

how much
LIFE INSURANCE
Do I need?

What you want for them is immeasurable.
But the amount of Life Insurance you need is
Easy to determine.

Life Insurance Estimator

NAME

AGENT

DATE

INCOME

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, and spouse's earnings (Social Security may be available)

\$

3. Annual income to be replaced (Subtract line 2 from line 1)

\$

4. Capital need for income

Multiply line 3 by the appropriate factor below

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 outstanding debts

Include mortgage balance, credit card debt, car loans, home equity loans, etc.

\$

7. College costs³

2007-2008 average annual costs at four-year colleges and universities
public -- \$17,336; private -- \$35,374

	Annual Amount	X	Number of Years in College=	Total Cost (\$)
Child 1		X		
Child 2		X		
Child 3		X		
Child 4		X		
Child 5		X		
Total Capital need 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 9,10 and 11)

\$

13. Estimated amount of additional Life Insurance needed (Subtract line 12 from line 8)

\$

1. Inflation assumed to be 3%. The rate of return on investments is assumed to be 6%.
2. Many funerals run well over \$10,000 --- Federal Trade Commission --- Retrieved on September 23, 2008 from <http://www.ftc.gov/bcp/edu/pubs/consumer/products/pro19.shtml>
3. Source: The College Board, Trend in College Pricing 2007. Costs include tuition, room, board, books and supplies, transportation, and other expenses for a resident. The College Costs numbers are the 2007-2008 national average for a four-year college or university.