

Is Your Client's Retirement Picture *Unfinished?*



PACIFIC LIFE

Pacific Life Insurance Company



Help Complete Retirement with Life Insurance



What's *Missing* From Your Client's Retirement?

**When should I start
Social Security?**

How long will I live?


**What will impact
retirement savings?**

**What is long-term
care (LTC)?**

**Can I leave a legacy
to my family?**

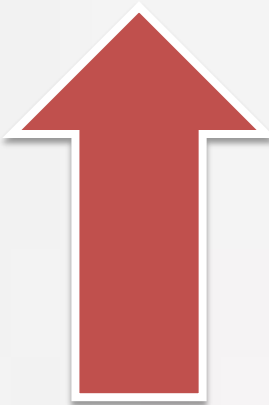


When To Start Social Security?



Early Retirement Age

- Smaller monthly benefit, potentially longer number of years



Older Retirement Age

- Higher monthly benefit, potentially shorter number of years

“If you live to the average life expectancy for someone your age, you will receive about the same amount in lifetime benefits no matter whether you choose to start receiving benefits at age 62, full retirement age, age 70, or any age in between.”

Source: “When to Start Receiving Retirement Benefits”, SSA Publication No. 05-10147, August 2012. www.socialsecurity.gov, April 2013.



Is Your Client Considering “*Early Retirement*”?

Individual

- Easy to establish an “employee” is retired for Social Security purposes.

Business Owner

- More difficult to “establish” retirement
- Social Security Administration requests “evidence” to determine “level” of retirement

“Early Retirement” is defined as age 62 or any age prior to the applicant’s full retirement age as defined by the Social Security Administration. April 2013, www.Socialsecurity.gov.

Social Security: Help Your Clients Know Their Options

Employee or Business Owner:

Business Owner:



When To Start Receiving Retirement Benefits

At Social Security, we're often asked, "What is the best age to start receiving retirement benefits?" The answer is that there is no one "best age" for everyone and, ultimately, it is your choice. You should make an informed decision about when to apply for benefits based on your individual and family circumstances. We hope the following information will help you understand how Social Security can fit into your retirement decision.

Your decision is a personal one

Would it be better for you to begin receiving benefits early with a smaller monthly amount or wait for a larger monthly payment later that you may not receive as long? The answer is highly personal and depends on a number of factors, such as your current cash needs, your health and family longevity, whether you plan to work in retirement, whether you have other retirement income sources, your anticipated future financial needs and obligations, and, of course, the amount of your future Social Security benefit. We hope you will weigh all the facts carefully and consider your own circumstances before making the important decision about when to begin receiving Social Security benefits.

Monthly payments differ substantially based on when you start receiving benefits

If you live to the average life expectancy for someone your age, you will receive about the same amount in lifetime benefits no matter whether you choose to start receiving benefits at age 62, full retirement age, age 70 or any age in between. However, monthly benefit amounts can differ substantially based on your retirement age. Basically, you can get lower monthly payments for a longer period of time or higher monthly payments over a shorter period of time. The amount you receive when you first get benefits sets the base for the amount you will receive for the rest of your life, though you do receive annual cost-of-living adjustments and, depending on

your work history, may receive higher benefits if you continue to work.

The following chart provides an example of how your monthly benefit amount can differ based on the age at which you decide to start receiving benefits.

| Age You Choose to Start Receiving Benefits | Monthly Benefit Amount |
|--|------------------------|
| 62 | \$5,250 |
| 63 | \$5,425 |
| 64 | \$5,600 |
| 65 | \$5,775 |
| 66 | \$7,000 |
| 67 | \$7,225 |
| 68 | \$7,450 |
| 69 | \$7,675 |
| 70 | \$7,900 |

Let's say your full retirement age is 66 and your monthly benefit starting at that age is \$7,000. If you choose to start getting benefits at age 62, your monthly benefit will be reduced by 25 percent to \$5,250 to account for the longer period of time you receive benefits. This is generally a permanent reduction in your monthly benefit.

If you choose to not receive benefits until age 70, you would increase your monthly benefit amount to \$7,900. This increase is from delayed retirement credits you get for your decision to postpone receiving benefits past your full retirement age. The benefit amount at age 70 in this example is 32 percent more than you would receive per month if you chose to start getting benefits at full retirement age.

Retirement may be longer than you think

When thinking about retirement, be sure to plan for the long term. Many of us will live much longer than the "average" retiree, and, generally, women tend to live longer than men. About one out of every four 65-year-olds

[print]
www.socialsecurity.gov

Source: www.SocialSecurity.gov, August 2012

When You Retire From Your Own Business: What You Need To Know

If you own and operate a business, are younger than full retirement age and are getting ready to retire, Social Security needs to know whether you will retire completely or whether you still plan to work. If you are at full retirement age or older, you can get all your Social Security benefits whether you retire from your business or not.

When you work for someone else, it is easy to determine whether you are "retired." Your paycheck tells the whole story. But when you work in a business that you (or your family) own, or you are an officer in a corporation, it is not as simple. Because you may be in a position to control your earnings, you may need to give Social Security more information—such as tax returns or corporate records—when you apply for benefits. This will help us determine your retirement benefit amount. Your earnings must match the work you do. You cannot pay yourself a smaller salary to stay under Social Security's earnings limits.

How earnings reduce your Social Security benefit

Earnings limits may change each year. If you are younger than your full retirement age in 2012, you can earn up to \$14,640 without affecting your benefits. For every \$2 you earn over this limit, we will withhold \$1 in benefits. If you will reach your full retirement age in 2012, your benefits will be reduced by \$1 for every \$3 you earn over \$36,080 until the month you reach full retirement age. When you reach full retirement age, your Social Security benefits will not be reduced no matter how much you earn.

Full retirement age was 65 for many years. However, beginning with people born in 1938 or later, that age gradually increases until it reaches 67 for people born after 1959. For example, the full retirement age for people born in 1943 through 1954 is 66.

Are you really retired?

When you apply for Social Security benefits, there are several situations requiring additional information and evidence to determine your level of retirement. For example, additional questions would be appropriate if you are—

- Involved in a family business and another family member is assuming some, or all, of your duties.
- Continuing to render services for the business at a reduced rate of compensation.
- In a position to control your earnings.
- Still the owner or part-owner of a business and own stock in the business, or
- Splitting wages with others (dividing former salary between you and your spouse or children, for example).

Additional evidence that may be needed

In addition to the retirement benefit application, we will ask you to tell us about your retirement plans. We may ask you to complete a Self-Employment/Corporate Officer Questionnaire (Form SSA-4184) to provide us with information we need to determine whether you are retired. We also may ask for additional documentation such as personal and business tax returns, corporate resolutions, stock transfer agreements, and resignations. We pay special attention to situations in which your salary has been reduced, but you are compensated through another form of payment. These may include an increase in dividends, an increase in salary to another family member (with no change in responsibility), excessive rent or loan payments, and unexplained business expenses.

www.socialsecurity.gov

Source: www.SocialSecurity.gov, January 2012



**What Will
Potentially
Impact
Retirement
Savings?**

- Life Expectancy
- Long-Term Care Costs
- Inflation
- Investment Performance



How *Long* Will Your Client Live?

Retirement & Survivors Benefits

Home FAQs Contact Us Text Size Search GO

Life Expectancy Calculator

This calculator will show you the **average number** of additional years a person can expect to live, based only on the gender and date of birth you enter.

Gender

Date of Birth

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 Last reviewed or modified Monday May 13, 2010

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Lifeline for Life Insurance Producers

Welcome to Lifeline. You are logged in as alyce.peterson.

eApplication Wizard | Navigator Online | Planned Performance Tracking (Policy Mgmt)

Resource Center | Advanced Sales Ideas | **Product Information** | Funds & Performance | Underwriting & New Business | In-Force Business | Forms & Sales Materials

Life Expectancy Calculator

Home > Product Information > Product Tools > Life Expectancy Calculator > Life Expectancy Calculator

Are your clients curious about general life expectancies and mortality probabilities? Should they consider both lifetime and shorter term guarantees with their life insurance policy?

Calculate your client's life expectancy and mortality probabilities (based on the 2008 CSO Valuation Basic Table) with the inputs below.

* Indicates required fields.

Please contact the Underwriting department to learn more about Risk Class, Table Rating, Flat Extra, and Flat Extra Duration.

Life Expectancy Calculator

Type of Policy *

Age *

Risk Class *

Table Rating

Flat Extra \$0-20 per \$1,000/yr

Flat Extra Duration 0-20 years

Life expectancy and mortality probabilities are based on the Society of Actuaries 1st insured male/female smoker/nonsmoker and, if joint life is selected, 2nd insured male/female smoker/nonsmoker 2008 CSO Valuation Basic Table, adjusted for substandard mortality factors. The 2008 CSO Valuation Basic Table is based on average mortality experience for standard insureds across several life insurance companies. Other tables will generate different life expectancy and mortality probabilities.

Individual life expectancy and mortality probabilities will be a function of unique circumstances, such as current health and lifestyle, and will certainly be different than those illustrated, which represent an average of a large group.

Pacific Life and Pacific Life & Annuity do not use the 2008 CSO Valuation Basic Table to determine the policy's cost of insurance rates. The substandard factors (Table Rating and Flat Extra factors) used in the calculation of life expectancy may be different than the factors used in policy charges.

www.socialsecurity.gov

<https://lifeline.PacificLife.com>

INFLATION & INVESTMENT PERFORMANCE



Will Retirement
Assets Be Enough?



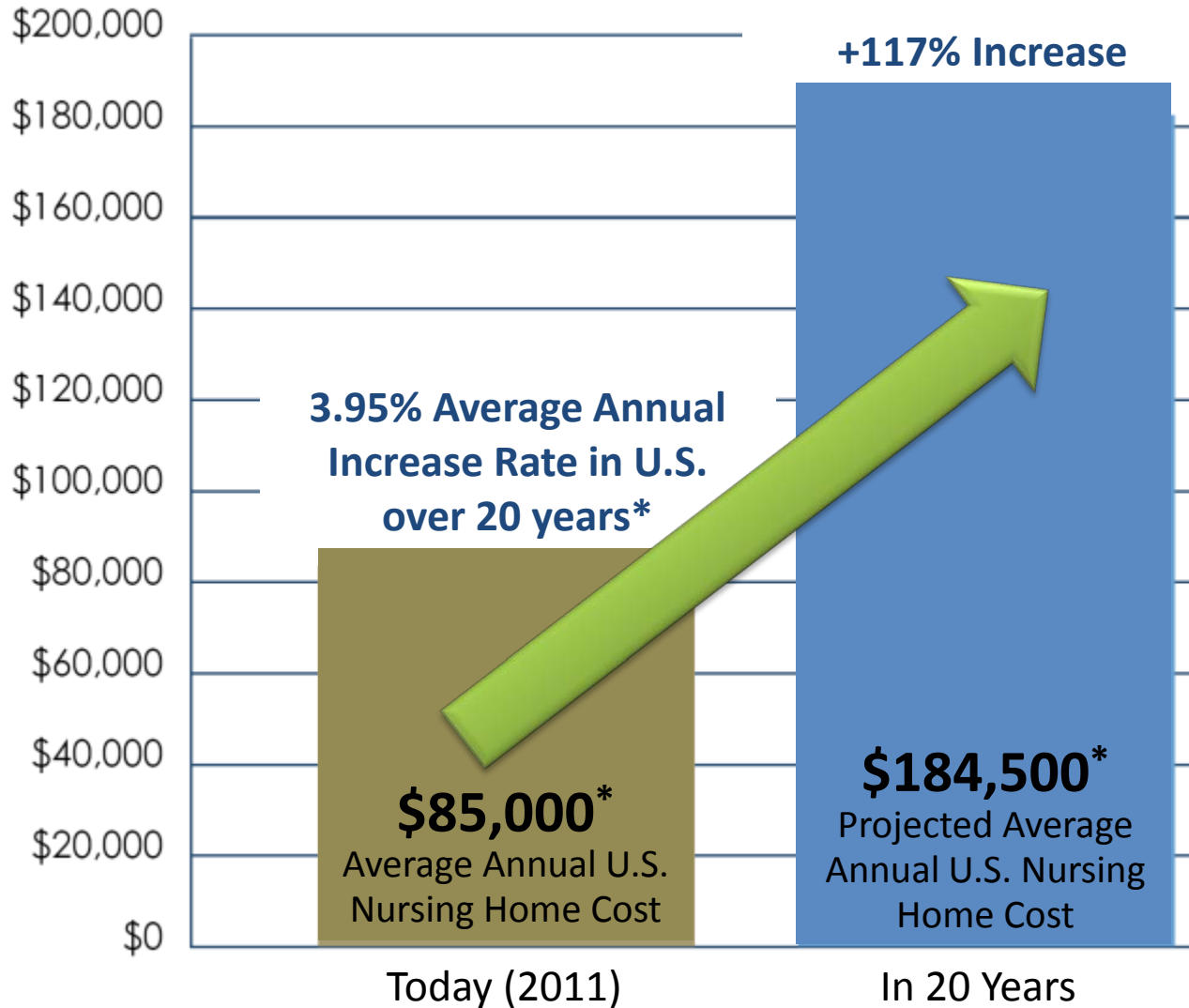
What Is Long-Term Care?



*If your
client:*

- Is unable to care for his or herself for an extended period of time.
- Has a chronic illness or disability.
- May need more than medical care and nursing care.

Rising Costs of Long-Term Care



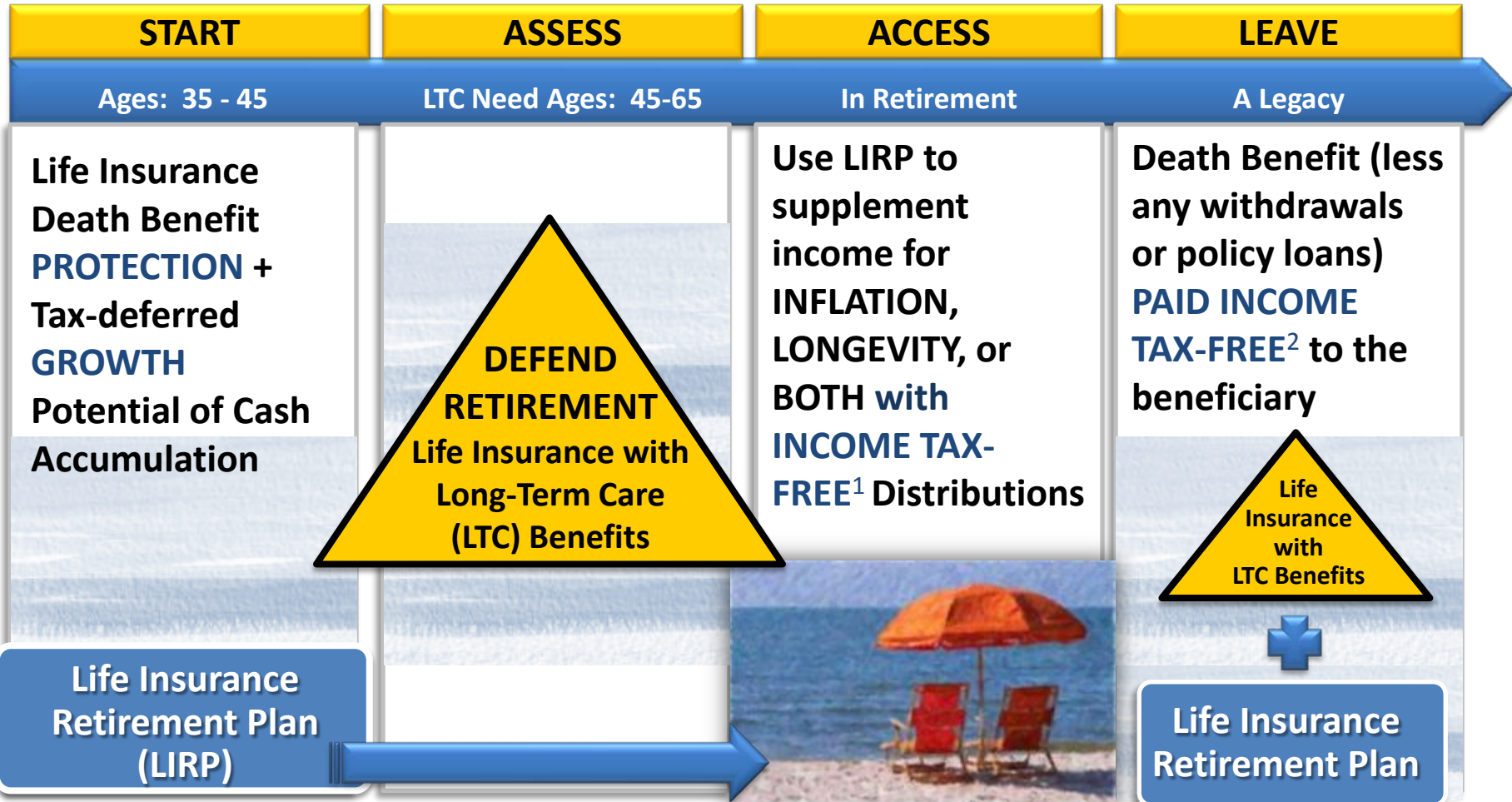
70%

Of Americans Age 65+ will need some type of long-term care[†]

*Average annual U.S. nursing home costs in 2011 and in 20 years (assuming costs increase each year by 3.95%, the average annualized increase of U.S. nursing home costs from 1994 to 2011). 2012 Sourcebook for Long-Term Care Insurance, American Association for Long-Term Care Insurance.

† U.S. Administration on Aging, Department of Health and Human Services, Dec. 2012. (202) 619-0724.

Help Your Client With Their *Retirement Picture*



¹Tax-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 §§ 7702(f)(7)(B), 7702A. Any policy withdrawals, loans and loan interest will reduce policy values and may reduce benefits.

²For federal income tax purposes, life insurance death benefits generally pay income tax-free to beneficiaries pursuant to IRC Section 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 Section 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 Section 101(j). Additionally, a portion of the Pacific PremierCare Advantage's Death Proceeds may be income taxable if the policy was issued as part of an IRC Sec. 1035 income tax-free exchange. Clients should consult with qualified and independent legal and tax advisors.

Pacific Life Insurance Company's Pacific PremierCare Advantage (Policy Form #P12PPC or ICC12 P12PPC — policy form number based on state in which policy is issued) is a flexible premium adjustable life insurance policy with long-term care insurance payable through reimbursements.



Pacific Life Insurance Company's
Pacific PremierCare Advantage⁴

Universal Life Insurance with Long-Term Care Benefits

If your client needs long-term care:

- Covered expenses are reimbursed⁵
- Tax-free⁶ benefits
- Choice of benefit periods and 3 inflation options⁷

⁴ Pacific Life Insurance Company's Pacific PremierCare Advantage (Policy Form #P12PPC or ICC12 P12PPC — policy form # based on state in which policy is issued) is flexible premium adjustable life insurance policy with long-term care insurance payable through reimbursements. Pacific PremierCare Advantage is not a Partnership Qualified product. For more information on Partnership Qualified products, please contact your state department of insurance.

⁵ Reimbursements for covered long-term care expenses are subject to an elimination period and are provided by the Accelerated Benefit Rider (ABR) for Long Term Care (Form #R12ABR or ICC12 R12ABR) and the Extended Benefit Rider (EBR) for Long Term Care (Form #R12EBR or ICC12 R12EBR). (Rider form numbers vary based on state in which policy is issued.) The amount and duration of the maximum long-term care benefits will be based on the benefit options elected at time of application. Coverage elected for longer than two years is only provided through a combination of the ABR and EBR. Actual amount and duration of long-term care benefits will vary based on the use of policy benefits and features. Covered long-term care expenses will be reimbursed until the total long-term care benefits are exhausted, which may vary from the elected duration. Premiums for long-term care benefits will vary depending upon the benefit options elected. Charges for the ABR, EBR, and any Inflation Benefit Option are included in the initial premium payment.

⁶ Pacific PremierCare Advantage is intended to provide federally tax-qualified long-term care insurance as defined in IRC Section 7702B(b). If there are any questions concerning the tax implications of this product, qualified and independent legal and tax advisors should be consulted. Policy benefits are reduced by any policy loans, withdrawals or Terminal Illness Benefit paid under the policy. Death Proceeds and Return of Premium Benefit will be reduced when long-term care benefits are taken.

⁷At application, choose a benefit period from 2 to 8 years and whether to increase future benefits by 5% Compound, 5% Simple, or 3% Simple Interest annually (Inflation Benefit Options). If you do not elect an Inflation Benefit Option, your monthly maximum benefit amount will remain level.

Pacific Life Insurance Company's
Pacific PremierCare Advantage

Universal Life Insurance with Long-Term Care Benefits

If your client never needs long-term care:

- Money back option – Return of Premium Benefit^{6,8}

Or

- Tax-free death benefit proceeds^{7,8}

⁶ Only one premium is necessary to fund Pacific PremierCare Advantage. While this product allows additional premiums, they are not required and do not provide additional Long-Term Care Benefits, a greater Return of Premium Benefit, or increased Death Proceeds (unless a subsequent increase in the policy's cash value requires a death benefit increase to satisfy IRC Section 7702 requirements). A premium load will apply to each premium payment. Once a sufficient premium has been paid, the long-term care coverage will continue as long as the insured lives; or until the policy is surrendered at the owner's request; or until the maximum long-term care benefits have been paid; or until policy lapse. Policy charges (cost of insurance and coverage charges) are deducted from the policy's accumulated value on a monthly basis. Policy lapse will only occur where the policy's cash value less policy debt is not sufficient to cover monthly policy charges. Prior to lapse, the policy provides 61 days to pay premium sufficient to keep the policy in force.

⁷ For federal income tax purposes, life insurance death benefits generally pay income tax-free to beneficiaries pursuant to IRC Section 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 Section 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 Section 101(j). Additionally, a portion of your Pacific PremierCare Advantage's Death Proceeds may be income taxable if the policy was issued as part of an IRC Sec. 1035 income tax-free exchange. Consult with qualified and independent legal and tax advisors.

⁸ Policy benefits are reduced by any policy loans, withdrawals or Terminal Illness Benefit paid under the policy. Death Proceeds and Return of Premium Benefit will be reduced when long-term care benefits are taken.

Pacific PremierCare Advantage is subject to underwriting and approval of the application. No medical exam is required, but a Medical Information Bureau (MIB) and prescription report will be ordered and a Personal History Interview and Cognitive Assessment will be performed via telephone as part of the underwriting process.

Exclusions, Exceptions, and Limitations: We will not pay benefits for any room and board, care, treatment, services, equipment, or other items for care or services: 1) provided by the Insured's Immediate Family unless he or she is a regular employee of an organization which is providing the treatment, service or care; and the organization receives the payment for the treatment, service or care; 2) for which no charge is normally made in the absence of insurance; 3) provided outside the United States of America, except as described in the International Benefit; 4) that result from an attempt at suicide (while sane or insane) or an intentionally self-inflicted injury; 5) provided in a government facility (unless otherwise required by law); 6) for which benefits are available under Medicare (including amounts that would be reimbursable but for the application of a deductible or coinsurance amount) or other governmental program (except Medicaid), any state or federal workers' compensation, employer's liability or occupational disease law, or any motor vehicle no-fault law. No benefits will be paid for services received while the Accelerated Benefit Rider (ABR) for Long Term Care and the Extended Benefit Rider (EBR) for Long Term Care are not in force.

Support for the Life Insurance Retirement Plan

Pacific Life



- Automated Inforce Illustrations
- Policy Tracking Report (Planned vs. Projected)
- Client Policy Summary
- Premium History
- Loan and Withdrawal History
- Automated Income Option
- Access to the "As Issued" Illustration





Life Insurance Retirement Plan

Your Client

Death Benefit Protection

Tax-Deferred Growth Potential*

Choices For The Future

Supplemental Income*
Potential In Retirement

You

Product Choices That Fit

Support Tools To Help You

*Please note: Not available in all life insurance policy situations.

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Help Your Client Complete Their Retirement Picture



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

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