PACIFIC LIFE

ADVANCED SALES SOLUTIONS AT-A-GLANCE

LIFE INSURANCE FOR RETIREMENT PLANNING (LIRP)

Cash Value Life Insurance Can Help Protect Loved Ones and Help Achieve Retirement Income Goals in a Tax-Efficient Manner

Ensuring lifelong financial security is an important concern for many of your clients. Cash value life insurance[1] can help provide a tax-advantaged strategy to address three key challenges that families face when planning their financial futures:

- **Mortality**—The risk of losing essential income due to the untimely death of a family member.
- **Longevity**—The risk of not having sufficient income during retirement years.
- **Taxes**—The risk that income taxes on retirement assets could create a retirement-income shortfall.

What Is Life Insurance for Retirement Planning?

LIRP is a strategy that uses a cash value life insurance policy to help address premature death, insufficient retirement income, and taxation of retirement assets. The policy premiums are typically funded to help maximize cash value growth over time. During life, the policyowner has income tax-free[2] access to any available cash value, and upon death, the policy's beneficiaries also receive the death benefit income tax-free.[3]

Potential Benefits

Financial Protection	The income tax-free[3] death benefit to policy beneficiaries may help replace lost income.
Cash Value Potential	▪ Any available cash value grows on a tax-deferred basis. ▪ Tax-free[2] supplemental retirement distributions may help make up a retirement income shortfall.
No Contribution Limits	▪ Unlike traditional qualified plans, cash value life insurance has no contribution limits. ▪ Premiums are generally limited by the face amount for which the insured qualifies.[4]

[1]The primary purpose of life insurance is to provide financial protection against premature death. Life insurance is subject to underwriting and approval of the application and will incur monthly policy charges.

[2]For federal income tax purposes, tax-free income assumes, among other things: (1) withdrawals do not exceed tax basis (generally, premiums paid less prior withdrawals); (2) policy remains in force until death (any outstanding policy debt at time of lapse or surrender that exceeds the tax basis will be subject to tax); (3) withdrawals taken during the first 15 policy years do not cause or occur at the time of, or during the two years prior to, any reduction in benefits; and (4) the policy does not become a modified endowment contract. See IRC Secs. 72, 7702(f)(7)(B), 7702A. Any policy withdrawals, loans and loan interest will reduce policy values and may reduce benefits.

[3]For federal income tax purposes, life insurance death benefit proceeds paid in a lump sum generally pay income tax-free to beneficiaries pursuant to IRC Sec. 101(a)(1). In certain situations, however, life insurance death benefits may be partially or wholly taxable. Situations include, but are not limited to: the transfer of a life insurance policy for valuable consideration unless the transfer qualifies for an exception under IRC Sec. 101(a)(2) (i.e. the "transfer-for-value rule"); arrangements that lack an insurable interest based on state law; and an employer-owned policy unless the policy qualifies for an exception under IRC Sec. 101(j). When otherwise income tax-free death benefit proceeds are paid in a series of payments after death, a level percentage of each payment is taxable as interest income.

[4]As with all uses of life insurance, the amount of life insurance coverage asked for in conjunction with this concept may be limited by Pacific Life Insurance Company financial underwriting guidelines. Financial underwriting is an assessment of whether the proposed death benefit is a reasonable replacement for the financial loss caused by the death of the insured.

Investment and insurance products: Not a deposit • Not insured by any federal government agency
Not FDIC insured • No bank guarantee • May lose value

Pacific Life Insurance Company

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How it Works

1 Premiums

- The insured/policyowner pays annual premiums on a personally owned cash value life insurance policy, retaining all rights to the policy.
- These premiums are typically funded to the maximum amount allowed by the policy guidelines to help maximize cash value growth.
- Any cash value grows tax-deferred.

2 Policy Distributions

The insured/policyowner has income tax-free[2] access to any available cash value to help supplement retirement savings.

3 Death Benefit

At the insured's death, the policy's beneficiaries receive the life insurance death benefit income tax-free.[3]

Considerations

- The client must qualify for the life insurance based on medical, financial, and other underwriting criteria.
- The client must have the financial capacity to afford the planned premium payments.
- Various factors, including the policy's face amount, premium limits, payments, policy performance, timing, amount of withdrawals and loans, and riders, will impact the amount of cash value and death benefit.
- Additional premiums may be required to meet adequate supplemental retirement income needs and to keep the policy in-force.
- Under certain circumstances, the cash value may not be sufficient to cover a retirement income shortfall.

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The **Advanced Designs Unit (ADU)** is a group of life insurance and legal experts specialized in advanced planning concepts involving life insurance such as estate planning, business succession planning, executive compensation, charitable planning, split dollar, and qualified plans. They are here to consult with you and thrive on finding solutions to your most complex life insurance cases.

For help with your next case, please contact our Advanced Designs Unit at AdvancedDesigns@PacificLife.com or (800) 800-7681, ext. 3690.

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Insurance products and their guarantees, including optional benefits 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 life insurance company with regard to such guarantees as these guarantees are not backed by the broker-dealer, insurance agency, 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 life insurance company.

The primary purpose of life insurance is to provide death benefit protection in the event of the insured's death.

Life insurance is subject to underwriting and approval of the application and will incur monthly policy charges. In general, additional premium is required to continue coverage of the policy. Policy may lapse if premium is insufficient to continue coverage.

The home office for Pacific Life Insurance Company is located in Omaha, Nebraska.

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