



CREATE LIFETIME INCOME FOR RETIREMENT

How to Help Shape a Sustainable Retirement Income Strategy That's Right for You



This brochure discusses the use of annuities as part of a retirement plan.

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**

How Do You Envision Your Retirement?

During your working years, you've likely focused on saving for retirement. As you transition into this new phase of life, you'll want to have a clear idea of what retirement will look like for you. You may decide to work part time. You may want to move closer to family or downsize your home to lower your housing expenses. You may want to travel as much as possible.

As you think through what retirement may mean to you, be sure to work with your financial professional to plan for challenges that may interfere with the retirement you envision—such as inflation risk, a market downturn occurring near your retirement date, or outliving your savings.



Create Protected Income for Life

In a time where we are living longer, there is the strong possibility that you could spend as much time in retirement as you did working. Retirement years can offer advantages that bring new opportunities as well as new responsibilities. Specifically, you may want to make sure that you create a retirement strategy that provides protected lifetime income. Outside of pensions and Social Security retirement benefits, annuities are the only way you can create protected lifetime retirement income.

Retirement income planning is a process, and with the help of your financial professional, you can develop a strategy that is personalized for you—one that is part art and part science.

The Art is You—your unique circumstances and priorities. It is a dialogue with your financial professional where you express how you feel about your priorities in retirement and what a comfortable retirement lifestyle looks like for you.

The Science is creating a plan that includes a strategic mix of financial products that can address your retirement goals. This includes generating enough income to help enjoy the lifestyle you envision and the challenges you may face in retirement. This multiple-product approach is commonly called product allocation.

Sequence-of>Returns Risk

The span of time that can impact your income the most is the period just prior to and immediately following the start of retirement. As you approach this period, a significant drop in the value of your investments can leave you with little time to recover those assets and reduce your retirement income over the long term. This possibility is called **sequence-of-returns risk**. And if you are already taking withdrawals, your savings may deplete faster. Conversely, a gain in your assets can increase your retirement income.

To demonstrate the concept of sequence-of-returns risk and how market fluctuations may impact your portfolio when taking withdrawals, let's look at two hypothetical retirement portfolios.

- Both scenarios start with an initial \$200,000 investment amount and have an average rate of return over a 20-year period of 10.36%.
- Investor A shows actual returns for the S&P 500® index from 1989–2008, and the market declines in the last half of the 20-year period. Investor B shows the returns inverted as compared to Investor A, and the market declines immediately and in three of the next eight years. The difference is that Investor A experiences market declines in the last half of a 20-year period, and Investor B has a market decline immediately after retiring and in three of the next eight years.
- After taking income for 20 years, Investor A still has funds, while Investor B runs out of money almost two years earlier.

Investor A—Early Gain						Investor B—Early Loss				
Year	Rate of Return	Balance after Returns	Withdrawal % of Initial Investment	Amount Withdrawn	End-of-Year Balance	Rate of Return	Balance after Returns	Withdrawal % of Initial Investment	Amount Withdrawn	End-of-Year Balance
1	31.69%	\$263,380	5.00%	\$10,000	\$253,380	–37.00%	\$126,000	5.00%	\$10,000	\$116,000
2	–3.10%	\$245,525	5.15%	\$10,300	\$235,225	5.49%	\$122,368	5.15%	\$10,300	\$112,068
3	30.47%	\$306,898	5.30%	\$10,609	\$296,289	15.79%	\$129,764	5.30%	\$10,609	\$119,155
4	7.62%	\$318,867	5.46%	\$10,927	\$307,939	4.91%	\$125,006	5.46%	\$10,927	\$114,078
5	10.08%	\$338,980	5.63%	\$11,255	\$327,725	10.88%	\$126,490	5.63%	\$11,255	\$115,235
6	1.32%	\$332,050	5.80%	\$11,593	\$320,458	28.68%	\$148,284	5.80%	\$11,593	\$136,691
7	37.58%	\$440,886	5.97%	\$11,941	\$428,945	–22.10%	\$106,483	5.97%	\$11,941	\$94,542
8	22.96%	\$527,431	6.15%	\$12,299	\$515,132	–11.89%	\$83,301	6.15%	\$12,299	\$71,002
9	33.36%	\$686,980	6.33%	\$12,668	\$674,313	–9.10%	\$64,541	6.33%	\$12,668	\$51,873
10	28.58%	\$867,031	6.52%	\$13,048	\$853,984	21.04%	\$62,788	6.52%	\$13,048	\$49,740
11	21.04%	\$1,033,662	6.72%	\$13,439	\$1,020,223	28.58%	\$63,956	6.72%	\$13,439	\$50,516
12	–9.10%	\$927,382	6.92%	\$13,842	\$913,540	33.36%	\$67,369	6.92%	\$13,842	\$53,526
13	–11.89%	\$804,920	7.13%	\$14,258	\$790,663	22.96%	\$65,816	7.13%	\$14,258	\$51,558
14	–22.10%	\$615,926	7.34%	\$14,685	\$601,241	37.58%	\$70,934	7.34%	\$14,685	\$56,249
15	28.68%	\$773,677	7.56%	\$15,126	\$758,551	1.32%	\$56,991	7.56%	\$15,126	\$41,865
16	10.88%	\$841,081	7.79%	\$15,580	\$825,501	10.08%	\$46,085	7.79%	\$15,580	\$30,505
17	4.91%	\$866,033	8.02%	\$16,047	\$849,986	7.62%	\$32,830	8.02%	\$16,047	\$16,783
18	15.79%	\$984,199	8.26%	\$16,528	\$967,671	30.47%	\$21,897	8.26%	\$16,528	\$5,368
19	5.49%	\$1,020,796	8.51%	\$17,024	\$1,003,772	–3.10%	\$5,202	2.60% ¹	\$5,202	\$0
20	–37.00%	\$632,376	8.77%	\$17,535	\$614,841	31.69%	\$0	0.00%	\$0	\$0
Totals		\$268,704 + \$614,841				\$239,346 + \$0				
10.36% Average Rate of Return		Total Amount = \$883,545				Total Amount = \$239,346				

Ask your financial professional about products that provide income and help protect assets from market ups and downs.

¹Because investor B ran out of money in year 19, the withdrawal percentage was reduced.

S&P 500 index, 1989–2008. Past performance does not guarantee future results. The results shown are intended to demonstrate the impact of the effect of market performance on retirement assets, assuming 5% annual withdrawals of \$10,000 (increasing at 3% annually for inflation). If fees and charges had been included, investment results would have been lower. S&P 500 is a registered trademark of S&P Global, Inc.

Inflation

Inflation is the price of everyday items becoming increasingly more expensive. For the past 25 years, inflation has averaged a little over 2.24%.¹ When creating your retirement income strategy, consider including investment strategies that have the potential to grow to keep up with inflation so that you can purchase items at tomorrow's prices.

The Cost of Living



Longevity

How long will I live? It's an age-old question that's impossible to answer. But it's a vital question when developing your retirement income strategy and determining how long your money needs to last. People are living longer than ever, and with continuing advances in healthcare, the trend could continue. Speak with your financial professional to determine if allocating a portion of your assets to an annuity for protected lifetime income makes sense for you.

Life Expectancy

Everyone in the baby-boom generation will be 65 or older by 2030. That's the year the Census Bureau projects that senior citizens will make up 1 in 5 U.S. residents. By 2050, the elderly will make up a full quarter of all Americans.⁵

The average 65-year-old in the United States is expected to live to age 83.⁶

What Does a Comfortable Retirement Look Like For You?

An effective retirement income strategy starts with a conversation with your financial professional. He/She can help you envision retirement and prepare for it—whether that includes starting a new career, volunteering, or simply relaxing. One way to approach the topic may be to discuss your goals and how you feel about the challenges discussed on the previous pages.

Following are some questions to consider.

- Do you plan to work in retirement?
- How do you envision retirement six months, one year, five years, 10 years into it?
- How long do you need your retirement savings to last?
- Are you concerned about inflation causing a decrease in your purchasing power?
- How much do you believe you can "safely" withdraw from your retirement savings?
- Are you worried about the impact the market may have on your savings?
- Will you need to access your retirement savings for unexpected expenses?
- Is it important to leave money to your loved ones?

¹U.S. Bureau of Labor Statistics shows the average annual CPI-U for 1/1/1999 to 12/31/2023 (25 years) is 2.24%.

²The Numbers. "Domestic Movie Theatrical Market Summary 1995 to 2024." Last accessed July 16, 2024.

³In 2013 Dollars. "Prices for Bread." Last accessed July 16, 2024.

⁴Chappell, Bill. "The Forever Stamp just went up in price. How does the U.S. cost compare globally?." NPR. July 15, 2024.

⁵America Counts Staff. "By 2030, All Baby Boomers will be Age 65 or Older." United States Census Bureau, December 10, 2019. census.gov accessed October 17, 2024.

⁶Based on variables such as sex, age, race, and cause of death for U.S. residents in 2021. Xu JQ, Murphy SL, Kochanek KD, Arias E. "Mortality in the United States, 2021." NCHS Data Brief, no 456. U.S. Department of Health and Human Services, December 2022.

Consider How Life May Change

The next step is to review your savings, expenses, and current income sources (such as Social Security retirement benefits, any pensions, or a 401(k)).

Don't Underestimate the Following Post-Retirement Costs

- Rising cost of healthcare—a typical couple that retired in 2022 will need approximately \$315,000 to cover medical expenses in retirement¹
- Housing—property taxes, maintenance and repair, and aging appliance replacement
- Family matters, such as helping with grandchildren's college or private-school tuition
- Rising cost of utilities
- Aging automobiles
- Travel

Match Your Goals with Your Finances

As a next step to help you prepare to speak with your financial professional, organize your expenses according to the four basic retirement-planning goals in the chart below. This can provide a starting point for you and your financial professional to match an income strategy with the type of spending need.

		Expenses	Potential Income Sources
Living		<ul style="list-style-type: none">■ Groceries■ Housing■ Medical care■ Taxes■ Transportation■ Utilities	<ul style="list-style-type: none">■ Annuities■ Pensions■ Social Security retirement benefits■ Rainy-day funds
Lifestyle		<ul style="list-style-type: none">■ Family■ Hobbies■ Recreation■ Travel	<ul style="list-style-type: none">■ Managed-money platforms■ Mutual funds■ Annuities
Long-Term Care		<ul style="list-style-type: none">■ Assisted living facilities■ Home healthcare■ Rehabilitative care■ Skilled nursing care	<ul style="list-style-type: none">■ Insurance■ Mutual funds
Legacy		<ul style="list-style-type: none">■ Gifts to charities■ Money left to loved ones	<ul style="list-style-type: none">■ Life insurance■ Annuities■ Trusts

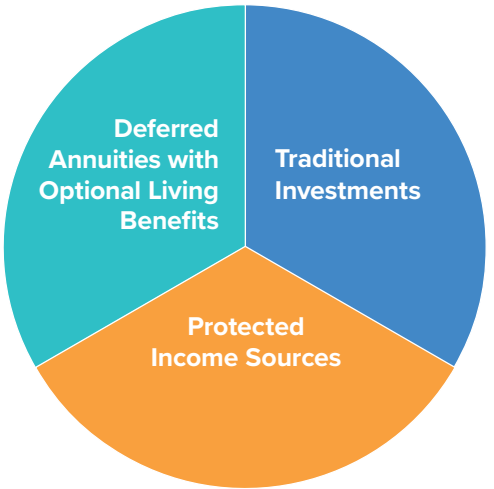
After you've discussed your finances, your financial professional can begin to work with you to develop a strategy to generate future income to help meet your needs and live comfortably in retirement.

¹"Planning for health care costs in retirement." Fidelity. Last accessed June 12, 2024. 2022 Retiree Health Care Cost estimate based on a hypothetical opposite-gender couple retiring in 2022, 65 years old.

Create Income for Life

Diversification May Be Key

While accumulating assets, investors often diversify their portfolios by allocating these assets among different types of investments to help weather varying market conditions. Similarly, it may be helpful to diversify among multiple products that generate income. One strategy is to combine annuities, which offer guaranteed retirement income, with conventional investment instruments, such as mutual funds. Work with your financial professional to find the optimal combination of products to help you create income based on your needs.



While no single product can address all retirement goals, together, these products can help:

- Manage the challenges you may face in retirement.
- Create a stream of protected income and sustain it for life.
- Provide access to your money and meet legacy needs.

Financial Product	Retirement Risks			Client's Needs		
	Sequence of Returns	Inflation	Longevity	Income Guarantees	Full Access ¹ to Money	Legacy
Traditional Investments (such as mutual funds and stocks)		○			○	
Protected Income Sources (such as the annuitization of deferred or immediate fixed annuities, fixed indexed annuities, or variable annuities)	○	○	○	○		○
Annuities with Optional Benefits (such as variable annuities, registered index-linked annuities, or fixed indexed annuities)	○	○	○	○		○

Products for Your Portfolio Mix

Traditional Investments: These investments provide the potential for growth and allow full access to your money, but offer no lifetime income guarantee. These may include investments such as mutual funds and stocks.

Variable Annuities: Variable annuities can provide tax deferral for earnings, the potential to grow your assets, guaranteed lifetime income regardless of market performance or your contract value, and a beneficiary benefit for your heirs. However, depending on the annuity chosen, you may have limited access to your money for a period of time. Certain variable annuities offer optional benefits, for an additional cost, that can increase future retirement income, help protect against the effects of a down market, or leave a financial legacy to your loved ones.

Fixed-Rate Products: These products offer a fixed interest rate and are not tied to the market. Some examples include fixed annuities and certificates of deposit (CDs). Fixed annuities also offer guaranteed lifetime income that can be used to help pay for necessary expenses. However, these products may offer limited growth potential and, depending on the product chosen, limited access to your money for a period of time.

Early withdrawal charges may apply to CDs and both fixed and variable annuities. Additional costs, fees, and restrictions may apply to the financial products mentioned above.

All guarantees, including optional benefits, are subject to the claims-paying ability and financial strength of the issuing insurance company.

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

¹Net of any applicable charges.

All investing involves risk, including the possible loss of the principal amount invested. Stocks, mutual funds, and the value of the variable investment options in a variable annuity will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. CDs are FDIC insured up to \$250,000 per bank per depositor. A beneficiary benefit is referred to as a death benefit in the prospectus or contract summary.



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.
- Pacific Life has been named one of the 2024 World's Most Ethical Companies^{®2} by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices.
- We maintain strong financial-strength ratings from major independent rating agencies.

Ratings may change. For more information and current financial-strength ratings, please visit [PacificLife.com](https://www.PacificLife.com).



Pacific Life has nearly 160 years of experience, and we remain committed to providing quality products, service, and stability to meet your needs today and throughout your lifetime.

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

²Based on the Ethisphere Institute's Ethics Quotient®. "World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.

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. The rating agencies are not affiliated with the above-mentioned entities nor were they involved in any rating agency's analysis of the insurance companies.

Speak to your financial professional about creating
a protected lifetime income plan that aligns with your retirement goals.
Visit [PacificLife.com](https://www.PacificLife.com) to learn more.

Variable annuities are long-term investments designed for retirement.

Fixed and fixed indexed annuities are not securities and do not participate directly in the stock market or any index, so they are not investments.

Pacific Life, its distributors, and respective representatives do not provide tax, accounting, or legal advice. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor or attorney.

Pacific Life is a product provider. It is not a fiduciary and therefore does not give advice or make recommendations regarding insurance or investment products.

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. Withdrawals will reduce the contract value and the value of the death benefit, 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 features include lifetime income, death benefit options, and the ability to transfer among investment options without sales or withdrawal charges.

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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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