IRA ASSETS AND ROLLOVERS

A Guide for Various Ages and Stages Throughout Retirement

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

Exploring IRA Rollovers and Roth Conversions

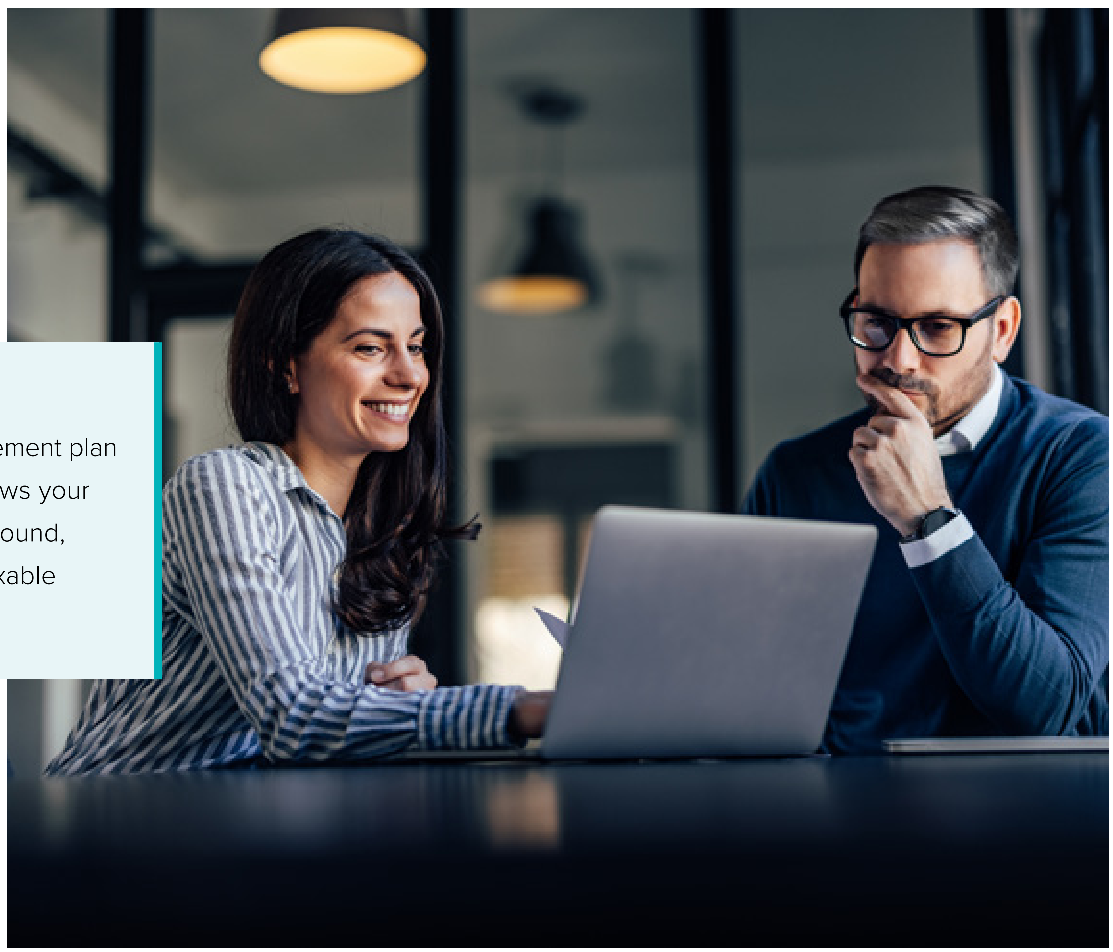
Unlock Opportunities Throughout Retirement

As you reflect on your retirement goals, you may wonder:

- Will I have enough income to last my entire life?
- Can I minimize taxes?
- Is there a simpler way to keep track of my investments?
- Will I be able to leave a legacy to my children, grandchildren, or charities?

Answers to questions like those above may be reasons to talk to your financial professional about certain strategies for rolling over or converting your IRA or employer-sponsored retirement plans. And while you'll have to report income taxes in any year a conversion to a Roth IRA takes place, you may find the conversion will provide flexibility to help meet your long-term retirement goals.

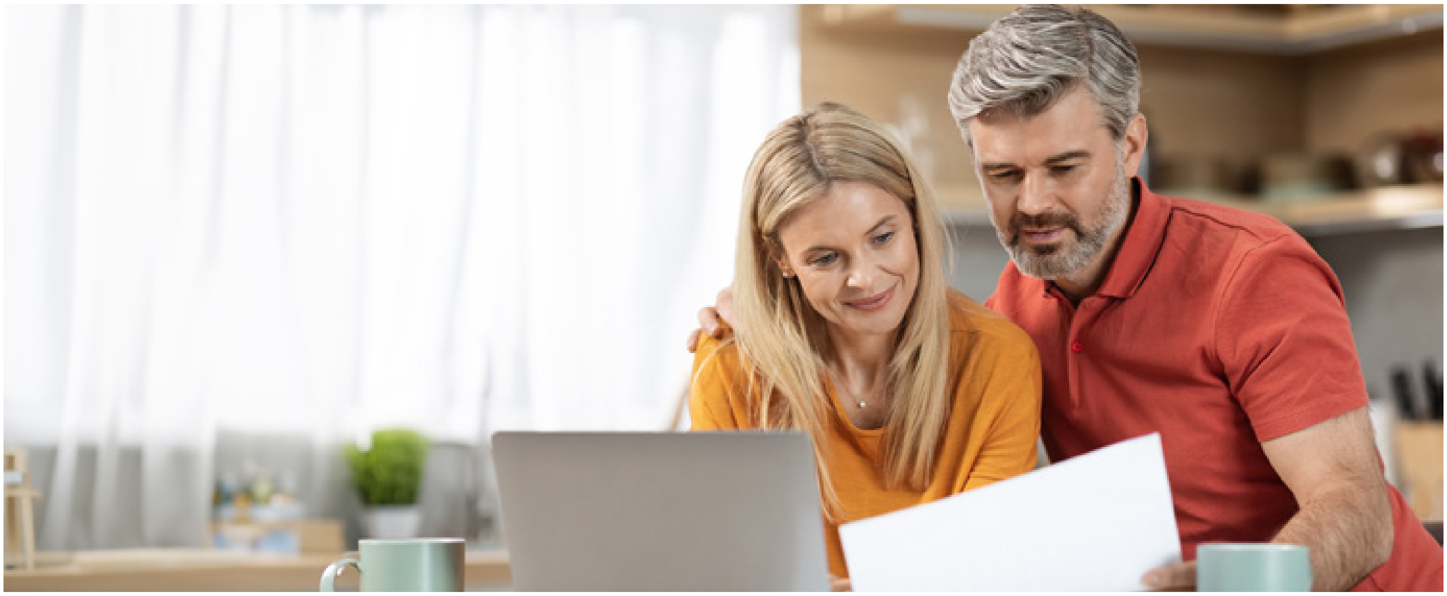
Keep in mind that age plays a role in the opportunities available to you using IRA rollovers and Roth conversions, so find the section of this brochure that applies to your current age and situation.



What is an IRA?

An IRA is a personal retirement plan with tax benefits that allows your savings to grow, or compound, more quickly than in a taxable investment account.

Rollovers as a Retirement Income Strategy **BEFORE AGE 59½**



Strategies for the Employed Looking for Income Later

In-Service Rollover

Some employer plans allow active employees who have not reached age 59½ the opportunity to withdraw and roll over a portion of their plan's account balance without first having to demonstrate a specific financial need. This is called a ***nonhardship in-service*** **rollover.**

Rolling assets to an IRA means you're no longer subject to the rules of your employer's plan regarding how you invest and withdraw the funds. To determine the portion of your retirement plan that's available for a nonhardship in-service rollover, check with your plan sponsor. If available, this option may:

- Help you implement a flexible asset-allocation strategy.
- Provide a means for flexible income options later in life, since income taken prior to age 59½ may be subject to an additional 10% federal income tax.

Roth Conversions

If you don't need to take distributions immediately, you may want to consider these potential benefits of establishing or rolling over to a Roth IRA:

- Tax deferral
- Tax-free earnings (if certain conditions are met)
- No required minimum distributions (RMDs)[1]

[1] Please note that RMDs may be required once a non-spousal beneficiary inherits the Roth IRA.

Strategies for Those Who Retire Early and Need Income Now

Roll Employee-Sponsored Plan Assets to an IRA

If you want to retire before age 59½, you may want to consider rolling over some or all the assets in your employer retirement account into an IRA because:

- It may provide a wider range of investment options, which may help if you're seeking more diversification.
- Separate accounts can be set up to help solve for specific payments or expenses. This may help with overall money management and budgeting.
- If you need income, one way you can avoid the additional 10% federal income tax on early distributions is establishing a **substantially equal periodic payment (SEPP)/72(t) program.**

Note: Before you roll some or all your employer-sponsored retirement plan assets into an IRA or make any decisions, make sure to take the following into consideration because:

- Loan privileges offered through the employer plan are not available with an IRA and may be affected by any nonhardship in-service rollovers processed.
- There is no additional 10% federal income tax on distributions from 401(k) or 403(b) plans if you separate from your employer's service in or after the year you reach age 55.
- Eligible rollover distributions from qualified plans are subject to a mandatory 20% tax withholding if not rolled directly to another qualified plan or IRA.

Note: There may be other items to consider, so discuss your options with a tax and/or financial professional before proceeding.

Strategies for Those with Assets Tied to Former Employer Retirement Plans

Combine Plans for Easier Management

Most pretax retirement accounts accumulated from previous employers' retirement plans (that is, 401(k), 403(b), SEP-IRA, and SIMPLE IRA plans) can be rolled over and combined into a single IRA for easier management of assets.

Note: IRA rollovers from a SIMPLE IRA within two years from when you first participated will be subject to a 25% additional tax.

Addressing Tax Consequences

As previously noted, withdrawals from retirement assets prior to age 59½ could trigger the additional 10% federal income tax. However, below are some exceptions to paying the tax when accessing these funds.

Most Common Tax Exceptions

SEPP/72(t) Payments	Distributions that are substantially equal payments over your lifetime and must run for the longer of five years or until you reach age 59½ are not subject to the additional 10% federal income tax. **Note:** If payment amounts are changed, the IRS may impose the additional 10% federal income tax on all prior payments. See your tax advisor before making any alterations. Also, if you have an inherited IRA, which is exempt from the additional 10% federal income tax, you might think of withdrawing from it before using your own IRA assets.
Lifetime Annuity Payments	Distributions received from a qualified or nonqualified annuity paid over your lifetime are also exempt from the additional 10% federal income tax.
Circumstantial Exceptions	**Death** ▪ If you're a beneficiary of an IRA, you can access inherited assets without an additional 10% federal income tax. ▪ If you're a spousal beneficiary of an IRA, you can elect to treat it as your own IRA. However, if you're younger than age 59½ and take an early distribution, you could be subject to the additional tax. Treating yourself as the beneficiary of the IRA can help you access inherited assets without an additional 10% federal income tax. **Separation from Service at or after Age 55 Exception** ▪ Distributions from 401(k) and 403(b) plans upon separation from service in or after the year you reach age 55 do not incur the additional 10% federal income tax. This option is not available once the assets are rolled into an IRA. That's why you might consider rolling only a portion of your 401(k), leaving a balance you can draw from free of the additional 10% federal income tax (assuming the plan allows for multiple distributions). ▪ If you're a qualified public safety employee who has separated from service in or after the year you reach age 50, your distributions are not subject to the additional 10% federal income tax.

Next Steps to Consider?

Talk to your financial professional and take into consideration your current factors at play:

- Do you have any investments with prior employer 401(k) plan assets that can be consolidated into your current employer's 401(k) plan or rolled into an IRA?
- Are you still employed, and if so, are you looking to retire early?
- If you're still employed, does your current employer's retirement plan allow for nonhardship in-service rollovers?
- Do you have any inherited IRA assets that may be used before taking distributions elsewhere?

The above information does not purport to be complete. For more information about exceptions to premature distributions, visit www.irs.gov and speak with your independent tax and legal advisors.

Rollovers as a Retirement Strategy for **AGES 60 TO 70**

Between the ages of 60 and 70, life is typically full of transition. You're probably thinking about when to start retirement. During this time, you'll no longer have a working income to rely on. Rollovers may help:

- Defer and maximize your Social Security retirement benefits.
- Minimize taxation.
- Simplify your budget.

Strategies for the Employed Looking for Income Later

Defer Social Security Retirement Benefits

While you can start receiving Social Security retirement benefits as early as age 62, deferring these benefits if you have a longer life expectancy or a significantly younger spouse may result in a higher benefit payment. Since your surviving spouse will inherit the higher of the two Social Security benefit payments, that will mean more money coming in for life at a higher rate. However, if you have a shorter life expectancy, claiming benefits earlier may make more sense.

The example below shows the benefit amounts at different ages for the taxpayer whose Social Security retirement benefit payment at full retirement age would be $2,000 per month.

Age	Percentage of Full Retirement Benefit	Monthly Benefit Payment
62 (Earliest Eligibility for Social Security Retirement Benefits)	70%	$1,400
67[1] (Full Retirement Age)	100%	$2,000
70 (Maximum Age for Delaying Social Security Retirement Benefits)	Up to 124%	$2,480

[1]If year of birth is 1960 and later. Social Security Administration, October 2024.

If you decide to defer claiming your Social Security retirement benefits to receive higher payments later, you may need an additional source of money in the meantime. Rolling your employer-sponsored retirement plan assets into an IRA is one option to consider. IRAs generally provide more flexibility than employer-sponsored plans in terms of where assets are invested and when or how much you take in distributions.

Strategies for Those Planning to Retire and Looking for Income Now

Minimize Taxation

Since Social Security retirement benefits may be included in your taxable income, it's important to know how much of your total income could be taxable. This table shows how different levels of total income can increase the taxability of Social Security benefit payments.

If your income[1] is:

Couple (Combined Income)	Single	Amount of Social Security retirement benefit included in taxable income
Less than $32,000	Less than $25,000	0%
$32,000–$44,000	$25,000–$34,000	Up to 50%
More than $44,000	More than $34,000	Up to 85%

"Income Taxes and Your Social Security Benefit," ssa.gov, accessed 11/14/24.

[1]Combined income includes adjusted gross income, tax-exempt interest income, and one-half of Social Security benefits.

To prevent increased income levels during retirement, you could roll or convert your retirement plan assets to a Roth IRA in any tax year before the year of claiming your Social Security retirement benefits. If you've held your Roth IRA for five years and are at least age 59½, distributions from a Roth IRA are not considered taxable income. You must, however, report income taxes in the year the conversion takes place.

Strategies for Those with Multiple Retirement Accounts

Reduce Statement Overload and Eliminate Unnecessary Costs

Rolling multiple retirement accounts into a single IRA can help reduce the number of financial statements you receive. Plus, it may help reduce the overall cost of investing by cutting down on transaction and other miscellaneous fees incurred by owning multiple investment accounts.

It's important to note that rollovers may not make sense for all individuals. For instance, it might make sense to keep your current plan if it offers:

- Lower expenses.
- More services.
- Access to loans.

Note: This is not an exhaustive list. Other factors may come into play, so always consult with a qualified tax or legal advisor to see if a rollover aligns with your goals and circumstances.

Create Separate "Buckets" for Desired Goals

If, however, you have different objectives from either an income- or legacy-planning perspective, you may prefer to create separate retirement accounts to designate assets for each goal.

Next Steps to Consider?

Review all your account statements. You may have IRAs with different mutual fund families, annuities with different annuity providers, or multiple brokerage accounts. Consolidating accounts to one fund family, one annuity provider, and one brokerage firm may help you save time and money. However, reducing costs should not be the only reason to consider consolidating accounts. It's important to carefully compare all the costs, features, and restrictions of your existing accounts against the consolidated accounts to help decide if the process will be beneficial.

Rollovers as a Retirement Strategy for **AGES 70 OR OLDER**

If you are 70 or older, you may be retired and starting to see the realities of how your income is meeting your current needs and if it may or may not be enough to meet your goals for this time in life. Planning for a life-long source of income and to leave gifts for beneficiaries are goals that certain rollover strategies can help you reach.

Planning for Longevity Risk

If you expect to live a long life, you need to create a strategy that provides flexibility to manage your income and helps ensure you won't run out of money.

Rolling or Converting to a Roth IRA

To create income that will last as long as possible, rolling or converting your retirement plan or IRA assets into a Roth IRA can offer opportunities.

- **More Net Income per Dollar Earned**

  With a qualified retirement plan or traditional IRA, it's likely you'll owe taxes on each distribution. However, with a Roth IRA, as long as you're at least age 59½ and have had the account for five years, distributions are tax-free. Keep in mind, distributions that occur prior to age 59½ may be subject to an additional 10% federal income tax.

  To ensure you have enough time to help recoup assets lost due to paying taxes on the conversion or rollover, consider converting as early in life as possible (perhaps before age 70), and take your health and life expectancy into consideration.

- **More Flexibility in Deferring Income**

  Traditional IRAs have required minimum distributions (RMDs), which normally require you to withdraw a certain amount each year after you reach age 73 (and no later than April 1 of the following year). Note: If you're still employed, you may be able to delay the RMDs on your employer-sponsored plan until April 1 of the year following retirement.

  Roth IRAs have no RMD or withdrawal requirements and can be a way to defer distributions as long as possible, leaving the account as one of the last sources of income for your later years.

Notable Milestones

Beyond age 70, be aware of these RMD rules:

- **Age 73:** Must start taking RMDs
- **Age 75:** For those born in 1960 or later, must start taking RMDs

Ensuring Guaranteed Income for Life

If you're concerned about planning for longevity risk, a single-premium immediate annuity (SPIA) is one type of fixed annuity (a contract between you and an insurance company) that can provide guaranteed, steady income payments that start within one year of contract issue, and pay out over your life, no matter how long you live. However, depending on the annuity payout option selected, if you pass away—before you've received income equal to the amount used to purchase the SPIA—you may not receive your purchase payment back.

SPIAs have many payout options to choose from that will pay out over two lives or for a specified time period. Consider a life or joint life-with-cash-refund SPIA, so that your beneficiaries will receive every dollar that has not already been paid out.

Note: Annuity payments that exceed the RMD for the annuitized portion may be aggregated with other distributions to satisfy RMDs for all IRAs. This may reduce the distribution needed from the non-annuitized IRA.

Legacy Planning

If you're planning to leave a legacy, you may need to retain enough assets to provide a substantial benefit to your beneficiaries. In some cases, you also may wish to keep control over how beneficiaries gain access to gifted funds.

Rolling or Converting to a Roth IRA

One way you can control access to gifted funds is by rolling or converting retirement plan or traditional IRA assets to a Roth IRA, which may help you:

- **Reduce Taxes and Maximize Benefits**

  Like Roth IRA owners, beneficiaries of Roth IRAs also receive distribution income-tax-free if the Roth IRA has been in existence for at least five years. If you prefer to cover the taxes instead of passing them on to your beneficiaries, you can roll or convert your qualified plan or IRA to a Roth IRA

- **Accumulate More Assets**

  By deferring distributions from your Roth IRA indefinitely, it enables your assets to accumulate tax-deferred over a longer period, creating a larger amount to pass to beneficiaries. If these assets remained in a qualified plan or IRA, RMDs could potentially reduce the account's ability to accumulate additional assets

Beneficiary Payout Options

Make sure you've named your appropriate beneficiaries. This will help avoid unintended consequences when transitioning assets.

If you're concerned about them immediately receiving all their assets when you pass away, there are two options that can result in a series of income payments rather than one lump sum.

Create a Trust	With this option, there's an expense of paying an attorney to draft and administer the trust. However, a trust can be customized to your specific needs, allowing for specific dollar amounts to be available, and providing a great deal of flexibility in how you want to write the instructions on paying your beneficiaries. If you are contemplating using a trust, be sure to speak with your financial professional and tax advisor to discuss your options and the implications for both you and your beneficiaries.
Choose a Predetermined Beneficiary Payout Option	With this option, the IRA and Roth IRA owner can specify a percentage paid to the beneficiary in a lump sum and/or the remainder to be annuitized for a period certain of five to nine years.

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

Qualified contracts, including traditional IRA, SEP-IRA, Roth IRA, inherited IRA, and inherited Roth IRA, are eligible for favorable tax treatment under IRS rules. Certain payment options may not comply with various requirements for qualified contracts, which include required minimum distributions and substantially equal periodic payments under Internal Revenue Code Section 72(t). Therefore, certain product features, including the ability to exercise withdrawal features, may not be available or may have additional restrictions. Certain payout options may not be available for qualified contracts.

What Should You Do Now?

- **Look Ahead**
  The earlier you implement rollover strategies, the greater the potential benefits may be—particularly in terms of conversions to a Roth IRA. So, if you're older than age 70, consider your health and likely longevity. If you're younger than age 70, consider implementing rollover strategies as early as possible.
- **Determine Your Income Needs and Legacy Wishes**
  Everyone's needs and desires are different, especially when it comes to our retirement years. First, make sure you have the income you need to help maintain the lifestyle you want in retirement. Then, decide how important leaving a legacy is to you, and whether you have enough assets to make legacy planning feasible.
- **Talk to Your Financial Professional**
  Any retirement strategy you use should take your entire financial picture into account. Your financial professional can help you think through the details of rollover strategies to help meet your personal goals.

Why Pacific Life

It's essential for you to choose a strong and stable company that can help you achieve your future income needs. Since 1868, individuals and their families have relied on the strength of Pacific Life to help protect their financial security.

- Pacific Life Insurance Company is organized under a mutual holding company structure and operates for the benefit of its policyholders and contract owners.
- We have achieved ongoing recognition[1] for high-quality service standards.
- We offer products that address market environments during all stages of your life.
- Pacific Life has been named one of the 2024 World's Most Ethical Companies®[2] by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices.
- We maintain strong financial-strength ratings from major independent rating agencies.

Ratings may change. For more information and current financial-strength ratings, please visit PacificLife.com.

2024 WORLD'S MOST ETHICAL COMPANIES® ETHISPHERE™

Pacific Life has nearly 160 years of experience, and we remain committed to providing quality products, service, and stability to meet your needs today and throughout your lifetime.

[1]Recipient of multiple DALBAR Service Awards since 1997. Refer to www.DALBAR.com for more information regarding awards, certifications, and rankings.

[2]Based on the Ethisphere Institute's Ethics Quotient®. "World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.

While ratings can be objective indicators of an insurance company's financial strength and can provide a relative measure to help select among insurance companies, they are not guarantees of the future financial strength and/or claims-paying ability of a company. The independent third party from which this annuity is purchased, including the broker/dealer, the insurance agency from which this annuity is purchased, and any affiliates of those entities, make no representations regarding the quality of the analysis conducted by the rating agencies. The rating agencies are not affiliated with the above-mentioned entities nor were they involved in any rating agency's analysis of the insurance companies.

Work with your financial professional on an IRA rollover strategy that works with your financial goals, or visit PacificLife.com to learn more.

PACIFIC LIFE

THE OFFICIAL SPONSOR OF RETIREMENT®

VLC3740-0225
2/25 E228

25-148