STARTSMART INSURANCE

Income Protection Gap Worksheet

A practical way to estimate how much monthly income your household may need to protect if your paycheck stops.

Don't calculate what you could survive on.
Calculate what you're trying to protect.

Use realistic monthly amounts. This worksheet creates a **planning number** - not a quote or a determination of how much coverage an insurer will make available.

Step 1 - Determine Your Monthly Need

Estimate what your household would realistically need each month if you could not work. Include today's needs and the financial priorities you intentionally want to continue.

Housing Mortgage, rent, property taxes, HOA or related costs	$
Food, utilities & household Groceries, utilities and normal household expenses	$
Transportation Vehicle payments, fuel, insurance, maintenance or transit	$
Healthcare & insurance Health costs and insurance premiums you expect to continue	$
Debt & other obligations Loans, credit obligations and other required payments	$
Childcare / caregiving Childcare, eldercare or household support	$
Retirement & long-term savings Contributions you want to continue during a disability	$
College / education funding Education savings you intentionally want to continue	$
Other normal spending Reasonable lifestyle or recurring expenses not captured above	$
Other	$

Estimated Monthly Need $

Step 2 - Identify What Would Continue

If your paycheck stopped, some household income or benefits may continue. Use amounts you reasonably expect would still be available.

Spouse or partner income Monthly household income expected to continue	$
Employer disability benefit Use the benefit you realistically expect to receive	$
Existing individual disability insurance Monthly benefit from personally owned coverage	$
Other reliable continuing income Income you reasonably expect to continue	$
Other	$

Employer LTD reminder: Before subtracting the benefit shown in your employer plan, consider what the plan actually covers, monthly maximums, potential offsets and whether benefits may be taxable.

Total Continuing Monthly Income / Benefits $

Step 3 - Decide What You'll Self-Insure

The question isn't simply how much money you have. It's how much of your own resources you have **intentionally decided** you're willing to use for this risk.

Monthly amount from dedicated reserves An amount intentionally used for ongoing income replacement	$
Other monthly self-insured resources Other resources intentionally dedicated to the risk	$

Waiting-period reserve: If savings are intended only to bridge the policy's elimination or waiting period, note that separately rather than treating the entire account as ongoing monthly income.

Amount reserved to bridge a waiting period:

What assets or financial goals are you not willing to use or pause?

Step 4 - Find Your Income Protection Gap

Start with:	Your Monthly Need	$
Subtract:	Continuing Income / Benefits	$
Subtract:	Resources You Intentionally Self-Insure	$
Equals:	**Your Estimated Monthly Income Protection Gap**	$

Your gap is a planning number. It is not automatically the amount of disability insurance you should buy, and it may not be the amount an insurance company will make available.

One More Question: What Are You Trying to Protect?

If you make your monthly need smaller by stopping a financial goal, make that choice consciously. A smaller calculated gap can come with a long-term cost.

Financial priority	Continue	Pause	Reduce
Retirement contributions			
Emergency savings			
College / education funding			
Investments			
Other long-term goal			

What happens next?

Compare your estimated gap with the disability coverage you already have and the amount of individual coverage that may be available to you. You may decide to protect all of the gap, part of it, or that your existing resources already do the job.

The goal isn't to buy the most disability insurance possible. It's to make an informed decision about how much of your paycheck - and your financial plan - you want to protect.

For educational purposes only. This worksheet is not a recommendation, tax advice, or a determination of insurance eligibility. Policy availability and benefit amounts depend on insurer guidelines and individual circumstances.