Life Insurance
Protection for you and your family
Life insurance: An important piece of your plan for the future.

As you go through each stage of life, your relationship with money, income and savings will change. When you start a family, for example, your priority shifts to financially protecting those you love. Whereas when you’re nearing retirement, your focus may shift to leaving a legacy.

Life insurance is part of the foundation of a sound financial plan. It can help you protect your assets and the people who rely on you financially. The chart below shows how life insurance fits into a plan and provides a way to think about broader financial priorities as you work towards achieving your goals.
Why life insurance?

Over half of the households in America would feel the financial impact from the loss of their primary wage earner in just a year or less, yet under 60% of American adults have life insurance coverage.* What happens if you were not here to help contribute to your household? Would your family be able to continue to live the life that you worked so hard to provide? Could they afford to stay in the home without you?

Life insurance is one of the best ways to provide an income to help make sure those you care about will be provided for financially if you are not here to care for them.

* LIMRA and LIFE Foundation 2015 Insurance Barometer Study

For all the right reasons...

Life insurance can help your family in so many ways:

- Replace income that will help financially protect those you love
- Help pay off debts such as mortgage, college expenses, credit cards, or car loan
- Leave as an inheritance for your loved ones
- Leave a financial legacy free of federal income tax
- Provide for aging parents or children with special needs
- Cover final expenses

Life insurance can also offer many benefits that you might not have considered:

- Provide cash when needed most
- Supplement your retirement income
- Meet a wide variety of unexpected small business needs
- Help cover rising health expenses
- Allow access to Living Benefits while you are still alive

Determining How Much Life Insurance.

When considering life insurance, one of the most common questions is “how much life insurance do I need?”. The answer depends on your specific financial needs and circumstances. Start by determining how much of your income your family would need in order to continue their current lifestyle if you were to pass away and how many years your income will be needed, or until your children are raised and your spouse is financially stable or retired. A good rule of thumb is to use an Income Replacement Factor of 8-12 multiplied by your annual income, but this factor could be different depending on your individual situation. Also, consider how much you need to cover your mortgage, loans, children’s education and whether you want to provide for final expenses.
Types of Life Insurance

There are many shapes and sizes of life insurance, but there are two basic types of life insurance policies: term life insurance and permanent life insurance. Term insurance offers coverage for a specific period of time and pays the death benefit of the policy if the person insured dies during that “term.” Permanent life insurance provides protection for one’s lifetime; as long as sufficient premiums are paid, the benefit will be paid no matter when the insured dies.

**Term insurance is like renting.**

Term insurance can be compared to renting a home or leasing a car. You choose the length of time and amount of coverage based on your unique needs, and your payments stay the same until the end of your term.

Before that term ends, you may have the option to convert or renew the policy. After that term ends, if you still want life insurance and you have not converted to a more permanent policy, the costs could be much higher.

**Term may be a suitable choice for you if you:**
- Want the most affordable, highest amount of life insurance.
- Need coverage for a set period of time at a guaranteed price.¹
- May have a future interest in converting to a longer term permanent life insurance solution.
- Want access to certain benefits while you’re alive — in case of terminal illness⁴,⁵,⁶

**Permanent insurance is like buying.**

A permanent life insurance policy is designed to provide protection for your lifetime as long as required payments are made. The cost is typically higher than term because, in addition to the death benefit, you are also accumulating cash value in your policy.

Similar to the equity in owning a home, permanent insurance builds cash value that you can borrow or withdraw.² Keep in mind that taking a loan or withdrawal may impact your death benefit and cash value.

**Permanent life insurance may be right for you if you:**
- Want protection for your entire life.
- Are looking for protection that can build cash value.
- Want the ability to make changes to your policy in the future.
- Seek a way to help pay for financial emergencies. The cash value of a permanent life insurance policy allows you to take out loans or withdrawals.²
- Want access to certain benefits while you’re alive — in case of chronic or terminal illness⁴,⁵,⁶
Types of Permanent Life Insurance.

Whole Life –
Whole life policies offer a fixed premium and death benefit, and a guaranteed rate of return on your cash value. With a whole life insurance policy, you can grow your cash value with peace of mind that it will be protected.

Universal life –
Universal life policies grant you additional flexibility with the option to make changes to your policy, like adjusting your premium or death benefit to meet any future needs. The interest rate credited to your cash value may increase or decrease, but will never go below the guaranteed rate.

Indexed Universal Life –
In addition to the benefits of a universal life policy, indexed universal life includes the potential for the cash value accumulated in your policy to earn interest based on an index. An index simply measures the average performance of a group of companies representing many different sectors of the U.S. economy. This diversification gives the potential for you to grow your cash value based on the performance of the market as a whole, while still working to minimize any losses.

Variable Universal Life –
Variable universal life policies also include the benefits of universal life, but allows you to have investment variety and take bigger risks with the cash value accumulated in your policy which could lead to greater earnings. Keep in mind that losses could also lead to a reduction in cash value and your death benefit, so this option is most fitting for someone able to monitor their investments closely.

Life Insurance Comparison Chart

<table>
<thead>
<tr>
<th></th>
<th>Tax Exempt Death Benefit</th>
<th>Insurance for the Rest of Your Life</th>
<th>Cash Value</th>
<th>Selection of Investment Options</th>
<th>Flexible Payments</th>
</tr>
</thead>
<tbody>
<tr>
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<td>No</td>
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<tr>
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<td>Yes</td>
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</tbody>
</table>

The type of life insurance you purchase needs to satisfy a purpose in your life and that of your family. Talk to your Allstate Agent for more information on life insurance, its uses and its features so that you can decide what life insurance solution will help maximize the protection you provide your family.
Just the way you want it.

What's the right kind of life insurance for you and your family, and how much do you need? The questions below can help you decide which life insurance policy makes the most sense for you.

Here are a few things you can think about before you have a life insurance conversation with your Allstate Agent:

**Why do I want life insurance?**
- To protect my life and provide financial security for my loved ones
- Along with protecting my life, I want to build cash value

**How long do I want life insurance coverage for?**
- For my lifetime
- For a set period of time to help cover a variety of shorter-term financial needs, such as income replacement, housing expenses or college funding

**Which is more important to me?**
- Paying lower premiums for a specific term period
- Paying higher premiums for lifetime protection

**What would I feel more comfortable with?**
- A fixed payment schedule
- Flexible payments

**When seeking cash value what do I prefer?**
- Predictable returns
- Higher potential returns that might involve risk

Keeping up with life’s changes.

A lot can change in a year—your job, kids going to college, your home, new possessions, maybe even a new business—and it’s important to have an annual review to make sure your financial plan and any coverage is still on pace with your family’s changing financial priorities.

Your Allstate Agency is not only there to help you create your plan - they’ll review it with you annually, or whenever any changes occur. They will help you protect the here and now, and help you plan for the future too.
Talk with your Allstate Agent about what life insurance can do for you and your family.

For more information: Visit allstate.com/lifeinsurance
You have more than a policy.
You have Allstate.

Caring for customers and communities has always been a top priority for Allstate. Whether you’re looking for answers or advice you can trust, your Allstate agency is close to home and ready to help.

Allstate is committed to making insurance better. Along with fast and fair claim service, we have innovative tools, apps and extras to make everyday life easier for you.

Talk to your Allstate agency today and see what we mean when we say “You’re in good hands.”

1 All guarantees are subject to the claims-paying ability of issuing insurer.
2 Loans, if not repaid, and withdrawals 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 59 1/2.
3 Increases in benefits are subject to underwriting approval. Changes to benefits can have income tax consequences. Consult a tax advisor for additional information.
4 A disclosure form must be completed prior to receiving benefits under this rider. An administrative expense may be charged if the benefit is used. Receipt of accelerated benefits may be taxable. Tax laws relating to accelerated benefits are complex. Please consult a tax advisor. Receipt of accelerated benefits may also impact eligibility for public assistance programs.
5 The amount paid by the rider will be reduced by benefit discounts resulting from early payment of uncollected insurance charges. Please see the rider for maximum payment amounts.
6 Accelerated Death Benefit may or may not qualify for favorable tax treatment under the Internal Revenue Code of 1986. This depends on factors such as the customer’s life expectancy at the time benefits are accelerated or whether the customer uses the benefits to pay for qualified long-term care expenses. If the Accelerated Death Benefit qualifies, the Benefit will not be subject to federal income taxation. In addition, receipt of the Accelerated Death Benefit may affect the customer or his family’s eligibility for public assistance programs such as medical assistance (Medicaid), Aid to Families with Dependent Children (AFDC), Supplemental Security Income.


Returns on indexed policies can vary from year to year based on the performance of the indices to which the interest credited is linked. Investment products are not FDIC-insured, may lose value and have no bank guarantee. Please note that Allstate Life Insurance Company or its agents and representatives cannot give legal or tax advice. The brief discussion of taxes in this brochure may not be complete or current. The laws and regulations are complex and subject to change. For complete details consult your attorney or tax advisor.

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