INSIGHTS

PACIFIC LIFE

RETIREMENT STRATEGIES GROUP | OCTOBER 2025 **RETIREMENT PLANNING**

Managing Volatility Before and After Retirement

Volatility can stress even a well-planned retirement strategy. A registered index-linked annuity (RILA), may help alleviate some of this stress. Talk to clients about how this strategy offers potential for growth linked to an index with a level of protection from market losses.

Your client has saved carefully and is ready to retire. On the docket is some exciting travel, more time with grandchildren, and the ability to engage more fully in a long-loved avocation.

Then, the market takes a downturn and everything is disrupted. Your client now faces a relatively common challenge—making last-minute adjustments to maintain a comfortable withdrawal rate with less spending or finding a way to delay retirement until the market is better. Either way, this was not the retirement planned.

Mitigating Volatility with a Registered Index-Linked Annuity

Planning ahead can offer your client a way to continue to pursue growth and have some protection from market volatility. A RILA may help accomplish this by using a buffer or a floor to protect against a level of loss without the client investing directly in the market. If the RILA is in place before the market corrects, the client may have more confidence to stay invested. This may be beneficial, especially in the crucial years just before and after retirement.

Here is how each protection option works:

- **Buffer:** A buffer absorbs a set level of loss. If the buffer is set at 10% and the index loses 20%, the contract owner would experience a 10% drop in value. If the index loses 30%, the contract owner would experience a 20% loss. If the negative return is within the buffer, the contract owner would not incur a loss.
- **Floor:** A floor limits a loss to a stated percentage, for example, 10%. With a floor, the contract owner would not lose more than 10% even if the negative return of the index was greater than 10%. If the index loses 30%, the contract owner would experience only a 10% loss. If the index loses less than the 10% floor percentage, the contract owner will incur that loss.

A RILA with a buffer may offer more growth potential than a RILA with a floor due to generally higher crediting rates, but also comes with a risk of substantially more loss than the floor.

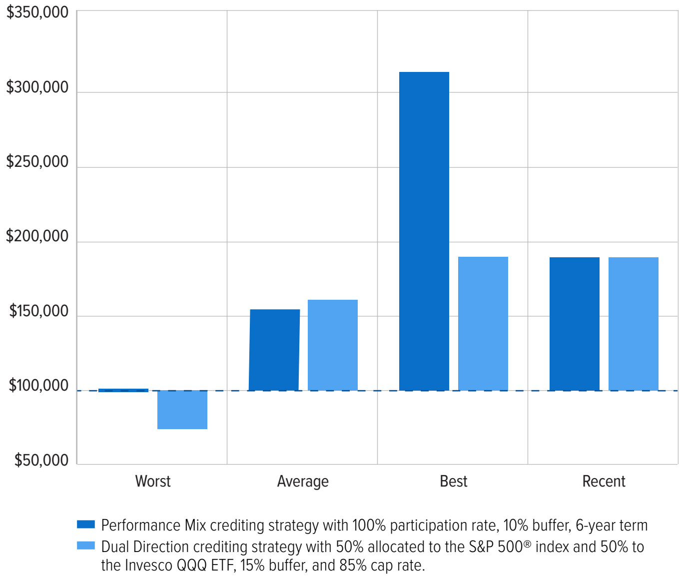
A RILA Calculator Helps in Presenting Options to Clients

Given the complexities, the use of a RILA calculator can help clients visualize how the interest-crediting and protection options might work. A RILA calculator typically allows financial professionals as well as their clients to create different scenarios by choosing crediting strategies, indexes, and protection features. For example:

- A cap rate crediting strategy with a 6-year term
- The S&P 500® index
- A buffer option at 20%

The calculator illustrates how this strategy might perform in a variety of market conditions. Some calculators allow up to five strategies as well as comparisons of different options.

The hypothetical example below compares a Performance Mix crediting strategy[1]—one that few use currently—against a Dual Direction crediting strategy, each starting with a $100,000 investment.



Source: Pacific Life's online RILA calculator. The graph shows how an investment in the strategies would have performed in a variety of market conditions. The bars represent values calculated based on daily rolling 6-year periods since May 22, 2000 for the worst, average, best, and most recent 6-year rolling periods. The most recent 6-year period ended on 8/31/25. This chart illustrates values based on historical index performance and the rates shown. Rates are subject to change at any time by Pacific Life. The values shown are not guaranteed; actual results may be higher or lower.

This information helps clients to both determine the level of risk that is acceptable and which strategies might help meet their needs.

Back to the Client Who's Ready to Retire

Imagine that six years prior to retirement, you and your client selected a RILA strategy that would allow continued pursuit of growth, while also offering protection from a level of market downturn. The client accepts that growth may be limited but now knows that the hoped-for retirement date might not be in jeopardy thanks to the level of protection the RILA offers against market volatility.

Sure enough, five months before your client retires, the market drops 30%. The RILA performs as it's designed to, limiting the loss. Your client retires on time—and on track!

Volatility Around Retirement Age Is Never What Clients Want. A RILA Can Help.

Limiting risk in the years before and after retirement may both improve portfolio sustainability and increase client confidence in the retirement plan. A RILA can offer a client who is more sensitive to market events the ability to pursue growth while retaining a level of protection.

ACTIONS YOU CAN TAKE RIGHT NOW

- **Identify clients who plan to retire in five years or who retired within the last five years.**
- **Evaluate whether or not their portfolios might benefit from pursuing growth while limiting risk.**
- **Determine whether or not a RILA might keep retirement plans on track.**

Additional Resources and Links

[RILAs: An Evolved Approach to Help Prepare for Retirement]

[Pacific Protective Growth Calculator]

[1]The Performance Mix crediting strategy calculates the weighted average of returns from three indexes: the S&P 500® index, the iShares® Russell 2000 EFT and the MSCI EAFE® Index. Interest is determined according to the following weights: 50% for the highest-performing index, 30% for the second-highest-performing index, and 20% for the third-highest-performing index. The weighted average is used with a participation rate (a percentage that determines how much of the index return is credited) to determine the interest that will be applied.

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

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An investment in a crediting strategy is subject to risks, including the possible loss of all or a significant portion of your principal investment and any credited contract earnings. This loss could be greater if you take a withdrawal or surrender your contract due to the imposition of withdrawal charges, a market value adjustment, if applicable, and possible negative tax consequences. Interest credited from crediting strategies and protection levels are not applied until the end of the term. Before the end of a term, if the contract is surrendered or annuitized, a withdrawal is taken, or if the death benefit is paid, the transaction will reduce the interim value of the investment in that crediting option and could result in the loss of principal and previously credited contract earnings. Such losses could be as high as 100%. The interim value is the amount in the crediting option that is available for transactions that occur during the term, including full surrenders, withdrawals, free withdrawal amounts, and pre-authorized withdrawals, optional charges, guaranteed withdrawal amounts under the guaranteed lifetime withdrawal benefit, death benefit payments, and annuitization. The interim value could be less than the investment in the crediting strategy option even if the index is performing positively.

Indexes are unmanaged and not available for direct investment. For interest-crediting calculations, the index performance does not include the reinvestment of dividends. Not all indexes, protection options, and terms are available with every crediting strategy. When you allocate to an index that is linked to the performance of an exchange-traded fund (ETF), you are not investing in the ETF. Index-based ETFs seek to track the investment results of a specific market index. Due to a variety offactors, including the fees and expenses associated with an ETF, the performance of an ETF may not fully replicate or may, in certain circumstances, diverge significantly from the performance of the underlying indexes.

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Pacific Protective Growth Contract Form Series: 10-1900
Rider Series: 20-1132, 20-1409, 20-1901, 20-1905
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