

Managing Your Beneficiaries' Inheritances

A Predetermined Beneficiary Payout Option



You're in Control

With the Predetermined Beneficiary Payout Option, you have the flexibility to choose how and when payouts are made to beneficiaries after your death—all at once or over their life expectancies. You may choose from a scheduled withdrawal or an annuity payout monthly, quarterly, semiannually, or annually. It's up to you.

Predetermined Beneficiary Payout Option Highlights

- Available for *no extra cost* with Pacific Life annuities and can be added at any time.
- Only you, as the owner, can make changes or cancel the option.
- Available on nonqualified (after-tax) contracts, as well as traditional and Roth IRA annuity contracts that have not been annuitized.
- Allows tax-deferred benefits to be extended compared to allowing the beneficiary to take a lump-sum distribution and be subject to immediate taxation.



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.

**No bank guarantee • Not a deposit • May lose value
Not FDIC/NCUA insured • Not insured by any federal government agency**

Getting Started

Do you want to control access to the assets you leave to your beneficiaries without having to create a trust? Maybe you are also concerned that your beneficiaries are fiscally irresponsible, easily influenced, or too young to manage assets. Regardless of the reason, you can be in control of your legacy using the Predetermined Beneficiary Payout Option with annuities from Pacific Life.

Why a Variable Annuity?

A variable annuity is a contract between you and an insurance company that helps you grow, protect, and manage retirement savings in a tax-advantaged way. It can help you:

- **Grow retirement savings faster** through the power of tax deferral.
- **Protect against inflation and market volatility** through a diverse choice of investment options.
- **Manage your investment strategy** by transferring among investment options free of tax consequences.
- **Convert your assets** to guaranteed lifetime retirement income.
- **Leave a financial legacy** through a guaranteed death benefit.

Variable annuities are long-term investments designed for retirement. The value of the variable investment options will fluctuate and, when redeemed, may be worth more or less than the original cost. Annuity withdrawals and other distributions of taxable amounts, including death benefit payouts, will be subject to ordinary income tax. For nonqualified contracts, an additional 3.8% federal tax may apply on net investment income. If withdrawals and other distributions are taken prior to age 59½, an additional 10% federal tax may apply. A withdrawal charge also may apply. Withdrawals may reduce the value of the death benefit and any optional benefits.

IRAs and qualified plans—such as 401(k)s and 403(b)s—are already tax-deferred. Therefore, a deferred annuity should be used only to fund an IRA or qualified plan to benefit from the annuity's features other than tax deferral. These include lifetime income, death benefit options, and the ability to transfer among investment options without sales or withdrawal charges.

Choose a Payout Option

	Lump Sum	Annuity	Scheduled
PAYOUT METHOD	Lump Sum —Select a percentage that will be paid as a lump sum, with the remainder paid out via the annuity payout option or the scheduled payout option.	Life Only —Periodic payments over his or her lifetime. Life with Period Certain* —Periodic payments over his or her lifetime with payments guaranteed over a specified period of your choosing.	Life Expectancy —Minimum distributions each year based on his or her life expectancy. Life Expectancy with Future Cash Access —Minimum distributions each year based on his or her life expectancy AND upon reaching a specified age, your beneficiary has access to any distributions greater than the minimum.
TAX IMPACT			
Nonqualified Annuities	Any amount over the cost basis will be taxed as ordinary income.	Annuity payments receive a special tax treatment called an “exclusion ratio” with a portion of each payment distributing after-tax premium and taxable earnings, instead of distributing only earnings first.	Any amount over the cost basis will be taxed as ordinary income, generally distributing any earnings first, and then after-tax premiums after earnings are depleted.
IRAs	Since most retirement assets are funded with pretax contributions, the death proceeds will be taxed as ordinary income.		
Roth IRAs	If “Qualified Distribution”** requirements are met, the death proceeds may be taken tax-free.		

* For annuity payouts of Life with Period Certain: Minimum period is five years not to exceed 30 years or the beneficiary’s life expectancy. May vary by product.

** For Roth IRA beneficiaries, the Qualified Distribution requirements are met, provided the account owner held the Roth IRA for at least five years prior to his or her death.

Common Payout Option Scenarios

SCENARIO	Beneficiary with full restriction (For example, your beneficiary has difficulty managing finances)
STRATEGY	You can select either the annuity or scheduled payout option. This will limit the distributions for the life of the beneficiary.
SCENARIO	Beneficiary with partial restriction (For example, your beneficiary is relatively young, and although you don't want him/her to have access immediately to all the money, you would like him/her to have access at a certain age)
STRATEGY	You can select either: <ul style="list-style-type: none">• A percentage is paid as a lump sum, with the remainder to be paid through the annuity or scheduled payout.• The scheduled payout option, and choose "life expectancy with future cash access" so the beneficiary will have unlimited access to any remaining death proceeds upon attaining a certain age.
SCENARIO	Multiple beneficiaries, but not all of them are restricted (For example, beneficiaries' abilities to manage money may differ)
STRATEGY	You have the ability to identify the "restricted beneficiaries" when completing the form. The form is used only to identify restricted beneficiaries and should not include any beneficiaries you don't want to restrict.

To discuss predetermined beneficiary options that fit your needs,
please contact your financial or tax advisor today.

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You should carefully consider a variable annuity's risks, charges, limitations, and expenses, as well as the risks, charges, expenses, and investment goals of the underlying investment options. This and other information about Pacific Life are provided in the product and underlying fund prospectuses. These prospectuses are available from your financial advisor or by calling the toll-free numbers listed below. Read them carefully before investing.

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