

Why change what already works?

Employer-sponsored retirement plans offer benefits to many individuals. One of the benefits these plans provide is to help people accumulate needed retirement funds in tax-advantaged ways.

Some participants may desire to take a more active role in managing their retirement assets. They may want additional allocation choices for their retirement assets. They may also want increased opportunity in the areas of interest rates and equity choices.

What should be done next?

Contact your financial professional to learn if an in-service distribution may be suitable for you by offering the increased freedom, guarantees, and control you're looking for in a retirement strategy.

There may be an alternative to just accepting your employer-sponsored retirement plan. An in-service distribution can change the nature and character of your retirement possibilities and offer you increased input over your financial future.

All it takes to begin the process is understanding your options.

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Purchasing an annuity in a retirement plan that provides tax deferral under sections of the Internal Revenue Code results in no additional tax benefit. An annuity should be used to fund an IRA or other qualified plan based on the annuity's features other than tax deferral. These include guaranteed lifetime income and death benefit options. Other factors to consider include fees, expenses, charges, risks, and limitations that may be associated with an annuity.

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In-service distributions

Changes to consider before retirement

Allianz Life Insurance Company
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First, take a look at your options.

Let's look at three popular beliefs concerning employer-sponsored retirement plans, such as 401(k)s and profit-sharing.

1. There are limited options for your retirement plan money until you change jobs or retire.
2. If you withdraw money before age 59½ to allocate elsewhere, you'll pay enormous tax penalties.
3. If you withdraw money to allocate elsewhere, the tax-withholding requirements will leave you with a substantially reduced amount.

These statements are not necessarily true. As with most false impressions, they may be based on incomplete information.

Let's look at each belief separately.

#1. You have limited options.

Not necessarily true. Some employer-sponsored retirement plans permit you to roll over the employer-contributed portion of your retirement account into an Individual Retirement Arrangement (IRA) while you're still working for that employer. The employee portion of the retirement plan will remain with the employer until you separate from service. This type of rollover is known as an "in-service distribution," and should be discussed in the employer's retirement plan document along with any fees associated with it.

#2. There will be a tax penalty if money leaves the retirement plan before you are age 59½.

Not always. If your retirement plan allows for in-service distributions, and the funds are rolled over to an IRA, there will be no 10% penalty – even if you are under age 59½.

#3. There will be mandatory income tax withholding when money is moved.

Again, not always. If you use a "direct rollover" to move the distribution to your IRA, there will be no income taxes withheld.

The primary benefits of rolling an in-service distribution into an IRA annuity

Freedom

If you feel your workplace plan limits your allocation choices, a personal IRA may give you different options to consider. A personal IRA can incorporate features that may not be available in your employer-sponsored retirement plan. Some of those are as follows.

Additional guarantees

Traditional market investors may tell you that if you diversify your investment and leave it alone long enough, come time for retirement, you'll be fine. But what do you do if that "time" approaches and the market has dipped and your retirement nest egg has collapsed by 10%, 20%, 30%, or more? Suddenly retirement doesn't seem as comfortable as it once did. Worse than that, retirement may have to be delayed altogether. Allianz offers you a variety of annuities with optional riders and benefits that provide you with income, principal, and death benefit protection.

Allianz offers you wealth preservation benefits you may not want to miss out on. If you need income during retirement or if you want to provide for your beneficiaries, Allianz annuities may be a solution for you.

Control

With more freedom and guarantees to help protect your retirement nest egg comes a greatly increased sense of control over just exactly what you can do to realize your retirement goals. In addition, if you don't need this portion of your retirement, the control you now have will allow you to pass on the death benefit to future generations.

