



The Conversation That Can Help Turn Retirement Worry into Retirement Confidence

The 2025 Protected Retirement Income and Planning Study (PRIP)¹ revealed that 50% of advisors say they are putting more clients into annuities, which ranks as the most popular change in investment strategy. How are you discussing reliable lifetime income with your clients?

Your clients' accumulation years are about building a nest egg to help produce reliable income in retirement. While most retirees receive Social Security retirement benefits, many may need additional lifetime income to ensure their essential expenses are covered. Planning for lifetime income during their saving years may allow for additional choices in lifestyle when retirees start their income streams.

Helping Clients Understand the Value of Lifetime Income Is Critical

A \$1,000,000 nest egg seems like a lot of money—enough to make a client feel “rich.” But your client may be surprised by the value of \$1,000,000 when it comes to providing retirement income. In his book *A Richer Retirement: Supercharging the 4% Rule to Spend More and Enjoy More*, William Bengen notes that 4.7% may be an acceptable safe withdrawal rate. But will that produce enough? That's just a \$47,000 gross annual distribution. After taxes, that number will be lower. If the account value drops, the distribution amount drops as well.

Be Sure to Review the Lifetime Income Disclosure

Your client's 401(k) plan offers a great opportunity to add an annual lifetime income discussion to your client review. The Setting Every Community Up for Retirement Enhancement (SECURE) Act 1.0 requires 401(k) plans to provide an annual Lifetime Income Disclosure to each plan participant. The disclosure illustrates what the participant's current account balance is projected to provide in both single and joint lifetime income streams at age 67. An annual review of this disclosure provides a perfect segue to a productive discussion about the income a client might need. This also is an opportunity to review the gap between likely essential expenses and current lifetime income.

How to Mind the Gap

A client may find a gap between his or her expected lifetime income and likely essential expenses. Using a retirement income gap calculator can help you illustrate to clients whether there are gaps and whether they pose significant risks. For example, a client with essential expenses of \$5,000 per month and lifetime income of \$4,300 per month may feel the gap can be addressed with invested assets. But a more significant gap—\$5,000 of essential expenses and \$2,000 of lifetime income, for example—may indicate a need for additional lifetime income.

¹2025 Protected Retirement Income and Planning Study (PRIP). Alliance for Lifetime Income. LIMRA.com. June 30, 2026.

Insurance products can be issued in all states, except New York, by Pacific Life Insurance Company and in all states by Pacific Life & Annuity Company. Product/material 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**

Why Consider Annuities?

Annuities provide several options for lifetime income for those clients who need to cover a gap:

- **Single-premium immediate annuities (SPIA)** can provide immediate guaranteed income, usually in the form of monthly payments. A SPIA income stream can be for a single life, joint life, a period of years, or a combination.
- **Deferred income annuities (DIA)** can allow retirees to pay a premium today for income they will withdraw at a future point, typically between two and thirty years from the purchase date. A DIA may require less capital than other options, as it benefits from mortality credits.
- **Fixed indexed annuities (FIA) with optional income benefits** can offer lifetime income (for an additional cost) with flexibility. A FIA income benefit can allow systematic withdrawals up to a cap, often 5% of the initial premium. As a withdrawal benefit, the annual payment could be reduced or stopped depending on the circumstances. This can allow a client to control the timing of income recognition and, thus, when they pay taxes on that money. The remaining lump sum would be available if income is no longer needed.
- **Registered index-linked annuities (RILAs) with optional income benefits** also can offer lifetime income (for an additional cost) with flexibility. A RILA

is a hybrid annuity that ties potential growth to a market index (such as the S&P 500®) while offering a buffer or floor to limit exposure to market downturns. This can offer a client more upside potential than a fixed annuity but with some downside risk.

- **Variable annuities (VA) with optional income benefits** can offer clients who want both flexibility and access to the markets a potential strategy. The income benefit (available for an additional cost) provides flexibility while the VA allows for growth—with the potential for greater loss—through market performance. While the income stream may be protected, market performance will determine the value of the account.

Have the Conversation Now

Lifetime income is an important part of any client's income plan. Whether additional lifetime income is needed and what might be a good option for a particular client will depend on that client's circumstances. An annual review of the SECURE Act's Lifetime Income Disclosure requirement can be a great opportunity to help a client better understand the income value of their plan account and plan for additional lifetime income as needed. Whatever the case, it's always a good idea to start this vital conversation early to prepare for any potential gaps or unaddressed future needs.

ACTIONS YOU CAN TAKE RIGHT NOW

- Add the Lifetime Income Disclosure to your annual review process.
- Use our Retirement Income Gap Calculator to determine gaps.
- Explore lifetime income options that match clients' specific circumstances.

Additional Resources and Links

[Retirement Income Gap Calculator](#)

[How Much Will I Need to Save for Retirement](#)

[Managing Volatility Before and After Retirement](#)

For more information about retirement planning,
please contact our Retirement Strategies Group at
RSG@PacificLife.com or (800) 722-2333, ext. 3939.

Annuities.PacificLife.com

Pacific Life is a product provider. It is not a fiduciary and therefore does not give advice or make recommendations regarding insurance or investment products.

Pacific Life, its affiliates, 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.

Optional benefits will likely incur additional charges and are subject to availability, restrictions and limitations.

Annuities are long-term contracts designed for retirement. 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 income tax may apply. A withdrawal charge may apply, and a market value adjustment (MVA) also may apply. Withdrawals will reduce the contract value and the value of the death benefit, and also may reduce the value of any optional benefits.

Pacific Life refers to Pacific Life Insurance Company and its subsidiary Pacific Life & Annuity Company. Insurance products can be issued in all states, except New York, by Pacific Life Insurance Company and in all states by Pacific Life & Annuity Company. Product/material 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 their guarantees, including optional benefits, annuity payout rates, and any crediting rates, are backed by the financial strength and claims-paying ability of the issuing insurance company. Look to the strength of the insurance company with regard to such guarantees because these guarantees are not backed by the independent broker/dealers, insurance agencies, or their affiliates from which products are purchased. Neither these entities nor their representatives make any representation or assurance regarding the claims-paying ability of the issuing company.

The home office for Pacific Life & Annuity Company is located in Phoenix, Arizona. The home office for Pacific Life Insurance Company is located in Omaha, Nebraska.

For financial professional use only. Not for use with the public.



PACIFIC LIFE



THE OFFICIAL SPONSOR
OF RETIREMENT®