

Whether You Know It or Not,  
You're Already on  
the Road to Retirement...



How much life insurance do I need  
to take care of my family?

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PACIFIC LIFE

# You Can Navigate Life's Challenges and Opportunities, or Just Ignore the Signs.

You may not be lost.  
But if your needs have changed on the road to retirement,  
you may want to get your bearings.

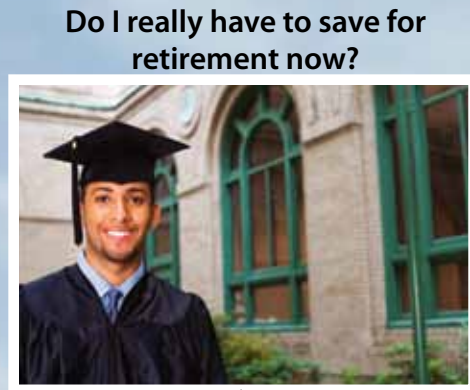
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# On the Road to Retirement...



Start an IRA



Just married



Looking for first house





How much life insurance do I need to take care of my family?

Promotion

Inflation

How much will I need to



1-income family



More than one way to save



Do you know where you are?

to retire?



Will Social Security be there?



How much life insurance do I need now?

...Where Are You Now?



# Move Along or Move Aside

You're already on the road to retirement. You just have to recognize if you're moving forward or standing still. If your trip is stalled, or you never started, it's time to hit the gas and keep up with traffic. Waiting can cost you at the end of the road.

## Impact of Starting Earlier

The example below shows the impact of starting earlier with two individuals, ages 40 and 45. Each is saving \$1,250 per month for retirement until age 65 with a hypothetical earnings rate of 8% annually, which is not guaranteed and does not represent the performance of any particular investment. Returns do not reflect taxes. If taxes were applied, returns would be lower.

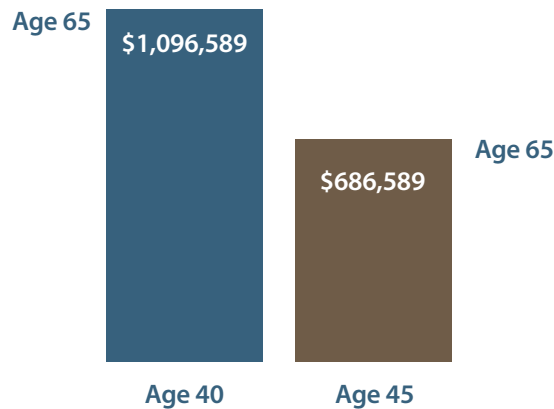
## Get Your Bearings

Asking yourself the right questions helps form the basis of your financial plan. And this determines where you are on the road to retirement.

Your financial professional or tax advisor<sup>1</sup> can be a big help as well. You can work together over time to make adjustments to your financial strategy as your needs change.

<sup>1</sup> Neither Pacific Life nor their representatives offer legal or tax advice. Consult your attorney or tax advisor for complete up-to-date information concerning federal and state tax laws in this area.

## Saving \$1,250 per month



# Travel Tips

Besides Starting Early, Travel Wisely...

- Maximize your 401(k) plan contribution
- Manage your credit card debt
- Minimize your tax burden
- Start saving for college
- Factor inflation into your plan
- Diversify your asset mix
- Know all your financial options
- Rely on expert financial help



# Rely on Multiple Routes

Do some preparation and be flexible. There are many routes along the road to retirement. Your financial needs will help determine which routes fit you.

There may be more than one product type that can meet your needs and help you reach your retirement goals.

**Retirement Product Comparison**

	Annual Limits on Contributions	Tax-Deferred Accumulation	Tax-Preferred Distribution	Income Tax-Free Death Benefits
Traditional IRA	Yes	Yes	No	No
Roth IRA	Yes	Yes	Yes	Yes
Qualified Plan	Yes	Yes	No	No
CD	No	No	No	No
Mutual Fund <sup>2</sup>	No	No	No	No
Municipal Bond Fund <sup>3</sup>	No	Yes	Yes	No
Individual Owned Deferred Annuity	No	Yes	No <sup>4</sup>	No
Life Insurance	No <sup>5</sup>	Yes	Yes <sup>7</sup>	Yes <sup>6</sup>

<sup>2</sup> Mutual funds may be subject to income tax and/or capital gains taxation. Consult your tax advisor for more information.

<sup>3</sup> Generally, interest paid on municipal bonds is tax-free, but not all municipal bonds are exempt from federal and/or state income tax. Some bonds may be subject to capital gains tax at sale. Consult your tax advisor for more information.

<sup>4</sup> Upon distribution, when a contract annuitizes, a portion of principal is included in the annuity payout and not taxed.

<sup>5</sup> 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.



# Make Some Preparations, Plan for the Unexpected

No matter how far along you are on the road to retirement, anything can happen. That's why any retirement strategy should include precautions that protect what you've built against unexpected set-backs.

## Provide for Your Family or Business

Permanent cash value life insurance provides a death benefit payable to your beneficiaries that is generally income tax free.<sup>6</sup> So, if you were to die before or after your retirement, the death benefit will provide for your family, your business or your favorite charity.

<sup>6</sup> 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).

<sup>7</sup> 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; (3) withdrawals taken during the first 15 policy years do not 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 §§ 7702(f)(7)(B), 7702A. Any policy withdrawals, loans and loan interest will reduce policy values and may reduce benefits.

# Turn Roadblocks Into New Routes

Your road to retirement can be dotted with obstacles that seem to work against your progress. But most roadblocks can be maneuvered around by adjusting your route within the rules of road.





## Proceed With Caution – Navigate Around These Roadblocks...

- Contribution limits on 401(k) plans and IRAs.
- The anticipated Social Security program shortfall.\*\*\*

## Look Again – Two Rules with Silver Linings

The IRS limits your annual contributions to a qualified 401(k) plan or IRA. If you're over 50, however, you are allowed an additional "catch up" contribution.

The Pension Protection Act of 2006 allows employers to "default" your participation in a qualified plan and tightens charitable contribution rules. The same law also permits your employer-sponsored plan to accept after-tax contributions, which can grow tax deferred and provide tax-free withdrawals.

\*\*\* Social Security and Medicare Boards of Trustees 2011 Annual Report

## Supplement Your Retirement Income

A permanent cash value life insurance policy can also provide tax-deferred growth potential of your policy cash value. So, as you approach your retirement goals, you can take loans and withdrawals from your policy's cash value to generate supplemental retirement income, tax free.<sup>7</sup>

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# Are You Ready for the Road?

Just like any road trip, the road to retirement can be adventurous and fun or a series of unfortunate events. Take the time to look at where you are, where you want to go and what's the best way to get there. A little thought, some preparation, an open mind and the road to retirement can meet or surpass your expectations.

Don't delay, start today!



Choices Ahead,  
Start Today!



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Insurance Professional's Name
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