

PROTECT YOUR RETIREMENT From Sequence of Returns Risk



A Retirement Strategy That May Involve Life Insurance

Pacific Life Insurance Company

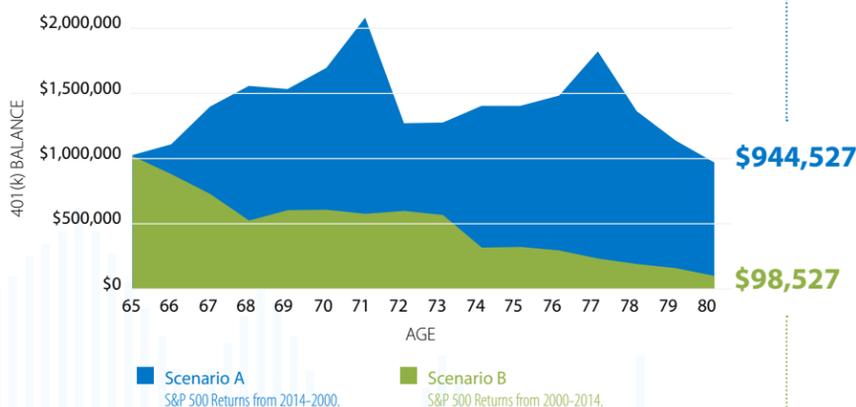
No one can consistently predict how stock, bonds, and other investments will perform, but you may be able to protect your retirement against the risk that you'll retire into a falling market.

When it comes to your portfolio's ability to support you throughout retirement, it's not just the average return that matters, but also the sequence of returns. Using actual S&P 500® returns from 2000–2014,¹ let's look at how the sequence of returns can impact a hypothetical retirement plan.

YOUR HYPOTHETICAL RETIREMENT

Let's say you retire at age 66 with \$1 million in your 401(k) account. You plan to withdraw \$50,000 annually and increase your withdrawals 2.5% each year to account for inflation. Both portfolios shown below earn the same average annual rate—6.07%.

The Potential Impact of Sequence of Returns Risk



EARLY GROWTH

In scenario A, your portfolio experiences strong early growth. Despite a series of negative returns in later years, your 401(k) account still has more than \$944,000 when you're 80 years old.

The difference between the two scenarios — **\$846k** — is due to the **SEQUENCE OF RETURNS.**



EARLY DECLINES

In scenario B, the sequence of returns is reversed. Early returns are negative, and late growth is not enough to overcome the early losses. When you reach 80 years old, you have less than \$100,000 in your 401(k) account.

Retiring into a falling market can have a dramatic impact on your retirement portfolio.

HOW CAN YOU PROTECT AGAINST SEQUENCE OF RETURNS RISK?

An indexed universal life insurance (IUL) policy may be able to help protect your loved ones while you save for retirement and help protect your retirement plan against sequence of returns risk.



4 TAX-FREE⁴ SUPPLEMENTAL RETIREMENT INCOME

By taking tax-free withdrawals from your policy's available cash value, you may be able to give the assets in your retirement portfolio time to recover and avoid locking in and compounding losses due to falling markets.

3 CASH GROWTH POTENTIAL

Your cash value is protected from market-based losses and is reduced only by policy charges, as well as any policy loans, withdrawals, or other distributions you take.

2 CASH VALUE PROTECTION

Your policy has the potential to accumulate cash value. The policy's indexed accounts credit interest based in part on the performance of major stock market indexes (excluding dividends).³

1 FINANCIAL PROTECTION FOR YOUR FAMILY

If you die while the policy is in force, your beneficiaries receive a tax-free² death benefit that helps protect them against the financial impact of your death.

Ask your financial professional⁵ if a cash value life insurance policy is right for you.

¹ Source: "S&P 500 Total Returns," Slick Charts. <https://www.slickcharts.com/sp500/returns>. Accessed 11/15/2019. Returns from 2000-2014 were -9.10% (2000), -11.89% (2001), -22.10% (2002), 28.68% (2003), 10.88% (2004), 4.91% (2005), 15.79% (2006), 5.49% (2007), -37.00% (2008), 26.46% (2009), 15.06% (2010), 2.11% (2011), 16.00% (2012), 32.39% (2013), 13.69% (2014).
² 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).
³ Indexed universal life insurance does not directly participate in any stock or equity investments.
⁴ 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 (any outstanding policy debt at time of lapse or surrender that exceeds the tax basis will be subject to tax); (3) withdrawals taken during the first 15 policy years do not cause, 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 §§ 72, 7702(f)(7)(B), 7702A. Any policy withdrawals, loans and loan interest will reduce policy values and may reduce benefits.
⁵ In order to sell life insurance products, a financial professional must be a properly licensed and appointed life insurance producer.

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POWER OF THE PACIFIC

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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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Life insurance is subject to underwriting and approval of the application and will incur monthly policy charges.

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