PACIFIC LIFE

UNDERSTANDING FIXED INDEXED ANNUITIES

A **deferred, fixed indexed annuity (FIA)** is a long-term contract that:

- Guarantees you'll never lose money due to market performance because your money is not directly invested in the market.
- Offers several ways to earn interest through options that are linked to an index such as the S&P 500® index.
- May offer optional benefits that guarantee lifetime income and allow you to leave money to loved ones.

The following hypothetical examples show how market conditions influence equity investments (such as stocks) and FIAs, and the impact to your account or contract value.

Market Conditions	Equity Investments	Fixed Indexed Annuities[1]	Impact of Performance to Account/Contract Value
Up	**Gain**	**Gain**	Equity investments grow when the market rises. FIAs earn interest when the index rises during a specified period, subject to the limit outlined in the contract.
Down	**Loss**	**No Loss**	Equity investments lose when the market falls. FIA contract values remain unchanged when the index falls during a specified period.
Up, then Down	**No Gain/ No Loss**	**Gain**	To demonstrate this concept, let's look at an example of what would happen to a FIA and an equity investment over a two-year time period. Contract Year 1: Index rises 10%. Contract Year 2: Index declines to the original starting point. Outcome: FIA will gain (subject to the limit specified in the contract) in year 1, and those gains will be locked in and protected during the decline in contract year 2. The equity investment will rise and fall with the market. Any gains achieved when the market went up will not be protected when the market declines.
Down, then Up	**No Gain/ No Loss**	**Gain**	Using the same time frame as the above example, the following shows what would happen to a FIA and an equity investment when markets first go down, and then back up. Contract Year 1: Index falls 10%. Contract Year 2: Index rises to the original starting point. Outcome: FIA contract value will remain steady in year 1 with no loss, then gain (subject to the limit specified in the contract) in year 2. The equity investment will fall and rise with the market. The initial investment is not protected and will decline in year 1 when the market is down.

[1]The examples assume a one-year index term for the FIA. Note that some FIAs may offer a longer index term which would credit interest at the end of two or more years.

All guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company.

Talk to your financial professional for
more information about a fixed indexed annuity
from Pacific Life, or visit our website at
PacificLife.com.

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The index is not available for direct investment, and index performance does not include the reinvestment of dividends.

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