



STRUCTURED ATTORNEY'S FEES

Preparing for Your Financial Future



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 recognition¹ for high-quality service standards.
- We offer products that address market environments during all stages of your life.
- We maintain strong financial-strength ratings from major independent rating agencies.

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



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.

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

MANAGING YOUR RETIREMENT

Whether you begin to take payments immediately or defer until sometime in the future, a structured settlement attorney's fees annuity can help maximize and protect income for the rest of your life. It's important to keep in mind that the average number of years spent in retirement is growing steadily. People are living longer as advancements in healthcare and science continue to improve. Understanding your life expectancy and how to manage the resources you'll need to be comfortable in retirement are the first steps of successful planning.

Life Expectancy for 65-Year-Old in 2021



Source: Social Security Administration, 2021.

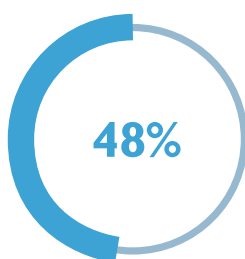
When Do You Plan to Retire?

Your Timetable for Retirement May Not Be What You Planned

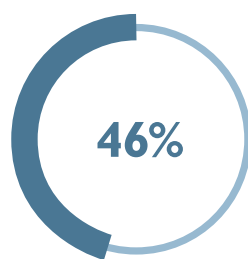
- External factors may cause you to retire earlier than you thought. Studies show that 46% of working Americans plan to retire at age 65 or earlier.¹
- If you have investments in financial markets, the value may be higher or lower than you expected when you begin to take income.

Retiring Earlier, Living Longer

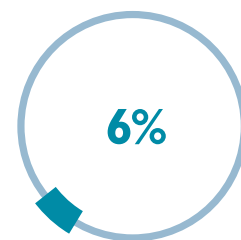
With longer life spans and an earlier retirement, you may live in retirement for more years than you expected.



Earlier than Planned



About when Planned



Later than Planned

Source: Employee Benefit Research Institute, 2020. Retirement Confidence Survey, April 2020.

Planning for the future can seem difficult, and being proactive may help prepare for uncertainties. An IRI report states that 67% of Americans ages 40 to 80 wish they had started saving earlier to avoid retirement insecurity.¹

¹Source: IRI Retirement Readiness Among Older Workers Report, 2021.

PLANNING FOR THE FUTURE

BY STRUCTURING ATTORNEY'S FEES

As an attorney, you can enjoy some of the same benefits as your personal-injury clients by structuring contingent fees for future payment.

Before you receive your next fee for an injury lawsuit, you should think about your future and what is most important to you.

The first issue to consider is the income taxes that will come due for this lump-sum payment. Depending on your individual tax bracket and where you live, this could reduce your net income by almost half.

If you had the opportunity to delay this income for up to 20 years, would that help you with your income taxes?

What Other Plans Could You Make by Setting Up Different Payout Periods?

- Continuity for your children's college plans?
- An early retirement for yourself?
- Stabilizing the income for your business?

Benefit Types

Pacific Life allows you to customize your payment streams specifically to help manage future needs.

Benefit types include:

- Predictable income that you cannot outlive. Structuring fees also can protect both you and your spouse.
- Growth potential with the optional Index-Linked Annuity Payment Adjustment rider.
- Payments for a specific period to help eliminate possible concerns such as paying your home mortgage or funding educational costs for your children.
- Lump sums to help pay for a large purchase.

Payments to You or Your Firm

- By electing to have payments made to your firm, you can guarantee income to help meet payroll needs or pay your business mortgage.

Design a Benefits Package to Fit Your Needs

- Start payments immediately or defer the payment start date up to 20 years.
- Add a cost-of-living adjustment to help offset inflation.

TAX SAVINGS: A CASE STUDY

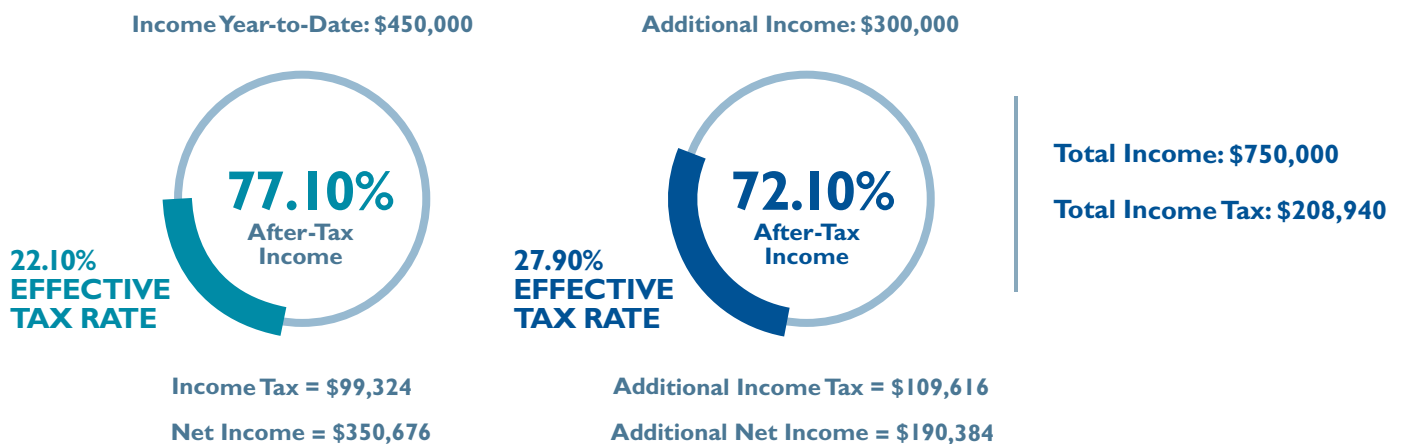
By structuring your contingency fees, you may benefit by deferring the income taxes you would normally pay. If you are already in the highest tax bracket, you will be paying the highest rate on all your new income. That means 37% of your fees would be taken in federal tax, and you also may owe state and local taxes.

Example

- Mark is 55 years old and is in a high federal income-tax bracket.¹
- 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 more income tax and at a higher rate.



Example is for illustrative purposes only.



By structuring his fees, Mark may pay taxes in the future only on the income he receives in that year. If he is retired, he may pay taxes at a lower tax bracket than today, saving even more of his earnings.

¹This hypothetical example assumes Mark is married filing jointly with standard deductions for 2022. Source: Federal Income Tax Calculator. CalcXML.com, January 2022.

GROWTH POTENTIAL

Pacific Life's Index-Linked Annuity Payment Adjustment (ILAPA) Rider

Adding the ILAPA rider may provide upside growth potential for your payments when structuring attorney's fees with Pacific Life.

Fast Facts

- The ILAPA rider payments are linked to the S&P 500® index.
- The rider may provide a long-term benefit with potential for growth.

You Expect Returns on Your Money and the Return of Your Money

Some financial vehicles emphasize return based on the amount of risk. A structured settlement attorney's fees annuity can provide an **income guaranteed for life, low investment risk, and a competitive rate of return.**

THE POWER OF TAX DEFERRAL

Defer Your Income

- By structuring your fees, you may reduce your current and overall income-tax burden by postponing the income and spreading the taxable income over time. Instead of being taxed now on the entire amount, your income payments are reported to the IRS in the year you receive them.
- There may be no limits to how much you can defer by structuring your fees.

Deferring the taxation of income can result in a higher net amount to you.

Married Individuals Filing Jointly (2022)			
Minimum	Maximum	Taxable Amount	Rate on Excess
\$0	\$20,550	\$2,055	10%
\$20,551	\$83,550	\$7,560	12%
\$83,551	\$178,150	\$20,812	22%
\$178,151	\$340,100	\$38,868	24%
\$340,101	\$431,900	\$29,376	32%
\$431,901	\$647,850	\$75,582	35%
\$647,851	\$647,851 or more	\$28,508	37%

Will you be paying taxes **later** at a lower rate each year?

OR

Will you pay a lump sum **now** at this rate?

MEETING FUTURE GOALS

A well-planned strategy may include one or more structured attorney's fees strategies to fit your individual needs and goals.

Planning Goal	Structured Settlement Payment Strategies
Cover educational costs for a child or grandchild, or stabilize firm cash flow.	5-Year Period Certain Guarantees a level monthly payment for five years.
Purchase a vacation home in five years.	Lump-Sum Payment in Five Years Guarantees a lump sum for the purchase.
Defer income to cover increased expenses later in life.	Life with 35-Year Period Certain Payout Option plus Index-Linked Annuity Payment Adjustment Rider Guarantees a level monthly payment for life or 35 years, whichever is longer, to provide additional income with the potential for an annual increase of the payment amount through an index-linked rider.

The benefit amount will vary based on the annuity payout period selected. All guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company.

Life is about moving forward. A structured attorney fee strategy can help you move forward with confidence, knowing you have guaranteed payments that address some of your most important needs and goals— both now and in the future. With the help of your Pacific Life structured settlements consultant, follow these simple steps to get started:

- Determine the time horizon for which you need income, your financial situation, and needs.
- Decide if the Index-Linked Annuity Payment Adjustment rider is appropriate for you.
- Complete the agreement for the structured attorney fee payout.



HOW CAN FEES BE STRUCTURED?

Timing Is Everything

Preventing constructive receipt: The settlement agreement must be completed before the judgment is final. After the judgment is final, you are considered to be in constructive receipt of the fees.

Establishing the Attorney's Fees Annuity

The funding for the structured settlement would be paid by the defendant, the defendant's insurer, or from a trust as described in Section 468B of the Internal Revenue Code (IRC) and the underlying regulations pursuant to Revenue Procedure 93-34, 1993-2 C.B. 470, directly to Pacific Life & Annuity Services, Inc. (PLASI), in exchange for the assignment of the obligation.

- PLASI would then utilize the funding to purchase an annuity contract from Pacific Life to fund its obligations under the structured attorney fee payout.
- You would not actually receive the funding assets that are used to purchase the annuity contract, nor would you be the owner of the annuity.

The attorney can structure his/her fees even if the client does not structure his/her settlement.

Childs v. Commissioner, 103 T.C. 634 (1994)

In the case of *Childs v. Commissioner*, 103 T.C. 634 (1994), *aff'd w/out publ. op.*, 89 F.3d 856 (11th Cir. 1996), both the U.S. Tax Court and the 11th U.S. Circuit Court of Appeals held that the attorney's fees to be paid in a future stream of payments were not currently taxable because no "property" had been transferred to the attorney within the meaning of IRC Section 83 and because the attorney did not have constructive receipt of the funds used to purchase the annuity. The courts rejected the IRS argument that the attorney was subject to immediate taxation under either IRC Section 83 or the doctrine of constructive receipt.

LEGAL NOTES

Pacific Life obtained a legal memorandum from a nationally recognized law firm to support the attorney's fees structured program. The memorandum includes the following selected highlights.

Stipulations Prior to Establishing a Structured Settlement for Attorney's Fees

- The attorney's fees are due pursuant to a contingent fee arrangement between the claimant and the attorney in connection with a suit for damages by the claimant (where the claimant was a plaintiff in a tort action against the defendant and/or its insurer) and the attorney agreed to receive periodic payments of the fee prior to the time of the execution of any settlement agreement, structured or otherwise ("Settlement Agreement"), between the claimant and the defendant and/or its insurer in the suit.
- Alternatives for structuring the attorney's fees as fixed payments payable at regular intervals over a set period or for life (or some combination thereof) were offered to the attorney as part of the negotiations for the settlement agreement between the claimant and the defendant and/or its insurer.

Requirements When Establishing the Structured Settlement

- The attorney's fees are structured as part of a case in which the settled claim involves only amounts received as workers' compensation and/or damages on account of personal physical injury or physical sickness (excludable from gross income under IRC Section 104(a)(1) or (2), respectively).
- The assignment of the periodic payment obligation under the settlement agreement is made by the defendant and/or its insurer (with the consent of the plaintiff), and the plaintiff is designated as the "claimant" in all assignment documents.
- A Hold Harmless Agreement, signed by the attorney who is due fees, is required on all cases involving structured fees.

Notations

- The periodic payments made to the attorney for the attorney's fees are part of a structured settlement of the case (even if the claimant chooses not to have other structured payments made to himself or herself).
- The Commutation rider is not available for structured fees.

FREQUENTLY ASKED QUESTIONS

The following answers are for questions most often asked regarding structuring attorney's fees.

What documents are required by Pacific Life?

- The original Acknowledgement and Hold Harmless Agreement for Attorney's Fees form that confirms, among other things, that Pacific Life does not offer tax or legal advice, and the decision to structure is wholly the responsibility of the attorney.
- Acknowledgement language included in the Settlement Agreement and Qualified Assignment and Release documents.
- Request for Taxpayer Identification Number and Certification (W-9) form.
- Standard forms required include: application, proof of age (if applicable), Settlement Agreement, Qualified Assignment and Release Agreement, and period selected. For more information, ask your structured settlements consultant.

Who guarantees my payments?

All obligations to make future periodic payments assigned to Pacific Life & Annuity Services, Inc. (PLASI) are guaranteed by Pacific LifeCorp. This is evidenced by a Statement of Irrevocable Guarantee, which is issued with each assigned case. PLASI purchases an annuity from Pacific Life (PL) and directs PL to make periodic payments to the payee according to the benefit schedule.

Must the claimant structure his/her own portion in order to structure attorney's fees?

No. The claimant need not structure his/her own portion in order to structure the attorney's fees.

Can I structure fees already paid to me?

No. The IRS does not allow structuring money after there has been actual or constructive receipt of the fees or an impermissible economic benefit from the fees.

Can I defer tax on fees paid on cases other than physical injury or workers' compensation cases?

No. Tax may be deferred on attorney's fees only for amounts received as workers' compensation and/or damages on account of personal physical injury or physical sickness. The IRS does not allow structuring money after there has been actual or constructive receipt of the fees or an impermissible economic benefit from the fees. Structuring attorney's fees is not allowed for nonqualified cases.

Can I name or change a beneficiary?

The attorney can change the beneficiary as long as payments are being made to the attorney as an individual and not to a firm. Per stirpes beneficiary designations are not supported.

Can I structure cases after the judgment is final?

No. The settlement agreement must be completed before the judgment is final. After the judgment is final, you are considered to be in constructive receipt of the fees.

Can a structured attorney's fees annuity with Pacific Life include payments to the individual attorney and separate streams to the firm?

Yes. You can customize benefit streams and payees. Please have your broker contact Pacific Life for full guidelines.

Can I protect my income payments from the effects of inflation?

The optional cost-of-living adjustment or ILAPA rider can increase payments over time. Selecting the ILAPA rider may result in a varying benefit amount based on the annuity type and period selected. For more information, ask your structured settlements consultant.

For more information,
consult with your structured settlements broker today,
or call the Structured Settlements team at (877) 784-0622, option 1.
PacificLifeStructures.com

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Pacific Life & Annuity Company will issue annuity policies if ANY of the following occurs inside the state of New York: solicitation, sales, negotiation of settlement, court/legal action, or claimant/payee residence.

Pacific Life refers to Pacific Life Insurance Company and its affiliates, including Pacific Life & Annuity Company. Insurance products are issued by Pacific Life Insurance Company (Newport Beach, CA) in all states except New York and in New York by Pacific Life & Annuity Company. Product availability and features may vary by state. Each insurance company is solely responsible for the financial obligations accruing under the products it issues.

Contract Form Series: ICC11:10-1213

Rider Series: ICC13:20-1280

State variations to contract form series and rider series may apply.

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