PACIFIC LIFE

# PACIFIC INSURED LDI®

Insured Liability-Driven Investing

Executive Summary

## A Guaranteed Alternative to Best-Efforts Liability-Driven Investing (LDI) Strategies

**VALUE PROPOSITION**

| STABILITY | SIMPLICITY | FLEXIBILITY | LIQUIDITY | TRANSPARENCY |
|---|---|---|---|---|
| Plan assets and liabilities move in sync, resulting in reduced balance-sheet and income-statement volatility. | Turnkey solution that mitigates market risks and avoids the need to explain complex asset and derivatives strategies to the investment board for the plan. | Option to amend cash-flow schedule stated in the contract. | Options to take excess distributions beyond scheduled cash flows for cash and/or Pacific Life annuities. | Valuation based on externally published discount curve and clearly defined fees. |

## Pacific Insured LDI is for plan sponsors seeking to:

- Match plan asset and liability cash flows.
- Reduce volatility of the plan's funded status and its impact on the corporate balance sheet and income statement.
- Reduce risk gaps and tracking error that generally occur with best-efforts LDI strategies.

## Benefits for Plan Sponsor

- Contract value is guaranteed regardless of the performance of the underlying assets.
- Asset-liability match from two perspectives:
  - The benefit cash-flow schedule associated with the contract will match the cash flows of the plan's pension-benefit obligation as provided by the plan sponsor.
  - The Pacific Insured LDI contract value and the related pension-benefit obligation move together in response to changes in discount rates. This mitigates unexpected shifts in funded status, thereby reducing balance-sheet and income-statement volatility for the plan sponsor.
- Since the Pacific Insured LDI contract value is guaranteed and all transactions occur at contract value, credit-spread risk, credit-default risk, interest-rate risk, and liquidity risk are hedged for the respective pension liability covered under the contract.

Guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.

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## How It Works

- The plan sponsor provides a schedule of cash flows consistent with anticipated benefit payments, which is incorporated into the contract.
- All transactions occur at contract value.
- Fees are paid separately by the plan and are not deducted from the contract value.
- Funded in either Pacific Life's general account or a separate account.

**Pacific Life:**

– Manages the assets and pays the scheduled cash flows to the pension plan.

– Determines the contract value monthly by discounting the remaining scheduled cash flows using the same or similar discount curve used by the plan sponsor to value plan liabilities.

– Assumes all investment risk and guarantees the contract value regardless of the performance of the underlying assets.

**Contractholder Options:**

– Amend cash-flow schedule as plan experience results in changes to future pension obligations.

– Withdraw additional funds beyond scheduled cash flows.

– Buy out all or a portion of pension liabilities with the Pacific Transferred Buy-Out® product.

– Terminate all or a portion of the contract value prior to the last scheduled cash flow.

Contact Pacific Life to find out how
Pacific Insured LDI can work for your plan.
www.PacificLifePRT.com
(877) 536-4382, Option 1
GroupAnnuitiesBid@PacificLife.com



Contract Form Series: 80-1188, 80-1188-GA, 80-1291, 80-1276
PRC0134-0417

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