

# Most common suitability reviews



When the reasons for the recommendation may not be evident or the situation does not meet the thresholds and/or guidelines outlined below, we recommend that you provide supplemental information/documentation explaining why the recommendation is being made and how the proposed annuity will better align with the applicant's financial goals and objectives. Submitting this supplemental information will help expedite the processing of the application. The following guidelines outline the two most common situations.

## Liquidity and financial thresholds

### Guidelines:

#### For applicants age 65 and older:

- After purchase, liquid assets total \$82,000 or less.
- Amount of annuity is more than 25% of net worth.
- Premium is more than four times annual income.

#### For applicants age 64 and younger:

- After purchase, liquid assets fall below our minimum thresholds. These generally range from \$26,000 to \$42,650, depending on household income. (see NB6029 for more information)
- For households with incomes greater than \$109,300, there is no liquidity requirement.

#### All ages:

- Annual household income is \$21,900 or less.
- Monthly disposable income is negative.
- Significant increase in living expenses, decrease in income, or decrease in liquid assets.
- Total value of annuities owned is more than 75% of net worth.



### Factors to be considered:

If the applicant 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.
- 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 the applicant's liquidity status:

- Immediate annuities will add disposable income.
- The annuity being purchased may include an income rider (e.g., Allianz MasterDex 5 Plus<sup>SM</sup> Annuity).
- The applicant 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 it to determine that the replacement is appropriate.

- We are looking for a readily apparent, tangible benefit to the applicant.
- If you submit a complete replacement comparison that provides context about the factors considered, why the recommendation is being made, and how the applicant will benefit, it is possible that we will not need to contact you for more information.
- Any replacement submitted within one year of the original annuity's purchase date will be declined.



### Factors to be considered:

- Whether the applicant will incur a surrender charge or early withdrawal fee.
- The applicant will be subject to a new surrender period.
- Context about how the applicant will benefit from enhancements or improvements over the existing product.
- Policy parameters, such as current interest rate, caps, crediting method, participation rate, previous returns, guaranteed rates, riders, etc.
- When the applicant will be losing existing benefits (such as death, living, or other contractual benefit).
- Context about increased fees, investment advisory fees, or charges for riders and similar product enhancements.

For further information, visit the PACT Web page at [www.allianzlife.com](http://www.allianzlife.com), or call the FASTeam at 800.950.7372.

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