

## LIFE INSURANCE QUICK ESTIMATOR

### HOW MUCH LIFE INSURANCE IS ENOUGH?

Client Name:

Date:

This worksheet provides a quick and simple method to estimate the amount of life insurance you will need.

#### INCOME

- 1. Annual before tax income your family would need if you died today** \$  
Typically between 60% and 80% of total income. Include all salaries, dividends, interest and any other sources of income.
- 2. Annual income available to your family from other sources** \$  
Include dividends, interest, and spouse's earnings (Social Security may be available)
- 3. Annual income to be replaced** (Subtract line 2 from line 1) \$
- 4. Capital needed for income** \$  
Multiply line 3 by the appropriate factor below

Years Income Needed	10	15	20	25	30	35	40	45	50
Factor <sup>1</sup>	8.8	12.4	15.4	18.1	20.4	22.4	24.1	25.6	26.9

#### EXPENSES

- 5. Funeral<sup>2</sup> 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 debt, car loans, home equity loans, etc.
- 7. College costs<sup>3</sup>**  
2015 average annual costs at four-year colleges and universities: public – \$28,000; private – \$59,000
 

	Annual Amount	X	Number of Years in College =	Total Cost (\$)
Child 1		X		
Child 2		X		
Child 3		X		
Child 4		X		
Child 5		X		
<b>Total capital needed for college</b>				\$
- 8. Total capital required** (Add lines 4, 5, 6 and 7) \$

#### ASSETS

- 9. Savings and investments** \$  
Bank accounts, CDs, stocks, bonds, mutual funds, real estate/rental property, etc.
- 10. Retirement savings** \$  
IRAs, 401(k) plans, SEPs, pension and profit sharing plans
- 11. Present amount of life insurance** \$  
Include group insurance and personal insurance purchased on your own
- 12. Total of all assets** (Add lines 9, 10 and 11) \$
- 13. Estimated amount of additional life insurance needed** (Subtract line 12 from line 8) \$

<sup>1</sup> Inflation is assumed to be 2%. The rate of return on investments is assumed to be 5%.

<sup>2</sup> Many funerals run well over \$10,000 – Federal Trade Commission – Retrieved on September 23, 2008 from <http://www.ftc.gov/bcp/edu/pubs/consumer/products/pro19.shtm>

<sup>3</sup> Source: Forbes, College Costs 2015. Costs include tuition, room, board, books and supplies, transportation and other expenses for a resident.

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