Pacific Life

Pacific Life Insurance Company

INDEXED PACIFIC ESTATE PRESERVER

Last Survivor Indexed Universal Life Insurance

SALES APPLICATIONS GUIDE – Concepts and Case Studies

Flexible. Efficient. Legacy Planning.

IPEP-4

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Welcome

Indexed Pacific Estate Preserver (IPEP) last survivor universal life (Policy Form #P09IEP) offers your clients flexible, efficient legacy planning and the ability to respond confidently to change through its dynamic features and riders.[1] But how do you know which IPEP features and riders will work best with which client needs?

To help you gain a solid understanding of IPEP's strengths, we've developed this sales applications guide. Through a series of concepts and case studies, you'll learn how IPEP's features and riders can be used to help accomplish different goals and objectives.

For a more thorough explanation of product features and riders, please consult the Rates & Values Book (15-29101) available from your Pacific Life representative, the Marketing Order Desk 800-800-7681 x3920, or the producers' Web site: Lifeline.PacificLife.com.

The Power to Do More.

1 *Riders will likely incur additional charges and are subject to state availability, restrictions and limitations. When considering a rider, clients should be shown a policy illustration with and without the rider with and without the rider to see the rider's impact on policy values.*

What is Indexed Pacific Estate Preserver (IPEP)?

The Indexed Pacific Estate Preserver (IPEP) is a last-survivor indexed universal life insurance policy that combines efficient wealth transfer with market-like growth and downside guarantees.

Efficient Wealth Transfer

Whether your client's legacy will be left to their family or their favorite charities, IPEP can help protect and preserve the assets they've built. Because the death benefit is paid federal income tax-free on the second death,[2] the policy can be an effective way for your clients to:

- Provide sufficient liquidity to pay estate taxes
- Equalize an inheritance among beneficiaries
- Fund long-term care for dependents with special needs
- Grant gifts to a favorite charity

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).*

Competitive Growth

The growth of IPEP's accumulated value is based in part on the performance of one of the most recognized stock indices available, the Standard & Poor's 500 Index® (S&P 500), excluding dividends.[3] While IPEP premiums are not invested into the S&P 500 directly, if the S&P 500 grows, clients' Indexed Accounts will also grow. With IPEP, clients can allocate premium into any combination of four accounts (see below). Each portion allocated to the Indexed Accounts will become a 'Segment' that matures in one or five years, depending on the account type. Once the Segment matures, it can be re-allocated (subject to limitations) however the client sees fit.

Indexed Pacific Estate Preserver Account Choices

High Par 5-Year Indexed Account*

- Unlimited Current Growth Cap *(Guaranteed: 15% over 5-year segment term)*
- 110% Current Participation Rate *(Guaranteed: 105%)*
- 0% Guaranteed Minimum Rate
- Lowest Liquidity, Highest Potential Crediting Rate

5-Year Indexed Account

- Unlimited Current Growth Cap *(Guaranteed: 15% over 5-year segment term)*
- 100% Participation Rate *(current and guaranteed)*
- 1% Guaranteed Minimum Annual Rate *(5.10% over 5 years)*
- Lowest Liquidity, Higher Potential Crediting Rate

1-Year Indexed Account**

- 12% Current Growth Cap *(Guaranteed: 3% annually)*
- 100% Participation Rate *(current and guaranteed)*
- 0% Guaranteed Minimum Rate
- Lower Liquidity, High Potential Crediting Rate *(up to Cap)*

Fixed Account

- Declared rate guaranteed for 1st policy year with periodic changes thereafter.
- 2% Guaranteed Minimum Rate
- Highest Liquidity, Lower Potential Crediting Rate than Indexed Accounts

* *Referred to as 5 Year Indexed Account 2 in the contract language and is subject to state availability.*
** *In PA, the 1-Year Indexed Account has a current Growth Cap of 11% and a guaranteed minimum rate of 1%.*

3 *Standard & Poor's 500 Index excludes dividends. The S&P 500 (Standard & Poor's 500® Composite Stock Price Index) is composed of 500 common stocks representing major U.S. industry sectors. "Standard & Poor's,"® "S&P,"® "S&P 500,"® "Standard & Poor's 500," and "500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by Pacific Life Insurance Company and Pacific Life & Annuity Company. The product is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing the product.*

IPEP Key Features

- Interest credited to the Indexed Accounts is based, in part, on the S&P 500 Index, making it easier for clients to understand how IPEP works.
- Guarantees high participation rates so clients capture more of the S&P 500's performance (within capped limits).
- Works well in trust planning, with long no-lapse guarantee protection up to younger insured's age 90 and flexible premiums (Medium Duration No-Lapse Guarantee Rider Form #R03FNL).
- Offers attractive access through low- and no-net-cost loans.
- Provides flexibility with riders that respond confidently to changing circumstances.

Target Markets:

- Estate Planning
- Death Benefit Protection
- Retirement Planning
- Premium Financing

Indexed Pacific Estate Preserver

– bringing a new choice to life.

Case Studies–
Identifying the Opportunities

Use IPEP to meet estate planning needs

Situation

Bob and Ellen Mayflower are concerned about their estate taxes. No one knows more about the changing tax environment than Bob, who is a CPA. He shows you his calculations, valuing their estate at $9.6 million—comprised mostly of illiquid assets such as their family business and real estate. He is concerned that their estate would be subject to estate taxes. Currently, a hefty 45% estate tax is levied on estates over $3,500,000 (per person exemption). Their concerns are:

- The future of estate tax law is uncertain and although a repeal of estate taxes is slated for one year in 2010, nothing is certain afterwards.[4]
- If their children inherit a tax burden, they may be forced to sell off valuable family assets to pay estate taxes.
- Life insurance can help but some policies may be inflexible. They don't want to be trapped in a product that won't allow them the ability to adapt if their need for estate tax protection changes.

Consider IPEP

An IPEP, even if held independently of an Irrevocable Life Insurance Trust, will provide life insurance coverage on both their lives to help offset the impact of estate taxes for their children. Additionally, IPEP offers a wide range of flexibility if their estate tax situation, and therefore their need for life insurance, changes.

4 *The federal estate tax exemption amount is $3,500,000 in 2009. The federal estate tax will be repealed on 1/1/10 until 12/31/10. Beginning in 2011, the federal estate tax will be reinstated with a federal tax exemption amount of $1,000,000 and a maximum estate tax rate of 55%. Congress continues to discuss and consider legislation that, if passed, would permanently repeal or otherwise lessen the impact of federal estate tax.*

and provide flexibility for changing needs.

IPEP Advantages

- **Medium Duration No-Lapse Guarantee Rider (Form #R03FNL) –** Provides security though a no-lapse guarantee that keeps the policy in-force up to the younger spouse's age 90. Even if an extended market downturn caused the accumulated value to fall to a level where it could no longer cover monthly deductions, this optional rider will keep the death benefit intact, provided the rider's no-lapse guarantee value remained greater than zero.[5, 6]
- **Flexible riders[6] that provide exit strategies** if circumstances change and their current need for life insurance shifts.
  - **Conversion Rider (Form #R06CON) –** Allows clients to convert to another available product in the eighth policy year without having to provide evidence of insurability or pay surrender charges. So if in the eighth year, the Mayflowers wanted more investment options, they could convert to variable universal life. Or, if they wanted less market risk, they could convert to universal life insurance. This rider gives them the flexibility to change their mind and try another product, without penalty.
  - **Policy Split Option Rider (Form #R03PSO) –** Allows them to split their IPEP policy into two new policies (any available at the time) to accommodate for changing financial needs. For example, if they divorced, after providing evidence of insurability, they could both carry away individual policies to do with as they pleased. Or, they could keep one policy for death benefit protection and use the other as a cash accumulation tool for supplemental retirement income.
  - **Enhanced Policy Split Option Rider (Form #R03ESO) –** Allows them to split their IPEP policy into two separate policies (any available at the time of split) without showing evidence of insurability, if certain estate tax laws change and their former policy is no longer needed in its entirety.

Solid Protection,
Flexible Options.

5 *The no-lapse guarantee value is not an actual policy value and may not be accessed through loans, withdrawals, or a full surrender. It is simply a calculation used to determine whether the no-lapse guarantee is in place.*

6 *Riders will likely incur additional charges and are subject to state availability, restrictions and limitations. Clients should be shown policy illustrations with and without a rider to show a rider's impact on policy values.*

Case Studies–
Identifying the Opportunities

Use IPEP in an Incentive Trust to reward and

Situation

Irrevocable Life Insurance Trusts can be structured in a variety of ways to provide a host of flexible estate planning options. Consider, for example, Art and Marilyn Maisely who have built a $10 million estate from the arts. Having fostered creativity in their family for years, they were thrilled when their two sons pursued careers in film direction. They want to continue to encourage involvement in the arts and want to pass on as much as possible to future generations. They are interested in the flexibility and upside potential of IPEP and have come to you for guidance.

Consider IPEP

Consider suggesting an Irrevocable Life Insurance Trust (ILIT) with an Incentive provision and an IPEP to fund it. If the trust's beneficiaries pursued careers in the arts, they would receive additional funds from the trust. The trust will keep the life insurance outside of the insured's taxable estate and the IPEP policy will provide sufficient liquidity to help pay estate taxes or purchase assets from the estate.

encourage certain behaviors in future generations.

IPEP Advantages:

- **Tax-Free Death Benefit**[7] – At the second death, the trust will receive federal income tax-free assets to help pay for estate taxes or purchase assets from the estate.
- **Optional no-lapse guarantee coverage to younger spouse's age 90** for security and ease of planning through the Medium Duration No-Lapse Guarantee Rider (Form #R03FNL).
- **Extra estate protection in early years,** through Estate Preservation Rider (Form #R07EPR) which pays an additional death benefit up to 123% of the total death benefit if both insureds die within the first four policy years. For the purposes of the calculation, the total death benefit is the sum of all Basic, SVER Term Insurance Rider–Last Survivor (Form #R09SVERL) and Annual Renewable Term Insurance Rider–Last Survivor (Form #R07ARL) coverages.
- **Adjustable death benefit options.** IPEP offers an abundance of choices when it comes to designing the right death benefit coverage for the Maisleys. They may choose from three death benefit options: A, B or C. To keep every dollar spent on life insurance benefiting the family, they may prefer Option C, which pays the Face Amount plus all premiums paid (less any withdrawals).[8] They can change their death benefit option, subject to certain restrictions (see page 12 for details).

  Furthermore, they can adjust death benefit coverage by using scheduled increases/decreases of the Varying Annual Renewable Term Rider–Individual (Form #R09ARI) or Annual Renewal Term Rider–Last Survivor (Form #R07ARL).

Estate Planning with Trusts,

protecting, preserving, passing forward.

7 *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).*

8 *The maximum issue age for Death Benefit Option C is 80. The Option C death benefit is limited. The Option C death benefit actually paid will never be more than the Option C Death Benefit Limit stated in the policyowner's policy specifications, unless a greater amount is necessary in order to satisfy the IRC Section 7702 Minimum Death Benefit requirements.*

Use an IPEP in a Spousal Lifetime Access Trust

Situation

Irrevocable Life Insurance Trusts are a popular feature in estate planning. However, access is usually restricted unless the trust contains an access provision. Another option for access in estate planning is a Spousal Lifetime Access Trust (SLAT). Consider, for example, Bernard and Mary McMadon who are in their 50's and have amassed an estate valued at $8 million. Their children are in college and Bernard is concerned that their children could inherit a potential estate tax burden. Additionally, he wants a tax-advantaged way to structure his assets to plan for both estate liquidity and potential retirement income. For this reason, he is interested in IPEP for its flexibility and upside potential.

Consider IPEP

Consider suggesting a Spousal Lifetime Access Trust (SLAT) funded with IPEP. Just as with other ILITs, the SLAT will exclude the IPEP policy from the estate's valuation for estate tax purposes. Additionally, as the grantor, Bernard can take advantage of gift tax exclusions[9] to gift funds to the trust and pay IPEP premiums. The benefit of a SLAT is that its spousal access provisions may allow his wife access – through the trustee – to the trust's assets, including IPEP's Accumulated Value. At the death of the second insured, any remaining death benefit would be paid to the trust, generally tax-free,[10] and those funds could be used to pay estate taxes or purchase assets from the estate.

9 *The annual gift tax exclusion is $13,000 (in 2009) per recipient and is indexed for inflation. The lifetime gift tax exemption amount is $1,000,000.*

10 *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).*

(SLAT) to combine estate planning with cash value access.

IPEP Advantages:

- **Competitive Growth of Cash Value** – The Indexed Accounts' crediting rates are based in part on the S&P 500, providing a nice benchmark for potential growth. Best yet, if the S&P 500 has a bad year, the guaranteed minimum interest rates in the accounts provide stop-losses that prevent erosion of the principal.
- **Extremely Attractive Loans** – The net interest cost of an IPEP loan is guaranteed at just 0.25%, and at 0% for loans taken after the sixth policy year on a non-guaranteed basis. Not only are IPEP loans low cost, they are generally received income tax-free[11] to further stretch clients' buying power – a real advantage when it comes to supplementing retirement income, should the McMadon's need it.
- **Accelerated Living Benefit Rider (Form #R06ALB)** – This rider provides security for the long-term. For example, after Bernard's death, Mary, as the surviving spouse, could access a portion of the death benefit, generally on a tax-free basis,[12] to help meet additional expenses if diagnosed as terminally ill (12 or fewer months to live).
  Benefits are subject to state requirements, may be subject to taxation, and may impact Medicaid benefits. Clients should consult their legal advisors for more information.
- **Annual Renewable Term Insurance Rider—Individual (Form #R09ARI)** – This rider provides an additional layer of life insurance protection and can be structured to cover just one life, or both lives on an individual basis. In this case, Bernard could be covered and when he dies, the trust would receive a death benefit to help see Mary through the remainder of her retirement.
- **Enhanced Policy Split Option Rider (Form #R03ESO)** – Since their estate is so close to the excludable estate tax amount ($7 million), they may be relieved to know that if certain estate tax laws change and their IPEP policy is no longer needed in its entirety, this rider would allow them to split their IPEP into two new policies without showing evidence of insurability. Depending on their new needs for the SLAT, they could structure these new policies to help meet new needs.
- **Automated Income Option (AIO)** – This convenient service takes distributions from the McMadon's policy cash surrender value and deposits them directly into their checking account. They can use AIO for any planned policy loans or partial withdrawals. With just one request, they can depend on a fixed payment, or an amount based on a fixed period of time, to be deposited on a regular basis.
  Available on policies seven years and older with a minimum of $50,000 accumulated value at the time your distributions begin. Changes to the amount and timing of distributions under the Automated Income Option (AIO) may cause future AIO distributions to be delayed for up to one year.

11 *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 Sec's.7702(f)(7)(B), 7702A. Any policy withdrawals, loans and loan interest will reduce policy values and may reduce benefits.*

12 *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).*

Use IPEP with premium financing

Situation

Billy Mason and his wife, Marsha, have invested over $2 million in breeding prize bulls. These bulls, in addition to their other ranch investments, have brought them success and their estate is now valued at $25 million. Most of their net worth is tied up in these and other illiquid assets and they are concerned about the estate tax burden their children will inherit.[13] Because they only have two children, they can't efficiently pass their estate by taking advantage of gift tax exclusions.[14] Instead, they would like to set up an ILIT and fund it with a life insurance policy. They would prefer to find alternate sources of funding the premiums than liquidating assets.

Consider IPEP with Premium Financing

By setting up an ILIT, the Masons can keep the value of their life insurance policy out of their estate valuation for estate tax purposes. By using Premium Financing to fund the premium payments, the Masons can keep their money invested in their ranch. Consider the following advantages of using an IPEP to fund the ILIT, particularly in regards to premium financing:

- **Easier qualification for premium financing loan with the SVER Term Insurance Rider–Last Survivor (Form #R09SVERL).** This rider provides higher cash values in the early years of the policy to help reduce the need for additional collateral that may be required by the third party lender to approve the loan.
- **High return potential helps control loan costs.** To help capture efficiencies in repaying their loan, the Masons gift loan interest payments into the ILIT. If they can do so by using their gift tax exclusions, these interest payments would be gift tax-free. Further efficiencies may be captured by IPEP's potential to build sufficient accumulated value to allow for the repayment of the loan prior to the second death.
- **Pay loan back with tax-free death benefit.**[15] Upon the second death, the ILIT can repay the loan from death benefit proceeds or from the sale of assets. Most premium financing cases will select the Option C Death Benefit (premiums paid plus Face Amount, less withdrawals).[16] However, to have the death benefit capture the upside potential of the Indexed Accounts, the Masons may select IPEP's Option B Death Benefit, which pays the Face Amount plus Accumulated Value.

13 *The federal estate tax exemption amount is $3,500,000 in 2009. The federal estate tax will be repealed on 1/1/10 until 12/31/10. Beginning in 2011, the federal estate tax will be reinstated with a federal tax exemption amount of $1,000,000 and a maximum estate tax rate of 55%. Congress continues to discuss and consider legislation that, if passed, would permanently repeal or otherwise lessen the impact of federal estate tax.*

14 *The annual gift tax exclusion is $13,000 (in 2009) per recipient and is indexed for inflation. The lifetime gift tax exemption amount is $1,000,000.*

15 *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).*

Leverage assets,
capture efficiencies.

to establish a cost-effective estate plan.

Premium Financing — at-a-glance

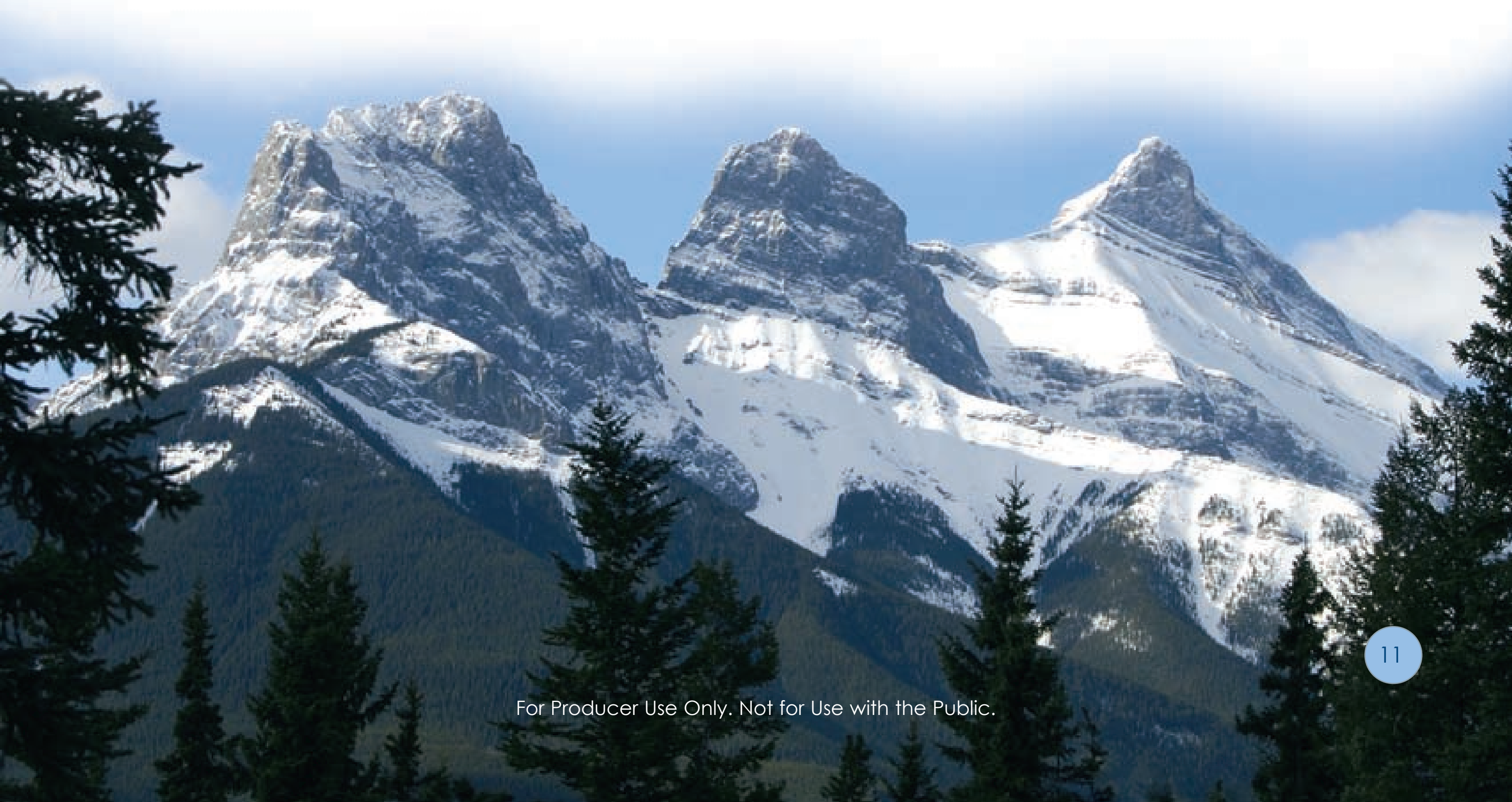
1. With their attorney, Masons establish ILIT.
2. ILIT borrows life insurance premiums from an unaffiliated third-party bank.
3. ILIT purchases life insurance on Masons.
4. Masons use gift-tax exclusion to gift loan interest payments into ILIT. Trustee,[17] in turn, makes loan interest payments to bank.
5. In order to approve the loan, bank will require collateral, sometimes including cash value and death benefit of life insurance policy.[18]
6. At second death, life insurance death benefit repays any outstanding loan.
7. Remainder of death benefit generally received by ILIT estate and income tax-free.[19]
8. Funds in trust can then be used to meet estate planning needs.

16 *The maximum issue age for Death Benefit Option C is 80. The Option C death benefit is limited. The Option C death benefit actually paid will never be more than the Option C Death Benefit Limit stated in the policyowner's policy specifications, unless a greater amount is necessary in order to satisfy the IRC Section 7702 Minimum Death Benefit requirements.*

17 *The trustee appointed should not be the insured or the insured's insurance professional. An insurance professional who is paid a commission on the sale of a life insurance policy represents both his or her personal interest and the interests of the trust, creating a conflict of interest.*

18 *By assigning the policy as collateral, the lender will gain certain rights over the policy's death benefit and cash values. Specifically, the assignment will grant the lender the right to surrender the policy, or make policy loans or withdrawals, in certain circumstances.*

19 *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).*



Indexed Pacific Estate Preserver
AT-A-GLANCE

Indexed Pacific Estate Preserver At-A-Glance

Product Type
Last survivor indexed universal life insurance policy

Minimum Face Amount at Issue
Basic = $1,000
Combined total of Basic + ARTR-LS + SVER-L = $100,000

Maximum Face Amount
Basic = No Limit
SVER-L = No Limit
ARTR-LS = At issue: 5 x (Base + SVER-L); Replacements or Multilife (25 lives or more) policies: 9 x (Base + SVER-L)

Issue Ages by Risk Class

Classification	Gender	Issue Ages
Preferred NonSmoker	Male, Female, Unisex	20-80
Standard NonSmoker	Male, Female, Unisex	20-90*
Standard Smoker	Male, Female, Unisex	20-90*
Juvenile	Not Available	
Guarantee Issue & Simplified Issue	Not Available	

** Issue age is 20-80 in CA.*

Death Benefit Options
A client's insurance needs may change over time. IPEP allows a policyowner to change Death Benefit Options, as well as increase or decrease the policy Face Amount. Available options:

Option A - Death Benefit is equal to the Face Amount of the policy.
Option B - Death Benefit is equal to the Face Amount plus the accumulated value.
Option C - Death Benefit is equal to the Face Amount plus all premiums paid, minus any policy withdrawals taken from the Accumulated Value.

The maximum issue age for Death Benefit Option C is 80. The Option C death benefit is limited. The Option C death benefit actually paid will never be more than the Option C Death Benefit Limit stated in the policyowner's policy specifications, unless a greater amount is necessary in order to satisfy the IRC Section 7702 Minimum Death Benefit requirements.

Face Amount changes may be made once a year:
- A change to Option A or Option B can occur once a year.
- Changes to Option C are not allowed.
- Death Benefit Option and Face Amount changes may affect the monthly insurance charges and may require evidence of insurability.
- Policy changes may cause the policy to become a Modified Endowment Contract (MEC). Please refer to the policy contract for more detailed information.

Death Benefit Qualification Tests
- Cash Accumulation Value Test (CVAT)
- Guideline Premium Test (GPT)

Policy Loans

Minimum: $200 and subject to the interest stated below.

Year	Policy Loan Interest	Interest Credited to Loan Amount	Net Cost of Loan
All Years (guaranteed)	2.25%	2.00%	0.25%
Policy year 1–5 (non-guaranteed)	2.25%	2.00%	0.25%
Policy year 6 and thereafter (non-guaranteed)	2.25%	2.25%	0.00%

Partial Withdrawals

Partial Withdrawals are available as follows:

- Policy has passed its first policy year
- Minimum of $200
- Maximum is account value, less surrender charge, policy debt, and $500.
- $25 service fee may apply (currently waived).

Premiums

- Premiums are flexible, with $50 minimum.
- Premium Modes: annual, semi-annual, quarterly, or monthly electronic funds transfer (EFT).

Premium Load

Deducted from each premium upon receipt prior to allocation to the Accumulated Value.

Maximum Premium Load:	7.80%
Current premium load vary by type of sale:	
Non-qualified (Owner is not a qualified plan):	6.80%
Qualified (Owner is a qualified plan):	5.30%
Non-qualified Internal Roll-in:	4.85%
Qualified Internal Roll-in:	3.35%

Note: Taking loans and withdrawals outside of the Automated Income Option (AIO) may trigger a 12-month Lockout that will prevent reallocations from the Fixed Account to the Indexed Accounts.

Coverage Charges

The Coverage Charge is a monthly per $1,000 charge. Since IPEP covers two individuals, rates are dynamically generated for each pair of insureds. The rates generated may vary by policy year. Current Coverage Charge is sum of Coverage Charges for Basic Coverage Face Amount and, if applicable, any SVER-L and ARTR-LS Coverages.

Coverage Type	Current Charges	Guaranteed Charges
Basic	Level years 1-10, then zero in years 11+.	Same as current charges for years 1-10, and a different level charge in years 11-20, followed by a higher level charge in years 21+.
SVER Term Insurance Rider– Last Survivor (SVER-L)	Non-level for 10 years, then zero in years 11+.	Same as current charges for years 1-10, and a different level charge in years 11-20, followed by a higher level charge in years 21+.
Annual Renewable Term Rider–Last Survivor (ARTR-LS)	Level for 10 years, then zero in years 11+.	Same as current charges for years 1-20, and a different level charge in years 21+.

Cost of Insurance Charges

Current: Cost of Insurance (COI) charges are a rate per $1,000 multiplied by the net amount at risk, deducted monthly.

Guaranteed: Uses 2001 CSO Aggregate Unismoker Rates (Male/Female/Unisex).

Riders

Riders will likely incur additional charges and are subject to state availability, restrictions and limitations. Clients should be shown policy illustrations with and without riders to show riders' impacts on policy values.

- Accelerated Living Benefit Rider (Form #R06ALB)
- Annual Renewable Term Rider—Individual (Form #R09ARI)
- Annual Renewable Term Rider—Last Survivor (Form #R07ARL)
- Conversion Rider (Form #R06CON)
- Enhanced Policy Split Option Rider (Form #R03ESO)
- Estate Preservation Rider (Form #R07EPR)
- Medium Duration No-lapse Guarantee Rider (Form #R03FNL)
- Policy Split Option Rider (Form #R03PSO)
- SVER Term Insurance Rider—Last Survivor (Form #R09SVERL)

Surrender Charges

- Length: 10 years.
- Grades down monthly.
- Not applicable to partial withdrawals; only a full withdrawal.

Policy charges will reduce the policy's effective rate of return.

Pacific Life–
Strength. Persistence. Performance.

Rely on the Strength of Pacific Life. Your clients can feel confident in the trust they've placed in us. Our organization is relatively unique among insurance companies. Because we are organized under a mutual holding company structure, our policyholders are members of the company. We have no publicly traded stock – we are an independent company that remains focused on long-term strategies, the strength of our company, and on making decisions that benefit our policyholders and clients. This long-term commitment, combined with Pacific Life's disciplined investment philosophy and industry's regulatory oversight, has prepared us well to weather the course even during volatile times.

Notes

Notes

This material is not intended to be used, nor can it be used by any taxpayer, for the purpose of avoiding U.S. federal, state or local tax penalties. This material is written to support the promotion or marketing of the transactions or matters addressed by this material. Pacific Life, its distributors and their 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.

PACIFIC LIFE

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Pacific Life Insurance Company is licensed to issue individual life insurance and annuity products in all states except New York. Product availability and features may vary by state.

Product and rider guarantees are backed by the financial strength and claims-paying ability of the issuing company.

Some selling entities, which may include bank affiliated entities, may limit availability of some optional riders based on their client's age and other factors. Your broker-dealer can help you determine which optional riders are available and appropriate for your clients.

Non-guaranteed elements are not guaranteed by definition. As such, Pacific Life reserves the right to change or modify any non-guaranteed element. This right to change non-guaranteed elements is not limited to a specific time or reason.

Pacific Life's individual life insurance products are marketed exclusively through independent third-party producers, which may include bank affiliated entities.

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

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