

POTENTIAL BENEFITS OF STRUCTURING ATTORNEY'S FEES

Index-Linked Annuity Payment Adjustment (ILAPA) Rider

Structuring fees can help attorneys defer taxes—and the ILAPA rider can add upside market potential without downside risk. With the ILAPA rider, payments increase with the positive performance of the S&P 500® index, up to an annual maximum of 5%. If the index is flat or decreases, the payment remains the same.

Introduction

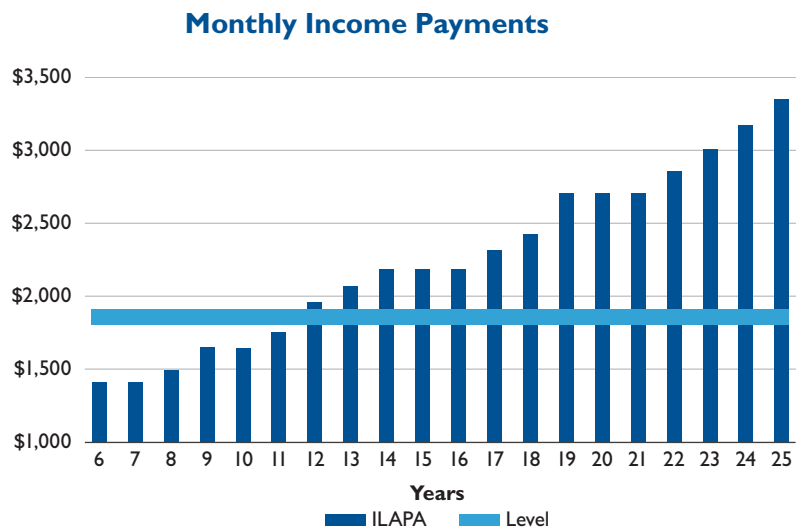
Structuring attorney's fees may reduce the attorney's overall income-tax burden by deferring receipt of income and managing short- and long-term cash flow. In addition, it could spread the taxable income over time and provide a long-term benefit for retirement with potential for growth.

Some of the features of structuring attorney's fees with the ILAPA rider are:

- Payments are linked to the S&P 500® index.
- Income can increase up to a maximum of 5% annually.
- Income can never decrease.
- Payments may be made to the attorney's firm.
- Joint and survivor benefits are available.
- Stand-alone attorney fee structure is available; the claimant does not need to structure.

Hypothetical Example

- Mark is an attorney who is 55 years old and has closed several cases this year.
- Another personal injury case he is handling will settle soon, and his fee will be \$300,000. Mark doesn't need the additional income this year. If he receives the fees in a lump sum now, he would be subject to paying income taxes on nearly 50% of that fee income.
- Mark plans to retire at age 60, so he wants to defer taking income for five years. He can do this by structuring his attorney's fees, which allows him to defer paying income tax until the year that income is received.
- The chart to the right represents the way Mark's monthly income may increase through the index-linked growth of the ILAPA rider. A level income payment would start higher, but with ILAPA, his monthly income payments are structured for receipt over 25 years and could add up to a total of \$592,082 before taxes.



Assumptions: Income-tax rate is 39.6%. Five-year deferral, 25-year certain for a purchase cost of \$300,000. Based on S&P 500® index performance over the last 25 years. For illustrative purposes only..

See how structuring fees and adding Pacific Life's ILAPA rider can help you plan for your retirement.

Important information regarding structuring attorney's fees, including Pacific Life's requirements, is contained in the Structured Attorney's Fees brochure (SSCI259), which must accompany this flyer.

Insurance products are issued by Pacific Life Insurance Company in all states except New York and in New York by Pacific Life & Annuity Company. Product availability and features may vary by state.

About the ILAPA Rider

Selecting the ILAPA rider may result in a varying benefit amount based on the annuity type and period selected.

The ILAPA rider is not a security and does not participate directly in the stock market or any index, so it is not an investment. It is an insurance product designed to help a client prepare for his/her future. The index is not available for direct investment, and index performance does not include the reinvestment of dividends.

For more information about how the Index-Linked Annuity Payment Adjustment rider may help attorneys defer taxes, consult with your structured settlements consultant.

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Pacific Life, its affiliates, its distributors, and respective representatives do not provide tax, accounting, or legal advice. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor or attorney.

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Contract Form Series: ICC11:10-1213 (and state variations)

Rider Series: ICC13:20-1280 (and state variations)

SSCI569-1219

