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Allianz Guaranteed Income for Life

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Data is provided by the manager at 30 Jun 2025, and currency in AUD, unless otherwise stated

About This Product

Issuer	Allianz Australia Life Insurance Limited
Annuity Type	Lifetime
Asset Class	Specialised
Sector	Retirement Products
Rated Peers	5
Assets Managed	$17.5m
Guarantee Provider	Allianz Australia Life Insurance Limited
Income Payment Frequency	Monthly
Inflation Protection	N/A but investors can opt for Fixed or Rising Lifetime Income Payments
Minimum Investment	$20,000.00

Product Characteristics

Business Life Cycle	Growing
Product Wind-Up Risk	Moderate
Operating Model	Externally managed assets
Key Person Risk	Moderate
Tenure of Decision Makers	Moderate

Annual Fees and Costs (% P.A.)

Administration Fees	0.30% p.a. Product fee.
Management Fees	1.15% p.a. Lifetime income premium

Source: PDS dated 19 January 2026

Product Opinion

The Allianz Guaranteed Income for Life (AGILE) product has retained its **'Approved'** rating at its latest review, reflecting Allianz Australia Life Insurance Limited's strong capital position and a statutory fund with a material buffer above regulatory requirements. The liability-driven investment approach underpins the product's ability to deliver retirement income, with a conservative portfolio of investment-grade fixed income and cash, supported by derivatives to provide market-linked features and guarantees.

The product design combines a growth phase with guaranteed lifetime income to address sequencing and longevity risk, supported by global Allianz investment and hedging capabilities and external portfolio management.

The product remains modest in scale relative to peers, and as the annuity book grows, the evolution of scale and the capital position will be important to monitor.

Scope of this Rating

The research process has included, but is not restricted to, the Lonsec Ratings Process for structured products. Lonsec has not sought legal advice regarding the structure of the product or engaged specialist taxation or actuarial advice.

Customers in these products are ultimately exposed to the credit worthiness of the issuer, an Australian life insurance company regulated by the Australian Prudential Regulation Authority (APRA). The ability of the issuer to meet these obligations is dependent on the assets held by this entity and the capital required to be held in accordance with APRA's capital adequacy standards.

The rating does not represent a credit rating. Customers in the products must be satisfied with the credit worthiness of the entity and the regulatory oversight provided by APRA.

Using this Product

This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page. Lonsec recommends all potential customers consult the product PDS dated for further details on the nature of the risks associated with the Annuity.

Lonsec notes that the product issuer has produced a Target Market Determination (TMD) which forms part of their Design and Distribution Obligations for the product. Lonsec has collected the TMD that has been provided and notes that this should be referred to for further details on the Target Market Summary, Description of Target Market and Review Triggers.

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Business

Facts

Issuer	Allianz Australia Life Insurance Limited
Ultimate Parent Company	Allianz SE
Headquarters	Sydney, Australia
Founded	1914 (Allianz Australia)
ABN	27 076 033 782
AFSL	296559

AUM

	Jun-25	Jun-24
Life Investment Assets	$74m	$65m

Governance

% Independent Board Membership	50%
% Female Board Members	33%
Independent Chair	Yes
CEO as Chair	No
Separate Audit Committee	Yes

Who is the Issuer?

Allianz Australia Life Insurance Limited is the issuer of the product and is an APRA-regulated life insurance company operating within the Allianz Group, a global insurer with operations across multiple jurisdictions. Allianz Australia Life Insurance Limited has a registered business name of Allianz Retire+ and focuses on retirement income and annuity-style products for the domestic market.

The issuer operates under a statutory fund structure, with AGILE supported by Statutory Fund No. 2 and subject to APRA capital and solvency requirements. This structure provides a level of investor protection, with policyholder liabilities supported by the assets of the statutory fund and, where required, shareholder capital.

The business remains early in its development locally and is continuing to build scale in the retirement income segment, with distribution primarily through financial advisers and platform partners. Investment management and hedging capabilities are supported by global Allianz and external partners, reflecting a hybrid operating model combining local oversight with group-level investment and risk infrastructure.

Board oversight is provided through a mix of independent non-executive and executive directors, with separate Audit and Risk Committees in place. Governance structures are consistent with a life insurance entity, with oversight of capital, investment and risk management aligned to APRA requirements.

Market Position

Allianz Retire+ has established a presence in the Australian retirement income market, while remaining in the early stages of building scale. The AGILE product was launched in March 2023 and, as at the latest review, has accumulated approximately $25 million across 175 policies as of 31 March 2026. This reflects modest scale and limited market penetration relative to more established annuity providers.

The business benefits from the global Allianz platform, including significant experience in retirement income and annuity products in offshore markets, particularly North America. This provides a degree of confidence in product design, pricing frameworks and risk management capability, despite the relatively short domestic operating history.

Distribution is primarily through financial advisers and platform partners, with ongoing efforts to expand reach and improve adviser adoption. While early traction has been gradual, the broader structural tailwinds supporting retirement income solutions in Australia remain favourable, particularly given increasing focus on longevity risk and decumulation strategies.

At this stage, scale is not a defining strength, and the ability to grow the annuity book, improve distribution penetration and demonstrate operational execution will be key to strengthening the issuer's competitive position over time.

Governance Structure

Allianz Australia Life Insurance Limited operates within a formal governance framework aligned to APRA requirements for regulated life insurers. The Board comprises a mix of executive and independent non-executive directors, with oversight supported by dedicated committees including Audit, Risk, Remuneration, and Customer, Conduct and Culture Committees. Each committee operates under a defined charter, with delegated responsibilities and clear reporting lines back to the Board.

Committee chairs are independent non-executive directors, supporting the separation of oversight and management functions. The Risk Committee oversees risk management, compliance and resilience, including areas such as cyber risk and third-party risk. The Audit Committee is responsible for financial reporting, audit oversight and key financial risks, while the Customer, Conduct and Culture Committee provides oversight of product governance, distribution practices and customer outcomes.

Board and committee effectiveness is subject to ongoing review, with internal assessments conducted annually and independent external reviews undertaken on a three-year cycle, most recently completed in 2024. This supports periodic validation of governance effectiveness and alignment with regulatory expectations.

The governance framework is further supported by formal policies covering conflicts of interest, fit and proper requirements and accountability structures. Overall, governance structures appear comprehensive with clear delineation of responsibilities across capital management, investment oversight and product governance.

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Business continued

Financial Strength

	Jun-25	Jun-24
Regulatory Capital Base	$28.94m	$20.55m
APRA Prescribed Capital Amount (PCA)	$3.99m	$2.82m
Excess Capital	$24.95m	$17.73m
PCA Ratio	7.25x	7.29x

The statutory fund supporting AGILE remains strongly capitalised, with a capital adequacy multiple of approximately 7.3x as at 30 June 2025, well above APRA minimum requirements.

The fund continues to maintain a material buffer above prescribed capital requirements, providing capacity to absorb market and insurance stresses. Capital adequacy is assessed under APRA's prudential framework, which incorporates adverse scenarios across interest rates, credit spreads and insurance risks.

Assets backing the product are held within Statutory Fund No. 2, with policyholder liabilities supported by both fund assets and shareholder capital where required. The level of excess capital remains significant relative to liabilities, supporting the issuer's ability to meet long-term guaranteed income obligations.

The reduction in coverage as the book builds is expected, and ongoing monitoring of capital levels relative to growth in liabilities and issuance will be important.

Capital Management

Target Capital Buffer	208%
Capital Triggers	ICAAP framework, stress scenarios and regulatory thresholds
Reinsurance Usage	Yes

Capital management is governed through a formal Internal Capital Adequacy Assessment Process (ICAAP), which is prepared annually and reviewed independently at least every three years, with the most recent internal issuance in March 2025. The ICAAP integrates regulatory capital requirements with internal and group-level capital standards, providing a structured framework for assessing capital adequacy under a range of scenarios.

The issuer targets capital levels above APRA's prescribed minimum, with buffers calibrated to ensure that capital remains adequate following stress events. Scenario analysis incorporates a range of market and insurance risks, including interest rate movements, equity shocks, credit spread widening and longevity assumptions, with outputs reported to the Board and relevant committees.

Reinsurance forms an important component of the capital management framework, particularly in managing longevity risk and improving capital efficiency. By transferring a portion of the annuity risk, the issuer is able to reduce capital intensity while maintaining the ability to meet policyholder obligations.

Capital management is closely linked to the investment and asset-liability management framework, with portfolio construction designed to balance yield, risk and capital efficiency. While the overall framework appears disciplined and aligned with regulatory expectations, its effectiveness will become more evident as the annuity book scales and capital requirements evolve over time.

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Team

Key Individuals/Investment Committee Membership

Name	Role	Industry Experience
Martin Wilkinson	Head of Investments	With over 19 years' experience across asset management and financial services, Martin is responsible for investment strategy, asset-liability management and oversight of portfolio construction and hedging in partnership with Allianz Investment Management and PIMCO
Adam Downy	Senior Investment Associate	With over 13 years' experience across investment, finance and consulting, Adam supports investment strategy, portfolio oversight and governance within the Allianz Australia Life investment team

Who is the Team?

The investment function is led locally by Martin Wilkinson, Head of Investments, supported by Adam Downy, Senior Investment Associate. The local team is responsible for setting investment strategy, overseeing asset allocation and ensuring alignment with the product's liability profile, with a particular focus on asset-liability management, portfolio oversight and governance.

Martin Wilkinson has primary accountability for investment strategy, including the design and implementation of the strategic asset allocation, oversight of external managers and integration of asset-liability management considerations into portfolio construction. His role is central to ensuring that the investment approach remains aligned to policyholder obligations and regulatory requirements.

Adam Downy supports the investment function through portfolio monitoring, reporting and implementation activities. This includes oversight of day-to-day exposures such as collateral, cashflows and counterparty risk, as well as supporting governance processes and internal reporting.

Day-to-day investment management is delegated to external and group-affiliated managers, with PIMCO responsible for fixed income portfolio management and Allianz Investment Management responsible for hedging and derivative execution. These managers operate within mandates set by the insurer, with the local team retaining responsibility for oversight and performance monitoring.

Investment decision-making is structured across governance bodies rather than a standalone investment committee, with the Finance Committee acting as the local investment committee and the Board providing final approval. This results in a model where the local team plays a critical role in oversight and alignment, while leveraging broader group capabilities for execution.

Skill and Experience

The investment model is supported by a combination of local oversight and established global investment capability. The Allianz Retire+ team is small but focused on strategy, governance and asset-liability management, rather than direct portfolio management.

The use of PIMCO for fixed income management provides access to a large, globally recognised investment platform with significant experience in managing insurance-related portfolios. Similarly, Allianz Investment Management provides specialised expertise in derivatives and hedging, supported by a global platform with substantial scale and dedicated resources.

The integration of these capabilities supports the management of long-dated liabilities and complex hedging requirements. However, the reliance on external and group functions means the local team's role is primarily oversight rather than execution. Overall, the depth of experience supporting the product is strong at the group and external manager level, with a more limited local team.

Key Person Risk

Key person risk is centred on the relatively small local investment team, with a high degree of reliance on the Head of Investments for investment strategy, asset allocation and asset-liability management oversight. Given the structure, this role is critical in ensuring alignment between the portfolio, product design and liability profile, as well as in overseeing external managers and governance processes.

Adam Downy provides support across monitoring, reporting and implementation, contributing to continuity of oversight; however, decision-making authority and strategic accountability remain concentrated at the Head of Investments level.

The broader operating model mitigates some of this risk through the use of external and group-affiliated investment managers. Portfolio management and security selection are delegated to PIMCO, while Allianz Investment Management provides hedging and derivatives expertise, supported by established global platforms and resourcing. Governance oversight through the Finance Committee and Board also provides additional layers of review and challenge.

Notwithstanding these mitigants, the local team remains lean, and continuity in the Head of Investments role is important given its centrality to investment decision-making and ALM oversight. As the business grows and the annuity book scales, further depth in local resourcing and succession planning will be key considerations.

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Process

What is the Investment Process?

The investment process is structured around a liability-driven framework, with explicit alignment to policyholder duration and income requirements through asset-liability management (ALM). Investor funds and regulatory capital are allocated to the statutory fund and deployed primarily into investment-grade fixed income assets, with derivatives used to provide market-linked exposure and support product guarantees.

The process is governed by defined investment principles, including a requirement to align asset duration to liabilities, maintain high credit quality and ensure sufficient yield to support hedging costs. Hedging strategies are implemented, with the objective of matching member exposure rather than generating trading profits and are supported through Allianz Investment Management's global derivatives platform.

Daily management focuses on collateral, cashflow and counterparty exposure monitoring, reflecting the operational importance of derivative positions. Investment outcomes are therefore determined by the interaction between underlying asset returns, hedging efficiency, capital requirements and actuarial assumptions embedded within the product.

Philosophy and Universe

Primary Objective	Deliver sustainable lifetime income by supporting annuity liabilities
Available Universe	Investment-grade fixed income and cash; derivative overlays for market exposure and hedging
Time Horizon	Long-term, aligned to annuity liabilities and policyholder lifetimes

The investment philosophy is explicitly liability-driven, with a focus on duration matching, capital preservation and income stability. The asset universe is deliberately constrained, with ~98% allocated to listed investment-grade securities, reflecting both capital efficiency considerations and the need for predictable cashflows.

Strategic asset allocation is defined at a granular level and incorporates explicit constraints including duration targets, concentration limits and asset class eligibility. There is no allocation to unlisted or illiquid assets, reinforcing the emphasis on liquidity and valuation transparency.

The use of derivatives to provide market exposure allows the issuer to separate return generation from capital-intensive asset allocation, supporting the delivery of product features while maintaining a conservative underlying portfolio.

Research Process

Idea Generation	Internal team in conjunction with Allianz group functions and external managers
External Consultant	N/A
Manager Selection	Hybrid model using external managers (e.g. PIMCO) and group investment functions

The research process is structured through a formal Allianz Group investment approval and due diligence framework (referred to internally as the New Financial Instrument framework), which governs the assessment of all new investments, asset classes and mandates: The framework incorporates multiple layers of due diligence, including:

- Manager review: assessment of capability, experience and governance
- Investment review: analysis of strategy, return profile and suitability
- Risk assessment: evaluation of market, credit, liquidity and operational risks
- Capital assessment: analysis of capital implications and efficiency
- ALM alignment: assessment of fit within liability profile and product requirements

Additional review components include legal due diligence, operational readiness and valuation framework alignment, with input from other Allianz entities and external managers where relevant.

Ongoing security selection and underlying research are delegated to external and group investment managers, operating within defined mandates and risk parameters. The framework therefore ensures that investments are assessed not only on return potential, but on their suitability within the statutory fund, including their impact on capital, liquidity and liability matching. This results in a structured and repeatable process, albeit focused on a relatively narrow investment universe consistent with the product's liability-driven approach.

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Process continued

Portfolio Construction

Portfolio Decision Making	Internal SAA, delegated implementation
Use of Mandates	Yes
Use of Alternatives	N/A
Use of Unlisted Assets	N/A

Portfolio construction is governed through a formal strategic asset allocation (SAA) framework at the product level, with allocations set and reviewed through internal governance processes. The Finance Committee acts as the local investment committee, with final approval provided by the Board. SAA is reviewed at least annually and more frequently where market conditions or liability assumptions warrant adjustment.

The portfolio is constructed predominantly from high-quality, investment-grade fixed income securities and cash, with a strong emphasis on liquidity, capital efficiency and alignment to liability duration. Equity exposure during the growth phase is achieved synthetically through derivatives rather than direct holdings, allowing the issuer to manage downside risk and capital requirements while maintaining exposure to market performance.

Asset allocation is subject to defined constraints, including asset class eligibility, duration targets, concentration limits and risk tolerances. These constraints are designed to ensure alignment with liability characteristics and regulatory capital requirements. The absence of unlisted or illiquid assets supports liquidity and simplifies valuation, although it limits diversification across asset classes.

Implementation is delegated to external and group investment managers, with PIMCO responsible for fixed income portfolio management and Allianz Investment Management responsible for hedging and derivative execution. The local team retains responsibility for oversight, monitoring and ensuring adherence to mandates and allocation limits.

Overall, the portfolio construction approach is conservative and liability-driven, prioritising stability, liquidity and capital efficiency over return maximisation.

Risk Management

Monitoring External to Investment Team	Risk function and Board provide oversight
Primary Risk Management System	Internal IDS platform and Allianz Global Hedge Platform
External Assurance	Subject to audit and internal assurance processes
% Assets Managed Internally	0.00%

Risk management is embedded within the issuer's enterprise risk framework and closely integrated with capital management and asset-liability management processes. Oversight is provided through internal risk functions and governance committees, including the Finance Committee and Board Risk Committee, with reporting aligned to regulatory and internal requirements.

The framework is supported by internal systems, including the IDS platform for portfolio and risk reporting, and the Allianz Global Hedge Platform, which is used to monitor and manage derivative exposures, collateral positions and counterparty risks. Key risk indicators are maintained across financial and non-financial risk categories and are reported through governance channels to support oversight and escalation.

Stress testing forms a central component of the framework, with scenarios defined at both group and local levels. These include interest rate, equity and credit spread shocks, assessed both in isolation and in combination with the liability profile of the statutory fund. Stress testing is conducted on a quarterly basis for detailed asset-liability analysis, supplemented by annual scenario analysis as part of the SAA review and additional ad hoc testing where required.

Breach management and escalation are governed through formal processes, with a regular incidents rating meeting ensuring that incidents are assessed and addressed in a timely manner. Incidents are reported to the management Risk Committee and ultimately to the Board Risk Committee.

Overall, the framework is comprehensive and aligned with the requirements of managing long-dated liabilities and derivative exposures, with particular emphasis on collateral management, counterparty risk and maintaining capital adequacy under a range of stress scenarios.

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Allianz Guaranteed Income for Life

Product

What is the Product Structure?

The product is a market-linked lifetime annuity structured across two phases: a growth phase and a lifetime income phase. During the growth phase, investor funds are allocated to a statutory fund and exposed to market-linked returns through a combination of investment-grade fixed income assets and derivative overlays. This phase provides the opportunity for capital growth, subject to selected protection levels that limit downside risk while capping upside returns. At or after a minimum deferral period (currently one year, effective January 2026), investors may elect to commence a guaranteed lifetime income stream. At this point, the investment value is converted into an annuity payment based on rates guaranteed at inception, adjusted for age, deferral period and selected options. For each year income commencement is deferred, the applicable rate increases through a predefined income escalator. Once in the lifetime income phase, payments are contractually guaranteed for life, with optional continuation to a surviving spouse where elected.

The structure involves a clear trade-off between flexibility and certainty. Investors retain access to capital during the growth phase, subject to conditions and potential market value adjustments. The investor continues to have access to the investment value (even once income has started). The withdrawal benefit is only limited to the Capital Access Schedule if the investor selects the Age Pension+ option for favourable asset tests treatment. The product provides longevity protection and a predictable income stream, with the level of income influenced by earlier investment performance, product features and rates set at inception.

Product Details

Annuity Type	Lifetime
Unlisted Asset Valuation Frequency	N/A
Valuation Committee	N/A
Valuation Externally Audited	N/A
Annuity Assets Managed	$17.5m

Valuation Framework

Valuation during the growth phase is based on the credited investment value, driven by derivative positions used to generate market-linked returns rather than the underlying fixed income assets. Returns are linked to selected equity indices and, at each anniversary, are credited based on index performance subject to protection levels and maximum return caps.

While the statutory fund is predominantly invested in liquid, investment-grade securities, these assets support the hedging and capital framework rather than directly determining investor outcomes. Valuation therefore depends on the crediting mechanism and derivative modelling, supported by internal systems, governance, actuarial oversight and external audit. Overall, valuation risk is low, although reliance on derivative modelling adds complexity.

Product Design and Income Structure

The product is designed to address sequencing and longevity risk through a combination of protected growth and guaranteed lifetime income. During the growth phase, returns are linked to Australian and global equity indices via protected options, subject to defined protection mechanisms. Under total protection, annual returns are floored at zero, while under partial protection, a defined portion of losses is absorbed before negative returns are realised. In both cases, upside returns are capped, reflecting the cost of protection and hedging. Income is based on rates guaranteed at inception. For each year income commencement is deferred, the applicable rate increases through a predefined income escalator. Investors may choose between a fixed or rising income stream, with the latter increasing with positive market performance but not reducing in periods of negative returns. The design incorporates longevity pooling within the statutory fund, allowing payments to be sustained for life regardless of individual lifespan. Spouse continuation options provide flexibility for estate planning.

Product Features

Guarantee Period	Lifetime (post-commencement)
Death and Reversionary Benefits	Optional spouse reversion. Death benefits vary by phase
Indexation Options	N/A, market linked
Income Commencement	Deferred / immediate options available
Payment Frequency	Monthly
Withdrawals / Partial Withdrawals	Withdrawals and Partial withdrawals permitted at all times. A market value adjustment (MVA) may be applicable The Free Withdrawal amount (5% p.a. of investment amount) is available in Growth phase with no MVA

Features and Flexibility

Features are designed to balance early-stage flexibility with certainty of income in retirement. During the growth phase, investors can select protected investment options (total or partial), which determine the level of downside protection and corresponding caps on upside returns.

Investors have flexibility over income commencement timing, with access to guaranteed lifetime income after a minimum period. Withdrawals are permitted at all stages; however, amounts exceeding the free withdrawal amount within the first 10 years may be subject to an MVA.

At income commencement, investors can choose between fixed or rising income payments, with rising options linked to positive market performance while protecting against declines. Additional features include spouse reversion options and design elements intended to enhance Age Pension outcomes. While flexible prior to retirement, the interaction between protection levels, return caps, income options and withdrawal conditions adds a degree of complexity.

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Fees

Fees and costs

Pricing basis	Income rate set at commencement based on market conditions, longevity assumptions, protection level and selected features, with explicit fees and premiums deducted from investment value
Income rate structure	
Feature impact on income	Higher protection levels reduce return caps, while spouse options and rising income features reduce initial income rates
Capital access	Available at all stages, limited under Age Pension+ option
Cost structure	0.30% p.a. product fee (inclusive of GST where applicable) 1.15% p.a. lifetime income premium (inclusive of GST where applicable)
Adviser remuneration	Adviser fees may apply separately where agreed

Fees Explained

The product applies an explicit fee structure, with a product fee of 0.30% p.a. (recently reduced from 0.80% p.a.) and a lifetime income premium of 1.15% p.a., both deducted from the investment value on each anniversary. This results in a total ongoing cost of approximately 1.45% p.a., excluding adviser fees. Where the Age Pension+ option is selected, the lifetime income premium may cease once certain conditions are met.

Fees are not embedded within the quoted income rate and are instead deducted directly from the investment value, reducing the balance used to determine future income. The lifetime income premium allows the product to have full access to their investment value while still providing guaranteed lifetime income.

Early withdrawals during the growth phase may be subject to a market value adjustment (MVA), particularly where withdrawals exceed any applicable free withdrawal amount within the first 10 years. This reflects the cost of unwinding underlying assets and hedging positions.

Overall, the fee structure is clearly disclosed and directly linked to the product's capital, hedging and guarantee features.

Fairness

Pricing is assessed relative to the income rates delivered to investors rather than fees in isolation. AGILE's lifetime income rates are broadly competitive within the Australian annuity market, typically sitting slightly below leading providers on a headline basis but within a narrow and commercially reasonable range across comparable structures.

Differences in starting income are modest across providers and reflect variations in scale, capital efficiency and longevity pooling. Fixed income options generally provide higher starting income, while rising income options are lower, consistent with the cost of providing indexation-style benefits.

Overall, pricing is considered competitive relative to peers.

Transparency

The product provides a relatively transparent fee structure, with explicit disclosure of both the product fee and lifetime income premium in the PDS. This supports clarity for investors in understanding the ongoing cost of the product and how fees impact investment value over time.

However, overall investor outcomes are influenced not only by explicit fees but also by product design features, including return caps, protection levels and income conversion rates. These elements are less intuitive and require an understanding of how fees, hedging costs and capital requirements interact within the product structure.

The presence of MVAs and withdrawal constraints further adds complexity, particularly for investors seeking flexibility.

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