

WHY STRUCTURE A NONQUALIFIED SETTLEMENT

If your settlement doesn't qualify for income-tax-free earnings, you still may want to consider using a nonqualified structured settlement. Some benefits include:

- Guaranteed payments.
- Tax deferral of the annuity gains.
- Predetermined payouts.
- Settlement planning.

Pacific Life's nonqualified structured settlement is an immediate annuity. It is funded with money received from your settlement, and your payments must start within one year of funding. A structured settlement may be a good option for those who are at the age of majority, which is typically age 18, but it varies by state. While minors cannot own this annuity, it may be placed into a trust for their benefit.

How does the taxability work? Payments will be reported as income to the owner each year. The payments consist of two parts: part one is a return of a portion of the purchase amount, which is generally not taxed, and part two is the earnings of that payment, which are taxable.

As part of your strategy, you may want to give your structured payments an opportunity to increase over time. Please check with your structured settlements consultant for more information.

A commutation rider also is available to add to the policy. In the event the annuitant dies before the end of a guaranteed period, this rider ensures that a portion of the present value of the unpaid payments is returned to the estate.

Things to Consider

- A nonqualified structured settlement is available only to U.S. citizens and permanent resident aliens with a valid tax identification number using one of the following:
 - Social Security Number (SSN), Taxpayer ID Number (TIN), or Individual Taxpayer Identification Number (ITIN).
- Tax withholding and reporting are provided to the owner.
 - Owner and payee must be natural people (but a possible exception can be made for individual or family trusts).
- This settlement requires substantially equal, immediate payments (commencing within one year of purchase).
 - Payments must conform to Internal Revenue Code (IRC) Section 72(u) for corporate-owned structured settlements or IRC 72(q) for those owned by an individual.

Ownership Requirements

- The nonqualified structured settlement must be owned by the purchaser or payee.

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

2024 World's Most Ethical Companies®¹



Pacific Life has been named one of the 2024 World's Most Ethical Companies¹ by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices. Pacific Life was evaluated on its culture of ethics; environmental, social, and governance (ESG) practices; ethics and compliance program; diversity, equity, & inclusion; and initiatives that support a strong value chain.

This marks the seventh consecutive year Pacific Life has been recognized by the Ethisphere Institute, which honors organizations that demonstrate a commitment to business integrity through robust ethics, compliance, and governance programs. Pacific Life was one of 11 insurance or financial services industry honorees.

For more than 150 years, Pacific Life has helped millions of individuals and families with their financial needs. Whether your goal is to help protect loved ones or grow assets for retirement, Pacific Life offers innovative products and services that provide value and financial security for current and future generations.

For more information, contact your structured settlement consultant.

SSA.PacificLife.com

¹Based on the Ethisphere Institute's Ethics Quotient®. "World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.

Pacific Life, 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.

Pacific Life is a product provider. It is not a fiduciary and therefore does not give advice or make recommendations regarding insurance or investment products.

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.

Contract Form Series: ICC11:10-1213

Contract form series may vary by state.

SSC1876-2400

24-164



Comprehensive Structured Settlement Solutions™