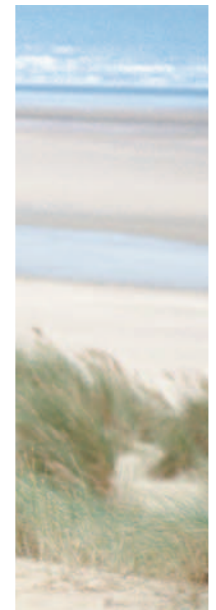
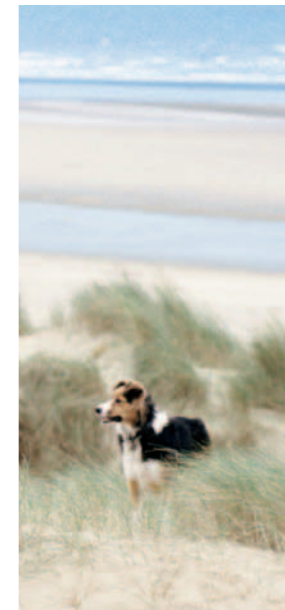


Allianz Family Legacies

A discussion of values and wishes,
goals and dreams



Allianz Life Insurance Company of North America
Allianz Life Insurance Company of New York

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“We had no idea what our kids cherished most.”

Though the children of Jack and Sarah Reed now range in age from 39 to 54, several times a year, they return with their own families to spend time with their parents at the Reeds’ lake cabin.

During a recent reunion, the oldest son, Tom, said one morning, “I love this cabin. All my favorite memories are here.”

Boomers often value
FAMILY MEMORIES
more than inheritances.

Mrs. Reed responded, “Tom, perhaps you’d like to keep this property in your own family.” Tom’s brother Chris reacted with surprise. “Tom’s family? I always pictured coming here with my girls and their kids.”

“Mom, Dad, since you’ve brought this up,” daughter Stephanie said, “I’ve been helping you run the farm for a while, and wondered what you planned to do with the business after you’re gone.”

Mr. and Mrs. Reed were stunned by how little they understood their own children’s wishes.

And they realized they hadn’t taken any of these feelings into account when planning their children’s inheritances ...

Your legacy is more than you may realize.

Your legacy is not just about a bank account or a few stock certificates. It encompasses all the experiences that your family holds dear. A true legacy is a combination of emotional and financial elements, placing the family photo albums right alongside the family fortune.

Many baby boomers place even more importance on preserving memories of their parents than on receiving a financial inheritance.¹

Starting a meaningful discussion about your family legacy can be difficult – but this guide can help. Use it with your family and your team of professionals to plan the passing of values, assets, and wealth between generations.

Tips for getting started

- Gather the family. Invite them to get together for dinner or a leisurely lunch. Whether it’s formal or casual, go with what fits your family’s style.
- Don’t frame your invitation as a “discussion about inheritance.” Instead, focus on having a meaningful, enjoyable talk to learn about each other’s ideas for the future. Make it a positive and productive venture.
- Try choosing a time when family members are already planning to visit so you know everyone can attend. Holidays may lend a natural atmosphere for closeness and reminiscing.

¹The Allianz American Legacies Pulse Survey, 2012, p. 12.

This example is shown for illustrative purposes and does not represent actual clients of Allianz Life Insurance Company of North America (Allianz).

Together you can bridge the “legacy gap.”

When it comes to the topic of legacy, approximately three in 10 boomers and their parents said they are “extremely comfortable” discussing the topic. However, nearly half of boomers have not had an in-depth discussion with their children or heirs (compared to about 20% of elders).¹

If you are part of that group that has not had the discussion, it’s time to start planning the conversation. Discussing legacy issues now can help bring your family together by resolving questions before they cause emotional distress later. To help start the conversation, think of your legacy as four components, or pillars:

- Values and life lessons
- Personal possessions of emotional value
- Financial assets and real estate
- Instructions and wishes to be fulfilled

Values and life lessons

Values are some of the most meaningful gifts we get from our parents and other family members. And one of the most effective ways to ensure these values and life lessons are preserved is to record them. Ask each other to write down the values and lessons they consider to be most important. Then suggest that everyone participate in the memorable task of assembling symbols of those values and lessons that each of you wrote down.

For example, you can create photo albums and scrapbooks. Capture special memories by using a video recorder. Some of your family members may have handwritten poems, stories, or heartfelt letters; such mementos are worth cataloging and even framing. These will go a long way to preserving family values for generations to come.

Involve your
WHOLE FAMILY
in preserving values
and life lessons.

Personal possessions of emotional value

The best way to broach the subject of personal possessions is to do so honestly and openly. Be candid with each other about what items you hold close to your heart and why. You can start by asking family members to list their favorite family heirlooms, along with one or two reasons why each item means so much. Then sit down and compare notes. If two siblings listed the same item, they may need to have a fair (though possibly emotionally charged) negotiation. In these cases, parents and other siblings should be prepared to help in reaching a mutually agreeable solution.

Financial assets and real estate

Even though money is not the most important part of a family legacy for many people, it is still important to understand and discuss. And of course, real estate is a possession that can trigger emotion as much as any other personal item, and can be just as difficult to put a price on. Now is the time to determine whether the family real estate carries emotional ties for the children or is seen as just another asset.

Instructions and wishes to be fulfilled

Though not a popular subject, final wishes are a reality that all parents should discuss with their children. A will thoroughly outlines everything you’ve decided with your family in your legacy conversations. This can go a long way toward minimizing conflict among siblings later on. The best way to create an accurate will is to consult your tax advisor or attorney, who understands the intricacies of legacies and is ready to help.

¹ The Allianz American Legacies Pulse Survey, 2012, pp. 22, 24.



Prompts to help close the legacy gap

- What values would you like to see continued through your family's generations?
- Are there principles you hold on how to treat the environment, on how to honor your country, and/or on how to preserve property?
 - Would you like contributions to be made to specific charities or nonprofit organizations?
- Do you have a family business to consider?
 - Will a family member continue to run the business?
 - Will it be sold?
- Is there any family vacation property?
 - Will family member(s) inherit the property?
 - Will it be sold?

The role of the Alpha Child in legacy strategies.

If your family has more than one child, one of them is likely the “Alpha Child” – the one more closely connected with the parents when it comes to “official” family business such as legacy strategies. Some of the unifying roles the Alpha Child fulfills include:

- Acting as spokesperson
- Preserving and perpetuating family traditions
- Building trust among siblings and parents
- Providing a source of knowledge

THE ALPHA CHILD can help lead legacy discussions, but all siblings’ opinions are equally important.

Even though the Alpha Child can be a solid anchor who pulls the family together, be sure your legacy discussions involve everyone. Whether you are the parent of an Alpha Child, the sibling of an Alpha Child, or the Alpha Child, your role is equally important in creating meaningful conversation.

Not surprisingly, more than one child in a family might want to claim the title of Alpha Child. So the first step toward making the most of your relationships is to identify the Alpha Child. Again, you know your own family’s style. If you think this is a subject to begin discussing all together, or individually, choose what is most comfortable for all of you.



Which of your children is the Alpha Child?

- Which child have you usually turned to in the past for planning big family events? (These might include holidays, reunions, graduations, organizing in times of crisis, and, of course, estate planning.)
- Does this child know that he or she fulfills this role in the family?
- Would this child be willing to serve this role when you all discuss legacy together?

Are you the Alpha Child in your family?

- Have you discussed any of the four pillars of legacy with your parents?
- Are you comfortable discussing a topic like legacy?
- Do you feel it is your responsibility to start these conversations?

An equal share isn't always equitable.

Inheritance is often viewed as a question of simple math. If there are five children, for example, the estate gets split up in five equal slices. But figuring out how much to give each child is a much more complicated decision. And if your children are from multiple marriages, you may have even more to consider.

Some children might stick close to home and stay heavily involved in caring for their aging parents or running the family business. Others might leave at a young age and spend more time traveling, or even relocating far from parents and siblings. So an equal share for each inheritor may not reflect social reality for your family.

MORE THAN HALF of parents and their baby boomer children feel that a child deserves a larger inheritance if they provide care for a parent.¹

More than half of elders and their baby boomer children feel (either strongly agree or somewhat agree) that a child deserves a larger inheritance if they provide care for a parent.¹ And over a third of these elders and their kids believe that children deserve less if they cause conflict or disrespect the family.¹

Deciding on equitable distribution could be the most sensitive part of your exploration of legacy. But it can be an incredible learning opportunity for all of you. As with so much of legacy strategies, having the conversation now, can answer questions and help the family avoid conflicts in the future.



Steps to talking through equitable distribution

Feel free to modify these steps to fit your own family dynamic and consult with a tax advisor or attorney, as appropriate.

- Ask each sibling to list the most important contributions they bring to the family.
- Parents should make their own list for each of their children.
- Talk through your lists together, involving the Alpha Child as a moderator as needed.
- Based on how everyone feels about your discussion, draft a plan for how legacy strategies will reflect each person's role within the family.

Work with your team of financial professionals.



Just as a family legacy means more than financial inheritance, your legacy resource must be more than a brochure.

Your financial professional is one of many resources (in addition to your tax advisor and attorney) you can turn to for help sorting through these complex matters. In fact, most people feel that key requirements in a financial professional are honesty, trustworthiness, and expertise.¹

Inheritance and legacy strategies can hold many financial and emotional challenges. But like all the milestones you reach as a family – births, graduations, and marriages – it can be equally rewarding. Just keep the benefits in mind and approach legacy planning strategies one step at a time.

Financial planning services may be offered only by financial professionals who are properly registered under the Investment Advisers Act of 1940 and are available at an additional cost.

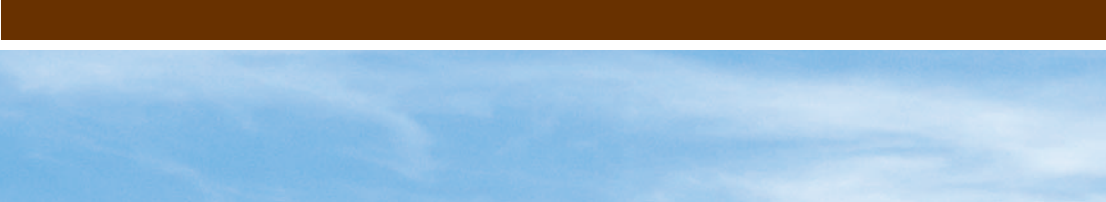
Before meeting with your team of financial professionals

Being financially prepared and working with a team of financial professionals are important steps in legacy planning strategies. Here are some tips:

- Make a list of the top three legacy questions you'd like to discuss.
- Prepare to talk briefly about your family's current situation, including whether you've spoken with the family about any of the four pillars and what they mean for each family member.
- Ask if your team of financial professionals notices any factors you've overlooked that will be important to address.

Call your financial professional and tax advisor or attorney today for help in getting started. It's the first step to creating the legacy, for you and your family, of being financially prepared.

¹ The Allianz American Legacies Pulse Survey, 2012, p. 30.



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While we pride ourselves on our financial strength, we're made of much more than our balance sheet. We believe in making a difference with our clients by being true to our commitments and keeping our promises. People rely on Allianz and Allianz Life of NY today and count on us for tomorrow – when they need us most.

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