



# PACIFIC LIFE VARIABLE ANNUITIES

Plan Your Retirement. Protect Your Family.



51° 20' 7.9" N  
172° 58' 7.5" E

## WHY CHOOSE A VARIABLE ANNUITY

A variable annuity is a long-term contract between you and an insurance company that helps you grow, protect, and manage retirement savings in a tax-advantaged way. It can help you:

- **Grow retirement savings faster** through the power of tax deferral.
- **Manage your investment strategy** by transferring among a diverse selection of investment options free of tax consequences.
- **Convert your assets** to guaranteed, lifetime retirement income.
- **Leave a financial legacy** through a guaranteed death benefit.

As you plan for retirement, reflect on Pacific Life's icon, the humpback whale, which migrates thousands of miles each year with two goals in mind: sustaining its life and protecting its offspring. A Pacific Life variable annuity can help you reach similar goals: specifically, sustainable retirement income for you and financial protection for your family.

Talk with your financial advisor about the important role a Pacific Life variable annuity could play as part of your retirement strategy.

Guarantees, including optional benefits, are subject to the claims-paying ability and financial strength of the issuing insurance company and do not protect the value of the variable investment options, which are subject to market risk.

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.

**No bank guarantee • Not a deposit • May lose value  
Not FDIC/NCUA insured • Not insured by any federal government agency**

# AS YOU PLAN FOR RETIREMENT, THINK DIFFERENTLY

Whether you're approaching retirement or already retired, this is a time when your financial focus begins to shift. How will you grow and use your financial assets to:

- Maintain your lifestyle.
- Ensure you have income you can't outlive.
- Leave a legacy for loved ones.

## How Variable Annuities Address Retirement Challenges

Variable Annuity Features	Retirement Challenges			Your Needs	
	Longevity	Inflation	Market Volatility	Income Guarantees	Legacy
<b>Tax Deferral</b> Enables your money to grow at a faster rate.	•	•			•
<b>Diverse Investment Options</b> Build an investment portfolio that's diversified the way you choose.	•	•	•		
<b>Tax-Free Transfers and Rebalancing</b> Allow you to adjust your portfolio without tax consequences.			•		
<b>Guaranteed Lifetime Income</b> No matter how long you live.	•		•	•	
<b>Death Benefit</b> Preserves your legacy and helps you protect those you love.			•		•

# GROW AND MANAGE SAVINGS TAX-EFFICIENTLY

A variable annuity is a tax-deferred investment. In a taxable investment, part of your earnings—including dividends, interest, and capital gains—may be lost to taxes each year. But in a tax-deferred variable annuity, there are no taxes paid on earnings until you decide to withdraw funds or receive guaranteed retirement income. That means you can grow savings faster, make time work for you, and make decisions without tax consequences.

## Grow Savings Faster

Imagine that you start pouring water into two empty glasses—but one has a leak. In which glass will the water rise faster? Annual taxation is like a leak in your retirement savings. Every year, taxes drain away a portion of those savings. However, a variable annuity is tax-deferred. Taxes are not due until you withdraw funds or use them for retirement income. This can help the account value to rise faster than money in a taxable investment, as illustrated by the example on the next page.

## Make Time Work for You

The longer you allow tax deferral to work, the more powerful it can be. In our hypothetical example, the after-tax difference between the two investments is approximately \$3,000 after 10 years (\$142,765 – \$139,703). But if held for 20 years, the difference is more than \$17,000 (\$212,424 – \$195,169).<sup>1</sup>

## Make Decisions without Tax Consequences

Transfers among variable annuity investment options are tax-free. So as your life and needs change, your investment strategy can change also. Rebalancing your portfolio is also tax-free, enabling you to keep your investments in-line with your original asset allocation strategy.



<sup>1</sup>Tax-Deferral Assumptions: Hypothetical example for illustrative purposes only. Assumes a nonqualified contract with a cost basis of \$100,000. The full amount before taxes equals the purchase payments plus interest. The amount withdrawn after taxes are paid is calculated by taking the full amount and subtracting the cost basis; it is then multiplied by 0.68 (32%) and the cost basis is added back in.

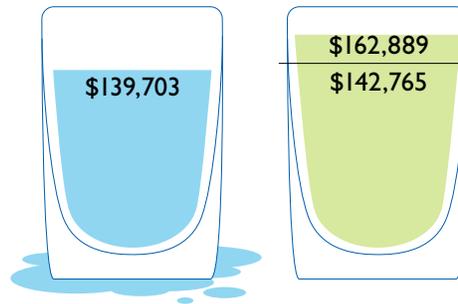
# THE POWER OF TAX DEFERRAL

## How Will You Fill Your Glass?

These glasses illustrate the way a hypothetical investment of \$100,000 would grow in a **taxed versus tax-deferred** investment if each earns 5% per year and is taxed at a 32% ordinary income-tax rate. The amount inside the glass represents the growth in the hypothetical \$100,000 after 10 and 20 years.

### After 10 Years

Amount after taxes are paid annually for 10 years.



Full amount before taxes.

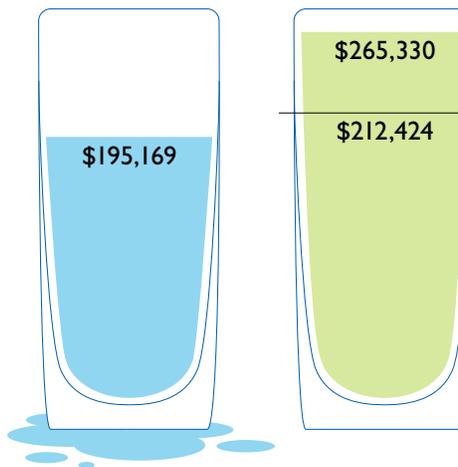
Amount after taxes are paid at the end of 10 years.

● Taxed

● Tax-Deferred

### After 20 Years

Amount after taxes are paid annually for 20 years.



Full amount before taxes.

Amount after taxes are paid at the end of 20 years.

● Taxed

● Tax-Deferred

Actual tax rates may vary for different taxpayers and assets from those illustrated (for example, capital gains and qualified dividend income). Actual performance of your investment also will vary. Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the examples shown. Consider your personal investment time horizon and income-tax brackets, both current and anticipated, when making an investment decision.

Hypothetical returns are not guaranteed and do not represent performance of any particular investment. If variable annuity charges were included (withdrawal charges, mortality and expense risk charges, administrative fees, and other contract charges), the tax-deferred performance would be significantly lower.

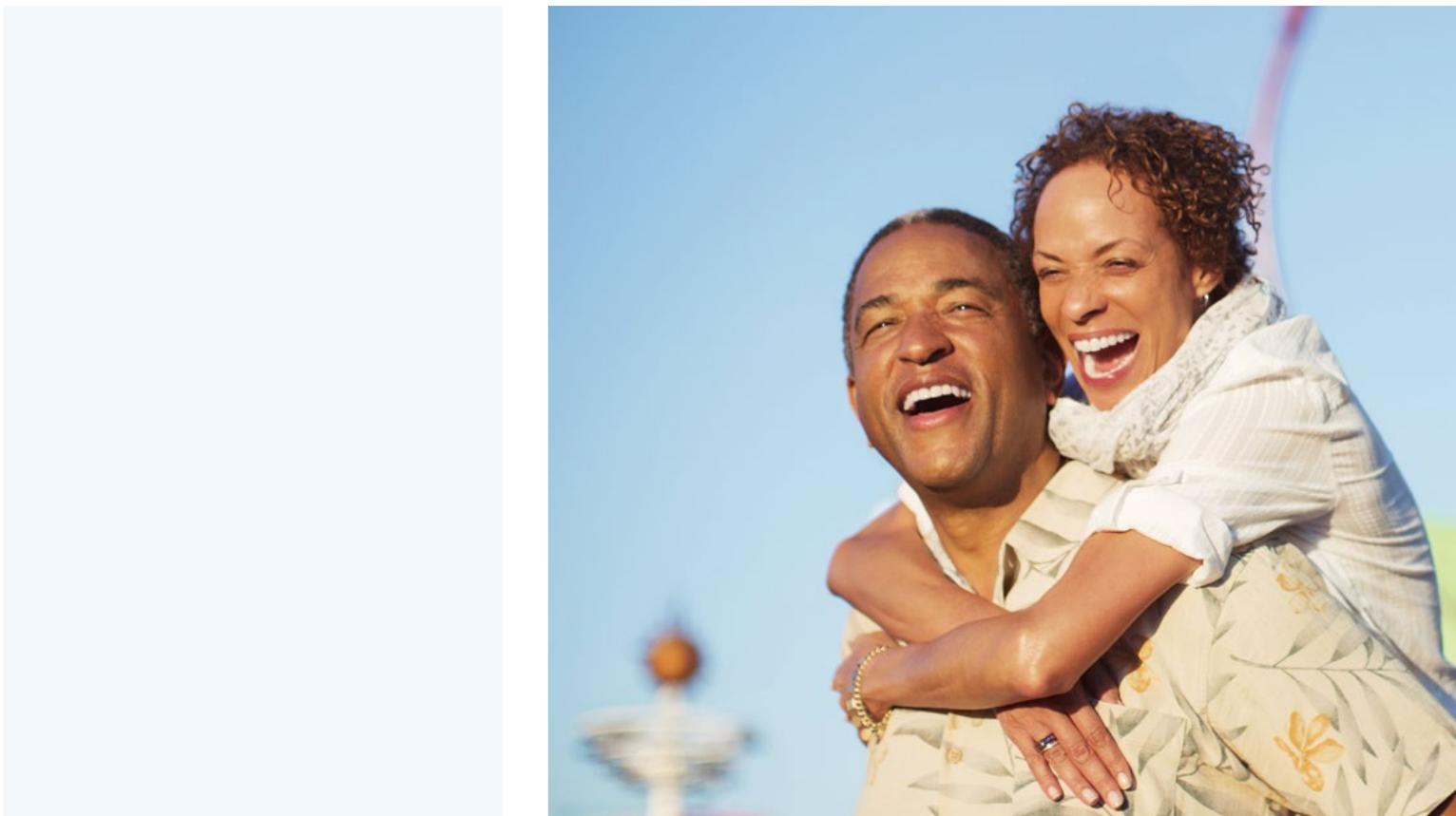
Variable annuities are long-term investments designed for retirement. The value of the variable investment options will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. Annuity withdrawals and other distributions of taxable amounts, including death benefit payouts, 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 tax may apply. A withdrawal charge also may apply. Withdrawals will reduce the contract value and the value of the death benefits, and also may reduce the value of any optional benefits.

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.

# MANAGE YOUR INVESTMENT STRATEGY

Through a Pacific Life variable annuity, you can diversify your portfolio according to your own needs, goals, and preferences. As a result, you and your financial advisor can create a strategy that helps you manage two key retirement challenges: inflation and market-volatility risks.

Inflation	Market Volatility
<p>There is a national inflation rate and a personal inflation rate. Your personal inflation rate is how fast the cost of living will rise for you based on the goods and services you use. Retirees tend to purchase more goods and services whose prices rise quickly, like healthcare. To make life more affordable, you may want some of your retirement savings in investment options that have an opportunity to outpace inflation.</p>	<p>You can't control market swings, but you can prepare for them. Diversification helps you find a balance between higher-return/higher-risk investment options and lower-return/lower-risk options. That won't ensure a profit or guarantee against loss, but it can help protect against the impact of extreme market swings.</p>



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## Investment Options

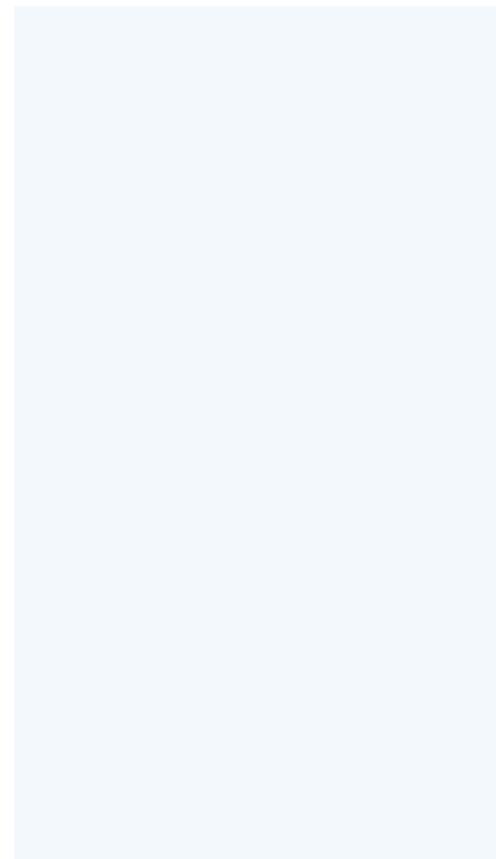
When investing for the long term, there is a way to help manage the market's unpredictable behavior. It's called diversification—and it's considered to be an important factor in affecting long-term investment returns.

Diversification is based on the fact that different types of assets generally react differently to changes in the markets. By strategically diversifying your investment options among a variety of asset classes, you can help smooth out the impact of market volatility on your portfolio's total return and help reduce the risks of long-term investing. At Pacific Life, we not only believe in diversification, we've created a way to help make it easier to achieve by offering a selection of:

- **Investment options focused on asset allocation**—the art of balancing a portfolio's risk and reward potential according to specific diversification approaches. Select one or more for a turnkey approach to diversification.
- **Individual investment options**—combine to create your own asset allocation strategy.

Your financial advisor has tools to help you assess your financial needs, investment time horizon, and risk tolerance and can help you determine which option—or combination of options—may be right for you.

Asset allocation and diversification do not guarantee future results, ensure a profit, or protect against loss.



# CREATE GUARANTEED LIFETIME INCOME

To maintain your desired lifestyle in retirement, you'll need to ensure you'll always have income, no matter how long you live. Social Security benefits and a pension (if you have one) provide lifelong income. But will they be enough to cover all your basic living expenses, such as groceries, utilities, healthcare, and housing?

## An Income You Cannot Outlive

With a variable annuity, you can elect to receive income payments guaranteed to last for:

- Your life.
- Two lives.
- Your life, but not less than a fixed time period that you choose. (If you die before the period ends, remaining payments may go to your beneficiary.)
- A fixed time period that you choose.

Average Lifespan of a 65-Year-Old in the United States	
Man age 65 in 2017	84.2 years
Woman age 65 in 2017	86.7 years

Source:  
Calculators: "Retirement & Survivor Benefits: Life Expectancy Calculator."  
Office of the Chief Actuary.

This means your variable annuity can help protect you from the possibility of outliving your retirement savings, supplement other forms of guaranteed income such as a pension or Social Security benefits, and may provide steady, predictable income.

After you convert your contract to annuity income payments, you cannot switch payout options. Amounts will differ based on the payout option and period selected. Usually, the longer the payout period, the lower the periodic payment amount. The minimum periodic income payment is \$250 (\$20 in New York), and your contract value must be at least \$10,000 (\$2,000 in New York).

## Optional Living Benefits

Purchasing one of Pacific Life's optional living benefits with your variable annuity is another way you can receive guaranteed income for life and a level of assurance that, even in a down market, protection is in place.

Optional living benefits are available for an additional cost and are subject to investment allocation requirements. Ask your financial advisor for more information and see the prospectus for more details. All optional benefits are subject to availability (including state availability).

# HELP PROVIDE FOR YOUR HEIRS

While you're probably focused on using your savings to enjoy your retirement, it's also important to protect your family and loved ones with a death benefit. A Pacific Life variable annuity includes a guaranteed death benefit that can help you leave a financial legacy and may help your beneficiary (or beneficiaries) avoid the cost and delays of probate.

Your beneficiary (or beneficiaries) will receive the greater of:

- **A return of your principal**—Beneficiaries receive at least the amount you put into your annuity contract, minus an adjustment for any withdrawals you might have made.<sup>1</sup>
- **Your accumulated contract value**—This is the total value of your contract, including any earnings.

Additionally, you will be able to choose your beneficiaries and specify how and when they will be paid.

Optional death benefits, which offer the potential to lock in any market gains or increase death benefit amounts to help offset the impact of taxes for beneficiaries, may also be available for an additional cost at the time you purchase your Pacific Life variable annuity.

## Key Parties in an Annuity Contract

### Owner

Makes the decisions about the annuity, such as how much money to invest and the way it should be allocated.

### Annuitant

The person whose life expectancy is used to set the dollar amount of future annuity income. The owner and the annuitant may or may not be the same person.

### Beneficiary

The person who may have the right to receive the death benefit.

<sup>1</sup>Adjustments are proportionate and may be more or less than the actual withdrawals. Please see the prospectus for more information.



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## WHY PACIFIC LIFE

Pacific Life has more than 150 years of experience, and we remain committed to providing quality products, service, and stability to meet your needs today and throughout your lifetime.

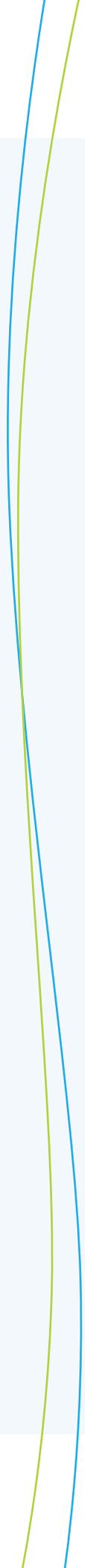
It's essential for you to choose a strong and stable company that can help you achieve your future income needs. Since 1868, individuals and their families have relied on the strength of Pacific Life to help protect their financial security.

- 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 recognition<sup>1</sup> 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.

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](http://PacificLife.com).

<sup>1</sup>Recipient of multiple DALBAR Service Awards since 1997. Refer to [www.DALBAR.com](http://www.DALBAR.com) for more information regarding awards, certification, and rankings.

While ratings can be objective indicators of an insurance company's financial strength and can provide a relative measure to help select among insurance companies, they are not guarantees of the future financial strength and/or claims-paying ability of a company. The independent third party from which this annuity is purchased, including the broker/dealer, the insurance agency from which this annuity is purchased, and any affiliates of those entities make no representations regarding the quality of the analysis conducted by the rating agencies.



## AWARD-WINNING CUSTOMER SERVICE

Pacific Life provides support to help you achieve your retirement goals.

### **Personal Customer Service**

**(800) 722-4448**

**(800) 748-6907** in New York

Call our toll-free number to access account information via our automated line or to speak directly with an annuity specialist.

### **Website**

**PacificLife.com**

Go online and select “Annuities” under the heading “Client Account Sign-In” to view your account information.

Talk to your financial advisor today about a Pacific Life variable annuity,  
or visit our website for more information.  
[PacificLife.com](http://PacificLife.com)

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***You should carefully consider a variable annuity's risks, charges, limitations, and expenses, as well as the risks, charges, expenses, and investment goals of the underlying investment options. This and other information about Pacific Life variable annuities are provided in the product and underlying fund prospectuses. These prospectuses are available from your financial advisor or by calling the toll-free numbers listed below. Read them carefully before investing.***

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Contract Form Series: ICC12:10-1252, ICC12:10-1253, ICC11:10-1221, 10-17800, 10-10300, 10-1128, 10-1130  
(state variations may apply)

Rider Series: ICC12:20-1264, 20-13500, ICC14:20-1295, ICC14:20-1296 (state variations may apply)  
VAC0229-0518

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