

## PACIFIC INSURED LDI®

Insured Liability-Driven Investing

Executive Summary

### A Guaranteed<sup>1</sup> 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.

<sup>1</sup> Guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.

Insurance products are issued by Pacific Life Insurance Company in all states except New York, and in all states by Pacific Life & Annuity Company. Product availability and features may vary by state.

## 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.

[PacificLifePRT.com](http://PacificLifePRT.com)

(877) 536-4382, Option 1

[GroupAnnuitiesBid@PacificLife.com](mailto:GroupAnnuitiesBid@PacificLife.com)

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Contract Form Series: 80-1188, 80-1188-GA, 80-1291, 80-1276 (state variations may apply)

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