PACIFIC LIFE

IRA Assets and Rollovers

Unlocking Opportunities at Ages 60 to 70

Retirement

SOLUTIONS

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Using Rollovers as a Retirement Strategy

As you reflect on your retirement goals, a few questions may cross your mind:

Will I have enough income to last my entire life?
How can I minimize taxes?
Is there a simpler way to keep track of my investments?
Will I be able to leave a legacy to my children, grandchildren, or charities?

Questions like these may be reasons to consider certain strategies for rolling or converting your IRAs or employer-sponsored retirement plans. In any year a conversion takes place, you will have to report income taxes. However, the result may mean more flexibility in meeting your personal retirement goals.

As You Reach Retirement

Between the ages of 60 and 70, life is typically full of transition. During retirement, you'll no longer have a working income to rely on. Rollovers may help:

- Defer and maximize your Social Security benefits.
- Minimize taxation.
- Simplify your budget.

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Maximize Social Security Benefits

Determining when to begin Social Security is a personal decision that should take into consideration your health and life expectancy. There are advantages to consider for deferring benefits if you have a longer life expectancy or a significantly younger spouse. A surviving spouse inherits the higher of the two Social Security payments. He or she could receive more monthly payments throughout his or her life at a higher rate. However, if you have a shorter life expectancy, taking benefits earlier may make more sense.

The example below shows the benefit amounts at different ages for the taxpayer, whose Social Security benefit at full retirement age would be $2,000 per month.

Age	Percentage of Full Retirement Benefit	Monthly Benefit
62	70–75%	$1,500
66* (Full Retirement Age)	100%	$2,000
70	Up to 132%	$2,640

*If year of birth is between 1943 and 1954.
Source: Social Secutity Administration, October 2015.

If you decide to defer claiming Social Security to receive higher benefits later, you may need an additional source of money in the interim. Rolling your employer-sponsored retirement plan assets into an IRA may help. IRAs generally provide more flexibility than employer-sponsored plans in terms of where assets are invested and when or how much you take in distributions.

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

Minimize Taxation

Because Social Security benefits may be included in your taxable income, it is important to know how much of your total income could be taxable. This table shows how different levels of total income can increase the taxability of Social Security benefits.

One common way you may prevent increased income levels during retirement is to roll or convert your retirement plan assets to a Roth IRA in a year before claiming your Social Security benefits. As long as you've held your Roth IRA for five years and are at least 59½, distributions from a Roth IRA are not considered taxable income. You will, however, have to report income taxes in the year the conversion takes place.

If your combined income* is ...		Amount of Social Security included in taxable income
Couple	**Single**	
Less than $32,000	Less than $25,000	**0%**
$32,000–$44,000	$25,000–$34,000	**Up to 50%**
More than $44,000	More than $34,000	**Up to 85%**

Source: www.SocialSecurity.gov.
*Combined income includes adjusted gross income, tax-exempt interest income, and one-half of Social Security benefits.

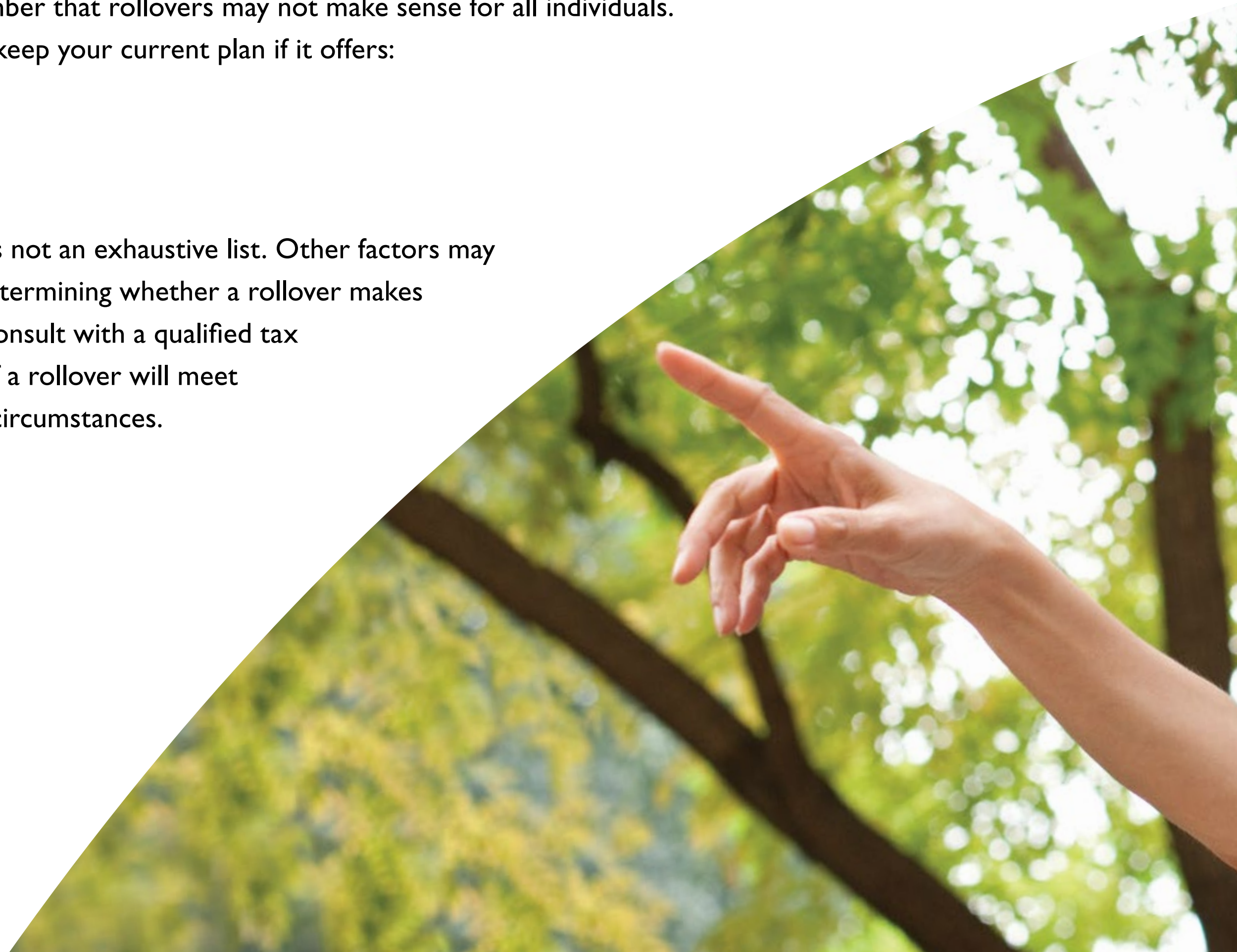
Simplify Life and Eliminate Unnecessary Costs

Rolling multiple retirement accounts into a single IRA can help substantially reduce the number of financial statements you receive. It also may help reduce the overall cost of investing by cutting down on transaction and other miscellaneous fees incurred by owning multiple investment accounts.

It's important to remember that rollovers may not make sense for all individuals.
It might make sense to keep your current plan if it offers:

- Lower expenses.
- More services.
- Access to loans.

Keep in mind that this is not an exhaustive list. Other factors may come into play when determining whether a rollover makes sense for you. Always consult with a qualified tax or legal advisor to see if a rollover will meet your specific goals and circumstances.



What Should You Do Now?

Consider Consolidating Retirement Accounts

Gather all your account statements and take a look. You may have IRAs with different mutual fund families, annuities with different annuity providers, or multiple brokerage accounts. Consolidating accounts to one fund family, one annuity provider, and one brokerage firm could help you save time and money.

Get Started

Any retirement strategy you use should take your entire financial picture into consideration. Your financial advisor can help you think through the details of rollover strategies to help meet your personal needs.

Talk to Your Financial Advisor

Interested in this or other ideas for ensuring that your retirement income strategy is right for you? Talk to your financial advisor to see which options can help you achieve your financial goals.

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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.

Variable annuities are long-term investments designed for retirement. The value of the variable investment options will fluctuate and, when redeemed, may be worth more or less than the original cost.

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.

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Mailing addresses:

Pacific Life Insurance Company
P.O. Box 2378
Omaha, NE 68103-2378
(800) 722-4448

In New York, Pacific Life & Annuity Company
P.O. Box 2829
Omaha, NE 68103-2829
(800) 748-6907

www.PacificLife.com