



# GROWTH POTENTIAL WITH PRINCIPAL PROTECTION

with a Deferred, Fixed Indexed Annuity



# THE POTENTIAL TO EARN MORE INTEREST USING A PARTICIPATION RATE OPTION

A **deferred, fixed indexed annuity (FIA)** is a long-term contract that:

- Guarantees you'll never lose money due to market performance since your money is not directly invested in the market.
- Offers several ways to earn interest through options that are linked to an index such as the S&P 500® index.

**What this means:** When the index rises, your contract earns interest. If the index declines, you will not earn interest, but you will not lose money either. Every dollar used to purchase your annuity and any interest already credited would not be lost.

One index-linked interest-crediting option to consider is a **Participation Rate** option.

## Historical S&P 500® Index Returns Compared to a Hypothetical Participation Rate Interest-Crediting Option

The hypothetical example on the opposite page:

- Looks at the growth potential of a FIA (100% allocated to a Participation Rate option).
- Shows what the annual effective interest rate would have been with a FIA using a Participation Rate option (assumes a 70% participation rate and 2% spread for the entire 10 years).
- Gives an idea of the performance in various market conditions, showing the highest-returning, lowest-returning, and the last 10-year periods for the S&P 500® index from 1998–2017.

For illustrative purposes only. **Past performance does not guarantee future results.** FIA annual effective interest rate assumes a 65-year-old male with a \$100,000 purchase payment allocated to a 70% participation rate with a 2% spread for 10 years, based on the S&P 500® index return. Fixed rates are hypothetical. No withdrawals are taken. Actual returns for the FIA may differ. Rates and spreads are subject to change.

Guarantees, including optional benefits, are subject to the issuing company's claims-paying ability and financial strength.

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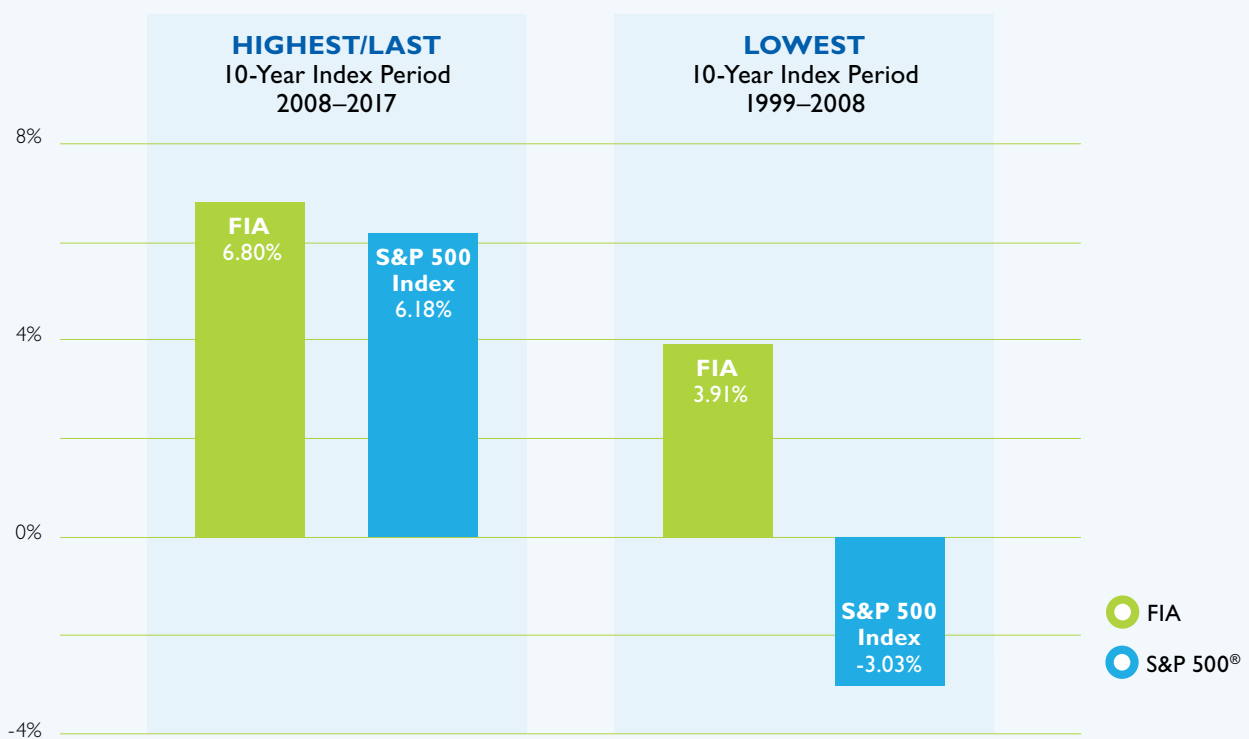
**No bank guarantee • Not a deposit • May lose value  
Not FDIC/NCUA insured • Not insured by any federal government agency**

## How Does a Participation Rate Option Work?

A Participation Rate interest-crediting option simply means you participate in a portion of the index return. The index return is calculated by comparing the change in the index value over an entire contract year.

To provide higher participation rates, some options may deduct an amount known as a spread from the index return after the participation rate is applied.

### S&P 500® Index Compared to a FIA Using a Participation Rate Option: Two Different Ten-Year Periods



The index is not available for direct investment. The annualized rate of return of the S&P 500® index and the FIA with Participation Rate Option do not include the reinvestment of dividends.

**Because your contract value never experienced the negative performance of the index, and any interest gains were locked in, you can see how a FIA performed compared to the S&P 500® index.**

Talk to your financial professional for more information  
about a fixed indexed annuity using a Participation Rate option  
and visit our website at [PacificLife.com](http://PacificLife.com).

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Fixed indexed annuities are not securities and do not participate directly in the stock market or any index, so they are not investments. The index used is a price index that tracks performance.

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Mailing address:

Pacific Life Insurance Company  
P.O. Box 2378  
Omaha, NE 68103-2378  
(800) 722-4448 • [www.PacificLife.com](http://www.PacificLife.com)

