



## THE ART OF RETIREMENT



*Is Your Financial Portfolio an Unfinished Work?  
Color It with a Life Insurance Retirement Plan  
Protection Now, Income Later*



## Picture Your Future

Today's young families face three key financial challenges:



### Financial Vulnerability

Who will pay your bills in the event of a primary income-earner's death?



### Outliving Retirement Assets

What will happen once your retirement assets have been depleted?



### Taxes

How can you potentially reduce your tax burden for a better overall financial picture?

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.

Investment and Insurance Products: Not a Deposit

Not FDIC Insured

Not Insured by any Federal Government Agency

No Bank Guarantee

May Lose Value



How do you visualize your family's future?  
Do you need to reframe your financial picture?

## Visualize the Outcome

A Life Insurance Retirement Plan can help address these three financial challenges:



### Financial Security

Your family can receive a death benefit generally tax-free\* if an insured primary income-earner dies.



### More Assets for Retirement

A cash value life insurance policy can provide tax-deferred supplemental retirement income.



### Tax Advantages

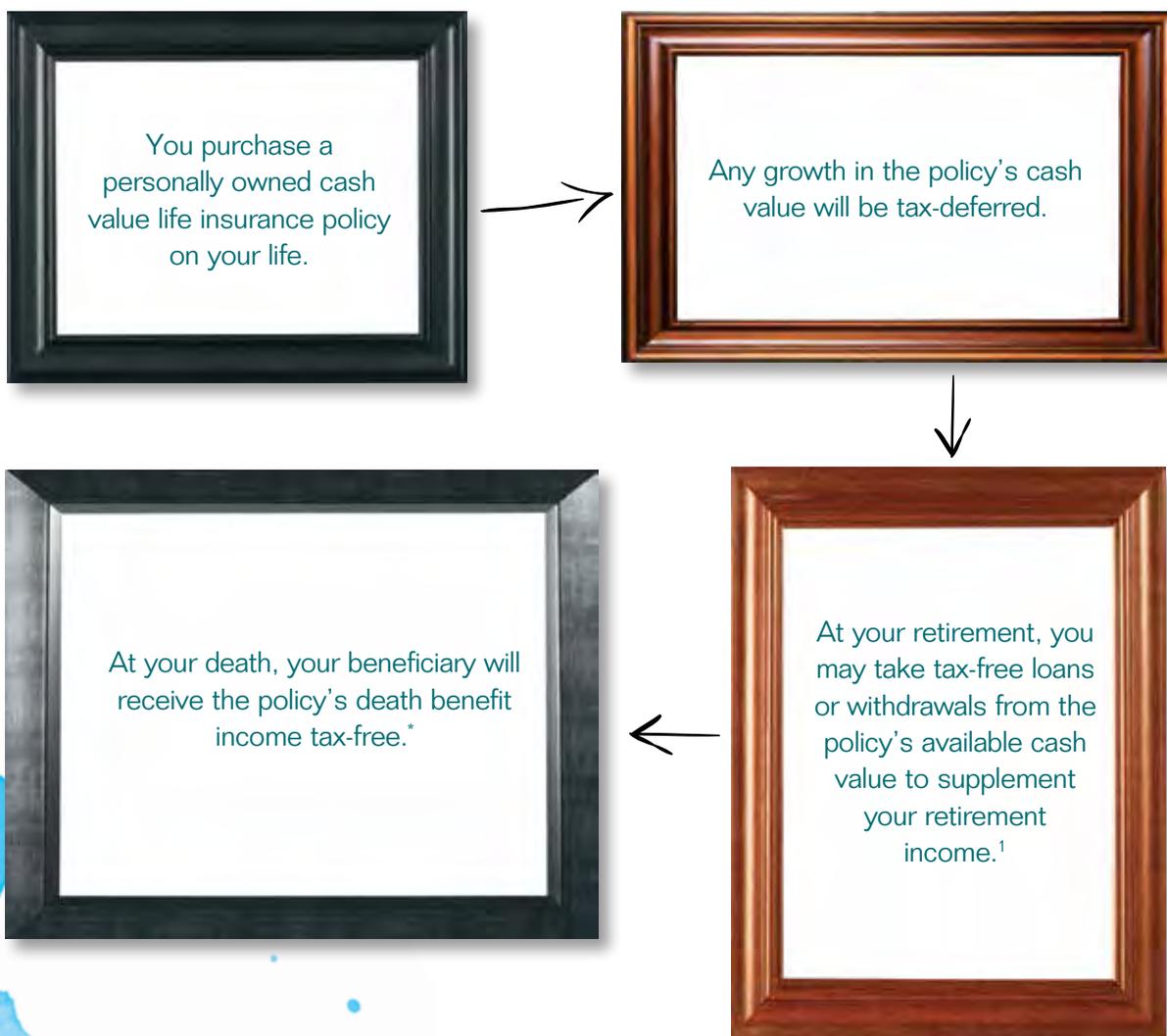
You can access your policy's available cash surrender value for supplemental retirement income, cash emergencies, and other needs income tax-free.\*

\* 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).

## Frame the Big Picture

Your family may be unable to rely on your employers, your small business, or the government to provide you with retirement benefits. A Life Insurance Retirement Plan offers a self-contained and independent alternative to help supplement retirement income.

### How a Life Insurance Retirement Plan Works



<sup>1</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 Secs. 72, 7702(f)(7)(B), 7702A. Any policy withdrawals, loans and loan interest will reduce policy values and may reduce benefits.

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## Are You Using the Right Mix?

Just as most masterpieces are created with more than one or two primary colors, your financial mix could be lacking an important ingredient. Size up how your retirement assets will be taxed.

Have you **overlooked** this color?



### Assets Held Inside Retirement Plans

Distributions Generally Taxed at Income Tax Rates

- 401(k)
- Pension Plan
- Traditional IRA



### Assets Held Outside Retirement Plans

Generally Taxed at Capital Gains Tax Rates

- Stocks
- Mutual Funds
- Real Estate



### The Overlooked Assets

Generally Tax-Free

- Life Insurance Retirement Plan Death Benefit\*
- Roth IRA Distributions
- Municipal Bond Interest

## Are You Seeing the Full Spectrum?

Depending on your financial goals and retirement income needs, one or more of the options below may be right for you. In some situations, after you have maximized your qualified plan contributions, a life insurance policy can provide an income tax-free death benefit to your beneficiaries\* and may also be an ideal complement to your existing financial portfolio.

	Annual Limits on Contributions	Pre-Tax Contributions	Tax-Deferred Accumulation	Tax-Preferred Distribution	Income Tax-Free Distributions at Death
Traditional IRA <sup>†</sup>	Yes	Yes	Yes	No	No
Roth IRA	Yes	No	Yes	Yes <sup>‡‡</sup>	Yes <sup>†††</sup>
Qualified Plan	Yes	Yes	Yes	No	No
CD <sup>‡</sup>	No	No	No	No	No
Mutual Fund <sup>§</sup>	No	No	No	No	No
Municipal Bond Fund <sup>**</sup>	No	No	Yes	Yes	No
Individual Owned Deferred Annuity	No	No	Yes	No <sup>§§</sup>	No
<b>Life Insurance</b>	<b>No<sup>††</sup></b>	<b>No</b>	<b>Yes</b>	<b>Yes<sup>***</sup></b>	<b>Yes*</b>

<sup>†</sup> Individual Retirement Account

<sup>‡</sup> Certificate of Deposit (CD). A bank issued CD is FDIC insured.

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

<sup>\*\*</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>††</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.

<sup>‡‡</sup> A Roth IRA allows you to make contributions with after-tax money without current income tax deductions. You pay taxes now and may enjoy tax-free income later, provided you hold the Roth IRA for at least five years and don't take distributions before reaching age 59½. If you do not meet the five years and attaining age 59½ requirements and need to take a distribution, you may owe income tax on earnings, and a 10% federal tax penalty may apply to the earnings and prior converted amounts. Similar to the traditional IRA, there are exceptions to the 10% federal tax penalty for withdrawals and the 59½ age requirement, such as first-time home purchase, death, disability, certain qualifying medical expenses, health insurance premiums, or higher-education expenses.

<sup>§§</sup> Upon distribution, when a contract annuitizes, a portion of principal is included in the annuity payout. The principal portion is not subject to tax.

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<sup>†††</sup> 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).

## Outline Your Next Steps



How do you know whether a Life Insurance Retirement Plan is right for your family?

Contact your life insurance producer to help you:

1

Select the type of life insurance policy that fits your risk tolerance and time horizon.

2

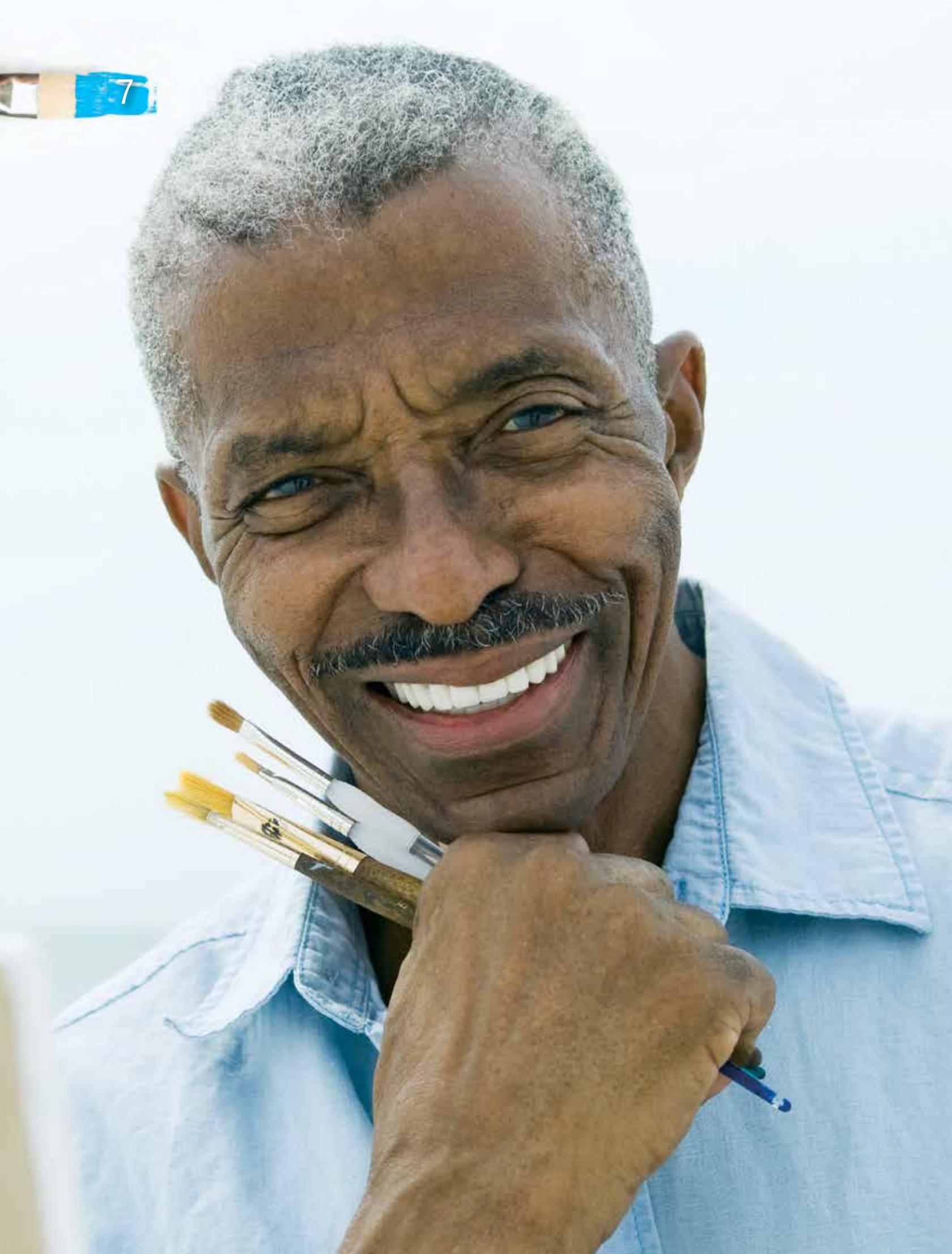
Structure the ownership and beneficiaries. Typically, you will be the owner and insured of the policy. As the owner, you designate the policy's beneficiaries.

3

Configure the policy's planned premiums to accept maximum premium payments relative to the desired death benefit. That way the policy's cash value has greater potential to grow over time.

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## Start Sketching the Plan

This fact finder is provided to help you and your life insurance producer better understand your goals and objectives. Please return the information to your life insurance producer and not to Pacific Life, as we cannot and do not provide financial, legal, or tax advice.

Insured \_\_\_\_\_ Date of Birth \_\_\_\_\_

Spouse \_\_\_\_\_ Date of Birth \_\_\_\_\_

Risk Status: Insured Smoker \_\_\_\_\_ Nonsmoker \_\_\_\_\_

Spouse Smoker \_\_\_\_\_ Nonsmoker \_\_\_\_\_

Combined Total Compensation \$ \_\_\_\_\_ Federal Tax Bracket \_\_\_\_\_ % State Tax Bracket \_\_\_\_\_ %

Retirement: Age \_\_\_\_\_ Annual Income \$ \_\_\_\_\_

Life Insurance In Force \$ \_\_\_\_\_ Death Benefit Required \$ \_\_\_\_\_

Include: Waiver of Charges Rider  Yes  No Disability Benefit Rider  Yes  No

Total Premium \$ \_\_\_\_\_ Years to Pay \_\_\_\_\_

Frequency:  Monthly  Quarterly  Semiannually  Annually

Beneficiaries:

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Any other information you would like to share:

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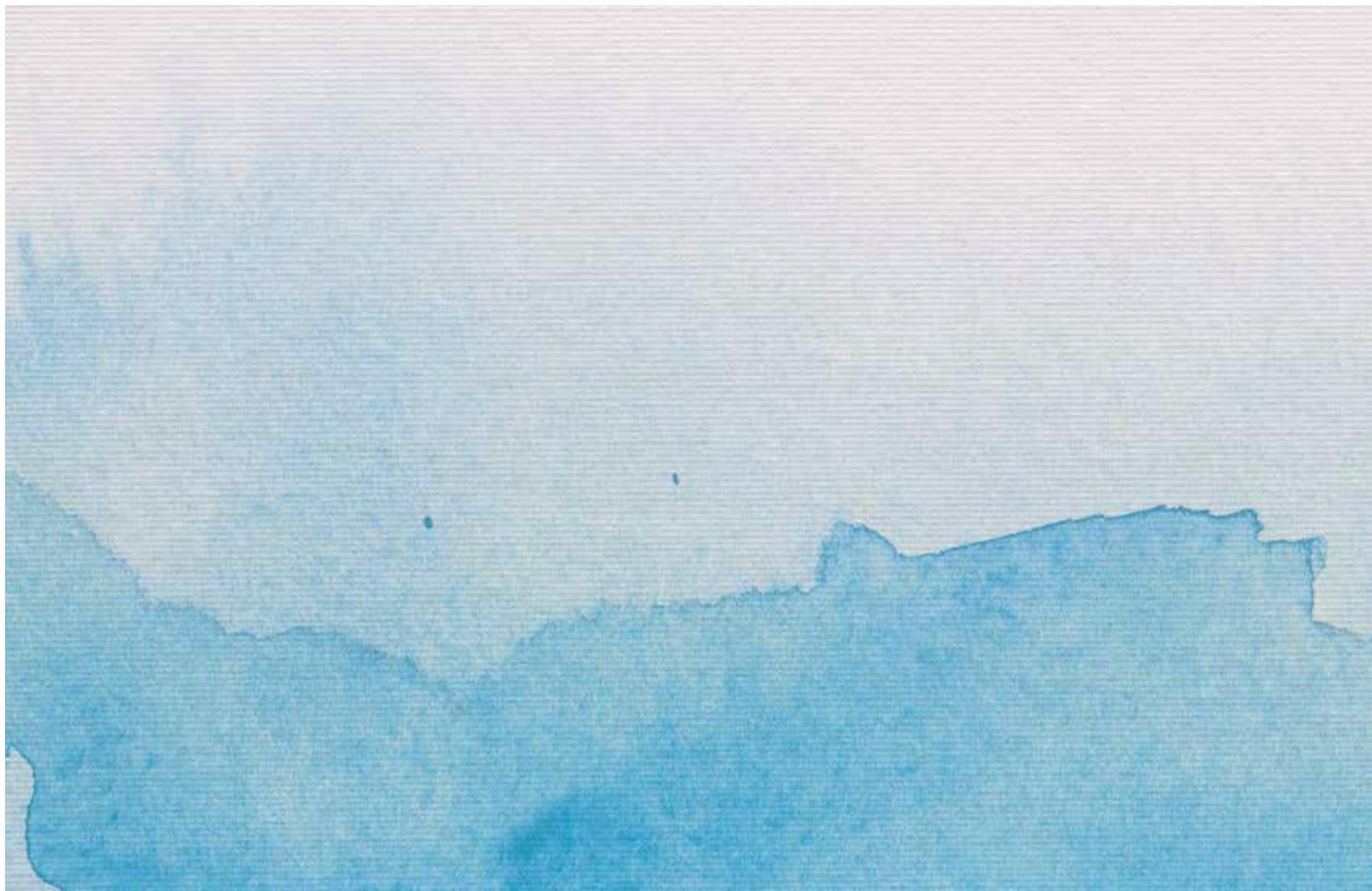


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**Notes**





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