

# **Pacific Indexed Accumulator II**

**vs.**

## **A Side Fund**

### **Introduction**

A decision to acquire additional life insurance can represent one of several significant phases in your overall financial planning. An important part of this decision involves the comparison of the life insurance policy to alternative investment possibilities.

To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding life insurance compared to a Side Fund.

The study offers information from which you and your advisers can draw informed conclusions about the suitability of either plan.

Following are major features of the life insurance policy for you to consider as part of your overall assessment:

1. Accumulating cash values;
2. Income tax favored growth of cash values;
3. Competitive current rate of return;
4. Lifelong income options;
5. Tax free access to cash values through policy loans;
6. Income tax free death benefits for beneficiaries;
7. Probate free death benefits for beneficiaries;
8. Privacy of all transactions.

Favorable income tax consequences combine with significant policy values and benefits to produce a life insurance solution that has a considerable amount of financial leverage. This is particularly evident in the following presentation.

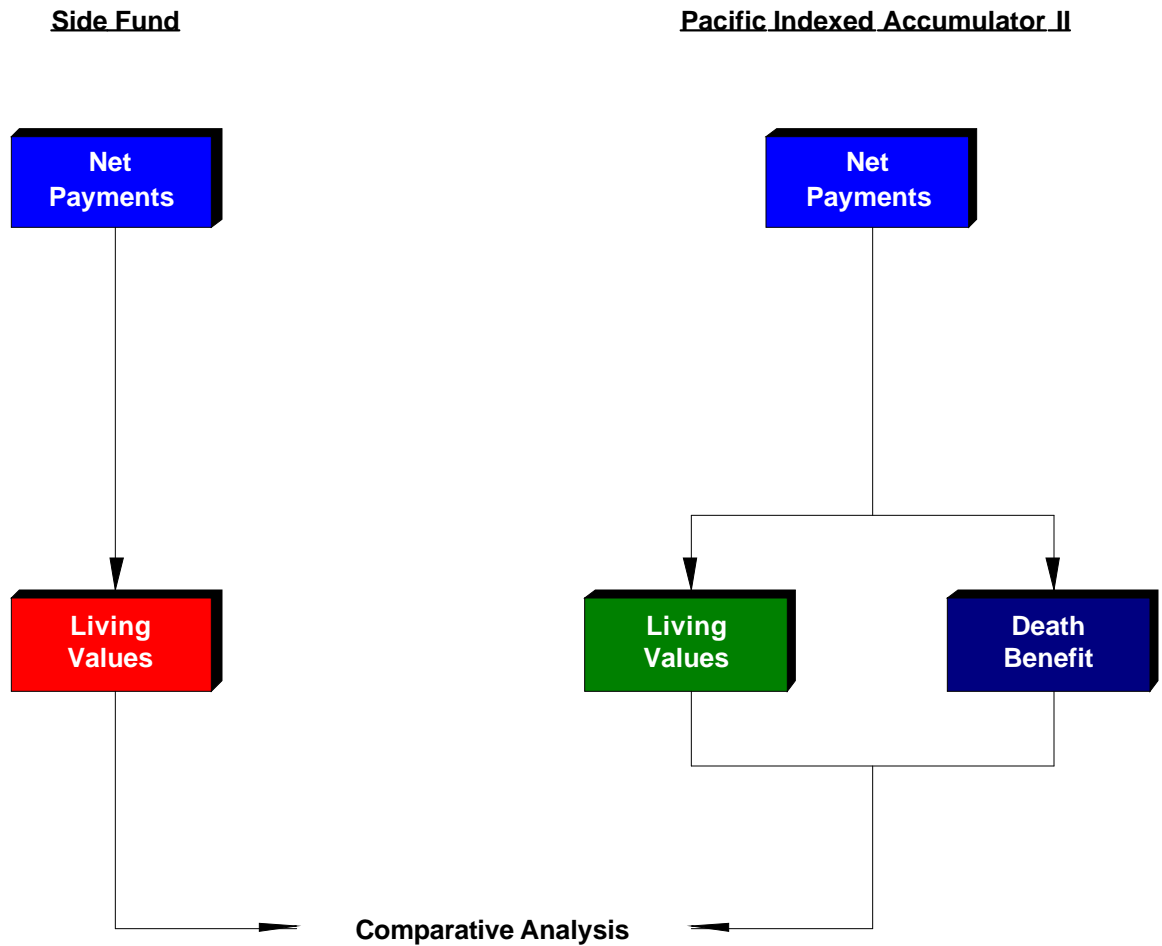
# Pacific Indexed Accumulator II vs. A Side Fund

Date: 03/01/2007

Presented By: Kenneth B. Sapon, LUTCF

For: Mr. Sample

## Flow Chart Analysis



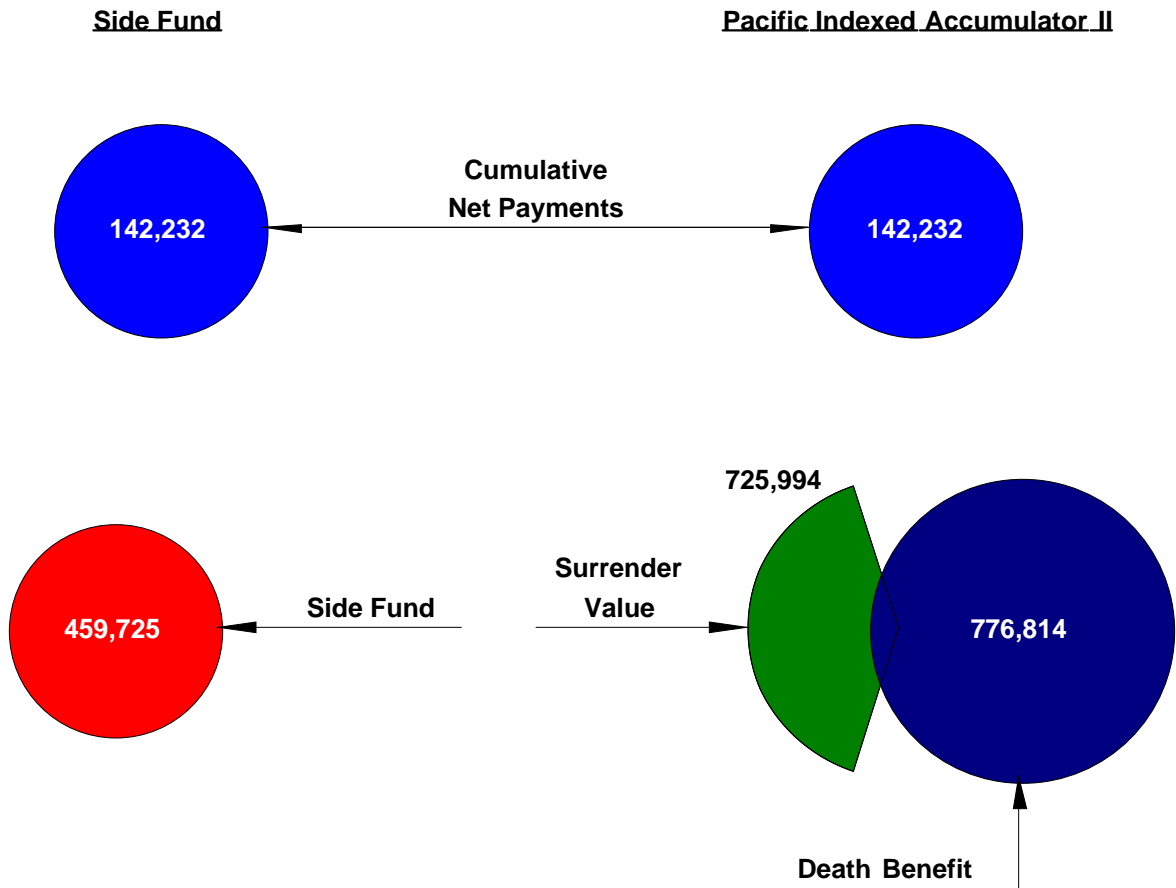
# Pacific Indexed Accumulator II vs. A Side Fund

Date: 03/01/2007

Presented By: Kenneth B. Sapon, LUTCF

For: Mr. Sample

## 20th Year Summary Analysis



# Pacific Indexed Accumulator II

vs.

## A Side Fund

Comparison Page: 1  
Date: 03/01/2007

Presented By: Kenneth B. Sapon, LUTCF

For: Mr. Sample

Male Age 55	Side Fund Yield 7.00%	Tax Bracket 39.00%	PIA 2 Interest Rate 7.00%	Initial Payment 100,000	Initial Death Benefit 1,405,598
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Year	Side Fund				Pacific Indexed Accumulator II			
	(1) Net Payment	(2) Pre-Tax Investment Income	(3) After Tax Investment Income	(4) After Tax Values	(5) Net Payment	(6) Year End Accum Value*	(7) Year End Surrender Value*	(8) Death Benefit
1	100,000	6,720	4,099	99,072	100,000	97,514	97,488	1,405,598
2	100,000	13,655	8,330	201,314	100,000	198,417	198,394	1,405,598
3	100,000	20,812	12,695	306,828	100,000	303,099	303,078	1,405,598
4	100,000	28,198	17,201	415,719	100,000	411,743	411,725	1,405,598
5	100,000	35,820	21,850	528,094	100,000	524,741	524,727	1,405,598
6	0	36,967	22,550	544,993	0	543,240	543,229	1,405,598
7	0	38,150	23,271	562,433	0	559,544	559,535	1,405,598
8	0	39,370	24,016	580,430	0	573,543	573,538	1,405,598
9	0	40,630	24,784	599,004	0	585,008	585,005	1,405,598
10	0	41,930	25,577	618,172	0	593,645	593,645	1,405,598
11	0	43,272	26,396	637,954	0	630,356	630,356	1,405,598
12	0	44,657	27,241	658,368	0	673,413	673,413	801,362
13	0	46,086	28,112	679,436	0	719,326	719,326	848,805
14	0	47,561	29,012	701,178	0	768,279	768,279	898,887
15	0	49,082	29,940	723,616	0	820,452	820,452	951,724
16	0	50,653	30,898	746,772	0	876,029	876,029	1,007,434
17	-89,442	46,013	28,068	678,364	-89,442	841,955	841,955	951,409
18	-89,442	41,225	25,147	607,768	-89,442	805,688	805,688	894,314
19	-89,442	36,283	22,133	534,912	-89,442	767,106	767,106	836,146
20	-89,442	31,183	19,022	459,725	-89,442	725,994	725,994	776,814
	142,232				142,232			

Sales charge on payments to column (1): 4.00%

Management fees reflected in column (4): 1.00%

### 20 Year Summary

\*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a proposal from Pacific Life.

	Side Fund	PIA 2
Death Benefit	459,725	776,814
Income Tax	0	0
Net Proceeds	459,725	776,814

# Pacific Indexed Accumulator II

## vs.

## A Side Fund

Comparison Page: 2  
Date: 03/01/2007

Presented By: Kenneth B. Sapon, LUTCF

For: Mr. Sample

Male Age 55	Side Fund Yield 7.00%	Tax Bracket 39.00%	PIA 2 Interest Rate 7.00%	Initial Payment 100,000	Initial Death Benefit 1,405,598
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Year	Side Fund				Pacific Indexed Accumulator II			
	(1) Net Payment	(2) Pre-Tax Investment Income	(3) After Tax Investment Income	(4) After Tax Values	(5) Net Payment	(6) Year End Accum Value*	(7) Year End Surrender Value*	(8) Death Benefit
21	-89,442	25,920	15,811	382,132	-89,442	681,875	681,875	715,968
22	-89,442	20,488	12,498	302,056	-89,442	634,721	634,721	668,300
23	-89,442	14,883	9,079	219,418	-89,442	584,576	584,576	620,216
24	-89,442	9,098	5,550	134,135	-89,442	530,790	530,790	568,411
25	-89,442	3,129	1,908	46,123	-89,442	473,098	473,098	512,611
26	-89,442	-3,032	-1,850	-45,168	-89,442	411,198	411,198	452,498
27	-89,442	-9,423	-5,748	-140,358	-89,442	344,774	344,774	387,747
28	-89,442	-16,086	-9,812	-239,613	-89,442	273,489	273,489	318,004
29	-89,442	-23,034	-14,051	-343,105	-89,442	196,983	196,983	242,893
30	-89,442	-30,278	-18,470	-451,017	-89,442	114,866	114,866	162,008
31	-89,442	-37,832	-23,078	-563,537	-89,442	26,722	26,722	74,915
32	0	-39,448	-24,063	-587,600	0	0	0	47,911
33	0	-41,132	-25,091	-612,690	0	0	0	48,989
34	0	-42,888	-26,162	-638,852	0	0	0	50,091
35	0	-44,720	-27,279	-666,131	0	0	0	51,218
36	0	-46,629	-28,444	-694,575	0	0	0	52,370
37	0	-48,620	-29,658	-724,233	0	0	0	42,839
38	0	-50,696	-30,925	-755,158	0	0	0	32,852
39	0	-52,861	-32,245	-787,403	0	0	0	22,394
40	0	-55,118	-33,622	-821,025	0	0	0	11,449
	-841,630				-841,630			

Sales charge on payments to column (1): 4.00%

Management fees reflected in column (4): 1.00%

#### 40 Year Summary

\*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a proposal from Pacific Life.

	Side Fund	PIA 2
Death Benefit	-821,025	11,449
Income Tax	0	0
Net Proceeds	-821,025	11,449

## Pacific Indexed Accumulator II vs. A Side Fund

Comparison Page: 3  
Date: 03/01/2007

Presented By: Kenneth B. Sapon, LUTCF

For: Mr. Sample

Male Age 55	Side Fund Yield 7.00%	Tax Bracket 39.00%	PIA 2 Interest Rate 7.00%	Initial Payment 100,000	Initial Death Benefit 1,405,598
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Year	Side Fund				Pacific Indexed Accumulator II			
	(1) Net Payment	(2) Pre-Tax Investment Income	(3) After Tax Investment Income	(4) After Tax Values	(5) Net Payment	(6) Year End Accum Value*	(7) Year End Surrender Value*	(8) Death Benefit
41	0	-57,472	-35,058	-856,083	0	0	0	11,707
42	0	-59,926	-36,555	-892,638	0	0	0	11,970
43	0	-62,485	-38,116	-930,754	0	0	0	12,239
44	0	-65,153	-39,743	-970,497	0	0	0	12,515
45	0	-67,935	-41,440	-1,011,937	0	0	0	12,796
46	0	-70,836	-43,210	-1,055,147	0	0	0	13,084
47	0	-73,860	-45,055	-1,100,201	0	0	0	13,379
48	0	-77,014	-46,979	-1,147,180	0	0	0	13,680
49	0	-80,303	-48,985	-1,196,165	0	0	0	13,987
50	0	-83,732	-51,076	-1,247,241	0	0	0	14,302
51	0	-87,307	-53,257	-1,300,498	0	0	0	14,624
52	0	-91,035	-55,531	-1,356,029	0	0	0	14,953
53	0	-94,922	-57,902	-1,413,932	0	0	0	15,289
54	0	-98,975	-60,375	-1,474,307	0	0	0	15,633
55	0	-103,201	-62,953	-1,537,259	0	0	0	15,985
56	0	-107,608	-65,641	-1,602,900	0	0	0	16,345
57	0	-112,203	-68,444	-1,671,344	0	0	0	16,713
58	0	-116,994	-71,366	-1,742,711	0	0	0	17,089
59	0	-121,990	-74,414	-1,817,124	0	0	0	17,473
60	0	-127,199	-77,591	-1,894,716	0	0	0	17,866
	-841,630				-841,630			

Sales charge on payments to column (1): 4.00%

Management fees reflected in column (4): 1.00%

\*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a proposal from Pacific Life.

### 60 Year Summary

	Side Fund	PIA 2
Death Benefit	-1,894,716	17,866
Income Tax	0	0
Net Proceeds	-1,894,716	17,866

## Pacific Indexed Accumulator II vs. A Side Fund

Comparison Page: 4  
Date: 03/01/2007

Presented By: Kenneth B. Sapon, LUTCF

For: Mr. Sample

Male Age 55	Side Fund Yield 7.00%	Tax Bracket 39.00%	PIA 2 Interest Rate 7.00%	Initial Payment 100,000	Initial Death Benefit 1,405,598
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Year	Side Fund				Pacific Indexed Accumulator II			
	(1) Net Payment	(2) Pre-Tax Investment Income	(3) After Tax Investment Income	(4) After Tax Values	(5) Net Payment	(6) Year End Accum Value*	(7) Year End Surrender Value*	(8) Death Benefit
61	0	-132,630	-80,904	-1,975,620	0	0	0	18,268
62	0	-138,293	-84,359	-2,059,979	0	0	0	18,679
63	0	-144,199	-87,961	-2,147,940	0	0	0	19,100
64	0	-150,356	-91,717	-2,239,657	0	0	0	19,529

-841,630

-841,630

Sales charge on payments to column (1): 4.00%

Management fees reflected in column (4): 1.00%

\*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a proposal from Pacific Life.

### 64 Year Summary

	Side Fund	PIA 2
Death Benefit	-2,239,657	19,529
Income Tax	0	0
Net Proceeds	-2,239,657	19,529

## Pacific Indexed Accumulator II vs. A Side Fund

Comparison Page: 5  
Date: 03/01/2007

Presented By: Kenneth B. Sapon, LUTCF

For: Mr. Sample

Male	Side Fund	Tax	PIA 2	Initial	Initial
Age	Yield	Bracket	Interest Rate	Payment	Death Benefit
55	7.00%	39.00%	7.00%	100,000	1,405,598

### Gross Interest Rate Required on a Side Fund to Match Pacific Indexed Accumulator II Policy Values over 64 Years

		Gross Interest Rate Required
To match Accumulation Value of:	\$0	10.20%
To match Surrender Value of:	\$0	10.20%
To match Death Benefit of:	\$19,529	10.22%

### Income Tax Considerations

1. : Interest is taxed as earned.
2. Pacific Indexed Accumulator II:
  - a. Death Benefit including cash value component is income tax free.
  - b. Loans are income tax free as long as the policy is kept in force.
  - c. Withdrawals and other non-loan policy cash flow up to cost basis (not in violation of IRC Section 7702) are income tax free as a return of premium.
  - d. Cash values shown assume most favorable combination of b and/or c.

This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a proposal from Pacific Life.





**Proposed Insured:** Mr. Sample  
 Male, Age 55  
 Preferred Nonsmoker

Death Benefit Option = Level  
 Total Initial Face Amount = \$1,405,598  
 Premium Payment Interval = Annual

**Presented By:**  
 Kenneth Sapon R.Ph., LUTCF  
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 Albuquerque, NM 87113

**Ledger Illustration  
 Non-Guaranteed Detail**

Yr	Age (BOY)	*Premium Outlay (BOY) (1)	Partial Withdrawal (BOY) (-2)	Net Annual Loan (BOY) (-3)	Net Outlay =(4)	--Non-Guaranteed Values (EOY) @ 7.00%--		
						Net Accumulated Value (5)	Net Cash Surrender Value (6)	Death Benefit (7)
1	55	100,000	0	0	100,000	97,514	97,488	1,405,598
2	56	100,000	0	0	100,000	198,417	198,394	1,405,598
3	57	100,000	0	0	100,000	303,099	303,078	1,405,598
4	58	100,000	0	0	100,000	411,743	411,725	1,405,598
5	59	100,000	0	0	100,000	524,741	524,727	1,405,598
6	60	0	0	0	0	543,240	543,228	1,405,598
7	61	0	0	0	0	559,544	559,535	1,405,598
8	62	0	0	0	0	573,543	573,538	1,405,598
9	63	0	0	0	0	585,008	585,005	1,405,598
10	64	0	0	0	0	593,645	593,645	1,405,598
<b>Total</b>		<b>500,000</b>	<b>0</b>	<b>0</b>	<b>500,000</b>			
11	65	0	0	0	0	630,356	630,356	1,405,598
12	66	0	0	0	0	673,413	673,413	801,362
13	67	0	0	0	0	719,326	719,326	848,805
14	68	0	0	0	0	768,279	768,279	898,887
15	69	0	0	0	0	820,452	820,452	951,724
16	70	0	0	0	0	876,029	876,029	1,007,434
17	71	0	89,442	0	-89,442	841,955	841,955	951,409
18	72	0	89,442	0	-89,442	805,688	805,688	894,314
19	73	0	89,442	0	-89,442	767,106	767,106	836,146
20	74	0	89,442	0	-89,442	725,994	725,994	776,814
<b>Total</b>		<b>500,000</b>	<b>357,768</b>	<b>0</b>	<b>142,232</b>			

**This illustration is not complete and cannot be presented without the Basic Illustration report. The Basic Illustration report begins with a page entitled Basic Illustration Summary. Please refer to the Basic Illustration Tabular Detail for guaranteed elements and other important information.**

\* A zero in the premium outlay column does not mean the policy is paid up. Charges will continue to be deducted from the Accumulated Value as long as the policy remains in-force. The actual premium amounts and number of years of premium payments that are needed to maintain the illustrated non-guaranteed policy benefits will depend on the policy's non-guaranteed elements and on your actual use of the policy's options.



**Ledger Illustration  
 Non-Guaranteed Detail**

Yr	Age (BOY)	*Premium Outlay (BOY) (1)	Partial Withdrawal (BOY) -(2)	Net Annual Loan (BOY) -(3)	Net Outlay =(4)	--Non-Guaranteed Values (EOY) @ 7.00%--		
						Net Accumulated Value (5)	Net Cash Surrender Value (6)	Death Benefit (7)
21	75	0	89,442	0	-89,442	681,875	681,875	715,968
22	76	0	52,790	36,652	-89,442	634,721	634,721	668,300
23	77	0	0	89,442	-89,442	584,576	584,576	620,216
24	78	0	0	89,442	-89,442	530,790	530,790	568,411
25	79	0	0	89,442	-89,442	473,098	473,098	512,611
26	80	0	0	89,442	-89,442	411,198	411,198	452,498
27	81	0	0	89,442	-89,442	344,774	344,774	387,747
28	82	0	0	89,442	-89,442	273,489	273,489	318,004
29	83	0	0	89,442	-89,442	196,983	196,983	242,893
30	84	0	0	89,442	-89,442	114,866	114,866	162,008
<b>Total</b>		<b>500,000</b>	<b>500,000</b>	<b>752,188</b>	<b>-752,188</b>			
31	85	0	0	89,442	-89,442	26,722	26,722	74,915
32	86	0	0	0	0	0	0	47,911
33	87	0	0	0	0	0	0	48,989
34	88	0	0	0	0	0	0	50,091
35	89	0	0	0	0	0	0	51,218
36	90	0	0	0	0	0	0	52,370
37	91	0	0	0	0	0	0	42,839
38	92	0	0	0	0	0	0	32,852
39	93	0	0	0	0	0	0	22,394
40	94	0	0	0	0	0	0	11,449
<b>Total</b>		<b>500,000</b>	<b>500,000</b>	<b>841,630</b>	<b>-841,630</b>			
41	95	0	0	0	0	0	0	11,707
42	96	0	0	0	0	0	0	11,970
43	97	0	0	0	0	0	0	12,239
44	98	0	0	0	0	0	0	12,515
45	99	0	0	0	0	0	0	12,796
46	100	0	0	0	0	0	0	13,084
47	101	0	0	0	0	0	0	13,379
48	102	0	0	0	0	0	0	13,680
49	103	0	0	0	0	0	0	13,987
50	104	0	0	0	0	0	0	14,302
<b>Total</b>		<b>500,000</b>	<b>500,000</b>	<b>841,630</b>	<b>-841,630</b>			

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\* A zero in the premium outlay column does not mean the policy is paid up. Charges will continue to be deducted from the Accumulated Value as long as the policy remains in-force. The actual premium amounts and number of years of premium payments that are needed to maintain the illustrated non-guaranteed policy benefits will depend on the policy's non-guaranteed elements and on your actual use of the policy's options.



**Ledger Illustration  
 Non-Guaranteed Detail**

Yr	Age (BOY)	*Premium Outlay (BOY) (1)	Partial Withdrawal (BOY) -(2)	Net Annual Loan (BOY) -(3)	Net Outlay =(4)	--Non-Guaranteed Values (EOY) @ 7.00%--		
						Net Accumulated Value (5)	Net Cash Surrender Value (6)	Death Benefit (7)
51	105	0	0	0	0	0	0	14,624
52	106	0	0	0	0	0	0	14,953
53	107	0	0	0	0	0	0	15,289
54	108	0	0	0	0	0	0	15,633
55	109	0	0	0	0	0	0	15,985
56	110	0	0	0	0	0	0	16,345
57	111	0	0	0	0	0	0	16,713
58	112	0	0	0	0	0	0	17,089
59	113	0	0	0	0	0	0	17,473
60	114	0	0	0	0	0	0	17,866
<b>Total</b>		<b>500,000</b>	<b>500,000</b>	<b>841,630</b>	<b>-841,630</b>			
61	115	0	0	0	0	0	0	18,268
62	116	0	0	0	0	0	0	18,679
63	117	0	0	0	0	0	0	19,100
64	118	0	0	0	0	0	0	19,529
65	119	0	0	0	0	0	0	19,969
<b>Total</b>		<b>500,000</b>	<b>500,000</b>	<b>841,630</b>	<b>-841,630</b>			

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\* A zero in the premium outlay column does not mean the policy is paid up. Charges will continue to be deducted from the Accumulated Value as long as the policy remains in-force. The actual premium amounts and number of years of premium payments that are needed to maintain the illustrated non-guaranteed policy benefits will depend on the policy's non-guaranteed elements and on your actual use of the policy's options.

\*Assumes that loans and withdrawals are requested and distributed in 12 equal monthly payments, in amounts that vary from year to year, beginning on the policy anniversary of the year in which loans and withdrawals begin.



**Completing the Application**

Information from this illustration that applies to the application is summarized in this section. For assistance with instructions on how to fill out the forms, please contact your Pacific Life Representative.

Premium and Billing Information  
Frequency of Payment: Annually

Life Insurance Coverage Information  
Product Name: Pacific Indexed Accumulator II  
Planned Annual Premium: \$100,000.00

**Basic Coverage \$1,000 + Riders/Other Coverage (Total) \$1,404,598 = Total Initial Coverage \$1,405,598**  
**Accounting Benefit Rider \$1,404,598**

Death Benefit Option: Option A (Level)

Life Insurance Qualification Test: Guideline Premium Test (GPT)

Guaranteed Cost of Insurance (COI) Period: 5

**Important Information**

<u>Premium Information</u>	Initial Min Premium	1,571.88	<b>Initial Target Premium</b>	<b>50,025.23</b>
<u>Tax Information</u>	MEC	No	Initial GSP	548,175.10
	Initial 7-Pay Premium	100,000.01	Initial GLP	53,070.90
<u>Additional Premium</u>	Internal Roll-In	0.00	1035 Exchange	No
	Initial External Roll-In	0.00	Qualified	No
<u>Term Type</u>	ART Term Type	N/A		
<u>NLG Information</u>	ST NLG Premium	20,505.81		
	ST NLG Duration	13		
<u>General Information</u>	Initial Surrender Charge Concept	26.07 Ledger	Initial Indexed Acct Rate	7.00%
			Initial Fixed Acct Rate	5.00%
<u>Underwriting</u>	Underwriting Type	Underwritten		
		<u>First Insured</u>		
	Status	Preferred Nonsmoker		
	Letter Rating	None		
	Flat Extra	0.00		

**New Business Forms**

State specific forms required for submitting new business may be obtained by going to one of the following locations:  
1) **Navigator** - Click on the Forms button on the toolbar and follow the Lifeline Web Site instructions below.  
2) **Lifeline Web Site** ([www.lifeline.pacificlife.com](http://www.lifeline.pacificlife.com)) - Go to the Forms and Materials section of Lifeline.  
3) **Order by phone** - Call the Supply Order Desk at 1-800-800-7681, ext. 3920

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