makes administration easier for retirees, financial advisers and super funds
Long-term surety	Australians will feel confident that the promises made to them today will last for the long-term. Life company backing mean they'll retire with certainty and confidence
Investment Value payable on death	Retirees can leave their residual investment value to beneficiaries

Over time, guaranteed lifetime incomes should form a foundation of future retirement strategies but without sacrificing retirees' ability to make withdrawals.

Next generation retirement solutions look very different to those that have dominated the retirement income product set in the past. Designed to meet retirees' needs for regular income and access to capital, next generation solutions have been devised to mitigate the common risks and 'what ifs' faced in retirement.

Importantly, next generation solutions have been designed to deliver increased confidence and certainty to retirement so the only indecision may be how to best enjoy this new phase of life.

Our next generation retirement solution

Australia's demographics are shifting and today's retirees face unique challenges. The tools, products and strategies that retirees have relied on for decades need to be optimised for a future in which people live longer and every dollar has to be stretched further.

To ensure certainty, comfort and peace of mind throughout retirement, Australians need a regular income for life and flexible access to capital.

At Allianz Retire+, we've brought together the expertise of the centres of excellence within the Allianz Group to develop a next generation retirement solution to meet these needs.

Allianz Guaranteed Income for Life (AGILE) is a long-term retirement income solution designed to enable the continued growth of retirement savings. AGILE provides retirees with control and flexibility, as well as the total peace of mind that comes from knowing there's a guaranteed lifetime income stream.



Certainty

Regular guaranteed income payments for the rest of their life



Flexibility

Clients can access their investment value anytime¹⁶, with their remaining investment value paid out upon death



Protection

Total or partial protection from adverse market movements



Choice

Clients can choose when to start their guaranteed lifetime income¹⁷

AGILE provides the flexibility and financial certainty that comes with a guaranteed income for life.

AGILE is designed to meet two goals specific to investing in retirement:

- 1 The potential to grow retirement savings while reducing or limiting investment risk
- 2 Securing the certainty of a stable and sustainable guaranteed income for life

The next generation investment solution from Allianz Retire+ provides retirees with the confidence and flexibility they need to plan for, and thrive, in retirement

¹⁶ Withdrawals made in the first 10 years may be subject to a Market Value Adjustment. Withdrawals may also reduce your lifetime income payments if they have started.

¹⁷ Subject to an initial three-year period after commencing your AGILE investment. Lifetime income payments will automatically commence on the next Anniversary Date after you reach 100 years of age

Key features and benefits

✓ Protected Growth

Continue accumulating money for retirement by selecting protected Australian and/or Global share index investment options.

✓ Lock-in Income Certainty

Remove uncertainty by locking in a known lifetime income rate – with guaranteed annual increases every year they wait to start their income.

✓ Guaranteed Lifetime Income

Clients can commence their guaranteed lifetime income as soon as they're ready¹⁸, with a choice of fixed or rising income payments.

✓ Access Funds at Anytime

Withdraw some or all of the remaining investment value when needed.¹⁹

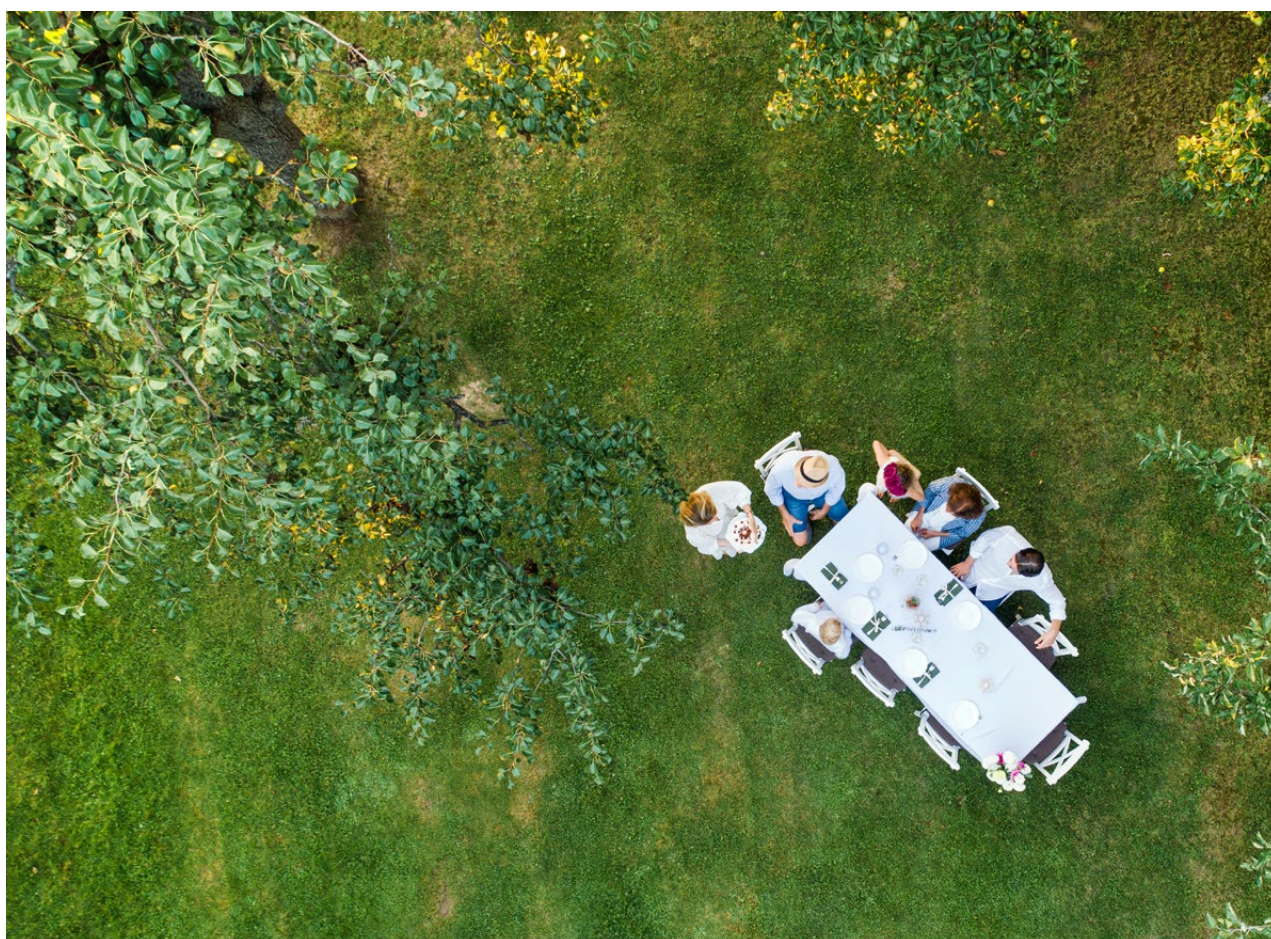


Death Benefit

The remaining investment value is paid out upon death.

Retirees need more innovative solutions that provide for longevity without sacrificing financial flexibility; retirement strategies need to incorporate a more comprehensive suite of features including guaranteed lifetime income, market-linked returns, downside protection and the ability to make withdrawals.

The next generation of retirement income products help Australians make informed and confident spending decisions so they can flourish in retirement and enjoy this next well-earned phase of life.



¹⁸ Subject to an initial three-year period after commencing your AGILE investment. Lifetime income payments will automatically commence on the next Anniversary Date after you reach 100 years of age.

¹⁹ Withdrawals made in the first 10 years may be subject to a Market Value Adjustment. Withdrawals may also reduce your lifetime income payments if they have started.

About Allianz Retire+

Allianz Retire+ delivers the next generation of retirement income solutions to the Australian market. Our financial product solutions are designed to simplify the complex financial and emotional challenges that can confront people who are heading into retirement. Allianz Retire+ is a world-first Australian venture combining the scale and expertise of international insurance provider Allianz and global investment expert PIMCO.

Get in touch

We're here to support you in delivering an independent and rewarding retirement to your clients and members. Reach out to your Allianz Retire+ representative or contact us at:

p. 1300 421 060

e. enquiries@allianzretireplus.com.au

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Allianz Retire+
POWERED BY PIMCO

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The returns on the Allianz Guaranteed Income for Life (AGILE) product are subject to a number of variables including investor elections, market performance and other external factors, and may differ from the information contained herein. Past performance is not a reliable indicator of future performance. No person should rely on the content of this material or act on the basis of anything stated in this material. Allianz Retire+ and its related entities, agents or employees do not accept any liability for any loss arising whether directly or indirectly from any use of this material.

The guaranteed lifetime income stream can be turned on any time after an initial three-year waiting period after commencing the AGILE investment. Withdrawals made in the first 10 years may be subject to a market adjustment. Withdrawals may also reduce lifetime income payments if they have started. Each protected investment option allows you to benefit from equity market growth up to a maximum return applicable to that option, while eliminating or reducing losses resulting from market falls.

The tax and social security information in this material sets out our understanding of current legislation and practice as at the date of this document. It is only intended to be general in nature and does not constitute tax or social security advice. We recommend that you seek specific tax and social security financial advice on your personal circumstances before making an investment decision.

Use of the word 'guarantee' in this material refers to an assurance that certain conditions or contractual promises will be fulfilled by Allianz Retire+ from the available assets of its Statutory Fund No 2, in relation to the product terms. This includes 'guaranteed' income payments in the Lifetime Income Phase which will be paid from the available assets of Statutory Fund No 2, noting that Allianz Retire+ may terminate the product in certain limited circumstances as outlined in the Product Disclosure Statement referred below. For further information on the AGILE fees, premiums and taxes please see the PDS.

Allianz Australia Life Insurance Limited is the issuer of AGILE. Prior to making an investment decision, investors should consider the relevant Product Disclosure Statement (PDS) and Target Market Determination (TMD) which are available on our website (www.allianzretireplus.com.au).

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