Life Insurance Needs Worksheet

Get a general sense of how much life insurance you need to protect your family. Before buying life insurance, it makes sense to consult with an insurance professional for a more thorough analysis of your needs. This worksheet assumes you died today.

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.

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**
   (2016-2017 average 4-year cost: Private $181,480; Public $80,360[2])

	Estimated 4-Year Cost		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 $ ______

Income

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 plans[3] $ ______
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*, 2016, The College Board. Costs reflect total charges, which include tuition, fees, room and board.
[3] Distributions from most retirement savings plans are subject to ordinary income tax rates.

Prefer to Use an Online Calculator?

Visit the nonprofit Life Happens' Life Insurance Needs Calculator at **www.lifehappens.org/howmuch**.

Barry Cunningham, MA, FLMI
B.C. Consulting & Insurance Services
(602) 722-5021
B.C.insuranceservices@gmail.com
www.its4yourlife.com