



## PACIFIC SECURE INCOME<sup>®</sup>

A Fixed, Deferred Income Annuity as a Qualified Longevity Annuity Contract



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.

# HELP REDUCE TAXES AND INCREASE LIFETIME INCOME

In an era of increasing lifespans, there is the strong possibility that you could spend as much time in retirement as you did working. That's why it's important to create a strategy that includes lifetime income with an opportunity to reduce taxes. One strategy is to purchase Pacific Secure Income—a fixed, deferred income annuity as a qualified longevity annuity contract (QLAC).

## Lower Your Required Minimum Distributions (RMDs)

An RMD is the annual amount that Individual Retirement Account (IRA) owners must begin taking from their retirement accounts by no later than April 1 of the year following the calendar year they reach age 73. Assets used to purchase a deferred income annuity (DIA) specifically as a QLAC will not be included in the calculation of your RMDs. As a result:

- Before you start receiving QLAC income, your RMDs are lower, which may equate to you paying less taxes.
- RMDs from QLAC assets can be deferred up to age 85.
- By deferring income to a later age, you may receive greater lifetime income payments.
- It can help provide future income for a surviving spouse.

Only deferred income annuities that meet Treasury regulations qualify as QLACs.

## How Much Can I Contribute to a QLAC?

You can allocate a portion of your qualified (pretax) retirement assets from a traditional IRA to purchase Pacific Secure Income as a QLAC. As of 2025, the maximum QLAC purchase payment limit is \$210,000, indexed for inflation (applies to the aggregate of all applicable retirement-plan assets, such as 401(k), 403(b), governmental 457(b), and IRAs).

**Hypothetical example:** If you have two traditional IRAs valued at a total of \$400,000 as of 12/31 of the prior year, the maximum QLAC limit would be \$210,000.

| IRA #1    |   | IRA #2    |   | MAXIMUM QLAC = \$210,000 |
|-----------|---|-----------|---|--------------------------|
| \$200,000 | + | \$200,000 | > | \$210,000                |

## QLAC IN ACTION

This hypothetical example compares the income and taxes of a QLAC strategy to a non-QLAC strategy.

### Meet Dave

Dave is 65 years old, has total IRA assets of \$580,000, and is in the 24% tax bracket. He does not need to take income now and is looking to pay the least amount of taxes. But, he is interested in future guaranteed lifetime income to help pay potentially higher medical expenses.

Guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company.

### Strategy

- Purchase QLAC: \$210,000 with no additional purchase payments.
- Remaining IRA assets: \$370,000 (\$580,000 – \$210,000).
- Select the Single Life with Cash Refund<sup>1</sup> annuity income option at the QLAC maximum Annuity Payment Start Date age of 85.
- RMDs starting at age 73 are calculated on the remaining IRA account value.

This case study is based on the assumptions provided, which include (but are not limited to): age, gender, purchase payment amount, selected annuity income option, and Annuity Payment Start Date. Your annuity payments may differ due to these factors. Additionally, outcomes may differ based on the amount of time that income is paid while the annuitant(s) is living. This is a hypothetical example for illustrative purposes only.

### Let's look at the potential benefits of a QLAC strategy.

<sup>1</sup>Annuity income payments are made for the life of the annuitant. When the annuitant dies, if there is any remaining purchase payment amount, it will be paid to the spouse or beneficiary as a lump sum.

| Age   | Non-QLAC Strategy<br>\$580,000 IRA          |                   |             | QLAC Strategy<br>\$210,000 QLAC \$370,000 IRA |                        |             | Annual<br>Tax Savings<br>(\$) |
|-------|---------------------------------------------|-------------------|-------------|-----------------------------------------------|------------------------|-------------|-------------------------------|
|       | Prior Year-End<br>Balance with<br>4% Growth | RMD<br>(Non-QLAC) | Taxes (24%) | Prior Year-End<br>Balance with<br>4% Growth   | RMD Income<br>from IRA | Taxes (24%) |                               |
| 65–72 | 0                                           | 0                 | 0           | 0                                             | 0                      | 0           | 0                             |
| 73    | \$580,000.00                                | \$21,887.00       | \$5,252.88  | \$370,000.00                                  | \$13,962.00            | \$3,350.88  | <b>\$1,902.00</b>             |
| 74    | \$580,437.52                                | \$22,762.26       | \$5,462.94  | \$370,279.52                                  | \$14,520.77            | \$3,484.98  | <b>\$1,977.96</b>             |
| 75    | \$579,982.27                                | \$23,576.52       | \$5,658.36  | \$369,989.10                                  | \$15,040.21            | \$3,609.65  | <b>\$2,048.71</b>             |
| 76    | \$578,661.99                                | \$24,416.12       | \$5,859.87  | \$369,146.85                                  | \$15,575.82            | \$3,738.20  | <b>\$2,121.67</b>             |
| 77    | \$576,415.71                                | \$25,170.99       | \$6,041.04  | \$367,713.87                                  | \$16,057.37            | \$3,853.77  | <b>\$2,187.27</b>             |
| 78    | \$573,294.50                                | \$26,058.84       | \$6,254.12  | \$365,722.76                                  | \$16,623.76            | \$3,989.70  | <b>\$2,264.42</b>             |
| 79    | \$569,125.09                                | \$26,972.75       | \$6,473.46  | \$363,062.96                                  | \$17,206.78            | \$4,129.63  | <b>\$2,343.83</b>             |
| 80    | \$563,838.43                                | \$27,912.79       | \$6,699.07  | \$359,690.43                                  | \$17,806.46            | \$4,273.55  | <b>\$2,425.52</b>             |
| 81    | \$557,362.66                                | \$28,730.03       | \$6,895.21  | \$355,559.33                                  | \$18,327.80            | \$4,398.67  | <b>\$2,496.54</b>             |
| 82    | \$549,777.93                                | \$29,717.73       | \$7,132.25  | \$350,720.79                                  | \$18,957.88            | \$4,549.89  | <b>\$2,582.36</b>             |
| 83    | \$540,862.62                                | \$30,557.21       | \$7,333.73  | \$345,033.43                                  | \$19,493.41            | \$4,678.42  | <b>\$2,655.31</b>             |
| 84    | \$530,717.62                                | \$31,590.33       | \$7,581.68  | \$338,561.61                                  | \$20,152.48            | \$4,836.59  | <b>\$2,745.09</b>             |

Cumulative Tax Savings



**\$27,750.68**

The example above demonstrates how implementing a QLAC strategy resulted in tax savings for Dave compared to a non-QLAC strategy. Here are items to consider when adding a QLAC to a portfolio.

- Reduce RMD amounts each year resulting in lower taxable income each year until the QLAC payments begin
- Generates cumulative tax savings over time
- Continued tax deferral past RMD age
- Helps mitigate longevity risk by creating guaranteed income for life

## Splashing Update!

Since 2023, Section 204 of the Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0 has allowed annuity payments to count toward satisfying the entire RMD, not just the annuitized portion. While RMD aggregation has always been permitted, it is only recently that annuity payments can be included in meeting the overall RMD requirement. This includes payments from a QLAC, which are annuity payments. Below is a hypothetical example of how a QLAC strategy is applied in this case.

| Age | Non-Annuitized IRA(s) Prior Year-End Balance with 4% Growth | RMD from Non-Annuitized IRA(s) | QLAC Fair Market Value | QLAC RMD    | Total RMD   | QLAC Annuity Payments (Single Life w/ Cash Refund) | Difference in Annual Payment |
|-----|-------------------------------------------------------------|--------------------------------|------------------------|-------------|-------------|----------------------------------------------------|------------------------------|
| 85  | \$331,145.50                                                | \$20,696.59                    | \$210,000.00           | \$13,125.00 | \$33,821.59 | \$79,729.24                                        | <b>\$45,907.65</b>           |
| 86  | \$322,866.86                                                | \$21,241.24                    | \$196,875.00           | \$12,952.30 | \$34,193.54 | \$79,729.24                                        | <b>\$45,535.70</b>           |
| 87  | \$313,690.65                                                | \$21,784.07                    | \$183,922.70           | \$12,772.41 | \$34,556.48 | \$79,729.24                                        | <b>\$45,172.76</b>           |

In this scenario, the annuity payment exceeds the client's total RMD for the year. For that reason, the client does not have to take additional distributions from non-annuitized IRA assets which provides the opportunity to remain invested.

# GUARANTEED INCOME

At the time you purchase Pacific Secure Income as a QLAC, simply choose one of the following available annuity income options. You can choose the frequency that you receive your income payments—monthly, quarterly, semiannually, or annually—to help you meet your income needs and financial goals. Please see the *Pacific Secure Income Client Guide* and *Contract Summary* for details on each option.

## Annuity Income Options

### Single Life

- Single Life Only
- Single Life Only with 100% Return of Purchase Payment(s) Death Benefit
- Single Life with Cash Refund

### Joint Life (Must Be Spouses)

- Joint Life Only
- Joint Life Only with 100% Return of Purchase Payment(s) Death Benefit
- Joint Life with Cash Refund

### Joint and Survivor Life (Must Be Spouses)

- Joint and Survivor Life Only
- Joint and Survivor Life Only with 100% Return of Purchase Payment(s) Death Benefit
- Joint and Survivor Life with Cash Refund

Annuity income options are subject to state and firm availability.

## Other Important Information

**Liquidity Limitations:** A QLAC does not allow for withdrawals from the contract or other similar benefits.

**Maintaining QLAC Status:** If you exceed the QLAC purchase payment limitation of \$210,000, the IRA owner must remove the excess premium by no later than the end of the calendar year following the year in which the excess premium was originally made. If the excess amount is not removed, the contract may fail to be a QLAC. It is the IRA owner's responsibility to make certain the limits are not exceeded.

# PROVIDE FOR YOUR SPOUSE AND HEIRS

While you're focused on planning for retirement, it's also important to provide for your family in the event of your death before and after your annuity income payments start.

## Before Annuity Income Payments Begin

If death occurs before annuity income payments begin, a return of purchase payments death benefit applies.

- **For Single Life options:** The contract is terminated at the death of the first owner or annuitant, and a return of purchase payments death benefit is paid (except for the Single Life Only annuity income option).
- **For Joint Life as well as the Joint and Survivor Life options:** The contract is terminated at the death of the first owner or the last annuitant, and a return of purchase payments death benefit is paid (except for the Joint Life Only and Joint and Survivor Life Only annuity income options). At the time of death, if the surviving spouse is an annuitant, the spouse can continue the contract instead of receiving the death benefit.

## After Annuity Income Payments Begin

If death occurs on or after the Annuity Payment Start Date, the selected annuity income option will determine any additional payments made. Death benefits are not available with any Life Only annuity income options.

For further details, please see the *Pacific Secure Income Client Guide*.



Talk to your financial professional today about  
Pacific Secure Income as a qualified longevity annuity contract,  
or visit our website at [PacificLife.com](http://PacificLife.com).

In order to sell an annuity contract, a financial professional must be a properly licensed and appointed life insurance producer.

Pacific Secure Income is not available in California, Illinois, North Carolina, Oregon, Pennsylvania, or Texas.

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Qualified contracts, including traditional IRAs, Roth IRAs, and QLACs, are eligible for favorable tax treatment under the Internal Revenue Code (IRC). Certain payout options and features may not comply with various requirements for qualified contracts, which include required minimum distributions. Therefore, certain product features, including the ability to change the annuity payment start date, accelerate payments, and to exercise withdrawal features or payout options, may not be available or may have additional restrictions.

For Roth IRAs, upon the Roth IRA owner's death, distributions to the beneficiaries may be subject to the required minimum distribution rules. If the designated beneficiary is not the spouse, the beneficiary may be required to take a lump-sum payment of the present value of the guaranteed payments if a death benefit becomes available. The five-year waiting period for qualified Roth distributions still applies to payments made after the death of the Roth IRA's owner. Any required minimum distribution taken by the beneficiary within this five-year waiting period may be taxable.

Contracts may be subject to an additional 10% federal income tax for annuity payments, withdrawals, and other distributions prior to age 59½. For nonqualified contracts, an additional 3.8% federal tax may apply on net investment income.

Pacific Secure Income can be used as a QLAC subject to state and firm availability. In order for the contract to be eligible as a QLAC, certain requirements under Treasury regulations must be met, including limits on the total amount of purchase payments that can be made to the contract. Compliance with the QLAC purchase payments limit is the owner's responsibility, and failure to adhere may result in the contract no longer being considered a QLAC, and would subject the value of the QLAC to required minimum distribution requirements that may not be accessible through the contract. In addition, there are restrictions on annuity payout options that can be elected under a QLAC contract, and the commutation, payment acceleration, and inflation protection features are not available. Changes to marital status may require a change to the annuity payout option and/or payments in order to maintain the QLAC status.

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. 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.

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.

Contract Form Series: 30-1294, 30-1305NJ

Rider Series: 20-1300, 20-1299

Endorsement: ICC15:15-1400

*State variations to contract form series, rider series, and endorsements may apply.*



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