Variable Annuities

A variable annuity is a contract with an insurance company where you give them either a lump sum amount or a series of payments, which is then invested into subaccounts, which contain stocks, bonds or money market funds, or a combination of these. You get to choose how your money is invested by selecting from the list of subaccounts. Your money is then free to grow, tax deferred, until you withdraw it (usually after retirement) in a lump sum or series of payments. With variable annuities, potential risks are higher than fixed annuities, including loss of principal, but the potential returns are also higher. There is no guaranteed minimum rate of return as there is with a fixed annuity.

A Variable Annuity Might Make Sense for You If:

• You want the potential for greater return and are comfortable with a greater investment risk.

• You like the ability to make your own decisions about which subaccounts you want your money to be placed in.

• You want your beneficiary to receive money without the delay and expense of probate.

• You are planning for retirement and will most likely not withdraw the money before you're 59½.

• You want accelerated growth that comes with tax deferral.

• You've maxed out your contributions to 401(k)s and IRAs.

How Variable Annuities Work

1. You open a variable annuity by paying an initial premium to an insurance company. You can fund an annuity through lump sum or installment payments.
2. The insurance company invests your premium, but you choose how the money is invested. You can choose from among a variety of subaccounts that vary in their level of risk. You can move your money between subaccounts as your objectives change.
3. Your investments grow tax-deferred. You pay taxes only when you withdraw your money from the annuity.
4. When your annuity matures, you can begin drawing payments from the insurance company. If you withdraw early, you will have to pay penalties and taxes.
5. You choose the length of your payout period. You can receive payment in a lump sum, over a fixed period of years, or for the rest of your life. How you choose to receive your payment will impact the total amount that you'll receive. Because your investment is variable, your returns are not guaranteed.
6. If you die before your annuity matures, your estate or beneficiary still receives a death benefit. Your beneficiary will receive an agreed-upon payment. The size of the payment will depend on the amount paid in and the value of your investments.

Make the Most of Your Investment
Many variable annuities offer free services to help you plan your investment strategies.

- Automatic portfolio rebalancing will make automatic, periodic transfers between your subaccounts as needed to maintain the investment mix you originally asked for.
- Transfers among subaccounts. Many variable annuities allow you to move your money among subaccounts without a charge. Unlike some fund transfers, these transfers are tax free.
- When you invest an amount in a variable annuity subaccount on a regular basis, you can take advantage of dollar cost averaging, which may help even out the ups and downs of the market. You can potentially end up buying more investment units when prices are low and fewer units when prices are higher. The result can be that you achieve a lower average cost per unit for your annuity as a whole.

How an Allstate Personal Financial Representative Can Help
Fixed or variable annuities—which one is right for you? I can help you decide which product is right for your situation.

Meeting Your Retirement Needs

As your Personal Financial Representative,
I'm licensed to sell financial products, such as IRAs, mutual funds, variable insurance products and more. This means you can take care of a wide variety of your insurance and financial needs at one convenient place. If you're thinking of retirement, savings or protecting your family and assets, please contact me today. I will be happy to help you identify solutions to help meet your needs.
To contact me, you can:

Call me at (773) 327-4843
Send an e-mail or visit my office

With most annuities, there isn't a contribution limit. You may contribute as much as you
want to an annuity subject to company approval for contributions over $1 million. This is especially appealing to late-start investors, people who've waited until their 40s or 50s to start saving for retirement. Unlimited contributions can give late-starters a chance to catch up.

Variable annuities are securities, which are subject to market risk, including loss of principal.

Variable annuities are long-term investments designed for retirement purposes. You should carefully consider the investment objectives, risks and charges and expenses of the investment alternatives before purchasing a contract or investing money. This information is only a summary. Additional information about these and other subjects can be found in the prospectuses for the contract and the underlying portfolios. You may obtain copies of these prospectuses from your Allstate Personal Financial Representative. Please read the prospectuses carefully before purchasing a contract or sending money.

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