PACIFIC LIFE

Do More for Your Family

Make the Most of Your Variable Annuity Death Benefit

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Consider Combining Features and Benefits

If you're married and planning for the future, chances are you're not just thinking about your life as a couple. You're also thinking about your spouse after you're gone—and about other loved ones, such as children or grandchildren.

Consider a strategy available only to married couples who are joint owners of a nonqualified (after-tax) variable annuity. The strategy involves combining spousal continuation (a beneficiary option for a spouse) and a stepped-up death benefit and/or an earnings enhancement death benefit (EEDB) (optional variable annuity benefits available for an additional fee).

WHY 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.

Our variable annuities also offer features such as asset allocation and optional benefits that provide principal protection. Optional benefits are available for an additional 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.

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.

Contract structure for owners and annuitants may vary between variable annuity products. For all variable annuities except Pacific Choice®, if the owner is not an annuitant and the owner dies prior to annuitization, the death benefit amount will equal the contract value. See the prospectus for more information.

The contract must have growth in excess of the remaining purchase payments in order for EEDB to be applicable. If there are no earnings in the contract, no benefit will be paid and you will have incurred the charge but not received a benefit. The EEDB amount is treated as earnings and may be taxable. In addition, the EEDB amount may affect the beneficiary's adjusted gross income and marginal income-tax bracket. Withdrawals from the contract will reduce any earnings and decrease the EEDB amount. EEDB is not available in California or New York.

See the prospectus for more information.

Married Couples Often Have Multiple Goals

1 Spousal Continuation

This option is available when a married couple owns a variable annuity and one spouse passes away. The surviving spouse can elect to continue the contract as the sole owner and annuitant rather than cashing out the annuity death proceeds.

Why Consider This?

- No current taxes are due on accumulated earnings.
- All earnings will continue to accumulate tax-deferred.

2 Death Benefit

Both standard and stepped-up variable annuity death benefits offer protection in volatile markets. However, only an optional stepped-up death benefit offers the potential for that protection to grow. The Earnings Enhancement Death Benefit is also available, and helps beneficiaries offset the impact of taxes.

STANDARD DEATH BENEFIT

When an annuity owner passes away, beneficiaries receive the *greater* of:

- The contract value.
- Purchase payments, adjusted for each withdrawal. The adjustment is proportionate and may be more or less than the actual amount withdrawn.

This benefit is offered as part of the annuity contract for no additional cost.

OPTIONAL STEPPED-UP DEATH BENEFIT

When an annuity owner passes away, beneficiaries receive the *greater* of:

- The highest contract value on any contract anniversary prior to the contract owner's or annuitant's 81st birthday.
- The standard death benefit amount increased by additional purchase payments and decreased by an adjustment for each withdrawal. The adjustment is proportionate and may be more or less than the actual amount withdrawn.

Contract owners and annuitants must be age 75 or younger. This option is offered at the time you purchase the annuity for an additional annual fee of 0.20% of the contract value (deducted daily).

OPTIONAL EARNINGS ENHANCEMENT DEATH BENEFIT (EEDB)

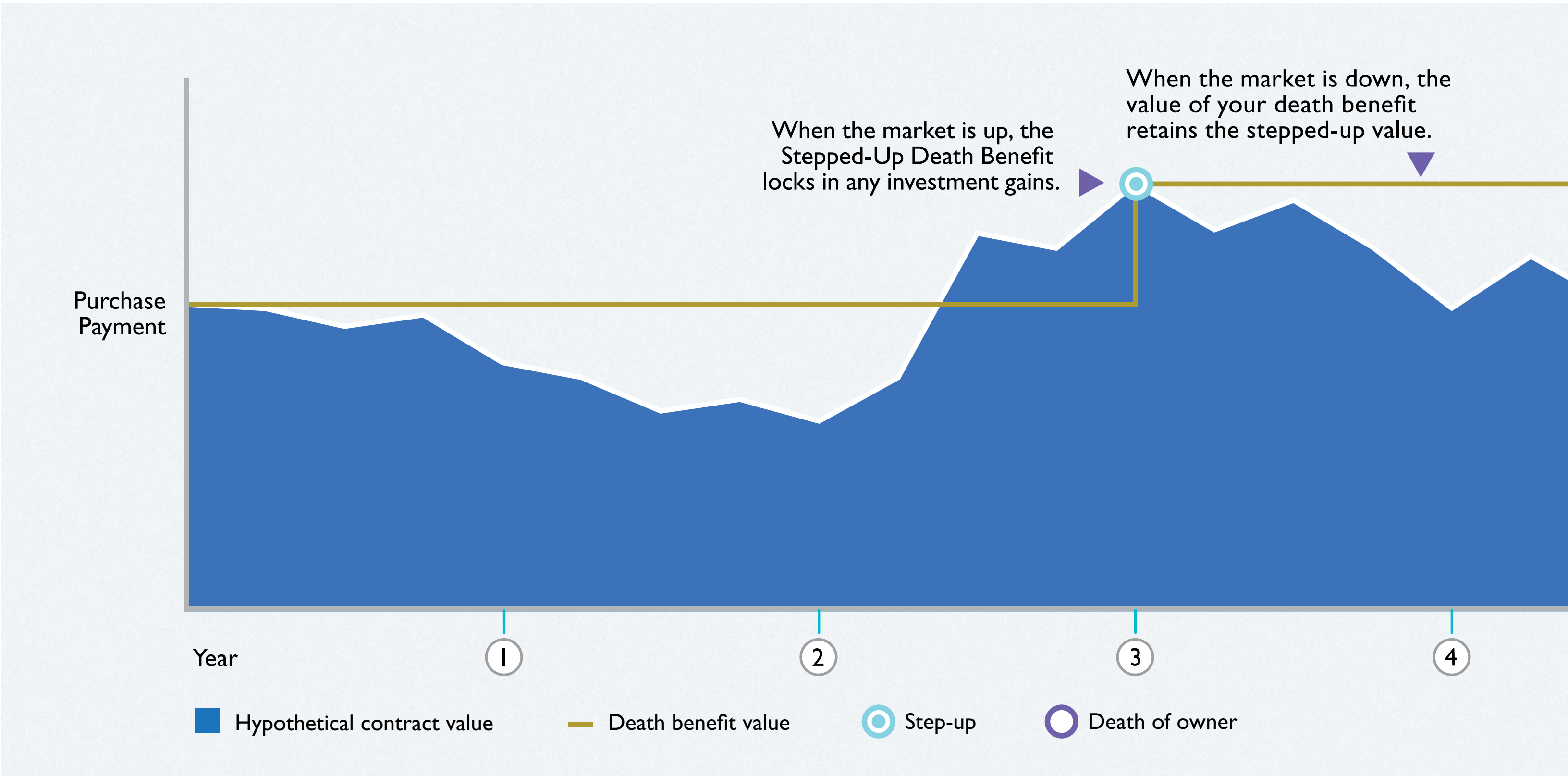
When an annuity owner passes away, beneficiaries receive the *greater* of:

- 40% of earnings (owners/annuitants ages 0–69 at issue)
- 25% of earnings (owners/annuitants ages 70–75 at issue)

There is an additional annual fee of 0.25% of the contract value for this benefit (deducted annually).

The Strategy at a Glance

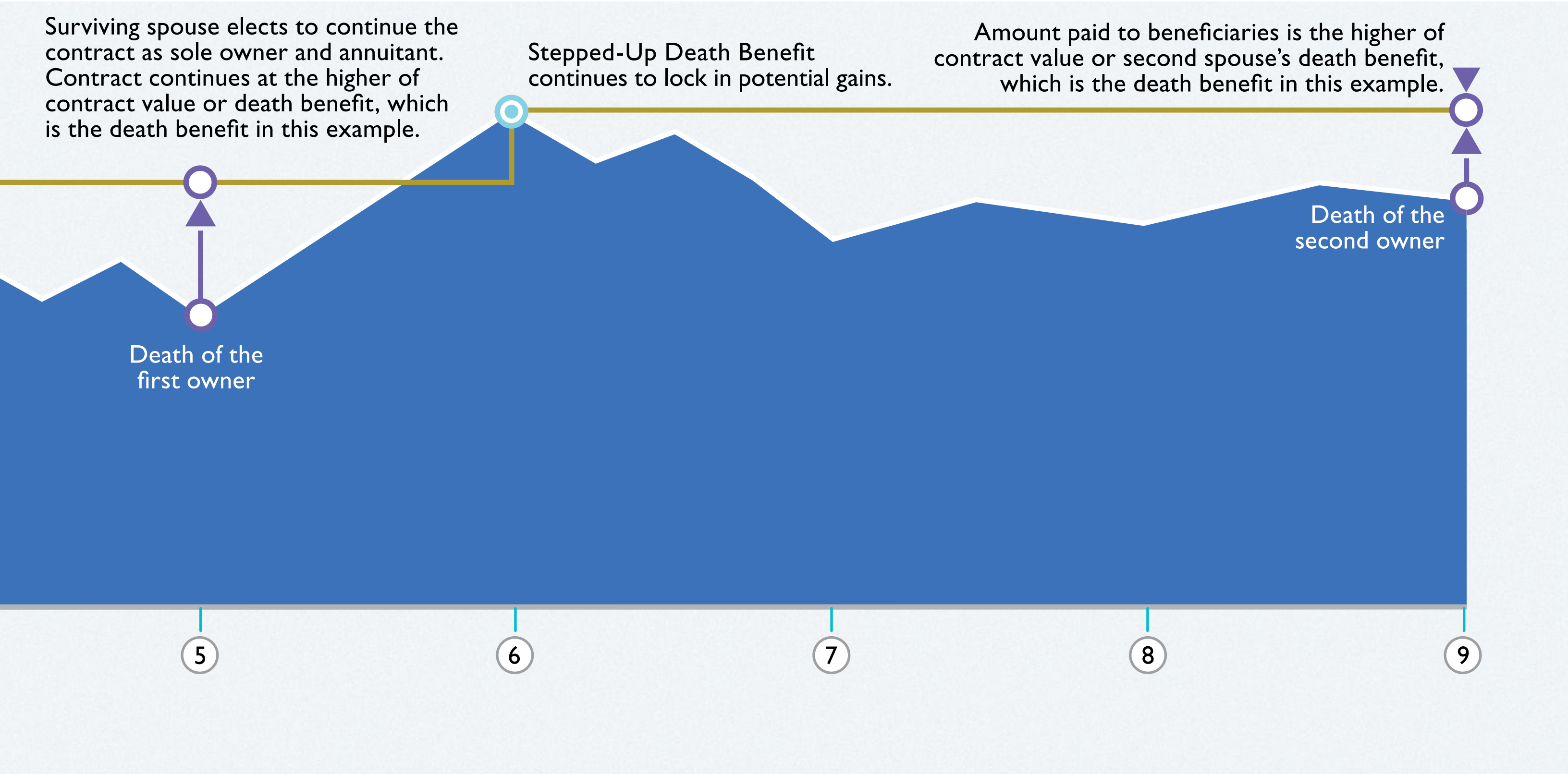
A married couple purchases a variable annuity as joint owners and joint annuitants, and also purchases an optional Stepped-Up Death Benefit.



Goals

By utilizing a strategy that combines the **spousal continuation** and **stepped-up death benefit** and/or **EEDB** options, married couples may achieve several important goals outlined below.

A potentially larger contract value for the surviving spouse	If the annuity contract value has dropped below the deceased spouse's death benefit, including any step-ups, the contract value will be "stepped-up" to equal that death benefit.
Tax advantages	At the time the contract is continued, no current taxes are due on earnings, and all earnings will continue to accumulate tax-deferred.
Flexibility for you	The surviving spouse can name new beneficiaries and, at any time, decide whether to use the annuity for income or preserve it for beneficiaries.



This hypothetical example does not reflect a specific investment. It assumes no additional purchase payments or withdrawals. Withdrawal charges, mortality and expense risk charges, administrative fees, and other contract charges were not factored in. Values would be significantly lower if these fees and charges had been included. A step-up may not apply, depending on the performance of the contract over time. Although step-ups cease on the contract anniversary prior to the owner's or annuitant's 81st birthday, annual charges apply as long as the Stepped-Up Death Benefit is in effect. See the prospectus for more information.

A potentially larger legacy for beneficiaries	Beneficiaries will receive the higher of the contract value or the second spouse's death benefit, including any step-ups, adjusted for withdrawals. The addition of EEDB may also enhance the death benefit amount by providing an additional percentage of earnings to help offset the impact of taxes.
Flexibility for beneficiaries	At the death of the second owner, depending on who the beneficiaries are, they may have choices about the way they receive the death benefit to manage taxation.

The Pacific Life death benefits will be calculated on the Notice Date, which is the day we receive, in proper form, proof of death and instructions regarding payment of death benefit proceeds.

Things to Consider

It's important to evaluate your goals prior to speaking with your financial advisor and your tax professional about investing in and structuring a variable annuity.

- Structure your contract properly to ensure that the maximum death benefit amount is available under the contract.
- Spouses named as joint owners and joint annuitants may not be an ideal structure if you intend to add a living benefit rider to your annuity contract.
- Spousal continuation only applies to a single spousal recipient of death proceeds.
- Withdrawals taken prior to death may result in an adjustment of the death benefit guarantee.
- Naming both primary and contingent beneficiaries is highly recommended. This helps ensure that any death benefits are distributed as you intend.

To determine whether this strategy may fit your needs, speak with your financial advisor and tax advisor.

Contract Form Series: 10-1252, ICC12:10-1252, 10-2252-13, 10-1253, ICC12:10-1253, 10-2253-13, 10-17800, 10-178OR, 10-278NY-1, 10-1221, ICC11:10-1221, 10-1221OR, 10-2221-13, 10-10300, 10-1128, 10-1130
Rider Series: 20-1264, ICC12:20-1264, 20-2264-13, 20-13500, 20-23500

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