

Life Insurance Needs Worksheet

This worksheet can help you get a general sense of how much life insurance you need to protect your family. Before buying any insurance products, you should consult with a qualified insurance professional for a more thorough analysis of your needs. This worksheet assumes you died today.



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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 pension¹

(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

(2012 - 2013 average 4-year cost: Private \$158,072, Public \$71,440)²

	Estimated 4-year Cost		Appropriate Factor in Table B		Net Present Value	
Child 1	_____	x	_____	=	_____	+] → \$ _____
Child 2	_____	x	_____	=	_____	
Child 3	_____	x	_____	=	_____	

8. Total capital required

Add items 4, 5, 6 and 7

\$ _____

Assets

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 plans³

\$ _____

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

\$ _____

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.

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

² *Trends in College Pricing*, The College Board (2012). 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.

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