

PACIFIC INSURED LDI®

Insured Liability-Driven Investing

Executive Summary

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

VALUE PROPOSITION

STABILITY

Plan assets and liabilities move in sync, resulting in reduced balance-sheet and income-statement volatility.

SIMPLICITY

Turnkey solution that mitigates market risks and avoids the need to explain complex asset and derivatives strategies to the investment board for the plan.

FLEXIBILITY

Option to amend cash-flow schedule stated in the contract.

LIQUIDITY

Options to take excess distributions beyond scheduled cash flows for cash and/or Pacific Life annuities.

TRANSPARENCY

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.

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

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