

# Life insurance 101

Allianz Life Insurance Company of North America



Although all life insurance policies provide a death benefit, some types of policies offer additional features and benefits.

Depending on your current coverage and projected needs, your financial professional may identify a need for additional (or different) life insurance. Here's a description of the most common types:

## Term insurance

Term policies provide life insurance coverage for a specific period of time. If you buy a 20-year term policy and live to the end of the term, for example, the policy will terminate. Term policies offer the advantage of level premium. Some also let you continue coverage at the end of the term, convert to a cash value policy, or add special features such as a return-of-premium rider. These features may vary by product, and are available at extra cost.

## Whole life

Whole life insurance also offers the predictability of level premium payments. But, unlike term insurance, whole life policies provide coverage for your entire life (instead of a set term). Whole life policies also have a cash value that you may be able to access under certain circumstances.<sup>1</sup>

## Universal life

Universal life insurance provides coverage for your entire lifetime. It also offers you the flexibility to pay your premiums at any time and in any amount (subject to some limits), as long as the policy expenses and cost of coverage are met. Universal life policies also have a cash value that can grow at a declared interest rate, and which you may be able to access under certain circumstances.<sup>1</sup>

## Fixed index universal life

Fixed index universal life (FIUL) insurance works the same way as a universal life policy, but with the addition of potential indexed interest. Indexed interest is credited based on changes in an external index or indexes, which you choose when you buy the policy. Your policy's cash value can accumulate tax-deferred, and you can access this value through loans or withdrawals.<sup>1</sup>

<sup>1</sup> Please note that loans and withdrawals may be subject to regular income tax and, if taken prior to age 59½, a 10% federal tax penalty may apply.

Policy loans will reduce available cash values and death benefits and may cause the policy to lapse, or affect guarantees against lapse. Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax.

## Life insurance, at a glance

	Term life insurance	Whole life insurance	Universal life insurance	Fixed index universal life insurance
Premium	Level for the term chosen	Fixed; level	Flexible	Flexible
Death benefit	Guaranteed for a pre-determined term	Guaranteed for life	Guaranteed minimum; flexible death benefit	Guaranteed minimum; flexible death benefit
Cash value	No cash value	Guaranteed interest rate	Guaranteed interest rate	Indexed interest
Access to cash value	None	Loans/withdrawals <sup>1</sup>	Loans/withdrawals <sup>1</sup>	Loans/withdrawals <sup>1</sup>
Surrender charges	No	Yes	Yes	Yes
Policy loans	None	Yes	Yes	Yes

Life insurance provides a death benefit – and so much more. Look beyond the death benefit and see how your insurance can be “bigger than life.”

Call your financial professional today to discuss which type of life insurance policy may best meet your needs.

**Allianz. Financial solutions from A – Z.®**

<sup>1</sup> Please note that loans and withdrawals may be subject to regular income tax and, if taken prior to age 59½, a 10% federal tax penalty may apply.

Policy loans will reduce available cash values and death benefits and may cause the policy to lapse, or affect guarantees against lapse. Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax.

Guarantees are backed by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America.

Products are issued by Allianz Life Insurance Company of North America, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297. 800.950.1962 [www.allianzlife.com](http://www.allianzlife.com)