Pacific Income Provider®

A Single-Premium, Immediate Fixed Annuity for a Confident Retirement

9/15
80002-15A

Client Guide
Pacific Life has more than 145 years of experience, and we remain committed to providing quality products, service, and stability to meet your needs today and throughout your lifetime.

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.

It’s essential for you to choose a strong and stable company that can help you achieve your future income needs.

- Pacific Life Insurance Company is organized under a mutual holding company structure and operates for the benefit of its policyholders and contract owners.
- We have achieved ongoing recognition\(^1\) for high-quality service standards.
- We offer products that address market environments during all stages of your life.
- We maintain strong financial strength ratings from major independent rating agencies.

Ratings may change. For more information and current financial strength ratings, please visit our website.

While ratings can be objective indicators of an insurance company’s financial strength and can provide a relative measure to help select among insurance companies, they are not guarantees of the future financial strength and/or claims-paying ability of a company. The independent third party from which this annuity is purchased, including the broker/dealer, the insurance agency from which this annuity is purchased, and any affiliates of those entities make no representations regarding the quality of the analysis conducted by the rating agencies. The rating agencies are not affiliated with the above-mentioned entities nor were they involved in any rating agency’s analysis of the insurance companies.

\(^1\)Recipient of multiple DALBAR Service Awards since 1997. Refer to www.DALBAR.com for more information regarding awards, certification, and rankings.
### Make the Most of Your Retirement

You've worked hard, saved diligently, and now it's time to enjoy your retirement. Working with your financial professional, you have an opportunity to create a unique retirement strategy that can help maximize and protect your income for the rest of your life and help you address each of the following key concerns in retirement.

<table>
<thead>
<tr>
<th>Concern</th>
<th>Description</th>
<th>Source</th>
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<tr>
<td>Where will I get the income to sustain the lifestyle I’ve planned?</td>
<td>Social Security benefits provide the average retiree with about 35% of his or her total income in retirement. This means that 65% of the average retiree’s income is derived from his or her own investments or other sources of income.</td>
<td>Social Security Administration. “Fast Facts &amp; Figures About Social Security, 2014.” SSA Publication No. 13-11785, September 2014.</td>
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<td>How can I ensure my income lasts for my lifetime?</td>
<td>Because of advancements in medicine and increased health awareness, people are living longer. Since 1900, the percentage of Americans age 65 and older has more than tripled. Today, one in five men and one in three women age 65 can expect to reach age 90.</td>
<td>Administration on Aging. “A Profile of Older Americans, 2014.” Administration for Community Living, Department of Health and Human Services, 2014; Society of Actuaries, Longevity Report, 2012.</td>
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<td>How can I protect my retirement income from market fluctuations?</td>
<td>Market swings and interest-rate changes can have a negative impact on retirement income, making it challenging to plan for future income needs.</td>
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<td>How will I deal with the rising cost of medical care?</td>
<td>Seniors spend more per capita on healthcare expenses than any other age group. Research shows that Medicare only covers half of these expenses. The average couple retiring at 65 will need $220,000 to pay healthcare costs in retirement.</td>
<td>Fidelity Investments—Fidelity Viewpoints, Retirement Health Costs Hold Steady, 6/11/2014.</td>
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</tbody>
</table>

If you’ve asked yourself any of these questions, you have taken an important step in planning for the future. Pacific Income Provider can help address these concerns by providing you with an income guaranteed to last a lifetime. Guarantees are backed by the financial strength and claims-paying ability the issuing company.
Helping You Enjoy a Comfortable Retirement

An immediate annuity can be an important part of your long-term retirement strategy. By allocating a portion of your retirement savings to Pacific Income Provider, you may be able to stretch your retirement dollars to provide you more income with the same amount of assets.

Guaranteed Income
Pacific Income Provider offers pension-like, guaranteed income for your lifetime or for a specified period of time. You may choose to receive your first income payment anytime within the first year, and you can be confident that your income amount will never vary because you are not invested in the market.

Flexibility
This immediate annuity gives you two unique options that allow you to adjust future income payments to help protect against inflation or to plan for a future change in income, such as receiving Social Security benefits.

On or after reaching age 59½, you also have the option to request an acceleration of your income payments if you have elected to take monthly income payments. See pages 8-11 for more information about these options.

Tax-Advantaged Income
Pacific Income Provider can provide you with advantages if you purchase with after-tax assets (nonqualified). When you begin taking income payments, your tax liability is spread out over time, giving you tax-advantaged income. Each income payment is composed of earned interest, which is taxable, and a partial return of your original purchase payment on which you have already paid taxes.

Let’s take a look at the following three examples to see how Pacific Income Provider can help meet retirement income needs in various situations.
Pacific Income Provider in Action

A Strategy to Help Provide Guaranteed, Lifetime Income to Meet Basic Expenses

Meet John and Mary
- Retiring at the end of the year, both age 65.
- Need $4,000 per month in guaranteed income to cover basic living expenses, including medical costs.

Strategy
- John and Mary have a pension and a Social Security benefit totaling $2,800 per month, leaving a shortfall of $1,200.
- They also have $400,000 in other investments, of which John and Mary, with the help of their financial professional, determine that they can allocate a portion to purchase Pacific Income Provider with a Joint Life Only annuity income option. For more information about this income option, please see page 6.

Results
- John and Mary receive the additional $1,200/month income payments necessary to cover their expenses.
- The income payments are guaranteed to last for both of their lives.
Pacific Income Provider in Action

Manage Concerns About Fluctuating Investment Values and Interest Rates

Meet Virginia

- Retired health care professional, age 69.
- Planning to take income from her individual retirement account (IRA), which consists of $500,000 invested in stocks and bonds.
- Concerned about not having enough money to last through retirement if investment value drops because of poor market performance.

Strategy

- Virginia would like to receive $20,000 a year from her IRA.
- Virginia and her financial professional determine that she can use a portion of her IRA to purchase Pacific Income Provider with a Life with Installment Refund annuity income option. For more information about this income option, please see page 6. She names her children as beneficiaries.

Results

- Virginia receives $20,000 in guaranteed, consistent, annual income for the rest of her life.
- If she dies before receiving income payments equal to her initial purchase payment, the Life with Installment Refund option will provide a benefit to her children.
Help Bridge Gaps in Retirement Income

Meet Larry

- Recently retired engineer, age 66.
- Would like to defer taking his Social Security benefit until age 70.

Strategy

- Larry needs to generate income to cover his necessary expenses from age 66 to age 70.
- Would like to decrease the amount of income payments received later after his Social Security benefit begins.
- Larry and his financial professional determine that purchasing Pacific Income Provider with the Future Adjustment Option—which allows him to make a one-time adjustment to the amount of his annuity income payments on a date he chooses—will help build an income bridge until his Social Security benefit payments begin.

Results

- Larry is able to tailor his guaranteed income payments to fit his needs. He receives a larger income payment from age 66 to age 70, and then a smaller income payment when his Social Security benefit is added at age 70. This strategy provides a consistent level of steady income throughout his retirement.
- Larry is able to defer taking his Social Security benefit until age 70, which results in a higher benefit for him than if he took his benefit at age 66.
Create the Income You Need

You can customize your income to meet your retirement planning needs. Pacific Income Provider allows you to choose from a variety of options. Income payments will differ based on several factors, including your age, gender, and the amount you contribute.

Determining the option that is best for you depends on your retirement income goals. You may want to replace your current paycheck, plan for an increase in medical costs, or even protect your income from market fluctuations.

**Annuity Income Options** *(Subject to state and firm availability.)*

<table>
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<th>Option</th>
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<td><strong>Period Certain</strong></td>
<td>Income payments last for a specific time you choose, up to 30 years. If the annuitant dies during the specified time, the remainder of the payments will still be paid to the owner or beneficiary.</td>
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<tr>
<td><strong>Life Only</strong></td>
<td>Income payments are guaranteed for as long as an annuitant is living. This option provides the highest payment amount for one life.</td>
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<td><strong>Life with Period Certain</strong></td>
<td>Lifetime income is guaranteed for a minimum period of up to 30 years. If an annuitant lives beyond the specified period, then payments will continue to be made for life. If the annuitant dies during the specified time, payments will be made to the owner or beneficiary for the remainder of the time period.</td>
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<tr>
<td><strong>Life with Cash Refund</strong></td>
<td>Income payments are made for the life of the annuitant. When the annuitant dies, any remaining purchase amount will be paid to the owner or beneficiary as a lump sum. The remaining purchase amount equals your original purchase payment minus the total income payments received.</td>
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<tr>
<td><strong>Life with Installment Refund</strong></td>
<td>Similar to Life with Cash Refund, income payments are made for the life of the annuitant. When the annuitant dies, if there is any remaining purchase payment amount, it will be paid to the owner or beneficiary in installments.</td>
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1 For qualified contracts, the maximum length of time for the period certain options may be less than 30 years if necessary to comply with required minimum distribution (RMD) regulations for annuities.
All the Life options also are available in Joint versions if you need income to last throughout the lives of two individuals—yourself and one other person. Whether the survivor will continue to receive the same income that was paid while both of you were alive, or just a percentage of that income, is up to you.

By choosing to reduce income when one person dies, you will receive a higher amount of income while you are both living. You also have flexibility in determining when to reduce income. Payments can be reduced upon either person’s death (Joint Life option) or upon the death of the primary annuitant (Joint and Survivor Life option).

You can choose to receive your income payments monthly, quarterly, semiannually, or annually. Income payment amounts will differ based on the annuity income option and period selected. Usually the longer the payout period, the lower the periodic payment amount. If you select a Period Certain income option, the time period selected will impact the amount of your income payment. After your contract is issued, the income option and frequency selected cannot change. Consider your personal needs carefully as you choose your option.

**Who’s Who in an Annuity**

**Owner**
The owner makes the decisions about the annuity, such as how much money to put into the contract, and is the recipient of the annuity income payments. The owner also names the annuitants and the beneficiaries.

**Annuitant**
The owner and the annuitant may or may not be the same person. Either way, it’s the annuitant’s life expectancy that is used to set the dollar amount of future income payments.

**Beneficiary**
If the owner dies, usually, the beneficiary is the one who has the right to receive the income payments.

*There may be one or more owners, annuitants, and beneficiaries.*
Tailored to Suit Your Needs

Did You Know?
Depending on the year you were born, if you start receiving Social Security at age 66, you will receive 100% of your retirement benefit. If you delay receiving benefits until age 70, your monthly Social Security amount increases to 132% of your retirement benefit.

Source: U.S. Social Security Administration, 2014.

Selecting the right income option is an important decision. Pacific Income Provider also offers optional features so you can tailor income that is just right for you.

Future Adjustment Option
This optional, one-time adjustment feature provides the flexibility to adjust your income payments in the future, allowing you to plan your income according to your unique needs.

You can choose to increase or decrease your income payments to account for a future need for more or less income. The amount of your initial income payments will be adjusted based on your selection for future payments.

Below we show two scenarios in which the Future Adjustment Option may be beneficial in addressing a change in your future income.

For example, you may choose to delay taking Social Security until age 70 to maximize your benefits. You could elect the Future Adjustment Option at the time of purchase to schedule a decrease to your income payments starting at age 70.

Or maybe you have a part-time job to supplement your current income, but plan on fully retiring when you reach age 70. By choosing to increase your future income, you can make up the difference.

The timing of the adjustment is up to you, but you can elect the Future Adjustment Option only at the time of purchase.

\[1\text{An increasing future adjustment is not available for qualified contracts.}\]
**Inflation Protection Option**

Over time, the effects of inflation can erode the value of your savings and ultimately reduce your purchasing power. By electing the Inflation Protection Option, your income payments will automatically increase annually to help you during retirement—much like giving yourself an annual pay raise.

This option guarantees that your income payments will increase by 2%, 3%, or 4% each year based on your initial selection. This additional form of protection will not provide a higher income payment initially, but will increase your income over time.

The chart below illustrates the comparison between the Inflation Protection Option with a 3% annual increase versus level income payments over a 20-year period.

Keep in mind, only one optional feature may be added to your Pacific Income Provider contract. After the contract is issued, you cannot change the elections made at the time of purchase.
Flexibility for Changing Circumstances

Selecting the right annuity income option and optional features are some of the ways Pacific Income Provider can help suit your income needs. But since life is unpredictable, it also gives you the flexibility to address tomorrow’s unforeseen changes.

Income Payment Acceleration

After the first contract year, if you have chosen to receive monthly annuity income payments, you may request an amount equal to three or six times your normal monthly payment. After a request for a three-month payment, normal payments resume in the fourth month; after a six-month payment, normal payments resume in the seventh month. This feature is available on or after reaching age 59½, may be utilized a maximum of two times, and is subject to state and firm availability. After using the feature, you must receive at least one normal monthly income payment before you may use the feature again. Please note, for qualified contracts, the entire payment acceleration period must be in the same tax year.

The following chart assumes normal monthly payments are $1,000 and demonstrates the way Income Payment Acceleration works.

![Diagram showing Income Payment Acceleration](chart.png)

Three-month Income Payment Acceleration request made after an April monthly payment of $1,000 was received. You receive $3,000 ($1,000 x 3 months accelerated payments) from Pacific Life for a total of $4,000.

Normal monthly payments stop for the months of May, June, and July.

Your $1,000 normal monthly payments resume.
Access to a Larger Portion of Your Money

Another way to access a larger portion of your guaranteed income payments is to make a withdrawal. This opportunity is available only on nonqualified contracts starting one year after annuity income payments begin, and on or after you reach age 59½. You may withdraw up to 100% of the present value of your remaining guaranteed income payments as a lump sum. There is no limit to the amount of withdrawal requests you can make.

Withdrawals are not available with the Life Only, Joint Life Only, or Joint and Survivor Life Only annuity income options and are subject to state and firm availability. Making a withdrawal will lower or may stop your remaining guaranteed income payments. However, with the exception of the Period Certain option, if you are still living at the end of the period when your remaining guaranteed income payments would have stopped, Pacific Life will resume income payments until your death.

Please note, if you elect the Income Payment Acceleration feature, there is a six-month waiting period before you can make a withdrawal request. Likewise, if you make a withdrawal, there is a six-month waiting period before you can elect the Income Payment Acceleration feature.
Our Focus Is on You

Pacific Life provides award-winning customer service and support to help you achieve your retirement goals.

Website

www.PacificLife.com
Go online and select “Annuities” under the heading “Client Account Sign-In” to view your account information.

Personal Customer Service

(800) 722-4448 or in New York, (800) 748-6907
Call our toll-free number to access account information via our automated line or to speak directly with an annuity information specialist.

Discuss with your financial professional whether Pacific Income Provider is appropriate for you as part of your overall retirement strategy.
This material is not intended to be used, nor can it be used by any taxpayer, for the purpose of avoiding U.S. federal, state, or local tax penalties. This material is written to support the promotion or marketing of the transaction(s) or matter(s) addressed by this material. Pacific Life, its 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.

Under current law, a nonqualified annuity that is owned by an individual is generally entitled to tax deferral. Qualified contracts, including traditional IRA, SEP-IRA, Roth IRA, inherited IRA, and inherited Roth IRA, are eligible for favorable tax treatment under IRS rules. Certain payment options may not comply with various requirements for qualified contracts, which include required minimum distributions and substantially equal periodic payments under Internal Revenue Code Section 72(t). Therefore, certain product features, including the ability to exercise withdrawal features, may not be available or may have additional restrictions. The payment acceleration feature is available but will be considered a modification to the 72(t) program and may subject the series of 72(t) withdrawals to an additional 10% federal tax. In addition, certain payout options may not be available for qualified contracts.

For Roth IRAs, upon the Roth IRA owner’s death, distributions to the designated beneficiaries may be subject to IRS required minimum distribution rules. If the designated beneficiary is not the spouse, the beneficiary may be required to take a lump-sum payment of the present value of the guaranteed payments if a death benefit becomes available. For the purpose of qualified distributions from a Roth IRA, since the five-year waiting period is tracked by the Roth IRA holder, the designated beneficiary and/or spouse who elects to treat the Roth IRA as his or her own will also need to take on this responsibility going forward when claiming qualified distributions.

Income from annuity payments received from Pacific Income Provider cannot be aggregated or combined with income from other IRA contracts/assets for purposes of satisfying the required minimum distributions.

Nonqualified contracts may not be subject to the various requirements for qualified contracts, but are still subject to an additional 10% federal tax for annuity payments, withdrawals, and other distributions prior to age 59½. While there are exceptions to this additional federal tax under IRC Section 72(q), certain payment options may not comply. The payment acceleration feature may be considered a modification to the 72(q) program and may subject the series of 72(q) withdrawals, including any prior withdrawals, to an additional 10% federal tax. For nonqualified contracts, an additional 3.8% federal tax may apply on net investment income.

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