

CAPITAL MAXIMIZATION STRATEGY

Building for the Future and Protecting Your Legacy with Life Insurance



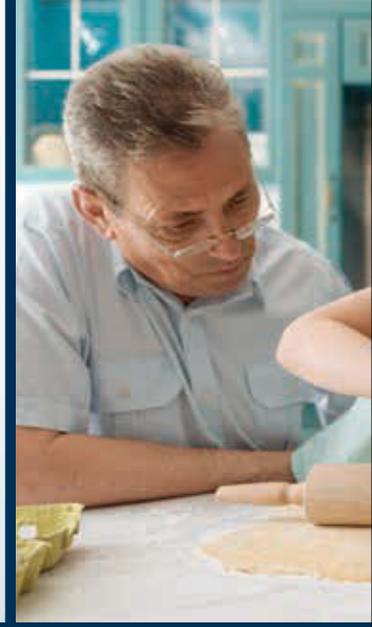
PACIFIC LIFE

Pacific Life Insurance Company



SUCCESSION CAPITAL
ALLIANCE™

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Building and Protecting Your Legacy

Once your family or business has achieved a certain level of success, maintaining and securing it becomes critical. Life insurance can be an important asset in protecting the legacy you have built during your lifetime and beyond, as you transfer this legacy to future generations.

Because you have more to protect, you may have large life insurance needs. Paying the substantial premiums required for large life insurance policies may require you to sell assets such as real estate, equities, or bonds. Prevailing market conditions and tax consequences may impact the sale of these assets. Additionally, it may require your business to use cash flow which could be better suited for other investments or purposes.



Life insurance is an important part of protecting all that you have built during your lifetime. How can the Capital Maximization Strategy help you acquire it without impacting the assets you worked so hard to build?



Harness the Power of Life Insurance Without Liquidating Assets

What Is the Capital Maximization Strategy?

The Capital Maximization Strategy (CMS) is an innovative premium financing process that provides you or your business with the funds to pay your life insurance premiums without liquidating assets to cover the full premiums.

With CMS, you borrow funds at competitive interest rates to pay your life insurance premiums. You provide collateral to secure the loan through the policy's cash value and other performing liquid assets. The policy death benefit is assigned to the lender to cover the outstanding loan balance in the event of death prior to the loan repayment. The remaining death benefit is paid to the beneficiaries.

The Capital Maximization Strategy can be used for:

- ***Estate Planning*** – without proper planning, you may end up giving a significant portion of your hard-earned assets to the government in the form of transfer taxes.
- ***Business Continuation Planning*** – the sudden death of a business owner or key employee may have a devastating impact on the business, the business's employees, and the other owners of the business.
- ***Potential Asset Accumulation*** – using personal or business assets/cash flow to purchase large life insurance policies could have an impact on your potential for asset accumulation.
- ***Asset Protection*** – assets you want to leave to your heirs could be subject to creditors, without suitable preparation.
- ***Existing Life Insurance*** – a lack of ongoing management could leave an existing life insurance policy unfitting for your current and future needs and objectives.

When considering premium financing to solve these needs, success can depend on working with a team that has expertise and experience using this strategy. Succession Capital Alliance (SCA) is the exclusive provider of CMS.

PACIFIC LIFE

For more than 150 years, Pacific Life has helped millions of individuals and families with their financial needs through a wide range of life insurance products, annuities, and mutual funds, and offers a variety of investment products and services to individuals, businesses, and pension plans. Whether your goal is to protect loved ones or grow your assets for retirement, Pacific Life offers innovative products and services that provide value and financial security for current and future generations. Pacific Life counts more than half of the 100 largest U.S. companies as its clients and has been named one of the 2019 World's Most Ethical Companies® by the Ethisphere Institute. For additional company information, including current financial strength ratings, visit www.PacificLife.com.

Pacific Life refers to Pacific Life Insurance Company and its affiliates, including Pacific Life & Annuity Company. Client count as of June 2019 is compiled by Pacific Life using the 2019 FORTUNE 500® list.

SUCCESSION CAPITAL ALLIANCE™

Succession Capital Alliance (SCA) is a boutique life insurance firm serving business owners and high-net worth individuals, in partnership with their financial professionals. Their singular focus is maximizing the performance of their clients' life insurance assets. SCA helps clients realize benefits through their proprietary and nationally recognized Capital Maximization Strategy, which delivers customized solutions using the Power of Choice:

- **Intelligent Leverage** – the core of the Capital Maximization Strategy involves financing policy premiums through a custom loan tailored to your unique circumstances and objectives.
- **Custom Design Strategies** – each Capital Maximization Strategy is specifically designed to provide a custom plan directed to your specific capital, income, business, tax, and estate objectives.
- **Lender Relationships** – SCA has an established extensive network of top lenders with a sophisticated understanding of premium financing.
- **Policy Audit** – SCA can review your existing policies to identify areas of underperformance and suggest potential ways of improving their portfolio value.

While many clients understand the “traditional” way to structure and pay for cash value life insurance, Succession Capital Alliance can demonstrate an option to finance the premium payments. When comparing the two choices side by side, clients may gain the information necessary to make the best choice for their own, unique financial situation.

Succession Capital Alliance is not an affiliated company of Pacific Life Insurance Company.

Is CMS Right For You?

Individuals, corporations, trusts, and partnerships with a need for life insurance, \$5,000,000+ in net worth and high income are eligible to apply for premium financing using the CMS program. Criteria and requirements vary by lender. In addition, you need to qualify both financially and medically for the life insurance policy.



How Does CMS Work?

1

In working with your financial professionals and Succession Capital Alliance, you apply for life insurance from Pacific Life and for a loan from a lender who will finance the life insurance premiums.

2

You pledge collateral and make the interest payment to your lender.

3

The lender approves the loan and pays the premiums to Pacific Life. Pacific Life puts the policy in force.

4

In the event of the death of the insured, the policy's beneficiaries receive the balance of the policy after repayment of the loan.





What Are Some of the Benefits and Considerations of CMS?

BENEFITS

- Helps you increase financial flexibility by utilizing third-party funding to pay your life insurance policy premiums.
- Minimizes up-front “out-of-pocket” expenses to secure life insurance coverage.
- Reduces the impact on current assets of purchasing large life insurance policies.
- May mitigate gift tax exposure for trust-owned policies.

CONSIDERATIONS

- Increases in loan interest rates will result in higher interest payments.
- If the life insurance policy does not perform as anticipated, the policy owner may need to borrow additional premiums to fund the policy. Increasing the loan amount could result in additional collateral requirements or cash payments.
- Loan default may occur if the required collateral is not maintained or other loan requirements are not met.



Answers to Your Important Questions

WHAT DO YOU NEED FOR COLLATERAL?

Lenders reserve the right to change the valuation and nature of the collateral over the life of the loan. Lenders will first require you to assign the life insurance policy to secure the loan. In addition, lenders will require you to put up additional collateral in the form of liquid assets to the extent that the policy cash surrender value is insufficient. Lenders may change valuations on collateral based on market conditions or a client's portfolio. Also, in order to renew and/or maintain the loans over time, the client must qualify financially with the lender.

DO YOU HAVE TO QUALIFY EVERY YEAR?

Some lenders offer an extended loan commitment and a streamlined annual review process to borrowers who qualify. Lenders perform collateral review prior to the annual funding of the life insurance premiums.

CAN YOU DEFER THE INTEREST?

No. Interest payments may not be capitalized into the loan. The interest payments must be paid out-of-pocket annually.

WHEN AND HOW IS THE LOAN TYPICALLY PAID BACK?

Repayment depends on the lender and the terms of the loan. The death benefit will be used to pay back the loan if death occurs prior to the maturity of the loan. Based on a review of future additional and updated financial requirements, the lender may approve to extend the maturity of the loan over time. In addition, it may be possible and desirable, in certain situations, to pay the life insurance premiums to such an extent that you can use the policy's cash value to pay off the loan in the future.

If you have additional questions, your life insurance professional can provide you with more details.

Pacific Life, its affiliates, their distributors and respective representatives do not provide tax, accounting, or legal advice and any information contained in this material may not be relied upon by any taxpayer for the purpose of avoiding any tax penalties. Taxpayers should seek advice based on their own 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.

Life insurance is subject to underwriting and approval of the application and will incur monthly policy charges.



Pacific Life Insurance Company
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Pacific Life Insurance Company is licensed to issue insurance products in all states except New York. Product/material availability and features may vary by state. Insurance products and their guarantees, including optional benefits and any crediting rates, are backed by the financial strength and claims-paying ability of the issuing insurance company. Look to the strength of the life insurance company with regard to such guarantees as these guarantees are not backed by the broker-dealer, insurance agency, or their affiliates from which products are purchased. Neither these entities nor their representatives make any representation or assurance regarding the claims-paying ability of the life insurance company.

Pacific Life reserves the right to change or modify any non-guaranteed or current elements.
The right to modify these elements is not limited to a specific time or reason.

Investment and Insurance Products: Not a Deposit	Not Insured by any Federal Government Agency	
Not FDIC Insured	No Bank Guarantee	May Lose Value