

HOW MUCH INSURANCE DO YOU NEED?

Client Name _____ Date _____

Agent Name/Approved Title _____

This worksheet provides a quick and simple method to estimate the amount of life insurance you will need.

INCOME NEEDS

1. Annual before tax income your family would need if you died today \$ _____
Typically between 60% and 80% of total income. Include all salaries, dividends, interest, and any other sources of income.
2. Annual income available to your family from other sources \$ _____
Include dividends, interest, spouse's earnings, and social security.
3. Annual income to be replaced (Subtract line 2 from line 1.) \$ _____
4. Funds needed to provide income for how many years? _____ \$ _____
Multiply line 3 by the appropriate factor below¹

Years Income Needed	10	15	20	25	30	35	40	45	50
Factor ¹	8.8	12.4	15.4	18.1	20.4	22.4	24.1	25.6	26.9

EXPENSES

5. Funeral² and other final expenses \$ _____
Typically the greater of \$15,000 or 4% of your estate.
6. Mortgage and other debts \$ _____
Include mortgage balance, credit card debt, car loans, home equity loans, etc.
7. College costs³
2008-2009 average annual cost of four-year colleges and universities:
public -\$18,326; private -\$37,390.

	Annual/Amount		No. of Yrs in College =	Total Cost (\$)
Child 1:		X		
Child 2:		X		
Child 3:		X		
Child 4:		X		
Child 5:		X		
Total Capital Needed for College				\$ _____

8. Total capital required (Add lines 4, 5, 6, 7) \$ _____
- ## ASSETS
9. Savings and Investments \$ _____
Bank accounts, CDs, stocks, bonds, mutual funds, real estate/rental property, etc.
 10. Retirement savings \$ _____
IRAs, 401(k) plans, SEPs, pension and profit sharing plans
 11. Present amount of life insurance \$ _____
Include group insurance and personal insurance purchased on your own
 12. Total of all assets (Add lines 10, 11 and 12.) \$ _____
 13. Estimated amount of additional life insurance needed (Subtract line 13 from line 9.) \$ _____

¹ Inflation is assumed to be 3%. The rate of return on investments is assumed to be 6% after tax.

² Many funerals run well over \$10,000 - Federal Trade Commission - Retrieved on August 18, 2009 from <http://ftc.gov/bcp/edu/pubs/consumer/products/pro19.shtm>

³ Source: The College Board, Trends in College Pricing 2008. Costs include tuition, room, board, books and supplies, transportation, and other expenses for a resident.

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