



# **PACIFIC PROTECTIVE GROWTH** CAP RATE CREDITING STRATEGY



# Choices for Growth and Protection

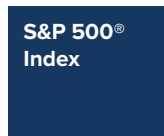
Pacific Protective Growth is a registered index-linked annuity contract that offers growth opportunities, including crediting strategies tied to the performance of an index, while providing a level of protection against the amount of loss you may incur. You do not invest directly in the market.

The **Cap Rate crediting strategy** sets a maximum amount of an index return that can be credited. If the index returns less than the cap, the actual return percentage is credited. If it returns more, the cap rate is credited. The cap rate is guaranteed for the initial term that you select.

## Three Steps to Customize the Cap Rate Crediting Strategy

Work with your financial professional to make choices that support your retirement-planning objectives.

**1** **Select the market indexes<sup>1</sup>** that will help determine your interest crediting



Composed of 500 equity securities of large-cap U.S. companies.



Tracks the Nasdaq-100 Index<sup>®</sup>, which includes 100 of the largest nonfinancial companies listed on the Nasdaq.



Seeks to track the investment results of an index composed of small-cap U.S. equities.



Tracks the performance of large- and mid-cap companies across 21 developed markets around the world (excluding the U.S. and Canada).



Provides exposure to well-capitalized companies with strong market positions and a history of profitability.

**2** **Select the level of protection** that aligns with your tolerance for market risk

### Buffer

This option protects against negative index returns *up to* your chosen buffer percentage. You can choose a **10%**, **15%**, or **20%** buffer. (The 20% buffer is offered only with the 6-year term.)

### Floor

This option protects against negative index returns *greater than* the floor percentage. The floor is set at **-10%**, which is the maximum loss possible. The floor is available only with a 1-year term.

**3** **Choose the term** that best fits your time horizon

Both **1-year** and **6-year<sup>2</sup>** terms are available. To make more frequent adjustments, consider a shorter term; if you want longer exposure to index performance with higher rates, consider a longer term. At the end of the chosen term, you can reallocate into a new term or a different crediting strategy. To reallocate into another 6-year term in any crediting strategy, you must elect to renew the market value adjustment (MVA).<sup>3</sup>

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

A registered index-linked annuity is an insurance contract and is subject to investment risk; its value will fluctuate and loss of principal is possible.

<sup>1</sup>The indexes are unmanaged and not available for direct investment. The index performance does not include the reinvestment of dividends. When allocating to an index that is linked to the performance of an ETF, that is not an investment in the ETF. Index-based ETFs seek to track the investment results of a specific market index. Due to a variety of factors, including the fees and expenses associated with an ETF, an ETF's performance may not fully replicate or may, in certain circumstances, diverge significantly from the performance of the underlying index.

<sup>2</sup>The 6-year term is not available with the optional living benefit.

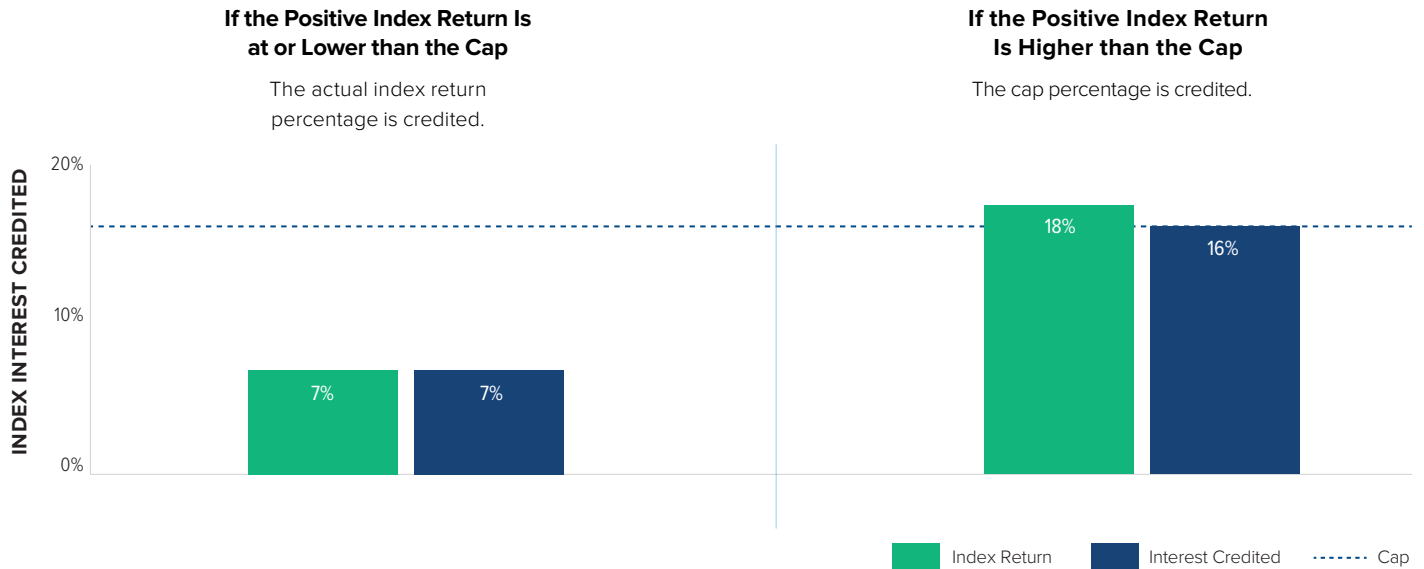
<sup>3</sup>An MVA is a positive or negative adjustment to amounts withdrawn that exceed the 10% free withdrawal amount during any MVA term. The MVA reflects changes in market interest rates and automatically applies during the first six contract years. At the end of an MVA term, you may renew the MVA. The MVA term for renewals runs in 6-year increments. If you do not renew, only 1-year crediting strategy terms will be available going forward. For more information about the MVA, please see the prospectus.

## How It Works

The hypothetical charts in this brochure show you how the Cap Rate crediting strategy works in both positive and negative markets.<sup>1</sup> Any interest earned or losses incurred are applied at the end of the term.

### Upside Opportunities

The chart scenarios assume a hypothetical 16% cap.



### Performance Lock

The Performance Lock feature provides the ability to lock in the value of a crediting strategy between the start and end of a term. After lock-in, you earn a fixed rate of interest on that value, called the “interim value,” until the next contract anniversary. You can do this only once during a term and only after the first 60 days of the term. With Performance Lock, you could potentially lock in a value that, along with interest credited, exceeds what the crediting strategy rates would have provided at the end of the term. However, there is no guarantee the locked-in value will prove favorable. After lock-in, the rates and loss protection of the crediting strategy will no longer apply.<sup>2</sup>

<sup>1</sup>The hypothetical examples are intended for illustrative purposes only and assume that an optional benefit is not elected, no withdrawals are taken, and that the contract was held to full term. They are not intended to predict your index or strategy returns and are not indicative of actual market, index, or financial product performance. Cap rates may be higher or lower than the initial rates but will never be less than the guaranteed minimum rates. Subsequent rates may differ from the rates used for new contracts or for other contracts issued at different times. The crediting strategy illustrated uses a point-to-point crediting approach, which means the index price on the term start date is compared to the index price on the term end date to determine the index return.

<sup>2</sup>If the Performance Lock feature is elected, there will be no interest credit or protection of the buffer or floor to mitigate any loss at the end of that term. If Performance Lock is used to lock in an interim value that is lower than the investment base on the term start date, a loss could be locked in. Contact us at our Service Center to obtain interim value(s) for any allocated index-linked option. However, Pacific Life has no ability to determine the interim value that will be locked in prior to the Performance Lock request. Once Performance Lock is exercised, it cannot be changed and the locked-in amount cannot be transferred to a new crediting strategy until the next contract anniversary.

## Downside Protection

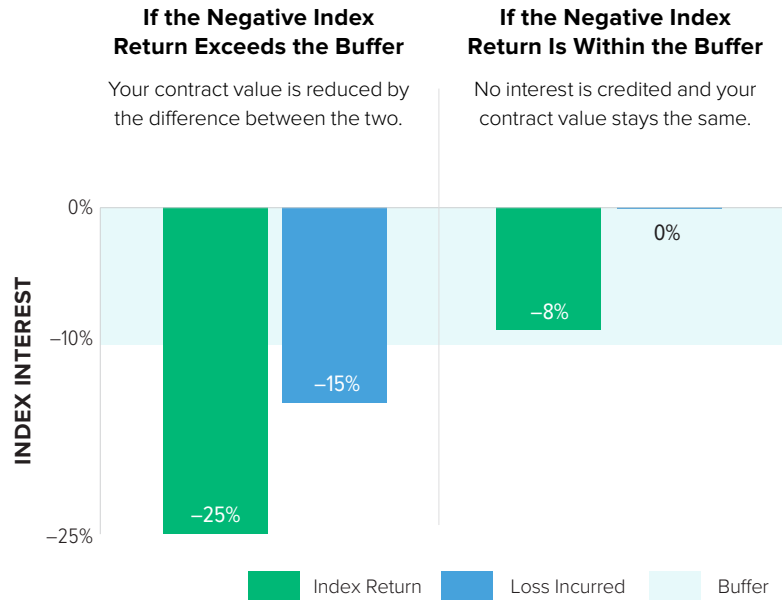
The buffer and floor work differently to offer a level of protection against negative index returns.

### Buffer



With a buffer, your contract value is reduced by the amount of loss that exceeds the buffer percentage.

This hypothetical example assumes a 10% buffer.

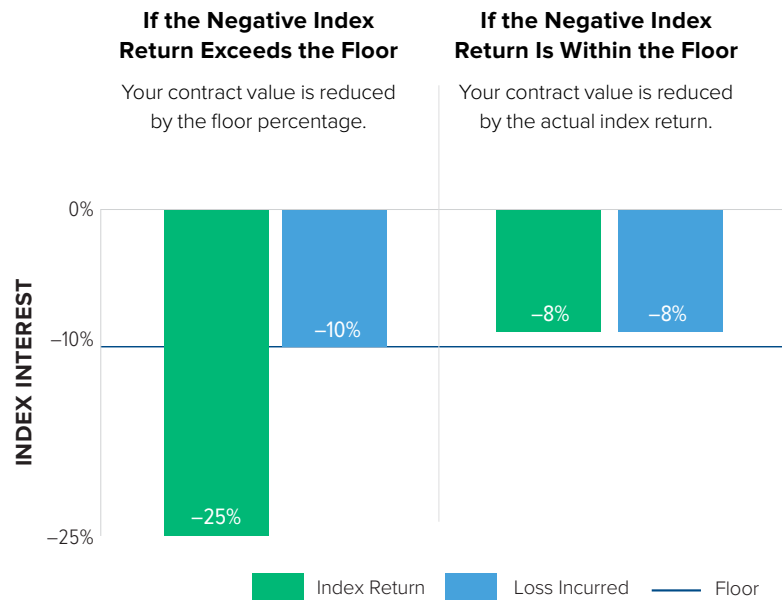


### Floor



With a floor, you'll know with certainty the maximum amount you can lose at the end of a term. However, you might sacrifice some upside potential for this greater level of certainty.

This hypothetical example assumes a -10% floor.



In a steep index loss situation, the risk of loss is substantially higher on a buffer than a floor where the rates are identical. For example, if two otherwise identical crediting strategies have a buffer of 10% and a floor of -10%, respectively, and the negative index return is -30% during the term, the loss incurred with the buffer will be -20% (the excess of the -30% index return over the 10% buffer), while the loss for the floor will be limited to -10% (the negative index return up to the -10% floor).

## Why Consider the Cap Rate Crediting Strategy?

The Cap Rate crediting strategy is designed to work well in rising or consistently high market scenarios. Talk to your financial professional about this crediting strategy if you:

- Want access to market-like gains but understand that the cap is the maximum interest that can be credited.
- Like having choices for protection that reflect how much risk you can tolerate. Lower levels of protection offer greater opportunities for growth.

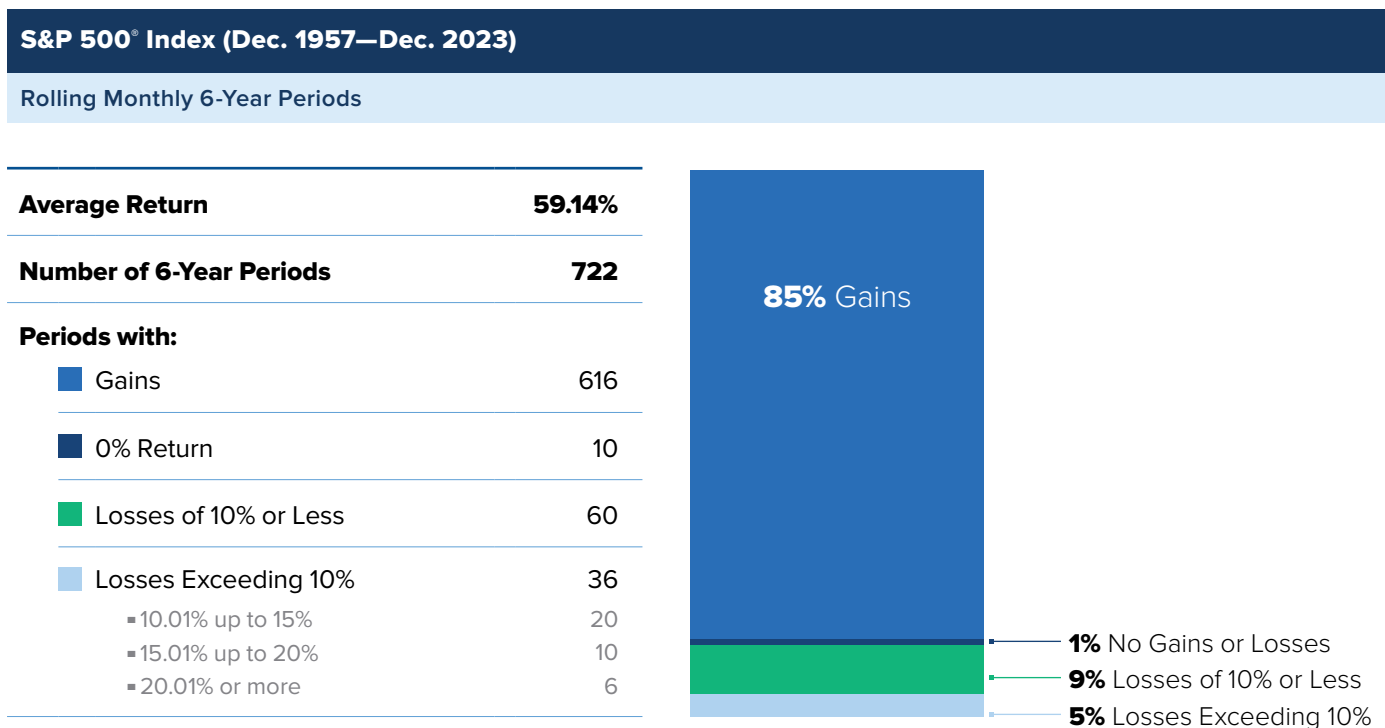
## How Much Downside Protection Do You Actually Need?

The chart below shows historical returns for the S&P 500® index since its inception and might help with your planning decisions. Had you been invested in the S&P 500® index during this time:

**With a 10% buffer: 95%** of the rolling 6-year periods would have resulted in a 0% or higher return.

**With a 20% buffer: 99.2%** of the rolling 6-year periods would have resulted in a 0% or higher return.

**With a 15% buffer: 97.8%** of the rolling 6-year periods would have resulted in a 0% or higher return.



If returns were shown for rolling monthly 1-year periods, the impacts of the buffer/floor would have been as follows:

- 10% buffer: 86.6% of the rolling periods would have resulted in a 0% or higher return.
- 15% buffer: 92.1% of the rolling periods would have resulted in a 0% or higher return.
- -10% floor: 13.4% of the negative turns in the rolling periods would have exceeded the floor, limiting losses to -10%.

Past performance does not guarantee future growth.

**IMPORTANT DISCLOSURES:** Annuities are long-term contracts designed for retirement. 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 income tax may apply. A withdrawal charge and a market value adjustment (MVA) also may apply. Withdrawals will reduce the contract value and the value of the death benefit, and also may reduce the value of any optional benefits.

An investment in a crediting strategy is subject to risks, including the possible loss of all or a significant portion of your principal investment and any credited contract earnings. This loss could be greater if you take a withdrawal or surrender your contract due to the imposition of withdrawal charges, a market value adjustment, if applicable, and possible negative tax consequences.

The crediting strategy or protection level are not applied until the end of the term. Before the end of a term, if the contract is surrendered or annuitized, a withdrawal is taken, or if the death benefit is paid, the transaction will reduce the interim value of the investment in that crediting option and could result in the loss of principal and previously credited contract earnings. Such losses could be as high as 100%. The interim value is the amount in the crediting option that is available for transactions that occur during the term, including full surrenders, withdrawals, free withdrawal amounts, and pre-authorized withdrawals, optional charges, guaranteed withdrawal amounts under the guaranteed lifetime withdrawal benefit, death benefit payments, and annuitization. The interim value could be less than the investment in the crediting strategy option even if the index is performing positively.

Not all products, crediting strategies, indexes, or optional benefits are available in all states or at all firms.

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Contract Form Series: 10-1900

Rider Series: 20-1132, 20-1409, 20-1901, 20-1903, 20-1904

State variations to contract form series and rider series may apply.

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