PACIFIC LIFE

IRA Assets and Rollovers

Unlocking Opportunities at Ages 70 and Older

Retirement

SOLUTIONS

12/15
23075-15A

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.

Longevity and Legacy Planning

As time goes by, many retirees ask two important questions: ***"Will I have enough income to last the rest of my life?"*** and ***"Can I afford to leave a legacy for my children, grandchildren, or charities?"*** Planning for a long life and leaving gifts for beneficiaries are goals that may make some rollover strategies appropriate.

Insurance products are issued by Pacific Life Insurance Company in all states except New York and in New York by Pacific Life & Annuity Company. Product availability and features may vary by state.

Longevity Planning

To help plan for living a long life, you need as much flexibility as possible in managing your income to help ensure you won't run out of money.

Rolling or Converting to a Roth IRA

To create income that will last as long as possible, rolling or converting your retirement plan or IRA assets into a Roth IRA can offer two specific advantages:

1. More Net Income per Dollar Earned

With a qualified retirement plan or traditional IRA, it's likely you will owe taxes on each distribution. However, in a Roth IRA, as long as you are at least age 59½ and have had the account for five years, distributions are tax-free.

Please note, distributions that occur prior to age 59½ may be subject to an additional 10% federal tax.

The key is to ensure you have enough time to help recoup assets lost due to paying taxes on the actual conversion or rollover. Consider both

- Converting as early in life as possible (perhaps before age 70)
- Taking your health and life expectancy into consideration

2. More Flexibility in Deferring Income

Traditional IRAs have required minimum distributions (RMDs), which normally require you to withdraw a certain amount each year after you reach age 70½.

Roth IRAs have no RMD or withdrawal requirements. Roth IRAs can be a way to defer distributions as long as possible, leaving the account as one of the last sources of income for your later years.

Guaranteed Income for Life

If you are concerned about longevity planning, a single-premium immediate annuity (SPIA) can guarantee you steady income payments, no matter how long you live. However, depending on the annuity payout option selected, if you pass away too early—before you've received income equal to the amount used to purchase the SPIA—you may not receive your premium back.

SPIAs have many payout options to choose from. Consider a SPIA with an option that guarantees income for life, and also guarantees that your beneficiaries will receive every dollar that has not already been paid out.

Legacy Planning

To plan for leaving a legacy, you may need to retain enough assets to provide a substantial benefit to your beneficiaries. In some cases, you also may wish to keep control over how beneficiaries gain access to gifted funds.

Rolling or Converting to a Roth IRA

When you're concerned about legacy, rolling or converting retirement plan or traditional IRA assets to a Roth IRA may provide these advantages:

1. Reduce Taxes and Maximize Benefits

Like Roth IRA owners, beneficiaries of Roth IRAs also receive distribution income-tax-free as long as the Roth IRA has been in existence for at least five years. If you prefer to cover the taxes instead of passing them on to your beneficiaries, you can roll or convert your qualified plan or IRA to a Roth IRA.

2. Accumulate More Assets

Defer taking distributions from your Roth IRA indefinitely, allowing your assets to accumulate tax-deferred over a longer period of time, creating a larger amount to pass to beneficiaries. If these assets remained in a qualified plan or IRA, RMDs could potentially reduce the account's ability to accumulate additional assets.

Beneficiary Payout Options

If you're concerned about your beneficiaries being able to *immediately* receive all their assets when you pass away, there are two options to ensure assets will provide a source of income payments rather than a lump sum:

1. Create a Trust

With this option, there is an expense of paying an attorney to draft and administer the trust. However, a trust can be customized to your specific needs, allowing for specific dollar amounts to be available, and providing a great deal of flexibility in how you want to write the instructions on paying your beneficiaries.

2. A Predetermined Beneficiary Payout Option

Typically, within deferred annuities (available with IRAs, Roth IRAs, and nonqualified contracts), there is an option to specify the amount beneficiaries can access and at what age they receive full access to the assets. This limitation may include a full or partial lump sum and/or one of the following:

a) Annuity payments for life or for life with a period certain.

b) Minimum distribution payments based on the beneficiary's life expectancy.

What Should You Do Now?

Look Ahead

The earlier you consider rollover strategies, the greater the potential benefits may be—particularly in terms of conversions to a Roth IRA. So, if you're older than age 70, you'll need to consider your health and likely longevity. If you're younger than age 70, consider implementing rollover strategies as early as possible.

Determine Your Income Needs and Legacy Wishes

Everyone's needs and desires are different, especially when it comes to our retirement years. First, make sure you have the income you need to help maintain the lifestyle you want in retirement. Then, decide how important leaving a legacy is to you, and whether you have enough assets to make legacy planning feasible.

Get Started

Once you've thought about your needs and wishes, talk with your financial advisor. Together, you can determine whether the tools and strategies discussed here can help you achieve your goals.

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.

This material is not intended to be used, nor can it be used by any taxpayer, for the purpose of avoiding U.S. federal, state, or local tax penalties. This material is written to support the promotion or marketing of the transaction(s) or matter(s) addressed by this material. Pacific Life, its affiliates, their 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.

You should carefully consider a variable annuity's risks, charges, limitations, and expenses, as well as the risks, charges, expenses, and investment goals of the underlying investment options. This and other information about Pacific Life are provided in the product and underlying fund prospectuses. These prospectuses are available from your financial advisor or by calling the toll-free numbers listed below. Read them carefully before investing.

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 benefit, and also may reduce the value of and 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.

Pacific Life refers to Pacific Life Insurance Company and its affiliates, including Pacific Life & Annuity Company. Insurance products are issued by Pacific Life Insurance Company in all states except New York and in New York by Pacific Life & Annuity Company. Product availability and features may vary by state. Each insurance company is solely responsible for the financial obligations accruing under the products it issues. Insurance products and rider guarantees, including optional benefits and any fixed crediting rates or annuity payout rates are backed by the financial strength and claims-paying ability of the issuing insurance company and do not protect the value of the variable investment options.

Variable insurance products are distributed by **Pacific Select Distributors, LLC** (member FINRA & SIPC), a subsidiary of Pacific Life Insurance Company (Newport Beach, CA), and an affiliate of Pacific Life & Annuity Company. Variable and fixed insurance products are available through licensed third-party broker/dealers.

23075-15A

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

PACIFIC LIFE

www.PacificLife.com