

FLEX 16

Fixed-Premium, Interest-Sensitive Whole Life Insurance



Pacific Life Insurance Company



CLIENT GUIDE

Policy Form #P18ISL and S18F16 or ICC18 P18ISL and ICC18 S18F16,
based on state of policy issue.

Qualified Plans With Life Insurance

As a business owner, you have spent your career building your business into a successful enterprise. Now, your focus may be shifting to retirement. If you are looking for ways to help you save on taxes now, you may also be able to build a supplemental source of retirement income for later.

A qualified retirement plan using life insurance can help provide your family with death benefit protection now, supplement your retirement income later, and potentially help you attract, retain, and reward your employees. When used in a qualified plan, Flex 16 whole life insurance offers certainty, dependability, and a surprising amount of flexibility.

Learn how life insurance can help provide a valuable benefit for your employees as well as potential business savings for your business.

BENEFITS OF FLEX 16



Death Benefit Protection

Protect your employees with life insurance death benefit protection.



Stability

Guaranteed cash values and predictable premiums provide the stability needed in qualified plans.



Financial Flexibility

Flexible options allow your policy to respond to changing needs.

Keep in mind that qualified plans are complicated and are subject to specific rules and regulations. This brochure generally describes the use of whole life insurance as a funding vehicle for qualified plans and, in this context, outlines key features, and other information about Flex 16.

Contact your pension, tax and legal advisors, and your plan administrator for information specific to your situation.

In Business, Life Brings Change

A Flex 16 policy can provide the certainty of guarantees
and the flexibility to meet changing needs



GUARANTEED PROTECTION

Pay the policy's fixed premiums and the policy's protection is guaranteed. Your cash value is also guaranteed for ease of use with qualified plans requiring guaranteed values.

INTEREST-SENSITIVE GROWTH POTENTIAL

With Flex 16, your cash value may grow higher than guaranteed if we declare a current¹ interest crediting rate greater than the policy's 2% guaranteed annual minimum rate. Experience the certainty of guaranteed values with the greater potential of interest-sensitive whole life.

FIXED PREMIUMS

Premiums are set at policy issue for predictability. For your convenience, you may adjust your billing frequency at any time—choose monthly, quarterly, semi-annually, or annually.

FLEXIBILITY OF EXTENDED INSURANCE

With the Extended Insurance Option, you may stop premiums as long as you have sufficient cash value to pay ongoing policy charges. The Extended Insurance Option is a premium cessation option you can exercise after the policy's 61-day grace period after a scheduled premium payment date. Read more about it on page 4.

POLICY CHARGES

Life insurance is subject to underwriting and approval of the application and will incur monthly policy charges. Monthly policy charges include an Administrative Charge, Coverage Charge, Cost of Insurance Charge, and any applicable rider charges. Additionally, a premium load is deducted from each premium payment. Surrender charges apply for the first six policy years upon a full policy surrender. To understand how the policy charges will affect your policy's cash value, request a personalized illustration.

¹ Pacific Life Insurance Company reserves the right to change or modify any non-guaranteed or current elements. The right to modify these elements is not limited to a specific time or reason.

Whole Life Insurance With Flexibility

While qualified plans are permanent, situations can change. The life insurance policy you use to fund your qualified plan needs the agility to respond

Among the many flexible options available in a Flex 16 policy is the Extended Insurance Option, a premium cessation option available at the end of the 61-day grace period after a scheduled premium payment date.

If your policy enters into Extended Insurance, you gain the flexibility to stop your premium payments. As long as your policy's guaranteed cash value (net accumulated value) is sufficient to pay policy charges, your policy will remain in force. Also when a policy is in Extended Insurance, you gain the ability to take withdrawals from the available cash value or request a reduction in death benefit amount—features otherwise not available in your policy.

You also have one-time ability to exchange your Flex 16 policy for a new Pacific Life Insurance Company policy at any time during the eighth and ninth policy years through the Conversion Rider,² which is included in your policy at no additional charge. The issue of the new policy is guaranteed and you will not have to submit new evidence of insurability.

Most whole life insurance policies offer guarantees.

With Flex 16, you get the guarantees you need and the flexibility you want to help meet an unforeseeable future.

Any policy withdrawals, loans and loan interest will reduce policy values and may reduce benefits

Prior to making any policy changes, you should consult with your legal and pension advisors, including the plan's administrator, to make sure the plan and law permit such changes. While these policy features add flexibility, they may negate your policy's guarantees.

² Conversion Rider (Form #R18CON or ICC18 R18CON, based on state of policy issue). There are circumstances in which replacing your existing life insurance or annuity can benefit you. As a general rule, however, replacement is not in your best interest. You should make a careful comparison of the costs and benefits, including any applicable surrender charges, of your existing policy and the proposed policy to analyze how a replacement may affect your plan of insurance. Your life insurance producer should provide this detailed information to you and discuss whether replacement is in your best interest.



How May You Use Flex 16?

Your policy's potential uses are as dynamic as its design.



When you run a successful business, every dollar counts. How you incentivize your employees has to make sense to your company's bottom line. As a business owner, you can offer life insurance protection to employees and deduct your contributions to the qualified plan as a business expense, like defined benefit or defined contribution plans.

DEFINED BENEFIT PLANS

Defined benefit plans guarantee a certain benefit when the employee retires. Because the plan guarantees a certain percentage of the employee's salary in retirement, it relies on guaranteed crediting rates and cash values, like those found in Flex 16.

When life insurance is used to fund a defined benefit plan, a portion³ of the plan contributions may be used to pay life insurance premiums on a pre-tax basis. The contributions may then be tax deductible for the business as a business expense.

DEFINED CONTRIBUTION PLANS

In a defined contribution plan, the focus is not on the benefits the plan will pay at retirement, but on the maximum contributions allowable into the plan.

For example, in a 401(k) plan, the employee can contribute up to \$19,000 in 2019 on a pre-tax basis. The business may match the deferrals and make elective contributions up to the lesser of \$56,000 in 2019 or 100% of the employee's compensation. The contributions may be tax deductible for the business under the reasonable compensation limits established by Internal Revenue Code Section 162(a).

All qualified plans, including defined benefit plans, must comply with a complex set of rules under the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code.

In both the defined benefit and defined contribution plans described, participants will pay income taxes on distributions from the plan as well as an additional 10% penalty if taken prior to the participant's age 59½. The participant must also report the cost of the policy (premiums) as taxable income.

The adoption of a qualified plan requires the services of a qualified plan administrator. Pacific Life Insurance Company does not provide qualified plan administration services.

Contact your pension, tax and legal advisors, and your plan administrator for information specific to your situation.

³ Life insurance death benefits must be limited to an "incidental death benefit" under Treasury Regulation section 1.401-1(b)(1)(i).

The Power of Pacific

For more than 150 years, Pacific Life has helped millions of individuals and families with their financial needs through a wide range of life insurance products, annuities, and mutual funds, and offers a variety of investment products and services to individuals, businesses, and pension plans. Whether your goal is to protect loved ones or grow your assets for retirement, Pacific Life offers innovative products and services that provide value and financial security for current and future generations. Pacific Life counts more than half of the 100 largest U.S. companies as its clients and has been named one of the 2019 World's Most Ethical Companies® by the Ethisphere Institute. For additional company information, including current financial strength ratings, visit www.PacificLife.com.

*Pacific Life refers to Pacific Life Insurance Company and its affiliates, including Pacific Life & Annuity Company.
Client count as of June 2019 is compiled by Pacific Life using the 2019 FORTUNE 500® list.*

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PACIFIC LIFE

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Pacific Life Insurance Company's individual life insurance products are marketed exclusively through independent third-party life insurance producers, which may include bank affiliated entities. Some selling entities may limit availability of some optional riders based on their client's age and other factors. Your life insurance producer can help you determine which optional riders are available and appropriate for you.

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Not FDIC Insured	No Bank Guarantee	May Lose Value