

INSURANCE *Facts & Figures*

Life Insurance 101

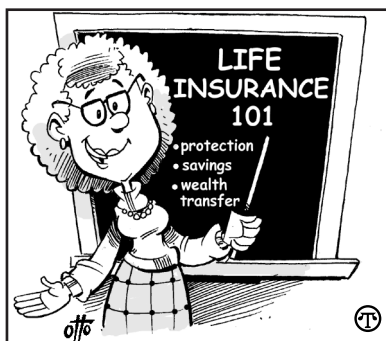
(NAPSA)—Some say life insurance is the cornerstone of a family's financial security. And though people generally don't like to talk about it, life insurance may be one of the most important things you can do for your loved ones. While not typically thought of as a financial product, life insurance can offer:

- **Protection.** The loss of earning power can be devastating, but life insurance can help families take care of expenses and protect their financial security.

- **Savings.** Some life insurance policies have "living" benefits. If a policy accumulates cash value, the owner can access the money to cover emergency expenses or help fund retirement. Cash may be available through loans or withdrawal. If not repaid, loans and withdrawals reduce the contract's death benefit and cash value. Under most circumstances, loans and withdrawals from life insurance policies are not taxable. However, you should speak with your tax advisor before taking a loan or withdrawal from a policy to discuss any potential tax consequences.

- **Wealth transfer.** Unlike cash or investments, the money a beneficiary receives as a death benefit is generally income tax-free and has a high degree of liquidity. Some people use life insurance to make significant gifts to charities.

Generally, how does life insurance work? Very simply stated, you pay premiums for a number of years, and when you pass on, the insurance company pays out what's called a death benefit to the person(s) named as your beneficiary. However, life insurance is flexible, and coverage can be cus-



Life insurance provides a number of important benefits.

tomized to fit an individual's budget and needs. There are many variations, options and costs to consider.

What types of life insurance are there? The two basic types of life insurance are term, which offers protection for a certain amount of time so long as premiums are paid, and permanent, which doesn't expire. With permanent insurance, if the cash value is large enough, the policy owner may not have to pay premiums to keep the policy in force. Under the umbrella of permanent life insurance are whole life insurance, universal life insurance, variable life insurance and variable universal life insurance—each with its own unique features.

How much life insurance do I need? A general rule of thumb says you need seven times your annual income. For a more precise calculation, you can visit the Needs Analysis Worksheet on www.allstate.com/finance.

For more information about life insurance and how Allstate can help you determine the policy that's right for you, log onto www.allstate.com/finance.