



UNDERSTANDING INDIVIDUAL(k) PLANS

A 401(k) Designed Exclusively for Owner-Only Businesses



Using Variable Annuities Issued by Pacific Life

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

No bank guarantee • Not a deposit • May lose value

Not FDIC/NCUA insured • Not insured by any federal government agency

For Self-Employed Business Owners

An individual(k) plan covers only the self-employed owners of a business and, if applicable, their spouses. Any type of business is eligible, including:

- Sole proprietorships.
- Partnerships.
- Corporations (including both subchapter S and C corporations).

While a one-person business clearly qualifies, there are other business arrangements that are eligible, including family businesses (owner and spouse) and businesses with “excludable” employees, such as employees younger than age 21 and those who work fewer than 500 hours in three consecutive 12-month periods. An individual(k) plan is generally not suitable for businesses that have or will be adding long-term, part-time employees in the near future.

Individual(k) plans capitalize on tax-law changes, allowing owner-only businesses to enjoy the same benefits as larger-company 401(k) plans. There are no complex administrative requirements or discrimination testing, making it easy to set up and manage at a much lower cost.

Contribute More, Retire Sooner

Individual(k) plans generally have higher contribution limits than SEP-IRAs and SIMPLE IRAs, allowing you to invest more now to potentially reach your retirement goal faster.

Estimated 2025 Allowable Contributions

Compensation	Maximum Contribution		
	Individual(k) Plan	SEP-IRA	SIMPLE IRA
\$20,000	\$20,000	\$5,000	\$17,100
\$50,000	\$36,000	\$12,500	\$18,000
\$100,000	\$48,500	\$25,000	\$19,500
\$150,000	\$61,000	\$37,500	\$21,000
\$200,000	\$70,000	\$50,000	\$22,500
\$300,000	\$70,000	\$70,000	\$25,500

The chart assumes the business owner claiming W-2 income is younger than age 50 and therefore cannot make “catch-up” contributions. The maximum contribution limit may be lower for individuals with self-employment income. The SIMPLE IRA employee salary deferral limit is the lesser of 100% of compensation or \$16,500, and the required employer contribution is a dollar-for-dollar match up to 3% of compensation.

Salary Deferrals

Individual(k) plan participants have the option to designate their individual(k) contributions as a pretax salary deferral or an after-tax Roth 401(k) contribution, and the plan can allow for after-tax Roth 401(k) contributions if needed. Before a Roth 401(k) contribution can be made, the plan sponsor must amend the plan.

A Roth 401(k) contribution is an after-tax employee salary-deferral amount. Assuming certain requirements are met, future distributions (including earnings) will be tax-free. Traditional 401(k) contributions are pretax salary-deferral amounts. When distributed, these salary-deferral amounts and any subsequent earnings are taxed to the participant.

Benefits

- Tax-deductible contribution limits—up to \$70,000 annually.
- Immediate vesting.
- Flexible contribution options.
- Pretax elective deferrals.
- Roth after-tax elective deferrals.
- “Catch-up” contributions for those age 50 or older, “Super Catchup-up” for those age 60, 61, 62, or 63.
- Retirement asset consolidation.
- Cost-effective administration.
- Plan loans available.
(See page 5 for important product restrictions.)



Salary-Deferral Questions and Answers

▪ Are Roth 401(k) and traditional 401(k) contributions both included in the maximum allowable salary-deferred contribution amount?

Yes. You can make a traditional pretax 401(k) contribution and an after-tax Roth 401(k) contribution at the same time, and these contributions both count toward the maximum allowable deferral contribution amount (for 2025, \$23,500, or \$31,000 for those age 50 and older, or \$34,750 for those age 60, 61, 62, or 63).

Example: A 40-year-old participant has deferred \$9,000 year-to-date into his Roth 401(k) account; he may still defer up to \$14,500 into either his traditional 401(k) account or his Roth 401(k) account.

▪ Can employer contributions be funded as after-tax Roth contributions?

Yes, employer “matching” and nonelective profit-sharing contributions can be made as Roth contributions. This is optional for the plan, and plans are not required to make this Roth feature available.

▪ What should I consider when choosing between after-tax and pretax salary-deferred contributions?

Roth 401(k) contributions can be a great way to save for retirement. But keep in mind, if you are used to saving on a pretax basis (which lowers the amount of your taxable income), switching to after-tax contributions may result in a larger tax bill during the year. As a result, your take-home pay may be less.

Control How Much You Contribute

An individual(k) plan gives you funding flexibility. Each year, you can choose how much and how often you want to contribute. A good year for business? Contribute the maximum. A less-than-stellar year? No contribution is required.

There are two components of the maximum individual(k) contribution:

- **The employee salary-deferred contribution**, which can be a combination of after-tax Roth or pretax contributions. (Individuals age 50 or older may contribute an additional “catch-up” amount annually. Individuals age 60, 61, 62, or 63 may contribute an additional “super catch-up” amount.)
- **The employer profit-sharing contribution.**

Example: Peter, age 43, is the sole owner of XYZ, Inc. Based on his tax advisor’s recommendation, he intends to draw a salary of \$50,000 from his company in 2025. Peter’s maximum individual(k) contribution for 2025 would be the sum of A, B, and (if applicable) C.

	2025 Allowable Individual(k) Contribution	Peter’s Contribution
A	Salary-Deferral Contribution Lesser of \$23,500 or total earned income	\$23,500
B	Profit-Sharing Contribution 25% of earned income (not to exceed \$70,000)	\$12,500 (25% of \$50,000)
C	Catch-Up Contribution Up to \$7,500 if age 50 and older Up to \$11,250 if age 60, 61, 62, or 63	N/A
Total Contributions	Up to \$70,000 (\$77,500 if age 50 or older. \$81,250 if age 60, 61, 62 ,or 63)	\$36,000

No more than \$350,000 of total earned income can be taken into account. A + B cannot exceed \$70,000 (\$77,500 if age 50 or older. \$81,250 if age 60, 61, 62 ,or 63) or 100% of earned income. This hypothetical calculation is for a corporation; calculations differ slightly for sole proprietorships and partnerships.

If Peter were age 55, he would be eligible to make catch-up contributions of up to \$7,500, making his total 2025 contribution \$43,500.

Consolidate Existing Retirement Plans

If you have multiple retirement accounts and seek simplification, consider consolidating your existing qualified plan accounts into an individual(k) plan. By setting up your plan, you'll be able to take advantage of contribution limits that are higher than what is found in other small-business plans, potentially increasing the amount you can borrow, and reduce the confusion of maintaining multiple accounts. Of course, check with your financial professional and tax advisor before transferring any retirement assets. Eligible plans to roll or transfer assets may include:

- Traditional IRA
- SIMPLE IRA (after meeting two-year requirement)
- SEP-IRA
- Keogh
- Previous employer's 401(k) or 403(b) plan



Getting Started

If you're ready to start saving more for your retirement, consider adopting an individual(k) plan funded with Pacific Life Insurance Company or Pacific Life & Annuity Company variable annuities.

For more information, please contact your financial professional.

Individual(k) Plans

Who May Establish	Any business that employs only owners and their spouses (including subchapter S and C corporations, partnerships, and sole proprietorships).
Eligibility	Generally, any business that has no employees other than the business owners and their employed spouses.
Deadline to Establish	Employer's tax return due date (including extensions).
Deadline to Fund	Employer's tax return due date (including extensions).
Contribution Type	Individual(k) contributions have two components: employee salary-deferred contributions, which can be any combination of after-tax Roth or pretax contributions, and an employer profit-sharing contribution. Contributions are discretionary each year.
Maximum Contributions	For 2025, the maximum is the sum of A, B, and C below: (A) Salary-deferred (pretax and/or Roth 401(k)) contribution: up to \$23,500 (B) Employer contribution: up to 25% of earned income (C) Catch-up contribution for individuals age 50 or older: up to \$7,500. \$11,250 if age 60, 61, 62, or 63. A + B cannot exceed \$70,000 (\$77,500 if age 50 or older. \$81,250 if age 60, 61, 62, or 63) or 100% of earned income. No more than \$350,000 of total earned income can be taken into consideration.
Vesting	100% immediate.
Loans	Generally available up to 50% of account balance or \$50,000, whichever is less. Establishment and repayment are subject to IRS guidelines. While the individual(k) plan itself may provide for loans, the Pacific Life Insurance Company or Pacific Life & Annuity Company variable annuity contract funding the plan does not allow for loans to be taken. A loan request from the plan will be treated as a request for a withdrawal, and all contract provisions will apply, including contract surrender charges, if applicable, for withdrawals in excess of the amount that can be taken without a surrender charge. Withdrawals may have an adverse impact on optional benefits. Withdrawals taken for plan loan requests will not be subject to withholding or tax reporting by Pacific Life; the recordkeeper is responsible for any applicable tax reporting for loans. Loan repayments will be deemed new investments into the annuity contract and will be subject to a new surrender charge schedule in accordance with the contract provisions. Check with your financial professional and tax advisor before transferring money.
Withdrawals	Generally available after age 59½ or upon death, disability, or plan termination. Withdrawals are taxable, and if made prior to age 59½, may be subject to an additional 10% federal tax. Withdrawals (including loans) may be subject to an investment vehicle contingent deferred sales charge (CDSC). Please see the applicable product prospectus for details.
Rollovers	Retirement assets can be rolled from most eligible retirement plans, including a traditional IRA, SEP-IRA, Keogh, and assets held in former employer-sponsored plans, such as company 401(k)s.
Investment Choices	An individual(k) plan can offer Pacific Life Insurance Company and Pacific Life & Annuity Company variable annuities as the investment vehicles.
Plan Establishment, Recordkeeping, and Administrative Services	Services provided by the third-party recordkeeper generally include: <ul style="list-style-type: none">▪ Installation and plan set-up services.▪ Distribution services.▪ Plan-termination services.▪ Annual services, such as:<ul style="list-style-type: none">• Reconciliation of participant accounts.• Contribution processing for deferrals, rollovers, and discretionary contributions.• IRS reporting.• Annual statements.



Why Pacific Life

It's essential for you to choose a strong and stable company that can help you achieve your future income needs. Since 1868, individuals and their families have relied on the strength of Pacific Life to help protect their financial security.

- Pacific Life Insurance Company is organized under a mutual holding company structure and operates for the benefit of its policyholders and contract owners.
- We have achieved ongoing recognition¹ for high-quality service standards.
- We offer products that address market environments during all stages of your life.
- We maintain strong financial-strength ratings from major independent rating agencies.
- For nearly 160 years, we've remained committed to providing quality products, service, and stability to meet your needs throughout your lifetime.

Ratings may change and do not apply to the safety or performance of the underlying variable investment options. For more information and current financial-strength ratings, please visit PacificLife.com.

2025 | **WORLD'S MOST
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COMPANIES[™]**
ETHISPHHERE

Pacific Life has been named one of the 2025 World's Most Ethical Companies^{®1} by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices.

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**For more information about an individual(k) plan funded
with a Pacific Life Insurance Company Variable Annuity
please contact your financial professional.**

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You should carefully consider an investment's risks, charges, limitations, and expenses. This and other information about Pacific Life variable annuities are provided in the applicable product, underlying fund, and fund prospectuses. These prospectuses and summary prospectuses, if applicable, can be obtained from your financial professional, at PacificLife.com. Read them carefully before investing.

Annuities are long-term contracts designed for retirement. Annuity withdrawals and other distributions of taxable amounts, including death benefit payouts, will be subject to ordinary income tax. For nonqualified contracts, an additional 3.8% federal tax may apply on net investment income. If withdrawals and other distributions are taken prior to age 59½, an additional 10% federal income tax may apply. A withdrawal charge also may apply and a market value adjustment (MVA) also may apply. Withdrawals will reduce the contract value and the value of the death benefit, and also may reduce the value of any optional benefits. The value of the variable investment options will fluctuate and, when redeemed, may be worth more or less than the original cost.

Under current law, a nonqualified annuity that is owned by an individual is generally entitled to tax deferral. IRAs and qualified plans—such as 401(k)s and 403(b)s—are already tax deferred. Therefore, a deferred annuity should be used only to fund an IRA or qualified plan to benefit from the annuity's features other than tax deferral. These include lifetime income, death benefit options, and the ability to transfer among investment options without sales or withdrawal charges.

Pacific Life refers to Pacific Life Insurance Company and its subsidiary Pacific Life & Annuity Company. Insurance products can be issued in all states, except New York, by Pacific Life Insurance Company and in all states by Pacific Life & Annuity Company. Product/material availability and features may vary by state. Each insurance company is solely responsible for the financial obligations accruing under the products it issues.

Insurance products and their guarantees, including optional benefits, annuity payout rates, and any crediting rates, are backed by the financial strength and claims-paying ability of the issuing insurance company, but they do not protect the value of the variable investment options. Look to the strength of the insurance company with regard to such guarantees because these guarantees are not backed by the independent broker/dealers, insurance agencies, or their affiliates from which products are purchased. Neither these entities nor their representatives make any representation or assurance regarding the claims-paying ability of the issuing company.

Variable insurance products are distributed by **Pacific Select Distributors, LLC** (member FINRA & SIPC), a subsidiary of Pacific Life Insurance Company and an affiliate of Pacific Life & Annuity Company.

The home office for Pacific Life & Annuity Company is located in Phoenix, Arizona. The home office for Pacific Life Insurance Company is located in Omaha, Nebraska.



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