

Life Insurance Needs Analysis

Use this worksheet to help determine how much life insurance you need to protect your family's standard of living. We suggest doing a separate calculation for each person.

A

Immediate Cash Needs

Estimate expenses that will have to be paid within a relatively short time after death.

Final Expenses

Include appropriate amounts for funeral costs, final medical bills not covered by health insurance, and estate administrations costs. _____

Debts

Enter the current balance of all debt that should be paid in full at death such as mortgages, credit cards, car loans or student loans. _____

Current Bills & Emergency Fund

Generally, it's recommended that four to six months' income should be set aside to meet the family's immediate daily living expenses and to create a liquid emergency fund. _____

Education Fund

Enter the amount you wish to provide as an education fund for your children, or follow the steps below to estimate future college expenses. Do a separate calculation for each child, and enter the total for all children _____

A) Current one-year college cost _____

B) Number of years child will attend school _____

C) Total current cost (A x B) _____

D) Discount factor form:

Years until start of college	Discount Factor
1	0.98
2	0.961
3	0.942
4	0.924
5	0.906
6	0.888

Years until start of college	Discount Factor
7	0.871
8	0.853
9	0.837
10	0.82
11	0.804
12	0.788

Years until start of college	Discount Factor
13	0.773
14	0.758
15	0.743
16	0.728
17	0.714
18	0.7

Note: Assumes 2 percent annual inflation and 4 percent annual rate of return.

Lump sum needed for education (C x D) _____

Total Estimated Cash Needs = _____

B Ongoing Family Income Need

1) Annual Income Objective

Enter the annual gross income your family will need following the death of a spouse. Generally, it is estimated that a family will require 60% - 80% of prior total family income following the death of one spouse.

2) Income From Other Sources

Enter all existing sources of income including the surviving spouse's earnings, Social Security survivors benefits, rental income, and employer-provided benefits. In estimating the income needed, remember to deduct the mortgage and other amounts provided for in the Immediate Cash Needs section.

3) Net Income Needed Upon the Death of a Spouse

4) Discount Factor

From the following chart, select the discount factor corresponding to the total number of years family income must be provided.

Years of Income Needed	Discount Factor	Years of Income Needed	Discount Factor
1	0.98	15	0.98
2	0.961	16	0.961
3	0.942	17	0.942
4	0.924	18	0.924
5	0.906	19	0.906
6	0.888	20	0.888
7	0.888	21	0.888
8	0.961	22	0.961
9	0.942	23	0.942
10	0.924	24	0.924
11	0.906	25	0.906
12	0.888	26	0.888
13	0.906	27	0.906
14	0.888	28	0.888

Note: Assumes 2 percent annual inflation and 4 percent annual rate of return.

Total Family Needs = _____
(B3 x B4)



Current Life Insurance Need

1) Total Life Insurance Needs (A+B)

2) Minus Liquid Assets Available
(e.g., savings, investments)

3) Minus Death Benefit Provided from
all Existing Life Insurance

Additional Life Insurance Needs
(C1 - C2 - C3)

Client Signature

Date Completed

Agent Signature

Date Completed

Submit

