



Life Insurance for Living Life. Protection Now. Income Later.

CLIENT GUIDE



PACIFIC LIFE

IMAGINE YOUR FUTURE



The financial security of your family and the future of your retirement may be impacted by three of these key financial risks. Ask yourself:

1

What if I die?

Without my income, how will the bills get paid?



2

What if I live longer than I expected?

Will I have enough assets and income for a long retirement?



3

What about taxes?

How much net income can I expect after taxes?
How can I potentially optimize my portfolio for tax efficiency?



Insurance products are issued by Pacific Life Insurance Company in all states except New York, and in New York by Pacific Life & Annuity Company. Product availability and features may vary by state.

Let's face it—life is full of risks. Fortunately, you can address some key financial risks with a properly funded cash value life insurance policy.

VISUALIZE THE OUTCOME

Cash value life insurance may address these three financial challenges.

1 Mortality

In the event of your premature death, your family will receive the policy's death benefit tax-free¹ to help protect their financial security and all the dreams you shared.

2 Longevity

If you outlive your other sources of retirement income, a properly funded cash value life insurance policy may provide a source of tax-free² supplemental income.

3 Taxes

Supplement your income with tax-free² policy loans and withdrawals from your available cash value.³

1 For federal income tax purposes, life insurance death benefits generally pay income tax-free to beneficiaries pursuant to IRC Sec. 101(a)(1). In certain situations, however, life insurance death benefits may be partially or wholly taxable. Situations include, but are not limited to: the transfer of a life insurance policy for valuable consideration unless the transfer qualifies for an exception under IRC Sec. 101(a)(2)(i.e. the transfer-for-value rule); arrangements that lack an insurable interest based on state law; and an employer-owned policy unless the policy qualifies for an exception under IRC Sec. 101(j).

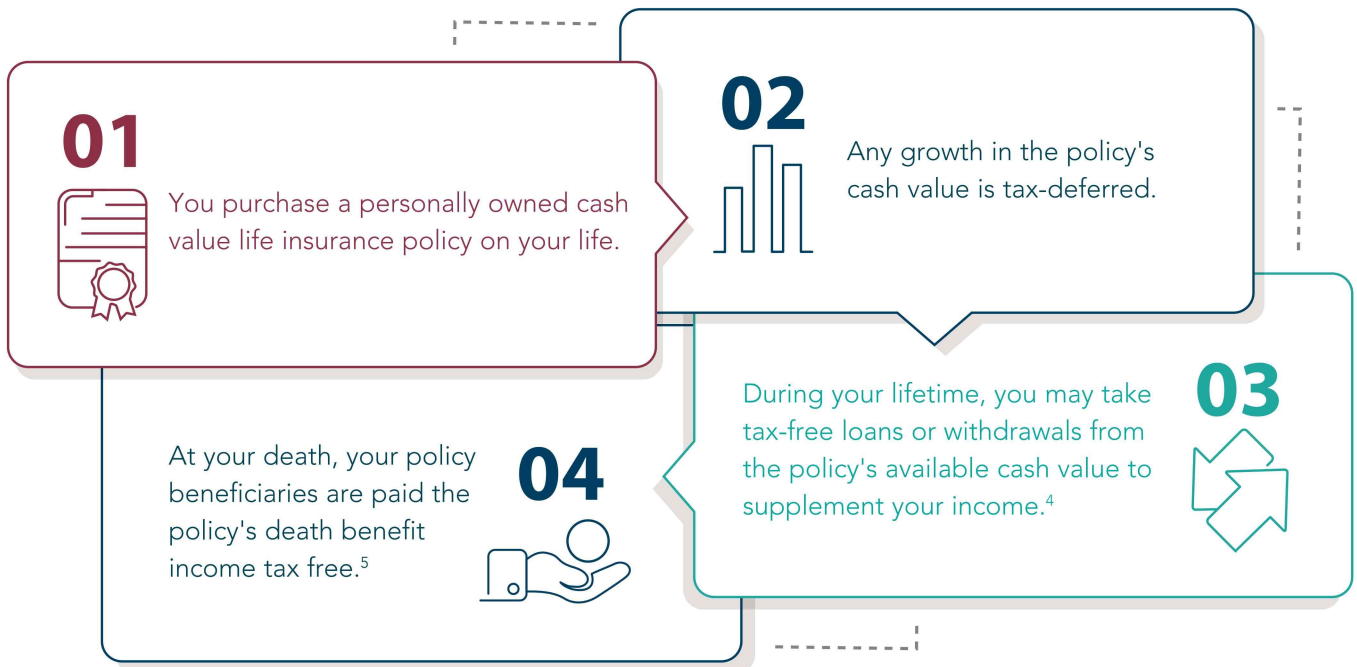
2 For federal income tax purposes, tax-free income assumes, among other things: (1) withdrawals do not exceed tax basis (generally, premiums paid less prior withdrawals); (2) policy remains in force until death (any outstanding policy debt at time of lapse or surrender that exceeds the tax basis will be subject to tax); (3) withdrawals taken during the first 15 policy years do not cause, occur at the time of, or during the two years prior to, any reduction in benefits; and (4) the policy does not become a modified endowment contract.

3 Any policy withdrawals, loans, and loan interest will reduce policy values and may reduce benefits.

UNDERSTAND THE BIG PICTURE

For income in retirement, you and your family may be unable to rely on your employers, your small business, or the government to provide adequate benefits. Cash value life insurance offers an independent alternative to help supplement your retirement income.

How Cash Value Life Insurance Works for Protection Now and Income Later.



You can protect your loved ones and add cash value life insurance as a diversified, tax-advantaged asset to your financial portfolio.

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Retirement Income and Taxes

How will the assets below generally be taxed when you need to access them for supplemental retirement income?

Assets in Retirement Plans

Distributions generally taxed at income tax rates

(max rate = 37%)⁶

- 401(k)
- Pension Plan
- Traditional IRA

Assets Outside of Retirement Plans

Distributions generally taxed at capital gains rates

(max rate = 20%)⁶

- Stocks
- Mutual Funds
- Real Estate

Assets You May Have Overlooked

Income is generally tax free

- Life insurance loans and withdrawals⁴
- Roth IRA Distributions
- Municipal Bond Interest



CONSIDER THE
RIGHT OPTION

⁶ Individual effective tax rates as of 2018. Source: Tax Cuts and Jobs Act of 2017.

RECOGNIZE THE FULL SPECTRUM

Depending on your financial goals and retirement income needs, one or more of these options may be right for you. If you have maximized contributions to your qualified plans, life insurance may complement your existing financial portfolio by providing financial protection for your family or business today and supplemental retirement income in the future.

Financial Tool	Annual Limits on Contributions	Tax-Deductible Contributions	Tax-Deferred Accumulation	Income Tax-Free Distributions	Penalty Tax for Early Withdrawal	Income Tax-Free Death Proceeds
Traditional IRA	Yes	Yes **	Yes	No	Yes	No
Roth IRA	Yes	No	Yes	Yes ††	Yes	Yes ††
Qualified Plan	Yes	Yes	Yes	No	Yes	No
CD*	No	No	No	No	No	No
Mutual Fund†	No	No	No	No	No	No
Municipal Bond‡	No	No	Yes	Yes	No	No
Individual Owned Deferred Annuity	No	No	Yes	No	Yes	No
Life Insurance	No§	No	Yes	Yes††	No††	Yes§§

Income tax treatment includes the treatment of Capital Gains and Dividends. This chart excludes Estate Tax treatment. There are ways to structure your estate to help protect against this impact. Consult with your life insurance producer and independent tax advisor before purchasing any financial products.

**One or More of These Options
May Be Right for You.**

* A Certificate of Deposit (CD) is FDIC insured.

† Mutual funds may be subject to income tax and/or capital gains tax. Consult your tax advisor for more information.

‡ Municipal bonds: Generally, interest paid on municipal bonds is tax-free, but not all municipal bonds are exempt from federal and/or state income tax. Some bonds may be subject to capital gains tax at sale. Consult your tax advisor for more information.

§ Life Insurance: There is not a specific limit on dollars allocated to purchase life insurance; however, there are maximum premium limits determined by a specified policy face amount. A policy will qualify as life insurance if it meets the requirements of IRC Sec. 7702, which includes limits on the amount of premium that may be paid into a specific face amount and still qualify as life insurance.

** Traditional IRA: If you are covered by a qualified retirement plan at work, traditional IRA contributions are fully deductible only if your adjusted gross income falls within the following 2018 limits: single up to \$63,000; married filing jointly up to \$101,000. Source: Irs.gov, April 2018, IRA deduction limits.

†† Roth IRA: A distribution from a Roth IRA generally is income tax-free if (a) it meets all the requirements for a qualified distribution (which include a 5-year waiting period and one of several additional requirements, one being that the distribution is made to a beneficiary on or after the death of the individual), or (b) it is a nonqualified distribution to the extent of after-tax contributions (basis) see IRC Sec. 408A.

‡‡ Life Insurance: For federal income tax purposes, tax-free income assumes, among other things: (1) withdrawals do not exceed tax basis (generally, premiums paid less prior withdrawals); (2) policy remains in force until death (any outstanding policy debt at time of lapse or surrender that exceeds the tax basis will be subject to tax); (3) withdrawals taken during the first 15 policy years do not cause, occur at the time of, or during the two years prior to, any reduction in benefits; and (4) the policy does not become a modified endowment contract. Any policy withdrawals, loans, and loan interest will reduce policy values and may reduce benefits.

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Is a cash value life insurance policy with income potential right for me?

OUTLINE YOUR NEXT STEPS

Contact your life insurance producer to help you:

1

Protect your loved ones while you save and add a tax-diversified asset to your portfolio. To begin, select the type of life insurance policy that suits your risk tolerance and time horizon.

2

Structure the policy's ownership and beneficiaries. Typically, you are the owner and insured of the policy. As the owner, you designate the policy's beneficiaries.

3

Configure the policy's planned premiums to accept maximum premium payments relative to the desired death benefit. That way the policy's cash value has greater potential to grow over time.

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Investment and Insurance Products: Not a Deposit	Not Insured by any Federal Government Agency	
Not FDIC Insured	No Bank Guarantee	May Lose Value