LET YOUR MONEY WORK FOR YOU

with a Tax-Deferred Variable Annuity

Because a variable annuity is a long-term, tax-deferred investment designed to help you grow your retirement assets and provide retirement income, all earnings, such as interest, dividends, and capital gains will accumulate without current income tax. Your money grows faster because you don't pay taxes until you actually take withdrawals or annuity income payments. If you delay taking withdrawals until retirement, you may be in a lower tax bracket when you are ready to take income.

However, if your money is in a currently taxable investment, each year part of any earnings may be lost to taxes. When you receive Form 1099, your earnings are reported as income even if they are earnings that you are not spending.

This hypothetical example helps to compare what you would need to earn in a currently taxable investment to equal the tax-deferred benefits of a variable annuity purchased with after-tax dollars. ***For example, if your federal tax bracket is 32% and you have a 5.00% annual return in a tax-deferred variable annuity, you would need to get a 7.35% annual return in a currently taxable investment to match the return of your variable annuity.***

If your federal tax bracket[1] is:	12%	22%	24%	32%	35%
And your assumed taxed-deferred, variable annuity annual return is:	Comparable annual rate of return of a currently taxable investment would be:				
8.00%	9.09%	10.26%	10.53%	11.76%	12.31%
7.00%	7.95%	8.97%	9.21%	10.29%	10.77%
6.00%	6.82%	7.69%	7.89%	8.82%	9.23%
5.00%	5.68%	6.41%	6.58%	**7.35%**	7.69%
4.00%	4.55%	5.13%	5.26%	5.88%	6.15%
3.00%	3.41%	3.85%	3.95%	4.41%	4.62%
2.00%	2.27%	2.56%	2.63%	2.94%	3.08%
1.00%	1.14%	1.28%	1.32%	1.47%	1.54%

[1]Pursuant to The Tax Cuts and Jobs Act (TCJA) of 2017, there are seven tax brackets (10%, 12%, 22%, 24%, 32%, 35% and 37%). These tax brackets are scheduled to sunset after 2025 at which time brackets will revert back to the pre-TCJA tax rates.

The hypothetical returns above do not indicate the performance of any individual variable annuity. If variable annuity charges were included (withdrawal charges, mortality and expense risk charges, administrative fees, and other contract charges), the tax-deferred performance would be significantly lower. Annuity withdrawals and other distributions of taxable amounts, including death benefit payouts, will be subject to ordinary income tax. For nonqualified contracts, an additional 3.8% federal tax may apply on net investment income. If withdrawals and other distributions are taken prior to age 59½, an additional 10% federal tax may apply. The federal tax brackets used in this illustration are current as of the date of publication and are subject to change due to congressional legislation.

The value of the variable investment options will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. A withdrawal charge also may apply. Withdrawals will reduce the contract value and the value of the death benefits, and also may reduce the value of any optional benefits.

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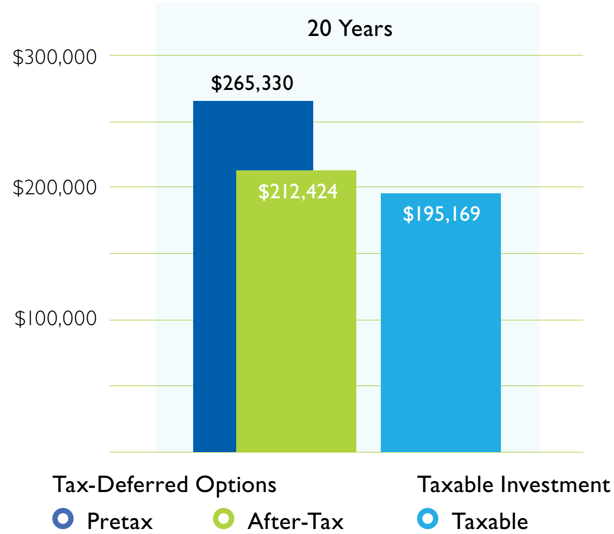
Grow Any Earnings Tax Deferred

- This hypothetical example shows a $100,000 initial investment compounded at 5% annually over 20 years.
- After 20 years, the tax-deferred investment has grown to **$265,330**.

Once taxes are paid on a lump-sum distribution, the after-tax amount is **$212,424**—still much greater than the **$195,169** taxable investment over the same time period.



Tax-Deferral Assumptions: The full amount before taxes equals the purchase payments plus interest. The amount withdrawn after taxes are paid is calculated by taking the full amount and subtracting $100,000 (cost basis); it is then multiplied by 0.67 (32%) and adding back in the cost basis. Also assumes a 32% federal income-tax rate, assessed yearly on the taxable investment and at period-end on the tax-deferred investment. Actual tax rates may vary for different taxpayers and assets from that illustrated (e.g., capital gains and qualified dividend income). Actual performance of your investment also will vary. Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the investments shown. Consider your personal investment time horizon and income-tax brackets, both current and anticipated, when making an investment decision. Hypothetical returns are not guaranteed and do not represent performance of any particular investment. If variable annuity charges were included (withdrawal charges, mortality and expense risk charges, administrative fees, and other contract charges), the tax-deferred performance would be significantly lower.

For more information regarding tax-deferred products, please contact your financial professional.

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Pacific Life is a product provider. It is not a fiduciary and therefore does not give advice or make recommendations regarding insurance or investment products.

Under current law, a nonqualified annuity that is owned by an individual is generally entitled to tax deferral. IRAs and qualified plans—such as 401(k)s and 403(b)s—are already tax-deferred. Therefore, a deferred annuity should be used only to fund an IRA or qualified plan to benefit from the annuity's features other than tax deferral. These include lifetime income and death benefit options.

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