

Allstate Life Insurance Company

Financially Solid

Allstate Life Insurance Company is one of the largest life insurance companies in the U.S. Allstate Life offers customers high financial strength ratings and is committed to providing you the quality service you expect and deserve.

Allstate Life has consistently earned high ratings from the nation's leading rating agencies. Allstate Life is a recognized leader in the structured settlement industry, with over \$8 billion in structured settlement annuities.

Structured Sales

Sell Your Business or Property for an Assured Stream of Income

IRS REQUIRED TAX DISCLOSURE:

Information contained herein is not intended or written to be used, and cannot be used, for the purpose of avoiding any tax penalties. This document is written to support the promotion or marketing of the transactions or matters discussed. You should seek advice based on your particular circumstances from an independent tax advisor.

This information is provided for general educational purposes and is not to be relied upon in any decision whether to enter into a structured settlement arrangement. Allstate Life Insurance Company cannot predict actual tax consequences for any given situation because relevant tax law, which may include statutes, regulations, or rulings, is subject to change. This information is not intended to provide legal, tax or investment advice. For individual advice, a legal or tax advisor should be consulted.

- Not FDIC, NCUA/NCUSIF Insured ■ Not insured by any federal government agency ■ Not a deposit
- Not guaranteed by the bank or credit union



Allstate Life Insurance Company: Northbrook, IL. In New York, Allstate Life Insurance Company of New York: Hauppauge, NY.

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Auto Home Life Retirement

Selling a Business or Personal Property?

Many individuals selling a business, professional practice, or personal property would like to liquidate their investment without having to recognize the entire profit as taxable in the year of the sale. Instead, you (the seller) would like to sell your business in exchange for a stream of income.

By making the sale and having part of the proceeds payable over several years, you can use the payment proceeds as a source of income and may be able to recognize the taxable gain as the installment payments are received or deemed received.

What is an Installment Sale?

For a sale to be considered an installment sale under Section 453 of the Internal Revenue Code, it must be a sale of qualified property where you receive at least one payment after the tax year of the sale.^{1,2} Each installment payment you receive will consist of the following three components:

- Nontaxable recovery of the investment
- Taxable gain
- Interest

What Should You Consider When Using an Installment Sale?

Since an installment sale permits you to receive the payment from the buyer in future tax years, you could potentially be at risk regarding the credit worthiness of a buyer. To minimize this risk from an installment sale, the sale can be structured so that the periodic payments will be funded through a financial vehicle from a large, highly rated life insurer like Allstate Life Insurance Company (Allstate Life).³

How Can the Sale be Structured?

Assuming the assets being sold qualify for reporting on the installment method, here's how the process would typically work:

- You enter into an installment sale agreement under which a buyer promises to make periodic payments for a stated number of years.⁴
- The buyer assigns his or her periodic payment obligations to an assignment company.
- The assignment company funds the payment obligation by purchasing a funding agreement or an annuity from Allstate Life.
- Allstate Life issues an annuity and will begin making the payment to you as agreed to under the terms of the sale.

What are the Benefits of an Installment Sale?

- Defer the recognition of the taxable gain.
- Guarantee a rate of return.

What are the Benefits of Structuring that Sale?

- Alleviate concern about the buyer's ability to make payments.
- Ease concern about investment risk.
- Long-term financial security.

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- 1 Real or personal property sold by a dealer or a person who regularly sells property on the installment plan and property included in inventory do not qualify for the installment sale rules. Marketable securities are not eligible for installment sale treatment. Other restrictions apply. Please consult your tax advisor before entering into an installment sale agreement.
- 2 Special rules apply to non-dealers. Please consult your tax advisor to determine whether those rules could impact your arrangement.
- 3 Based on the claims-paying ability of Allstate Life Insurance Company.
- 4 The seller is responsible for reporting any applicable installment sale income to the Internal Revenue Service and should consult with his or her own independent tax advisor for details.