

Financial Terms

Terminology used by experienced financial professionals every day may be confusing and leave some investors feeling uncertain. Review this guide before you meet with a financial professional to discuss planning for your retirement. The more you know, the easier it will be to make a plan that meets your needs.

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| Active Management | Specific investments made by a portfolio manager with the goal of outperforming an investment gauge. |
| Asset Allocation | Dividing investments among different types of asset classes, such as stocks, bonds, and cash. |
| Basis Point | One hundredth of a percentage point (0.01%). For example, the difference between 1.25% and 1.50% would be 25 basis points. |
| Capital Appreciation | An increase in the market price of an asset. |
| Cash Flow | The receipt and disbursement of money. |
| Cost-of-Living Adjustment (COLA) | Periodic increase in wages or salaries to compensate for the loss in purchasing power of money as a result of inflation. |
| Diversification | Spreading investments among different types of companies, industries, or asset classes to help manage the impact of market volatility. |

Insurance products can be issued in all states, except New York, by Pacific Life Insurance Company and in all states by Pacific Life & Annuity Company. Product/material availability and features may vary by state.

**No bank guarantee • Not a deposit • May lose value
Not FDIC/NCUA insured • Not insured by any federal government agency**

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| Dollar Cost Averaging | Seeks to even out market fluctuations by automatically investing a set amount over a predetermined period of time, regardless of changing prices. |
| Equities | Financial instruments that signify ownership interest in a company and represent a claim on part of the company's assets after higher-priority creditors have been paid. Equities are commonly called "stocks." |
| Fixed-Income Securities | Investments, such as bonds, that pay regular income in the form of a coupon payment, interest payment, or preferred dividend. |
| Gross Income | Total income before taxes or other deductions are subtracted. |
| Inflation | A general increase in prices and loss of the purchasing value of money. |
| Liquidity | The ability to convert an asset into cash quickly and without affecting its price. |
| Load | A sales charge investors pay to purchase or redeem shares in a mutual fund, including those in the underlying investment option in a variable annuity. It also can refer to an annuity's expense(s) charged at the beginning of the contract or later. |



Maturity

The final payment of a loan or other financial instrument, at which point the principal (and all remaining interest) is due to be paid.

Net Income

Total income after taxes or other deductions have been subtracted.

Passive Management

A style of money management in which a portfolio mirrors a market index.

Principal

The original premium paid plus any subsequent purchase payments.

Retirement Distribution

Withdrawing funds from a retirement savings plan during retirement.

Sequence of Returns

The series of market gains and losses experienced by a portfolio during a select period, usually expressed annually.

Tax-Deferred Account

An account in which the tax obligations for earned dividends, interest, and capital gains are delayed until the time distributions are taken from the account.



Ask your financial professional for more information,
and take advantage of Pacific Life's retirement resources
at PacificLife.com.

This informational guide is created for educational purposes only. The guide includes some of the most commonly used terms, but it is not an exhaustive list.

Pacific Life refers to Pacific Life Insurance Company and its subsidiary Pacific Life & Annuity Company. Insurance products can be issued in all states, except New York, by Pacific Life Insurance Company and in all states by Pacific Life & Annuity Company. Product/material availability and features may vary by state. Each insurance company is solely responsible for the financial obligations accruing under the products it issues.

The home office for Pacific Life & Annuity Company is located in Phoenix, Arizona. The home office for Pacific Life Insurance Company is located in Omaha, Nebraska.

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