



MARKET-BASED GROWTH WITHOUT MARKET RISK

with a Deferred, Fixed Indexed Annuity



PARTICIPATE IN MARKET GAINS.

LOSE NOTHING WHEN MARKETS DECLINE.

A deferred, fixed indexed annuity (FIA) is a long-term contract that guarantees you'll never lose money due to market performance. That's because your money is not directly invested in the market. Instead, you earn a rate of interest linked to a market index, such as the S&P 500[®] index. One index-linked interest-crediting option you can choose is a **Participation Rate option**.

A Participation Rate interest-crediting option simply means you participate in a portion of the index return. The index return is calculated based on the change in the index price over an entire contract year. In any year when the index rises, you may receive a percentage of the return. For years in which the index performance is negative, you will not earn interest but you will not lose money either. 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.



The example on the following page looks at historical S&P 500[®] index price returns over a 50-year period to:

- Determine how many times the index return was positive and negative each year.
- Show the amount of interest that would be credited to a FIA contract using a Participation Rate option with a hypothetical participation rate of 70% and 2% spread.

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

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.

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

Annual S&P 500® Index Calendar-Year Price Returns from 1968–2017

During this 50-year period, the S&P 500® index return was negative 13 times, and returned 10% or more 26 times.

S&P 500® Index Price Returns	Upside Potential			Downside Protection
	0%–9.99% 11 Times	10% or More 26 Times		Negative 13 Times
		10%–19.99% 14 Times	20% or More 12 Times	
		19.53% (1999)		
		19.42% (2017)		
		19.15% (1976)	34.11% (1995)	
	9.54% (2016)	17.27% (1983)	31.55% (1975)	
	8.99% (2004)	15.63% (1972)	31.01% (1997)	
	7.66% (1968)	14.76% (1982)	29.60% (2013)	
	7.06% (1993)	14.62% (1986)	27.25% (1989)	
	4.46% (1992)	13.62% (2006)	26.67% (1998)	
	3.53% (2007)	13.41% (2012)	26.38% (2003)	
	3.00% (2005)	12.78% (2010)	26.33% (1985)	
	2.03% (1987)	12.40% (1988)	26.31% (1991)	
	1.40% (1984)	12.31% (1979)	25.77% (1980)	
	1.06% (1978)	11.39% (2014)	23.45% (2009)	
	0.10% (1970)	10.79% (1971)	20.26% (1996)	
% Credited to the Contract <i>Hypothetical 70% participation rate, minus 2% spread</i>	0%–5%	5%–12%	12%–22%	0%
				–38.49% (2008)
				–29.72% (1974)
				–23.37% (2002)
				–17.37% (1973)
				–13.04% (2001)
				–11.50% (1977)
				–11.36% (1969)
				–10.14% (2000)
				–9.73% (1981)
				–6.56% (1990)
				–1.54% (1994)
				–0.73% (2015)
				–0.01% (2011)

A FIA using the Participation Rate option would have captured a portion of the gains while losing nothing when returns were negative.

For illustrative purposes only. **Past performance does not guarantee future results.** Example uses historical S&P 500® index calendar-year price returns from 1968–2017. Participation rates and spreads are subject to change. The index is not available for direct investment. The annualized rate of return of the S&P 500® index and the FIA with a Participation Rate option do not include the reinvestment of dividends.

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.

This brochure is intended for educational use only. Please speak with your financial professional for more information.

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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