

## How The Giving Season Can Inspire Legacy Planning

Every year, the holidays remind us of what is most important: family, friends, and being together. This season can be a meaningful time to talk to clients about their legacy goals and strategies to help them leave assets to loved ones.

When clients are focused on enjoying the fruits of their labor, discussing legacy planning can be challenging. They may be anxious about the prospect of dividing their remaining assets among loved ones—and the strain that process can cause in their relationships. The logistics may seem overwhelming, which is why your guidance can be essential to ensure their wishes are carried out effectively.

Here's the good news: By linking clients' legacies to the spirit of generosity we celebrate during the holidays, you can encourage them to start—and enjoy—planning the financial legacies they want to leave.

### Making the Most of Family Gatherings

The holidays present an opportune time for clients to consider how they wish to divide their assets. It is one of the few times a year entire families may find themselves under one roof, which makes it easier for the client to think about what ultimately will happen with any leftover assets. But more than that, holiday gatherings create an interesting metaphor for leaving behind both treasured family heirlooms and financial wealth for loved ones.

After we gather with family and share our company, food, and time, we often send leftovers home for them to enjoy later. Much the same, we spend our lives cultivating family relationships and sharing our time and resources. And, when it's time to say goodbye, we feel good about giving our loved ones portions of our finances to help secure their futures. In fact, research shows that the very act of helping others not only benefits them but is also a physiologically positive experience.<sup>1</sup>

However, if someone chooses not to distribute leftovers, the family is left to its own devices and may divide portions in a way that doesn't feel right to the host. In the worst case, the food goes untouched and may go to waste.

### Pinpoint Strategies Designed to Meet Clients' Legacy Goals

A flexible plan can help clients turn live-on assets into leave-on assets as needed. Certain retirement strategies are designed to make the live-on to leave-on pipeline as smooth and efficient as possible. For example, nonqualified annuities allow clients to use assets to create income to live on while controlling how the balance is distributed when they pass.

Additionally, a nonqualified annuity can help clients leave assets to loved ones and help manage complicated tax burdens. Beneficiaries who choose nonqualified stretch options can spread out withdrawals over time, allowing them to pay taxes only on the withdrawals instead of a lump sum. Moreover, some nonqualified annuity contracts may offer an optional enhanced benefit for an additional cost to provide extra income to help cover those tax expenses.

If clients are concerned about a beneficiary's ability to wisely manage his or her inheritance, they can require that the beneficiary take the distributions over time.

<sup>1</sup>Aknin, LB, Dunn, EW, Whillans, AV. [The Emotional Rewards of Prosocial Spending Are Robust and Replicable in Large Samples](#). Current Directions in Psychological Science. November 2022.

Insurance products can be issued in all states, except New York, by Pacific Life Insurance Company or Pacific Life & Annuity Company. In New York, insurance products are only issued 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**

### **Guide Clients to Discover their Legacy Goals**

As you start these conversations with clients, ask questions about what their goals are for their loved ones. Suggest they consider how they would like to be remembered and what positive outcomes they'd like to see.

Your clients also may want to make legacy-planning decisions based on their personal values. For example, many clients leave money to their favorite charities. Emphasize that you understand how challenging these decisions can be and that the holidays can be a good time for them to consider discussing their plans with children and relatives.

### **Food for Thought**

Families are complicated, and that means every good holiday meal—and every good legacy plan—will have its share of difficulties. But that doesn't mean legacy planning has to be an unpleasant process. Early planning is an act of care, and with your guidance, clients will feel good about starting the process of ensuring their assets are distributed according to their wishes.

### **ACTIONS YOU CAN TAKE RIGHT NOW**

- **When sharing holiday greetings with clients, note those who have significant nonqualified assets.**
- **Determine if those assets will be live-on or, potentially, leave-on assets.**
- **Consider whether a just-in-case strategy might be beneficial.**

## Additional Resources and Links

---

[A “Just-In-Case” Strategy to Live on Then Pass On](#)

[Annuities and Wealth Transfer—A Great Match](#)

For more information about retirement planning,  
please contact our Retirement Strategies Group at  
[RSG@PacificLife.com](mailto:RSG@PacificLife.com) or (800) 722-2333, ext. 3939.

[PacificLife.com](http://PacificLife.com)

---

This material is provided for informational purposes only and should not be construed as investment, tax, or legal advice. Information is based on current laws, which are subject to change at any time. Clients should consult with their accounting or tax professionals for guidance regarding their specific financial situations.

***Investors should carefully consider a variable annuity’s risks, charges, limitations, and expenses, as well as the risks, charges, expenses, and investment goals of the underlying investment options. This and other information about Pacific Life are provided in the product and underlying fund prospectuses. These prospectuses should be read carefully before investing.***

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.

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 or Pacific Life & Annuity Company. In New York, insurance products are only issued 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.

Variable insurance products are distributed by **Pacific Select Distributors, LLC** (member FINRA & SIPC), a subsidiary of Pacific Life Insurance Company and an affiliate of Pacific Life & Annuity Company.

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.

VLQ3284-1123W

**This material is educational and intended for an audience with financial services knowledge.**

3 of 3



THE OFFICIAL SPONSOR  
OF RETIREMENT™