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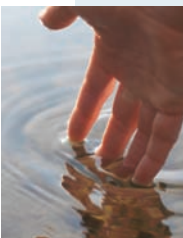
# THE LITTLE BOOK OF LIFE ESSENTIALS

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LINCOLN BENEFIT LIFE  
AN ALLSTATE COMPANY

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FOOD.  
WATER.  
SHELTER.  
LIFE INSURANCE.

**LIFE ESSENTIALS**

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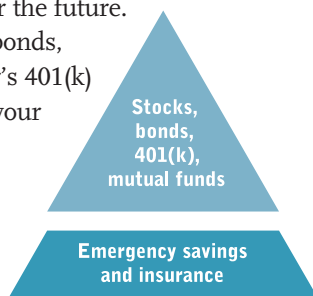
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## Ten minutes to the essentials of life.

Like the food you eat, the water you drink, and the roof you put over your head, life insurance is one of the essentials of life. In the next 10 minutes, this *Little Book of Life* will help you gain the knowledge to take charge of your own life insurance decisions—the essentials to help secure your own financial legacy.

### Avoiding financial tragedy.

You're probably already saving for the future. You may be investing in stocks, bonds, mutual funds and your employer's 401(k) plan. These are crucial steps for your family's financial security. But investing is just one part of a sound financial plan.



You need to protect yourself and your loved ones against financial uncertainty. If a sudden death occurs, life insurance helps ensure that a personal tragedy doesn't become a financial tragedy.

### Fact or fiction?

I don't need life insurance once my kids are "grown" and my mortgage is paid off.

If you died today, your spouse could outlive you by 10, 20 or more years. Life insurance could ensure adequate funds for that possibility and could also provide something to pass on to children and grandchildren. And depending on the size of your estate, funds could eventually be needed to pay estate taxes.

If someone depends on you financially, you probably need life insurance. Life insurance can provide cash to your family at your death when they need it most. If you died tomorrow, how would your loved ones fare financially? Would they have the necessary money to make ends meet for the mortgage, groceries, funeral costs, medical bills, education, etc.?

So whether you are young or old, married or single, have children or don't, take a moment to consider how life insurance might fit into your financial plans.

## Adding it all up.

Everyone's insurance needs are different. The best way to calculate yours is to have your financial professional complete a financial needs analysis. This analysis will determine your obligations and resources you may require to meet those obligations.

The worksheet will help give you an idea of how much life insurance is right for you. Be sure to consult a financial professional for a more precise number.

YEARS INCOME NEEDED	FACTOR	<b>Chart 1</b> This chart assumes a 4% net rate of return, i.e. an 8% return on investments and a 4% inflation rate. Changing either assumption will change the results.
5	4.45	
10	8.11	
15	11.12	
20	13.59	
25	15.62	
30	17.29	
35	18.66	
40	19.79	

## If you died today...

### Expenses – immediate cash needs

#### 1. Final Expenses

The cost of the funeral, final medical expenses, etc. \_\_\_\_\_

The average funeral costs \$6,000 - \$10,000.

#### 2. Outstanding Debt

Include mortgage, credit cards, car loans, etc. \_\_\_\_\_

#### 3. Education Funds

The total cost of sending your children to college \_\_\_\_\_

#### 4. Total Cash Needed for Immediate Needs

Add lines 1, 2 and 3 \_\_\_\_\_

### Future income needs

#### 5. Total Annual Income Your Survivors Would Need

Your family will need to replace between 60-80% of your current gross annual household income \_\_\_\_\_

#### 6. Annual Income Available from Other Sources

Spouse's income, Social Security, interest, rental property, etc. \_\_\_\_\_

#### 7. Income to be Replaced

Subtract line 6 from line 5 \_\_\_\_\_

#### 8. Current Capital Needed for Income

Multiply line 7 by factor in Chart 1  
Income needed for \_\_\_\_\_ years; Factor \_\_\_\_\_

#### 9. Total Cash Needed

Add lines 4 and 8 \_\_\_\_\_

### Available assets

**10. Savings and Investments**

Bank accounts, CDs, stocks, bonds, etc.

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**11. Retirement Savings**

IRAs, 401(k)s, Keoghs, pensions, etc.

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**12. Current Life Insurance**

Include all life insurance, including coverage through your employer

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**13. Total Income Producing Assets**

Add lines 10, 11 and 12

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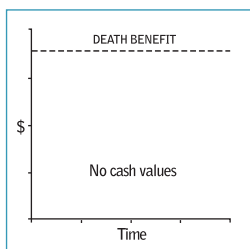
**14. Additional Life Insurance Needed**

Subtract line 13 from line 9

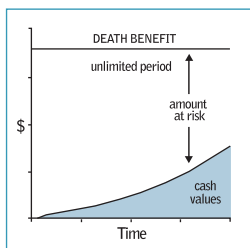
**Did you know that with proper planning, your beneficiaries will pay no estate or income tax on the life insurance death benefit, and can also avoid the probate process?**

## Variety is the spice of life.

The best type of insurance to own is the kind that will be in force when the need arises. You need the right amount of protection at a price you can afford. There are many varieties of life insurance, but most insurance falls into two categories: term insurance and permanent insurance.

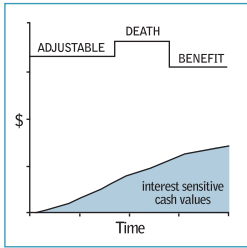


**Term insurance** is designed for temporary needs (usually one to 30 years). It can be a good choice for young families with tight budgets because of its initial lower cost. Many term insurance policies have conversion privileges to convert the term policy to a permanent policy before it becomes too costly or when your financial situation changes.

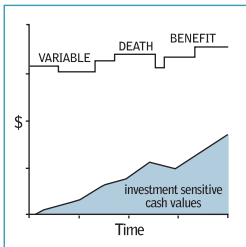


**Permanent insurance** can provide lifelong protection. As long as you pay the required amount of premiums, the death benefit will be paid. Along with the death benefit, permanent insurance accumulates a cash value on a tax-deferred basis. Generally, you pay no income tax on the accumulated gain unless you withdraw it.

## Two types of permanent insurance



**Universal life insurance** gives the owner the right to vary premium payments and the death benefit within prescribed limits. The rate of return on the cash value fluctuates according to the insurance company's investment performance, but will not fall below a guaranteed minimum rate of return.



**Variable universal life insurance** is similar to universal life insurance, except that the cash value can be invested in an array of investment options, called subaccounts, and will fluctuate according to the subaccounts' performance. You have the right to allocate your policy values among the investment options offered under the policy.

Variable universal life insurance policies carry annual insurance company mortality and expense risk charges, withdrawal charges in the early years, and administrative fees. Individual features may be offered at an additional cost. The value of a variable universal life insurance policy will fluctuate with the investment performance of the underlying subaccounts and may be worth more or less than the original investment.

**The best type of insurance to own is the kind that will be in force when the need arises.**



## Out with the old, in with the new?

Think twice before replacing any existing life insurance. Be sure it will be to your advantage.

### Reasons to keep an existing policy:

- You may be subject to a new contestability period and new suicide period. During the first two years of a new policy, it may be contested if any material information was not provided. Plus death claims may be denied if the death was the result of suicide.
- Your current premiums may be lower than the new premiums.
- If cash values are involved, there may be current surrender charges or, your existing policy may be beyond the surrender charge period and purchasing a new one would start a new surrender charge period.
- There may be a higher guaranteed crediting rate on the old policy.
- Your health may not be as good as it was, resulting in higher premiums and costs of a new policy.

## Life events

Consider an insurance review if you've:

- Changed your marital status
- Got a new job or promotion
- Bought a new home
- Increased/decreased your debt
- Had a child
- Received an inheritance
- Started a business
- Become an "empty nester"
- Changed your income
- Had a change in your health

### **Reasons to exchange an existing policy:**

- Improvements in policies are inevitable and prices tend to decrease. This can mean a more competitive product with lower costs and better features.
- Your health (or medical care) may have improved and can result in lower premiums and lower costs.
- You may qualify for a better underwriting class. Some existing policies may only have smoker and nonsmoker classes, while new policies have preferred, preferred plus and others.

There are other items to be considered, so before making any changes to your existing insurance, ask for a detailed listing of cost breakdowns for both policies including premiums, cash surrender values and death benefits.

### **Beyond your personal life**

Business owners or financially successful people may have other life insurance needs. With proper planning and life insurance you can help:

- Preserve your estate for your next generation.
- Ensure the orderly succession of your business.
- Financially reward yourself and your key executives with extraordinary benefits.

Talk with your financial professional to learn more about life insurance.

## Taking the next step is essential.

Now that you have a better understanding of life insurance, it may be time to take the next step and take advantage of how life insurance can benefit your financial future.

Contact your financial professional or visit the Life and Health Insurance Foundation for Education (LIFE) online at [www.life-line.org](http://www.life-line.org).

**Life insurance.** It's essential as the roof over your head.

## There is strength in our numbers.<sup>®</sup>

For more than 65 years, Lincoln Benefit Life Company has been an innovator in bringing insurance and annuity products to policyholders nationwide. From term insurance to universal life insurance to variable life insurance, Lincoln Benefit Life has a complete line of life products to fit your personal, business and estate planning needs.

Lincoln Benefit Life was acquired in 1984 by Allstate Life Insurance Company specifically for its ability to develop competitively priced insurance and annuity products for distribution through independent agents. The Company's financial strength and ability to meet policyholder obligations are reflected in the high rankings it has received by independent analysts. Lincoln Benefit Life prides itself on its ability to provide exceptional products and service to its customers.

Variable universal life 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, charges and expenses of the investment alternatives before purchasing a policy. These policies have limitations and are sold by prospectus only. The prospectus contains details on the investment alternatives, policy features, the underlying investment options, fees, charges, expenses and other pertinent information. To obtain a prospectus or a copy of the prospectuses for the underlying investment options, please contact Lincoln Benefit Life Company or go to [www.accessallstate.com](http://www.accessallstate.com). Please read the prospectuses carefully before investing in a contract.

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