

# Life Insurance Needs

**Do you know how much life insurance you need?** This worksheet can help you get a general sense of how much life insurance would be appropriate for your specific situation. Before you buy a policy, you should meet with an Assurity insurance professional for a more thorough analysis to narrow your options to the perfect policy for you!

## 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<sup>1</sup> (do not include income earned on your assets - it will be covered later) \$ \_\_\_\_\_
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. \$ \_\_\_\_\_

## Expenses:

5. **Funeral and other final expenses**  
Typically \$10,000 to \$25,000 \$ \_\_\_\_\_
6. **Mortgage and other outstanding debts**  
Include mortgage balance, credit card balance, car loans, etc. \$ \_\_\_\_\_
7. **Capital needed for college**  
(2007-2008 avg. four-year cost; Private: \$146,210 | Public: \$61,499)<sup>2</sup>

Estimated 4-year Cost	Factor (Table B)	Net Present Value
Child 1 _____	X _____	= _____
Child 2 _____	X _____	= _____
Child 3 _____	X _____	= _____

  
 + \_\_\_\_\_ \$ \_\_\_\_\_
8. **Total capital required**  
Add lines 4, 5, 6 and 7 \$ \_\_\_\_\_

## Assets:

9. **Savings and investments**  
Bank accounts, money market accounts, CDs, stocks, bonds, etc. \$ \_\_\_\_\_
10. **Retirement savings**  
IRAs, 401(k), SEP plans, pensions, profit sharing plans<sup>3</sup>, etc. \$ \_\_\_\_\_
11. **Present amount of life insurance**  
Individual and group plans \$ \_\_\_\_\_
12. **Total income producing assets**  
Add lines 9, 10 and 11 \$ \_\_\_\_\_
13. **Life insurance needed**  
Subtract line 12 from line 8 \$ \_\_\_\_\_

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

Years Before College	Factor
5	.95
10	.91
15	.86
20	.82

Note: These tables help 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.

<sup>1</sup> Social Security benefits, which may be available, have not been factored into this calculation.

<sup>2</sup> Trends in *College Pricing*, 2007, The College Board. Costs reflect total charges, which include tuition, fees, room and board.

<sup>3</sup> Distributions from most retirement savings plans are subject to ordinary income tax rates.

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