Pacific Life Insurance Company

Gone, But Not Forgotten

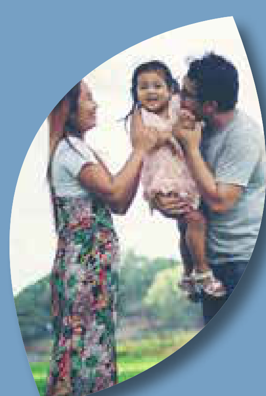
PRESERVING YOUR LEGACY WITH CASH VALUE LIFE INSURANCE PROTECTION

ICC22 22-VER-40

This is an insurance solicitation

"...They say you die twice. One time when you stop breathing and a second time when somebody says your name for the last time."

– Banksy, Artist



Creating a Lasting Legacy

Your primary legacy will likely be the positive impact you had on people or the fond memories they have of you. But memories tend to fade over time. What if you could leave your loved ones more than just memories?

Creating a financial legacy can help remind your loved ones of your impact and revive the memories you created together. The death benefit proceeds of life insurance can help you provide a financial legacy for your policy beneficiaries. Life insurance can also lend surprising flexibility during your lifetime through optional riders.

In fact, many of today's life insurance policies offer long-term care protection through optional riders that allow you to access some or all of your policy's death benefit to help you pay for long-term care expenses.[4] These highly flexible life insurance products can potentially benefit you during your lifetime and benefit your heirs after your death, thus enabling you to meet multiple goals.

Note: Long-term care riders should not be used with trust-owned life insurance policies where the insured is the trust grantor. Special consideration should be used when implementing trust planning. You should consult independent and qualified legal and tax advisors as part of your planning conversations.

DISCOVER LEGACY PLANNING WITH FLEXIBILITY—CASH VALUE LIFE INSURANCE

DEATH BENEFIT PROTECTION

Protect your family or estate with a tax-free[1] death benefit.

FINANCIAL FLEXIBILITY

With sufficient cash value to pay monthly policy charges, you may enjoy greater premium flexibility[2] or the ability to access the available cash value via tax-free policy loans and withdrawals.[3]

LONG-TERM CARE

Preserve assets by adding long-term care benefits to personally-owned policies.[4]
For details, see page 6.

1 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).

2. Cash value life insurance generally requires additional premium payments after the initial premium. If either no premiums are paid, or subsequent premiums are insufficient to continue coverage, it is possible that coverage will expire.

3 For federal income tax purposes, 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.

4 Riders will incur additional charges, are subject to availability, restrictions, and have certain exclusions and limitations. See back cover and contact your life insurance producer for complete details of rider coverage and costs. When considering a rider, request a policy illustration from your life insurance producer to see the rider's impact on your policy's values.

Considerations in Legacy Planning

Creating a proper plan can help ensure your heirs receive the inheritance you intend for them to receive. Here are some considerations to discuss with your independent and qualified legal and tax planning professionals.

WHEN YOUR CHILDREN ARE YOUR LEGACY

Flexible Legacy Planning—If you've earmarked certain assets to leave to your children, unexpected expenses may arise and you may need to access those assets, thus reducing the funds you leave to your children. To build flexibility into your legacy planning, consider buying a life insurance policy and naming your children as your policy beneficiaries. The policy's death benefit can become the asset you leave to your children while allowing you access to your existing assets.

Equitable Treatment of Heirs—While you may love all your children equally, will you be able to divide your assets among them equally? If you plan to leave a business or other difficult-to-divide asset to specific children, will you have enough other assets to leave your other children? Or, perhaps you want to leave something extra to a child who has sacrificed and acted as a caretaker for a family member. By purchasing a life insurance policy and naming specific children as your policy beneficiaries, the policy's death benefit can help ensure all that your children are treated according to your wishes.

Blended Family Dynamics—Modern family dynamics may be hard to account for with traditional estate planning options. For example, consider the traditional "all-to-spouse" will. If you leave everything to your spouse, there may be concern that he or she will not provide for your children from a prior relationship. Life insurance may allow you to use an "all-to-spouse" will and ensure that your children from a prior relationship receive the proceeds from your life insurance policy's death benefit and are treated equitably.

WHEN A CHARITY IS YOUR LEGACY

In addition to, or instead of, leaving a legacy to children, many people are charitably inclined and wish to leave a legacy to a university, hospital, or church.[5] Your name can live on, perhaps in an engraved plaque at your church or through a scholarship left in your name at your alma mater. One way to ensure a financial legacy for your favorite charity is to buy a life insurance policy and name the charity as your policy beneficiary.

WHEN YOUR GRANDCHILDREN ARE YOUR LEGACY

The Generational Divide—You may intend to leave a financial legacy that lasts for generations. But what if your children exhaust those assets and there is nothing left for your grandchildren? Buying a life insurance policy and designating your grandchildren as your policy beneficiaries may help you ensure a financial legacy for your grandchildren.

Avoiding Per Stirpes Inequality—Are you aware that the typical estate plan uses a "per stirpes" distribution scheme? This means your assets will be split evenly between your children and then pass to your grandchildren by right of representation. For example, if you have a son and a daughter, and your daughter has one child and your son has two children, and if your children predecease you, your son's children will have to split the inheritance, while your daughter's child will not. To leave an equal inheritance, you can use the life insurance death benefit to make up the difference by naming some or all of your grandchildren as the beneficiaries of the policy.

5 The amount of death benefit that is financially justifiable for a charity beneficiary is based on the insured's history of giving to the charity.

KEY QUESTION TO ASK

Would you like to leave a legacy?

What if you could give your heirs a gift to remember you by for the rest of their lives?

Gift for Life—Especially if your grandchildren are young when you pass away, they may have fewer memories of you. One way to revive those memories is to have your life insurance death benefit proceeds paid to them over a period of time, such as providing them annual "gifts" for a stipulated number of years or for their lifetime. There are two common ways to do so.

- **Trust Planning** –You may establish a trust for the benefit of your grandchildren either during your lifetime or stipulate its creation in your will. The trust will receive the lump-sum death benefit proceeds from your life insurance policy and then distribute the proceeds over a number of years to your grandchildren, thus ensuring that your grandchildren receive an annual check which may rekindle fond memories of you.
- **Policy Settlement Options** – Through the use of optional riders or policy settlement options, you may structure the life insurance policy's death benefit proceeds to be paid to your grandchildren over a number of years. For example, Pacific Life's Benefit Distribution Rider[6] is available on certain cash value life insurance products. By electing this rider, instead of a lump sum payment to manage, your policy's beneficiaries get a guaranteed monthly or annual income stream over 5 to 30 years. Additionally, Pacific Life may reduce policy charges in the form of nonguaranteed Benefit Distribution Rider Credit, which may reduce the impact of your policy charges on a nonguaranteed basis. Request a personalized illustration and talk to your life insurance producer for details.

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6 Pacific Life Insurance Company's Benefit Distribution Rider (Form #R15BDR) is optional at no additional rider charge. Once elected at issue, the rider's Periodic Payment elections may not be changed unless the policyowner is approved for an unscheduled Basic Coverage face amount increase as specified in the contract. Exercising other available riders may adversely affect or limit the Benefit Distribution Rider. On a nonguaranteed basis, Pacific Life may reduce policy charges through a Benefit Distribution Rider Credit. On a guaranteed basis, the rider's Periodic Payments of death benefit reflect a 2% level annual interest rate. If the rider is not elected, the beneficiary can elect to receive periodic payments under an Income Benefit plan we make available to them at the insured's death that may credit a higher or lower interest rate than the rider's 2% guaranteed rate. However, the election of an Income Benefit plan at the insured's death will not result in any nonguaranteed reduction of policy charges while the policy is in force.

The Long-Term Care Risk to Your Legacy

Long-term care expenses that occur later in life may reduce the likelihood of leaving a financial legacy to your children, grandchildren, or a charity. Life insurance may provide options to cover this risk as well.

While leaving a legacy is important, there may be certain unexpected health care costs that arise late in retirement. According to a recent study, Americans turning age 65 will have a 70% chance of needing long-term care services.[7] Depending on the type of care, the costs for long-term care can be staggering. Planning ahead is wise.

THE LEGACY/LONG-TERM CARE COMBO

By choosing a life insurance policy with a long-term care (LTC) rider, you may use the policy for dual purposes—legacy planning and long-term care protection.

Long-Term Care (LTC) (During Your Life)
With a long-term care rider on your life insurance policy, you may accelerate all or a portion of your policy's death benefit during your lifetime to help you pay for long-term care expenses.

Legacy Planning (Upon Your Death)
Your policy's beneficiaries will receive the policy's remaining death benefit as your financial legacy.

Tax laws relating to accelerated death benefits are complex. Receipt of accelerated death benefits may affect eligibility for public assistance programs such as Medicaid. Clients are advised to consult with qualified and independent legal and tax advisors for more information.

7 "How Much Long Term Care Will You Need?"; Administration of Community Living, US Department of Health and Human Services; https://acl.gov/ltc/basic-needs/how-much-care-will-you-need; Feb. 2020.

WHO MAY BE A GOOD FIT?

Individuals in or near retirement who:

- Are no older than age 75.
- Want to create a potential financial legacy for their children, grandchildren, or charity.
- Want to protect their assets from long-term care costs.
- Do not have sufficient long-term care coverage in place.
- Are in good health with no major medical impairments.

HOW DOES IT WORK?

A life insurance policy with an LTC rider can allow the policyowner to request pre-payment of part or all of the life insurance policy's death benefit if the insured becomes chronically ill (certified by a licensed health care practitioner or physician as having a chronic illness by being either unable to perform at least 2 of the 6 activities of daily living (eating, bathing, dressing, toileting, transferring and continence) or requiring substantial supervision due to a severe cognitive impairment) and receives qualified long-term care services.

The policy's death benefit will be reduced by any LTC rider benefit payments. Only the remaining death benefit not used for LTC benefit payments will go to leaving a financial legacy. Many of today's riders allow the policyowner to choose the amount of LTC coverage desired, up to the policy's face amount.

If you choose a lesser LTC coverage amount than your policy's death benefit, your policy beneficiaries will receive at least that amount of difference between the policy's death benefit and the policy's LTC coverage amount as their financial legacy, assuming you do not take any other policy loans, withdrawals, or other distributions that otherwise lower your policy's death benefit.

For example, if you bought a $1 million life insurance policy and you elected $500,000 in long-term care coverage, your policy beneficiaries would receive at least the remaining $500,000 in death benefit proceeds at your death. If you never needed long-term care, your policy beneficiaries would receive the full $1 million death benefit.

Talk to your financial professional and request a personalized illustration to see how you can create a flexible legacy plan using life insurance. You may be contacted by a life insurance producer as a result of your inquiry.

In order to sell life insurance a financial professional must be a properly licensed and appointed life insurance producer.

Pacific Life Insurance Company, its affiliates, their 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.

Pacific Life Insurance Company is a product provider. It is not a fiduciary and therefore does not give advice or make recommendations regarding insurance or investment products.

Important Disclosures

Long-term care riders have certain exclusions and limitations. For costs and complete details of the coverage, contact your life insurance producer.

Long-term care riders are subject to eligibility and underwriting approval. The policy to which the rider is attached is subject to a medical exam, Medical Information Bureau (MIB), and prescription report; and may include obtaining records from your physician, a Personal History Interview, and a Cognitive Assessment.

PACIFIC LIFE

Pacific Life Insurance Company
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Pacific Life Insurance Company is licensed to issue insurance products in all states except New York. Product/material availability and features may vary by state. Insurance products and their guarantees, including optional benefits and any crediting rates, are backed by the financial strength and claims-paying ability of the issuing insurance company. Look to the strength of the life insurance company with regard to such guarantees as these guarantees are not backed by the broker-dealer, insurance agency, or their affiliates from which products are purchased. Neither these entities nor their representatives make any representation or assurance regarding the claims-paying ability of the life insurance company.

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.

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.

Pacific Life's Home Office is located in Newport Beach, CA

Investment and Insurance Products: Not a Deposit	Not Insured by any Federal Government Agency	
Not FDIC Insured	No Bank Guarantee	May Lose Value

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