

Benefit Distribution Rider



PACIFIC LIFE

A Potential Benefit for Planning Ahead

Pacific Life Insurance Company

Pacific Life's Benefit Distribution Rider¹ is an optional rider available with certain Pacific Life cash value life insurance policies. If elected at policy issue, the Benefit Distribution Rider offers two important benefits. First, it provides a way for the policy beneficiaries to receive regular income payments from the life insurance policy benefit when the insured dies. Instead of a lump sum payment to manage, the policy beneficiaries get a guaranteed monthly or annual income stream over 5 to 30 years.

Second, Pacific Life may on a nonguaranteed basis reduce the policy charges as a benefit to the policyowner. Reduced policy charges may enhance the cash value accumulation potential of the policy and result in lower premiums and/or greater policy distributions as shown in the hypothetical example below.

SAMPLE RANGE OF RIDER'S POTENTIAL POLICY IMPROVEMENTS

Issue Age	Potential Premium Savings	Potential Greater Distributions
35	Up to 19%	Up to 9%
45	Up to 20%	Up to 10%
55	Up to 17%	Up to 16%

Hypothetical example assumes Pacific Indexed Performer LT indexed universal life insurance policy² with the Benefit Distribution Rider elected at policy issue, with 100% of death benefit proceeds to be paid over benefit duration of 30 years. Male insured, issue ages 35, 45, and 55, super preferred and standard nonsmoker risk classes, with Coverage combinations of 100% Basic, 50/50 Basic/Term, and minimum Basic/maximum Term, illustrated at 6% rate (0% guaranteed). Premium savings scenario based on \$250,000 and \$1 million level death benefit comparing lowest annual premiums paid for 10 policy years with and without the rider, when targeting \$1,000 cash surrender value at age 121. Greater distributions scenario based on annual premiums paid to retirement age 65 and solving for maximum distributions for next 20 years with and without the rider when switching from increasing death benefit to level death benefit at age 66, targeting \$1,000 cash surrender value at age 121.

7 Things to Know about the Rider

1. There is no charge to elect the rider.
2. For the rider to be issued with a policy, Pacific Life must receive the completed Benefit Distribution Rider Application Supplement form prior to policy issue.
3. On the Rider Application Supplement form, the policyowner elects the following: 1) percentage of death benefit to be paid as periodic payments (50% to 100%), 2) duration of periodic payments (5 to 30 years), and 3) frequency of periodic payments (annual or monthly). After policy issue, these rider elections are generally irrevocable.³
4. Electing a higher percentage (50% to 100%) of the death benefit proceeds and/or a longer guaranteed duration (5 to 30 years) results in a greater nonguaranteed mortality credit, and thus, a greater potential reduction to policy charges.
5. Periodic Payments of death benefit include 2% interest, which is taxable to beneficiaries.⁴
6. Without the rider, beneficiaries may choose their own settlement option at insured's death.⁵
7. The rider may not be appropriate for scenarios requiring a lump sum payment of death benefit, like estate tax planning scenarios or certain business succession plans like buy-sell agreements.

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ENDNOTES

- 1 *Benefit Distribution Rider (Form #R15BDR). Rider is subject to availability, restrictions, and limitations. Clients should be shown policy illustrations with and without riders to help show the rider's impact on the policy's values.*
- 2 *Pacific Indexed Performer LT (Policy Form #P11PIP or ICC11 P11PIP—form # based on state of policy issue) is flexible premium indexed adjustable life insurance. Indexed universal life insurance does not directly participate in any stock or equity investments.*
- 3 *Once elected at policy issue, the rider's payment elections may not be changed or terminated unless the policyowner is approved for an unscheduled increase of Basic Coverage as specified in the contract, subject to evidence of insurability. Exercising other available riders may adversely affect or limit the Benefit Distribution Rider.*
- 4 *Only the interest portion of the death benefit proceeds is taxable to beneficiaries. For federal income tax purposes, the remainder of the policy's 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).*
- 5 *Without the rider, the beneficiary may elect to have the death benefit paid out as Periodic Payments per an Income Benefit plan we make available at the insured's death. This plan may credit a higher or lower interest rate to the Periodic Payments than the rider's guaranteed, level 2% annual interest rate. However, if the rider is not elected, the policy will not receive any nonguaranteed reductions in policy charges.*



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Non-guaranteed elements are not guaranteed by definition. As such, Pacific Life Insurance Company 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 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 broker-dealer or firm can help you determine which optional riders and investment options are available and appropriate for your clients.

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