

Insurance Needs Calculator

The Value of Your Income Needs Analysis Worksheet

THE VALUE OF YOUR INCOME:

Use the following calculation to forecast your potential earnings to age 65:

Current Income:

Current Age: Multiplier*

Potential earnings to age 65:

Current Age	Multiplier*	Current Age	Multiplier*
25	67.4026	41	32.3490
26	64.7830	42	30.5844
27	62.2273	43	28.8629
28	59.7339	44	27.1833
29	57.3014	45	25.5447
30	54.9282	46	23.9460
31	52.6129	47	22.3863
32	50.3540	48	20.8647
33	48.1503	49	19.3802
34	46.0003	50	17.9319
35	43.9027	51	16.5190
36	41.8563	52	15.1404
37	39.8598	53	13.7956
38	37.9120	54	12.4835
39	36.0117	55	11.2034
40	34.1578		

Have you insured your most critical asset, your income?

		% of value to insure	% of income to insure
The value of your home and car(s)	<input type="text"/>		
The premium you pay to insure these assets:	<input type="text"/>	<input type="text"/>	<input type="text"/>
The value of your potential earnings up to age 65:	<input type="text"/>		
The premium you pay to insure this asset:	<input type="text"/>	<input type="text"/>	<input type="text"/>

* Assumes that earnings grow 2.5% each year

You spend money protecting your home and car(s). But what about the one thing that makes them possible...your income? You should consider an individual disability policy. One mistake, one health emergency can put all of that in jeopardy.

Life Insurance Needs Analysis Worksheet

The value of your income:

This worksheet can help you determine how much life insurance you need. The letters in the left column correspond with the explanations on the right side of the page. Just complete the boxes below and it will automatically figure how much life insurance you should purchase.

CURRENT CASH NEEDS	
	Final Expenses
A	Emergency Funds
B	Mortgage Balance
C	Other Loans
D	Education (Estimated Costs)
Total Current Cash Needs	

CURRENT & LONG TERM CASH NEEDS	
E	Required Monthly Income
	For how many years? <input type="checkbox"/> 10 <input type="checkbox"/> 15 <input type="checkbox"/> 20 <input type="checkbox"/> 25 <input type="checkbox"/> 30
F	Cash Reserve Factor
Total Cash Reserve Required	
Total Current & Long Term Cash Needs	

LIFE INSURANCE NEEDS	
	Cash & Savings (bank accounts, Cd's etc.)
	Taxable Investments
	Tax Deferred Retirement 401(k), 403(b), IRA
	Life Insurance Inforce (not from job)*
	Other Assets (collections, cars, jewelry, etc.)
Total Assets	
TOTAL LIFE INSURANCE NEEDED	

* We don't count the policies offered through work, for the simple reason they can't come with you if you change jobs. You want the insurance your loved ones will count on, to be something you control and own.

A Emergency Funds

Some Financial Experts recommend that you have up to six months salary for any household or personal emergency that may arise. Your emergency fund can be larger or smaller, depending on your family's circumstances.

B Mortgage Balance

It is a good idea to select a life insurance benefit large enough to pay off the existing mortgage balance.

C Other Loans

Total of all outstanding debts (principal), such as auto loans, personal loans, credit card balances, etc.

D Education - Estimated Current College Costs

Figure the future total college expenses for your children. On average, the current cost is \$53,217 per year per child for a four year private school, and \$25,487 per year per child for a four year in state public school. This **includes** tuition, room & board, supplies and transportation.

E Required Monthly Income

To determine how much monthly income you need, take 70% of your annual net (take-home) pay and divide it by 12 months. Example: \$30,000 annual income $\times .70 / 12 =$ \$1,750 of monthly income.

F Cash Reserve Factor

Select the number of years you will need to provide monthly income for your family, and the factor will automatically be added. Example: If you determine that your family needs \$2,500 per month for the next 20 years, then: $\$2,500 / .004573 = \$546,687$.

# of yrs	Factor
10	0.008744
15	0.005964
20	0.004573
25	0.003747
30	0.003195

This is a time-value analysis to determine future cash needs assuming a 3% annual increase in inflation and a 4% return on the lump sum death benefit.