FUTURE SAFE
CASE STUDY

Allianz Retire+
POWERED BY PIMCO

A safety net for a secure transition to retirement

Meet Patricia

Patricia is a healthy 60-year old, who is single. Although she's reached a stage where she would like to have more leisure time, she enjoys her job and isn't ready to give up working completely. She's made an arrangement with her employer to work part-time and enjoy the best of both worlds for now.

60 y/o working part-time

$500k in her super,
her other financial assets are her home and

$40k savings

She has concerns about the impact volatile sharemarkets may have on her super balance. However, she's keen to ensure her balance will grow enough to provide a comfortable level of income in retirement.

"I need to preserve my super balance and draw an income to supplement part-time earnings"

THE CHALLENGE

Patricia is looking for a solution that can secure a supplementary income to top-up her part-time earnings now, without risking the super balance she'll need to generate her income when she fully retires.

THE STRATEGY

Protect current and future income with sharemarket protection

Recognising that Patricia is close to retirement and will need to draw income from her super, her adviser recommends rolling over $150,000 of her super into Future Safe. Patricia can maintain her exposure to the sharemarket as a core part of her investment strategy in the lead-up to retirement, and still have peace of mind that she can limit her market losses. She can manage her exposure to sequencing risk at a time when her retirement savings are most vulnerable.

She can access at least 5% of her account balance at commencement each year to supplement her part time salary.

Investing in Future Safe will also support Patricia's transition to retirement strategy by allowing her to access some of her super as a regular income stream.

6 KEY STEPS

Patricia works with her adviser through 6 key steps to:

STEPS 1 & 2. **Understand her retirement goals and appropriate Investment Interval**

Patricia's objective is to supplement her income with the ability to access sharemarket returns with a lower level of volatility. She prefers the higher Caps of the 10 Year Investment Interval.

STEP 3. **Decide her worst-scenario upfront and choose a protection option**

Patricia chooses the -10% Floor option, as she is confident she can tolerate some market losses until she fully retires.

STEP 4. **Choose an investment option and amount**

Patricia invests $75,000 in the S&P/ASX 200 Total Return Index and $75,000 in the MSCI World Net in Australian Dollars Index.

STEP 5. **Access or reinvest her money**

Patricia will be making withdrawals at the rate of 4% of her Future Safe account balance each year, increasing to 5% when she turns 65.

STEP 6. **Check in each year to review her strategy**

Patricia reviews her protection and investment choices every year with her adviser to ensure these continue to meet her needs and fit with her investment objectives.

PROTECTION OPTIONS

Each protection option is made up of a 'Floor' and a 'Cap'. The Floor is the most you can lose and the Cap is the maximum amount you can gain from your investments in each year of the Investment Interval.

	YOUR MAXIMUM LOSS (FLOOR)	YOUR MAXIMUM GAIN (CAP)*	INVESTMENT OPTIONS
Protection option with a -10% Floor	**-10%** EXAMPLE If the sharemarket went down 15% you would only **lose 10%**	**+10%** EXAMPLE If the sharemarket went up 18%, you would get a **10% return**	S&P/ASX 200 Total Return Index (50%) MSCI World Net in Australian Dollars Index (50%)
	Less annual product fee of 0.80% (inclusive of GST, if any) and any applicable taxes		

* These Caps are for illustrative purposes only. The initial Cap for each market-linked investment option is set at the policy commencement date and will remain at that level until the anniversary date of your policy. Each year, the Caps may be higher or lower than the Caps in the previous year. On each anniversary date we will reset the Caps for the next year and ask you to elect your investment and protection options for that year. For information about the current Caps for each market-linked investment option, visit www.allianzretireplus.com.au/future-safe/features.html.

Patricia's investment timeline[1]

Her total income is

$66,371

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Closing balance	$157,005	$163,003	$141,519	$146,925	$148,688	$150,472	$152,278	$135,832	$133,387	$133,654
Annual income	$6,000	$6,280	$6,520	$5,661	$5,877	$7,434	$7,524	$7,614	$6,792	$6,669
Tax withheld	$2,295	$2,167	-$2,641	$1,953	$0	$0	$0	$0	$0	$0

Assumptions: Policy commenced 1 July and Patricia's birthday falls on 1 July, the annual income is paid at the end of each year, Patricia retires at the end of Year 4.

1. For a full breakdown of each year, refer to the next page. Numbers may not add due to rounding.

Reaching her goals

By investing in Future Safe, Patricia generates additional income of

$66,371

over the 10 year period.

+ Her initial investment has only reduced by

$16,346

at maturity, after accounting for annual income payments, the annual product fee and taxes.

Steady income

Being age 60, Patricia receives 4% of her total balance held in Future Safe as income each year and she does not need to pay tax on these payments. This amount rises to 5% when Patricia turns 65.

A softer landing from a market correction

Following a boost to Patricia's balance from strong returns in the first two years (11% and 10%), a market correction delivers a loss in year three. The actual combined return on the domestic and global indices is -25%, but with the -10% Floor, Patricia's market loss (before the annual product fee and applicable tax) is limited to $16,300 (instead of a loss of $40,751).

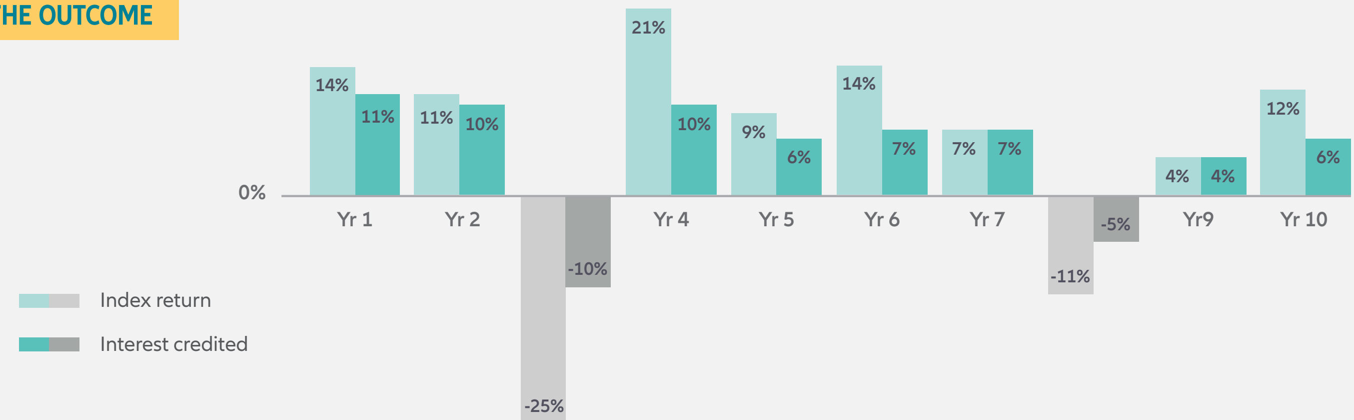
Access to returns as the market rebounds

Following advice from her adviser on the potential for a market rebound, after the correction in year three, Patricia maintains her Floor at -10%. This also entitles her to a 10% Cap on returns. She receives the capped return of 10%, contributing $14,152 to her balance in year four.

Flexibility to meet her changing retirement needs

Patricia retires in year five. Now that she has retired, there is no further tax to pay on her Future Safe earnings. Following discussions with her adviser, she chooses a -5% Floor to further limit any potential market losses over the next three years. Her Cap reduces to 6% as a result of the increased protection.

THE OUTCOME



Year	Floor	Cap	Index return	Interest credited	Age	Withdrawal rate	Tax rate	Interest	Annual product fee	Tax withheld	Drawdown	Closing balance
1	-10%	11%	14%	11%	60	4%	15%	$16,500	$1,200	$2,295	$6,000	$157,005
2	-10%	10%	11%	10%	61	4%	15%	$15,701	$1,256	$2,167	$6,280	$163,003
3	-10%	9%	-25%	-10%	62	4%	15%	-$16,300	$1,304	-$2,641	$6,520	$141,519
4	-10%	10%	21%	10%	63	4%	15%	$14,152	$1,132	$1,953	$5,661	$146,925
5	-5%	6%	9%	6%	64	4%	0%	$8,815	$1,175	$0	$5,877	$148,688
6	-5%	7%	14%	7%	65	5%	0%	$10,408	$1,190	$0	$7,434	$150,472
7	-5%	8%	7%	7%	66	5%	0%	$10,533	$1,204	$0	$7,524	$152,278
8	-5%	5%	-11%	-5%	67	5%	0%	-$7,614	$1,218	$0	$7,614	$135,832
9	-5%	5%	4%	4%	68	5%	0%	$5,433	$1,087	$0	$6,792	$133,387
10	-5%	6%	12%	6%	69	5%	0%	$8,003	$1,067	$0	$6,669	$133,654

All Caps and index returns are for illustrative purposes only. The annual product fee is 0.80% (inclusive of GST, if any). Tax is calculated based on interest net of the annual product fee multiplied by the applicable tax rate. Tax is paid by Allianz Retire+ and charged to the investor's account. **Assumptions:** Policy commenced 1 July and Patricia's birthday falls on 1 July, drawdowns are made annually at the end of each year, and Patricia retires at the end of Year 4.

Contact us

For more information, visit our Website **allianzretireplus.com.au** or speak to your financial adviser.

v29-02/2020

Allianz Retire+
POWERED BY PIMCO