

The Allianz Life Insurance Company of North America offers indexed universal life (IUL) insurance, which combines protection, wealth accumulation potential, and tax advantages. This policy provides an income-tax-free death benefit, ensuring financial security for beneficiaries in the event of the policyholder's early death. The death benefit can assist loved ones in maintaining their lifestyle, covering college expenses, and supplementing lost income. Beyond the death benefit, IUL insurance allows for tax-deferred accumulation of cash value, which can be accessed through income-tax-free loans and withdrawals, although these actions may reduce the available cash value and death benefit and could lead to unintended consequences, such as policy lapse or taxable events.

IUL differs from other life insurance types, such as term life, which offers coverage for a specific period without cash value accumulation, and whole life, which provides lifetime coverage with fixed premium payments and cash value growth at a fixed interest rate. Universal life insurance offers lifetime coverage with flexible premium payments and cash value accumulation at a fixed interest rate. In contrast, IUL insurance builds cash value based on the performance of external market indexes or a fixed interest allocation, providing greater accumulation potential than traditional universal life policies while ensuring that the accumulation value does not decrease due to market volatility.

Premium payments contribute to the policy, with fees deducted before the remaining amount can build cash value. Policyholders can choose between fixed interest or indexed allocation options for their accumulation value. Indexed interest is credited based on the performance of selected indexes, while fixed interest provides a consistent rate. The policy includes an annual floor, guaranteeing a minimum indexed interest rate, thus protecting against negative index performance.

Policyholders can access cash value through fixed-interest loans, which have stable borrowing rates, or indexed loans, which allow the borrowed amount to continue earning indexed interest.

Withdrawals can be made but will reduce the policy's values, including the death benefit, and may incur charges. Full surrenders are also possible but may involve surrender charges during the policy's charge period. Withdrawals exceeding premiums paid may be subject to ordinary income tax.

It is crucial for policyholders to monitor their policy's accumulation values to prevent lapses and ensure that loans and withdrawals do not lead to adverse tax consequences. The policy is regulated under the Internal Revenue Code to maintain its tax advantages. Allianz emphasizes the importance of consulting with a financial professional to understand how IUL insurance can fit into an overall financial strategy.