Give yourself flexibility both today and tomorrow.

Why is life insurance a popular wealth-transfer strategy? For one thing, transferring wealth to your loved ones doesn't mean you have to lock up your money during your lifetime.

You can select a life insurance policy that allows access to your funds in case of an emergency, such as paying medical or long-term care expenses.[4]

With life insurance, you have more control over how you pass on the money you've worked so hard to earn.

[4]Partial withdrawals and surrenders from life polices 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. Loans if not repaid, and withdrawals reduce the contract's death benefit and cash value.

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Take the first step.

To learn more about how you can put together a personalized plan that may maximize what your loved ones receive, and can minimize what they pay in taxes, contact your financial representative.

LINCOLN BENEFIT LIFE
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Guarantees are based on the claims-paying ability of Lincoln Benefit Life Company.

■ Not FDIC, NCUA/NCUSIF insured ■ Not insured by any federal government agency ■ Not a deposit ■ Not guaranteed by the bank or credit union ■ May go down in value

Annuity and Life insurance products underwritten by Lincoln Benefit Life, Home Office: Lincoln, NE.

Please note that Lincoln Benefit Life does not provide tax or legal advice. Please consult your tax advisor or attorney prior to making any tax-related decisions.

LBL123 Rev. 09/06

Make sure your loved ones get the first piece.

If you're planning to leave money to your loved ones through an annuity, you should know that federal and state income taxes can potentially take a huge bite out of what you hope to pass along.

An alternative you may want to consider is using your annuity to fund a life insurance policy.[1] With a death benefit free of income taxes, you can pass along a bigger piece of the pie—and help make it possible for your loved ones to realize their dreams for the future.

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What's the difference?

A while back when you thought about your retirement needs, you made a decision to purchase an annuity. But what if sometime between now and then your goals changed and instead of building wealth for yourself, your objective is to pass it along? Now maybe life insurance is a better option.

Who pays the taxes and when?
Annuities are long-term investments designed to compound interest year after year. While you don't have to pay taxes on the interest while you're accumulating your nest egg, you or your beneficiaries will need to pay taxes on those earnings when distributions are taken.[2] Typically these investments offer a number of payout options that can create an income stream for a predetermined number of years or even for life.

What are your investment objectives?
Annuities are not suitable for meeting short-term objectives. And they aren't right for everyone as financial circumstances and objectives vary by individual. As with any investment, you should carefully consider all the features associated with a product—including costs, fees, expenses, and contract features—before deciding to invest.

What if you don't need the money?
If your annuity contract is a traditional IRA, you must begin taking withdrawals at 70½. Maybe in your situation, you won't need the money and would rather leave something behind for your loved ones. That's where it may make sense to start taking payments from your annuity, and using them to fund a life insurance policy.[1] Although you'll pay income taxes on any gains you make from the annuity when you make those withdrawals, your beneficiaries will receive the life insurance policy's death benefit income-tax free.[2, 3]

[1] A thorough analysis of fees, charges and expenses as well as legal and tax issues should be conducted before moving assets from an annuity to a life insurance policy.

[2] Distributions taken prior to annuitization are generally considered to come from the gain in the contract first. If the contract is tax-qualified, generally all withdrawals are treated as distributions of gain. Withdrawals of gain are taxed as ordinary income, and if taken prior to age 59½, may be subject to an additional 10% federal tax penalty.

[3] The death benefit of life insurance policies that were transferred for value may be subject to ordinary income taxes. Estate taxes may apply. Consult your tax advisor or estate planning professional for more details.