

Understanding DOLLAR COST AVERAGING



An Investment Strategy for Your Retirement



PACIFIC LIFE

TABLE OF CONTENTS

| | |
|---|---|
| Get Ready for Retirement. | 1 |
| What Is Dollar Cost Averaging? | 1 |
| Why Dollar Cost Average? | 1 |
| How You May Pay Less per Share in a Volatile Market . . . | 2 |
| Dollar Cost Averaging Benefits | 2 |
| Why Pacific Life | 4 |

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GET READY FOR RETIREMENT

You can count on the fact that the market will go up and go down. What you can't predict is when. It's hard not to react to market swings. But making decisions based on short-term fluctuations may have a disastrous effect on potential long-term returns.

What is Dollar Cost Averaging?

Dollar cost averaging (DCA) is an easy way to even out market fluctuations by automatically investing a set amount over a determined period of time, regardless of changing prices.

Think of DCA as a disciplined and consistent approach to investing. You invest a specific dollar amount at regular intervals, usually monthly. Because **unit** prices fluctuate and your investment dollars remain constant, at times the price you pay will be higher than the average price, and at other times it will be lower.

A **unit** is a share of ownership interest in a financial asset or corporation.

WHY DOLLAR COST AVERAGE?

When you invest a consistent amount over time, you'll potentially be able to buy more shares when the price is low and fewer shares when the price is high. In a fluctuating market, this means that your average cost per share over a period of time may be lower than the price per share on a specific date during that period.

Dollar cost averaging helps take the emotion out of investing and provides the opportunity to use the market's ups and downs to your advantage.

How You May Pay Less per Share in a Volatile Market

Consider the following hypothetical example. An investor invests \$1,200 in an investment portfolio on January 1. Another investor, using the DCA principle, invests \$100 in the same portfolio on the first trading day of each month for 12 months. Over time, the DCA investor purchases more shares at a lower average price.

| Month | Share Price | Lump-Sum Investor | DCA Investor |
|--------------------------------|-------------|-------------------|------------------|
| | | Shares Purchased | Shares Purchased |
| January | \$21.00 | 57.14 | 4.76 |
| February | \$24.00 | 0 | 4.17 |
| March | \$18.00 | 0 | 5.55 |
| April | \$16.00 | 0 | 6.25 |
| May | \$17.50 | 0 | 5.71 |
| June | \$14.00 | 0 | 7.14 |
| July | \$10.00 | 0 | 10.00 |
| August | \$15.00 | 0 | 6.67 |
| September | \$17.00 | 0 | 5.88 |
| October | \$25.00 | 0 | 4.00 |
| November | \$18.25 | 0 | 5.48 |
| December | \$22.00 | 0 | 4.54 |
| Total Shares Purchased | | 57.14 | 70.15 |
| Average Price per Share | | \$21.00 | \$17.11 |

Dollar Cost Averaging Benefits

- The discipline to invest consistently.
- The potential to buy more shares when the price is low.
- Participation in the stock market regardless of changing prices.



DCA does not ensure a profit or protect against loss in declining markets. You should consider your financial ability to continue to invest, even when prices are low; in continually rising markets, there is a potential to end up with fewer units.

Before you begin a DCA strategy, ask yourself:

- How much can I invest?
- How often can I invest?
- How long should I dollar cost average?

To learn more about DCA and whether it is an appropriate investment strategy for you, talk to your financial professional.

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.

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 our website.

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.

¹Recipient of multiple DALBAR Service Awards since 1997. Refer to www.DALBAR.com for more information regarding awards, certification, and rankings.

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