

Customer Name: _____

Date: _____

LIFE INSURANCE NEEDS WORKSHEET

This worksheet can help you get a general sense of how much life insurance you need to protect your family. Before buying any insurance products, you should consult with a qualified insurance professional for a more thorough analysis of your needs. This worksheet assumes you died today.



Income

1. **Total annual income your family would need if you died today**
What your family needs, before taxes, to maintain its current standard of living (Typically between 60% - 75% of total income) \$ _____
2. **Annual income your family would receive from other sources**
For example, spouse's earnings or a fixed pension.¹ (Do not include income earned on your assets, as it is addressed later in the calculation) \$ _____
3. **Income to be replaced**
Subtract line 2 from line 1 \$ _____
4. **Capital needed for income**
Multiply line 3 by appropriate factor in Table A. Factor _____ \$ _____

Expenses

5. **Funeral and other final expenses**
Typically the greater of \$15,000 or 4% of your estate \$ _____
6. **Mortgage and other outstanding debts**
Include mortgage balance, credit card balance, car loans, etc. \$ _____
7. **Capital needed for college**
(2007-2008 average 4-year cost: Private \$146,210; Public \$61,499²)

	Estimated 4-Year Cost	X	Appropriate Factor in Table B	=	NPV	+]	→	\$ _____
Child 1	_____	X	_____	=	_____	+]	→	\$ _____
Child 2	_____	X	_____	=	_____			
Child 3	_____	X	_____	=	_____			
8. **Total capital required**
Add items 4, 5, 6 and 7 \$ _____

Assets

9. **Savings and investments** Bank accounts, money market accounts, CDs, stocks, bonds, mutual funds, annuities, etc. \$ _____
10. **Retirement savings** IRAs, 401(k)s, SEP plans, SIMPLE IRA plans, Keoghs, pension and profit sharing plans³ \$ _____
11. **Present amount of life insurance**
Including group insurance as well as insurance purchased on your own \$ _____
12. **Total income producing assets**
Add lines 9, 10 and 11 \$ _____
13. **Life insurance needed**
Subtract line 12 from line 8 \$ _____

¹ Social Security benefits, which may be available, have not been factored into this calculation.

² *Trends in College Pricing, 2007*, The College Board. Costs reflect total charges, which includes tuition, fees, room and board.

³ Distributions from most retirement savings plans are subject to ordinary income tax rates.

Table A

Years Income Needed	Factor
10	8.8
15	12.4
20	15.4
25	18.1
30	20.4
35	22.4
40	24.1

Table B

Years before College	Factor
5	.95
10	.91
15	.86
20	.82

Note: These tables help you determine Net Present Value (NPV), the amount of capital required today to satisfy future income or college cost needs, given an assumed investment return of 6%, inflation of 3% for living costs and 5% for college costs.



Prefer to Use an Online Calculator? Visit the nonprofit LIFE Foundation's life insurance needs calculator at www.lifehappens.org/lifecalculator.

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FIN1486 Rev. 3/10



Auto Home Life Retirement

