

# life insurance

Protect what matters most



**Allstate**  
You're in good hands.

Auto  
Home  
Life  
Retirement

Who do you  
love?



“We want to help make their  
**FUTURE BRIGHT.**”

# With life insurance, your love can live on.

There's always a point in life when you start thinking about the big picture. You find the person you want to spend the rest of your life with and suddenly you have someone besides yourself to consider. You become an adult and you realize how much your parents mean to you. Or you have children and wonder if you could love anything more.

With life insurance, you can feel confident knowing there's a way to be there for them — always. Your loved ones mean the world to you. Start thinking about doing everything in the world to protect them.

## **Buy some peace of mind.**

Simply put, life insurance gives your loved ones financial security after you're gone. You pay a monthly premium, and if the unexpected happens, your loved ones get a death benefit they can use for things such as medical bills, funeral expenses, outstanding mortgage, college tuition and even living expenses.

You can feel confident today knowing your family will be secure if they ever have to make it on their own.

## **Cash vs. death benefit.**

Why should you buy life insurance rather than leaving your family cash or investments? One reason is that a life insurance death benefit, if properly structured, is excluded from the delays of probate. Your beneficiaries can receive the funds directly from the life insurance company, which can help your family get back on their feet more easily.

# Three ways life insurance can work for you.

## 1 PROTECTION

If your family has to go on without you, a life insurance policy can help them keep the house and pay the bills. They could also use it to help put kids through college or help fund retirement.

## 2 SAVINGS

A life insurance policy also has advantages you can use today. Some policies include “living” benefits that accumulate a cash value that can be used, if needed, to help pay for emergencies, education or retirement.<sup>1</sup>

## 3 WEALTH TRANSFER

The money your beneficiary receives as a death benefit is generally income tax-free and has a high degree of liquidity.<sup>2</sup> That makes life insurance useful for businesses as well as families.<sup>3</sup> Some people even use life insurance as a way to make significant gifts to charities or institutions.

<sup>1</sup> Available through loans and/or withdrawals which, if not repaid, will reduce the contract’s death benefit and cash value. Partial withdrawals and surrenders from life policies are generally taxed as ordinary income to the extent the withdrawal exceeds your investment in the contract, which is also called the “basis.” In some situations, partial withdrawals during the first 15 policy years may result in taxable income prior to recovery of the investment in the contract. Loans are generally not taxable if taken from a life insurance policy that is not a modified endowment contract. However, when cash values are used to repay a loan, the transaction is treated like a withdrawal and taxed accordingly. If a policy is a modified endowment contract, loans are treated as a taxable distribution to the extent of policy gain. Loans, withdrawals and surrenders are treated first as distributions of the policy gain subject to ordinary income taxation, and may be subject to an additional 10% federal tax penalty if made prior to age 59½. Consult your tax advisor for additional information.

<sup>2</sup> The death benefit of life insurance policies that were transferred for value may be subject to ordinary income taxes. Estate taxes may apply (even if the policy is not transferred). Consult your tax advisor for additional information.

<sup>3</sup> The Pension Protection Act of 2006 limits the death proceeds an employer can exclude from income when the insured does not meet the definition of a highly compensated employee or of a highly compensated individual, or the death benefit is not used to purchase the insured’s ownership interest in the business. The Act also imposes specific requirements that the employer notify the individual about the insurance, secure his written consent and submit annual reports to the IRS. Please consult your tax advisor.

# Different types of life insurance for different needs.

Are you a mom or dad? Do you have a mom or dad who depends on you? Are you a newlywed? A grandparent, aunt or uncle? Your responsibilities in life will help you determine what kind of life insurance policy you may want to buy. You can choose between a term policy with a basic death benefit protection or a permanent policy that offers a death benefit and more.

## TERM

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Term insurance is the lowest cost life insurance available. So consider this type of policy if you are trying to keep expenses down. It can provide low-cost life insurance for two reasons:

- The amount of your premium is guaranteed for a set period of time (10, 15, 20 or 30 years)<sup>4</sup>
- You accumulate no cash value within your policy

If you live past the term you've selected, you can choose to continue your coverage for an additional annual premium. Also, most term policies will let you convert your policy to a permanent policy without having to get another medical checkup.

## PERMANENT

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A permanent life insurance policy is just that — permanent. It is insurance that is designed to last your lifetime with regular, annual premium payments. These premiums are typically higher than term, but that is because you are also accumulating cash value in your policy in addition to the death benefit protection. Through withdrawals or loans, this cash value can be used, if needed, to help with emergency expenses or to help pay for college or retirement.<sup>1</sup>

<sup>4</sup> Some states prohibit policies to extend past 20 years without accumulating cash value.

# More about permanent life insurance.

If you decide on a permanent policy, you have several options.

## FIXED

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### **Whole Life makes it simple.**

This is the most straightforward permanent policy because the premium remains level for your lifetime, and the cash value grows at a guaranteed rate that cannot change. The level premiums, cash value interest rate and death benefit are all fully guaranteed for as long as you live. Also, you have access to the cash value through policy loans.<sup>1</sup>

### **Universal Life allows flexibility.**

This kind of policy gives you more control. You can decide when and how much you want to pay into your policy after you pay an initial premium.<sup>5</sup> You can also skip payments as long as you have enough cash value in your account to cover the cost of the insurance, and you can increase or decrease your death benefit amount.<sup>6</sup>

Your policy's cash value grows at an interest rate declared by the company each year. You also have access to your cash value through policy loans.

## VARIABLE

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### **Variable Universal Life gives you investment choices.**

Variable Universal Life is much like Universal Life, but with options in how your cash value is invested. You'll be offered a range of equity and fixed income subaccounts to choose from. Like Universal Life, the premiums are flexible, you can skip payments as long as you have enough cash value in your account to cover the cost of insurance, and you have access to the cash value through policy loans.<sup>1</sup>

<sup>5</sup> Subject to limitations set forth by the Internal Revenue Code.

<sup>6</sup> The guaranteed cost factors or initial policy cost factor of assumption may result in the policy values becoming exhausted prior to the policy's maturity date. Coverage will terminate under such circumstances. Death benefit increases may be subject to evidence of insurability.

“She’s been with me  
THROUGH  
THICK AND THIN.”





# Which type is right for you?

## IS TERM INSURANCE RIGHT FOR YOU?

**Consider term insurance if:**

- You don't have much extra money to spend on insurance premiums.
- You're a new parent.
- You're looking to supplement another life insurance policy.

**Because:**

- It's less expensive than a permanent policy.
- You can buy protection until your kids become financially independent.
- It offers affordable incremental coverage for the length of time you choose.

## IS PERMANENT INSURANCE RIGHT FOR YOU?

**Consider permanent insurance if:**

- You're looking for both protection and tax advantages.
- You need easy access to your cash.
- You like having more control.

**Because:**

- The death benefit is free from income taxes. Plus, the cash value grows tax-deferred.<sup>1,7</sup>
- It allows you to take out a loan or withdraw or surrender the policy.<sup>1</sup>
- You can choose how to invest your payments.

	Insurance for the rest of your life	Tax-deferred cash accrual	Income tax-free death benefit <sup>8</sup>	Flexibility in premium payments	Flexibility in death benefit amount	Guaranteed interest rate	Selection of investment options
<b>Whole</b>	■	■	■			■	
<b>Universal</b>	■	■	■	■	■		
<b>Variable Universal<sup>5</sup></b>	■	■	■	■	■		■

<sup>7</sup> If the life insurance policy is transferred for value prior to the insured's death, the death benefit may be subject to ordinary income taxes. Estate taxes may apply (even if the policy is not transferred). For more information, contact your tax advisor.

# Life insurance Q&A.

**Q** I have a life insurance policy through work. Isn't that enough?

**A** Most employers offer a life insurance plan. But check it carefully. Most of these policies offer only a minimum amount of coverage — much less than what your loved ones would probably need if they have to make ends meet without you. Also, if you change jobs, you may not be able to take your life insurance with you. Plus, if your health status changes, you may not be able to purchase affordable coverage. If you have a policy through work, consider supplementing it with another policy.

**Q** How much does it cost?

**A** A life insurance policy doesn't have to break your budget. Of course your premium will depend on your age, type of policy and how much coverage you want. Different life insurance products have different fees and/or charges.

If you're looking for a cost-effective way to buy a policy, you may want to start with a term life policy and then move to a permanent policy once you're more financially stable.

**Q** How much life insurance do I need?

**A** Make sure you have enough insurance so your loved ones are not saddled with debt or forced to sell assets to pay outstanding bills or taxes. There are no hard and fast rules for determining how much life insurance is enough. It depends on your unique circumstances and objectives. A good rule of thumb is to plan for seven times your salary. But you may need more or less coverage, based on your individual circumstances.

**Q** How do I decide what kind of policy is right for me?

**A** People often struggle with which type of policy best fits their lifestyle and budget. Bottom line — both term and permanent policies offer advantages to explore. An appealing solution may be a mix of both, which may cover your short- and long-term needs in a cost-effective way, potentially avoiding the high costs of buying all your permanent insurance at once.

FOR A COMPREHENSIVE REVIEW OF YOUR LIFE INSURANCE NEEDS,  
CALL YOUR ALLSTATE AGENCY.



“My kids  
mean the world  
TO ME.”

# Put our strength to work for you.

When considering life insurance and annuities, it makes sense to choose a company that's financially sound. We're proud to have received high ratings from these independent analysts.

## ***Is your financial security in Good Hands®?***

### **Allstate Life Insurance Company**

#### STANDARD & POOR'S

**AA** (Very Strong)

Third highest of 20 ratings awarded. Ratings range from AAA (extremely strong) to CC (extremely weak). S & P rating is for insurer financial strength.

#### MOODY'S

**Aa2** (Excellent)

Third highest of 21 ratings awarded. Ratings range from Aaa (exceptional) to C (extremely poor). Moody's rating is for insurer financial strength.

#### A.M. BEST

**A+** (Superior)

Second highest of 13 ratings awarded. Ratings range from A++ (superior) to D (poor). A.M. Best rating is for insurer financial strength.

### **Lincoln Benefit Life Company**

#### STANDARD & POOR'S

**AA** (Very Strong)

Third highest of 20 ratings awarded. Ratings range from AAA (extremely strong) to CC (extremely weak). S&P rating is for insurer financial strength. The rating reflects the relationship of Lincoln Benefit Life Company to its parent, Allstate Life Insurance Company.

#### MOODY'S

**Aa2** (Excellent)

Third highest of 21 ratings. Ratings range from Aaa (exceptional) to C (extremely poor). Moody's rating is for insurer financial strength. The rating reflects the relationship of Lincoln Benefit Life Company to its parent, Allstate Life Insurance Company.

#### A.M. BEST

**A+(r)** (Superior)

Second highest of 13 ratings. Ratings range from A++ (superior) to D (poor). A.M. Best rating is for insurer financial strength. The A+(r) rating conveys that Lincoln Benefit Life Company automatically reinsures all net new business with Allstate Life Insurance Company.

### **Allstate Life Insurance Company of New York**

#### STANDARD & POOR'S

**AA** (Very Strong)

Third highest of 20 ratings awarded. Ratings range from AAA (extremely strong) to CC (extremely weak). S&P rating is for insurer financial strength. The rating reflects the relationship of Allstate Life Insurance Company of New York to its parent, Allstate Life Insurance Company.

#### MOODY'S

**Aa2** (Excellent)

Third highest of 21 ratings awarded. Ratings range from Aaa (exceptional) to C (extremely poor). Moody's rating is for insurer financial strength. The rating reflects the relationship of Allstate Life Insurance Company of New York to its parent, Allstate Life Insurance Company.

#### A.M. BEST

**A+(g)** (Superior)

Second highest of 13 ratings awarded. Ratings range from A++ (superior) to D (poor). The A+(g) rating conveys that Allstate Life Insurance Company of New York shares a group affiliation with Allstate Life Insurance Company.

Ratings are as of May 2007 and are subject to change.

Variable life insurance and variable universal life insurance products are long-term investments designed to provide life insurance protection and flexibility in connection with premium payments and death benefits. You should carefully consider the investment objectives, risks and expenses before purchasing a contract or investing money. Variable life insurance and variable universal life insurance policies have limitations and are sold by prospectus only. The prospectus contains details on the investment alternatives, policy features, the underlying investment portfolios, fees, charges, expenses and other pertinent information. You may obtain copies of these prospectuses from your Allstate Personal Financial Representative. You should read the prospectus carefully before purchasing a contract or investing money.



**Allstate**  
You're in good hands.®

Auto  
Home  
Life  
Retirement

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