A KEY INGREDIENT TO HELP SECURE YOUR RETIREMENT

Cash value life insurance can help you protect your loved ones and achieve your retirement-income goals.

PACIFIC LIFE

Pacific Life Insurance Company

How Is Retirement Like Baking?

Things are bound to go wrong if you're missing an important ingredient. Consider your retirement income plan: Taxes might end up taking a bigger portion than expected. Timing of returns could wreak havoc. What if the value of your portfolio rises early on, only to decline just as you're starting to depend on it for retirement income? Or, you might want to put away more for retirement, but current contribution limits prevent you from doing so. Plus, there's always the possibility that you'll burn through your savings if you live longer than expected.

That's why adding cash-value life insurance to your mix of retirement-income assets can help. While its primary purpose is death-benefit protection, it also may be used to access tax-advantaged income in the future if you have less need for the death benefit at that time. Unlike many traditional retirement-income assets, cash value life insurance offers a unique combination of death-benefit protection and potential tax-advantaged supplemental retirement income. After all, it's not what you make but what you take that counts.

You May Face These Three Retirement Challenges

1. Contribution Limits

With federal limits on contributions to qualified retirement plans and IRAs, you may not be able to save as much as you like in a tax-efficient manner.

2. Income Taxes on Retirement Income

Retirement savings that are not in tax-advantaged accounts may result in less take-home income.

3. Mortality Risks

These risks come in the form of dying sooner than expected or outliving your retirement assets (known as longevity risk).

INVESTMENT AND INSURANCE PRODUCTS ARE:
• NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
• NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, THE BANK OR ANY OF ITS AFFILIATES
• SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED

You may plan to meet your retirement income needs with a mix of assets held both inside and outside of retirement plans. However, there are other sources of potential tax-free[1] income that you may be overlooking.

- Qualified Plans, such as Defined Contribution (401(k) or 403(b)) or Defined Benefit (Pension) Plans
- Traditional, SEP, or SIMPLE IRAs

Distributions typically taxed at **Ordinary Income Tax Rates (Max Rate = 37%)[4]**

- Stocks
- Mutual Funds[7]
- Real Estate

Earnings typically taxed at **Capital Gains Tax Rates (Max Rate = 20%)[4]**

- Roth IRA[9]
- Municipal Bond Interest[8]
- Cash Value Life Insurance

Distributions typically **Income Tax Free[1]**

Cash-value life insurance is one potential tax-free[1] source of retirement income. How does it compare to other retirement-income-producing assets?

Financial Tool	Annual Contribution Limits[4]	Tax-Deductible Contributions[2]	Tax-Deferred Accumulation	Income Tax-Free Distributions	Penalty Tax for Early Withdrawal	Income Tax-Free Death Proceeds
Qualified Plan	Yes	Yes	Yes	No	Yes	No
Traditional IRA[5]	Yes	Yes[6]	Yes	No	Yes	No
CD[6]	No	No	No	No	No	No
Stocks	No	No	No	No	No	No
Mutual Funds[7]	No	No	No	No	No	No
Municipal Bond[8]	No	No	Yes	Yes	No	No
Variable Annuity	No	No	Yes	No	Yes	No
Roth IRA	Yes	No	Yes	Yes[9]	Yes	Yes[9]
Cash Value Life Insurance	**No[10]**	**No**	**Yes**	**Yes[1]**	**No[1]**	**Yes[3]**

Income-tax treatment includes the treatment of capital gains and dividends. This chart excludes estate-tax treatment, as there are ways to structure your estate to help protect against this impact.

[1]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, occur at the time of, or occur during the two years prior to any reduction in benefits; and (4) the policy does not become a modified endowment contract. See IRC Sec. 72, 7702(f)(7)(B), 7702A. Any policy withdrawals, loans, and loan interest will reduce policy values and may reduce benefits.

[2]For life insurance policies, "contributions" refers to life insurance premiums.

[3]For federal income-tax purposes, life insurance death benefits 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).

[4]Tax Cuts and Jobs Act (P.L. 115-97). December 22, 2017.

[5]If you are covered by a qualified retirement plan at work, traditional IRA contributions are fully deductible only if your adjusted gross income falls with the following 2025 limits: single up to $79,000; married filing jointly up to $126,000. Source: IRS Publication 590-A.

[6]A Certificate of Deposit (CD) is FDIC insured.

[7]Mutual funds may be subject to income tax and/or capital-gains tax. Consult your tax professional for more information.

[8]Municipal bond: Generally, interest paid on municipal bonds is tax-free, but not all municipal bonds are exempt from federal and/or state income taxes. Some bonds may be subject to capital-gains tax at sale. Consult your tax professional for more information.

[9]Roth IRA: A distribution from a Roth IRA generally is income-tax free if (a) it meets all the requirements for a qualified distribution (which include a 5-year waiting period and one of several additional requirements, one being that the distribution is made to a beneficiary on or after the death of the individual), or (b) it is a nonqualified distribution to the extent of after-tax contributions (basis). See IRC Sec. 408A.

[10]Life insurance: There is not a specific limit on dollars allocated to purchase life insurance; however, there are maximum premium limits determined by a specified policy face amount. A policy will qualify as life insurance if it meets the requirements of IRC Sec. 7702, which includes limits on the amount of premium that may be paid into a specific face amount and still qualify as life insurance.

Strategy

Protection Now. Supplemental Income Potential Later.

The decision to purchase life insurance should be based on long-term financial goals and the need for a death benefit. Life insurance is not an appropriate vehicle for short-term savings or short-term investment strategies. While a policy may allow for loans, there may be little to no cash value available for loans in the early years of the policy.

Challenge

To protect your family and save additional money for your future while preparing for retirement in a tax-efficient manner.

Action

You MAKE annual premium payments.

- Tax-free death benefit[3] for your policy beneficiaries if you die prematurely
- Policy's premium limits may exceed qualified plan contribution limits to help supplement your retirement savings

The policy BAKES while you continue to prepare for retirement.

- The policy's available cash value has the potential to grow tax deferred before you take any policy distributions (withdrawals and policy loans)[11]

You TAKE policy distributions to help supplement your retirement income.

- Tax-free policy distributions[1] when your policy is structured properly
- No age-bound distribution rules or penalties

Contact your financial professional today to discuss your retirement-income recipe.

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Speak to your financial professional about a strategy to help protect your family and meet your retirement goals.

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Cash value life insurance generally requires additional premium payments after the initial premium. If either no premiums are paid or subsequent premiums are insufficient to continue coverage, it is possible that coverage will expire.

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.

This material is for informational purposes only and does not constitute investment advice or a recommendation.

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