

MEET CLIENTS' CHANGING NEEDS WITH POLICY CONVERSIONS



PACIFIC LIFE

How to Use PL Promise Conversion UL¹ With Your Clients

Pacific Life Insurance Company

Goal: To extend the duration of life insurance coverage beyond a client's PL Promise Term¹ policy

Scenario

Today

Meet Audrey, age 45. She's married with two children. Audrey is a marketing manager and the sole breadwinner in her family. She wants a budget-friendly term life insurance for death benefit protection. Audrey purchases a \$2 million PL Promise Term life insurance policy for a 20-year term at a \$1,756 annual premium. Her PL Promise Term 20 policy will cover her until age 65 as long as she continues to pay her premiums.



Seven Years Later

Audrey has been promoted twice over the past seven years and is now a marketing executive. Due to recent health changes, she realizes that the PL Promise Term 20 policy she purchased seven years ago may not be sufficient to meet her long-term financial goals. Audrey discusses her options during a policy review with her financial professional and decides to convert \$1 million of her PL Promise Term 20 policy to a PL Promise Conversion UL policy. She can convert her PL Promise Term policy at any time within its level premium period, up to her attained age 70.

Approach

Audrey applies to convert a portion of her PL Promise Term 20 policy to a Conversion UL policy and receives guaranteed acceptance with no new underwriting required. She chooses no-lapse guaranteed² coverage to age 90 and now enjoys peace of mind knowing her coverage can last long enough to meet her long-term financial goals.



Assumptions: Female, age 45, approved Preferred No Nicotine risk class. \$1M death benefit, solving for the annual premium paid through age 90 to guarantee the death benefit through age 90 (Lifetime No-Lapse Guarantee Rider²).

Considerations

- By converting her PL Promise Term to a PL Promise Conversion UL life insurance policy, Audrey receives guaranteed acceptance with no new underwriting required. Her policy will convert to an equivalent risk class.
- Instead of term life insurance coverage to age 65, PL Promise Conversion UL provides her with extended coverage to age 90, as long as she continues to pay the premiums.

Result: Audrey receives the \$1 million death benefit with a no-lapse guarantee and the Terminal Illness Rider^{3,4} at no additional charge.

For questions or more ideas about how to use PL Promise products, reach out to your PL Promise Team at (888) 900-9777 or at LynInternalSales@PacificLife.com.

¹PL Promise Conversion UL (Form series P17LYCUL, based on state of policy issue) and PL Promise Term (Policy Form #P16LYT or ICC16 P16LYT and S16LYT10, S16LYT15, S16LYT20, S16LYT25, or S16LYT30, based on level premium period chosen and state of policy issue).

²The Lifetime No-Lapse Guarantee Rider (Form #R17LYFNL, varies based on state of policy issue) is included in the policy. Depending on how your clients structure their policies, the rider has a maximum duration of the insured's lifetime, subject to certain limits. If your client's net no-lapse guarantee value is zero, the no-lapse feature terminates. If the no-lapse feature terminates, additional premiums would be required to resume the no-lapse guarantee. If policy performance is such that your client's policy is being maintained solely by the no-lapse guarantee, your client's policy will not build cash value.

³Riders are subject to availability, restrictions, and limitations. Clients should be shown policy quotes with and without riders to help show the rider's impact on the policy's values.

⁴The Terminal Illness Rider is referred to as the Accelerated Death Benefit Rider for Terminal Illness in the contract (form series R16LYTIR, varies based on the state of policy issue). Benefits paid by accelerating the policy's death benefit may or may not qualify for favorable tax treatment under Section 101(g) of the Internal Revenue Code of 1986. Tax treatment of an accelerated death benefit due to terminal illness depends on the life expectancy of the insured at the time benefits are accelerated. Receipt of accelerated death benefits may affect eligibility for public assistance programs such as Medicaid. Tax laws relating to accelerated death benefits are complex. Pacific Life cannot determine whether the benefits are taxable. Clients are advised to consult with qualified and independent legal and tax advisors for more information. The cost of exercising the rider is that the death benefit is reduced by an amount greater than the rider benefit payment itself to reflect the early payment of the death benefit. Rider benefit payments will reduce the death benefit, cash surrender value, and any policy debt. Additionally, rider benefit payments may adversely affect the benefits under other riders.

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.



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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.

The primary purpose of life insurance is to provide death benefit protection in the event of the insured's death.

This material reflects the Pacific Life Insurance Company policy features and benefits. All policy features and benefits may not be available through some broker/dealers.

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

There are circumstances in which converting your client's existing life insurance or annuity can benefit your client. As a general rule, however, conversion is not in your client's best interest. You should make a careful comparison of the costs and benefits of your client's existing policy and the proposed policy to analyze how a conversion may affect your client's plan of insurance. You should provide this detailed information to your client and discuss whether conversion is in your client's best interest.

The home office for Pacific Life Insurance Company is located in Omaha, Nebraska.