

Life insurance needs worksheet

This worksheet can help you to get a general idea of how much life insurance you need to protect your family. Work through this worksheet in conjunction with a licensed advisor or on your own.

This worksheet assumes that you died today.

Income

1. Total annual household income your family would need, before taxes, to maintain its current standard of living (typically 75% of current total household income) \$ _____
2. Annual income your family would receive from other sources, i.e. spouse's earnings or Social Security \$ _____
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)¹ \$ _____

Expenses

5. Final Expenses, i.e. Funeral (typically \$15,000) \$ _____
6. Mortgage and Other Debts (Include mortgage balance, credit card debt, car loans, etc.) \$ _____
7. Education Expenses for Children (2005/06 average for 4-year costs: \$125,000 Private College; \$58,000 Public College²) \$ _____
8. Capital needed for Education Expenses (Multiply Line 7 by the appropriate factor in Table B) \$ _____
9. Total Capital Required (Add Lines 4,5,6 & 8) \$ _____

Assets

10. Current Savings / Investments \$ _____
11. Current Retirement Savings \$ _____
12. Present Life Insurance Amount \$ _____
13. Total Income Producing Assets (Add Lines 10, 11 & 12) \$ _____

Total

14. Life Insurance Need (Subtract Line 13 from Line 9) \$ _____

Table A

Years income Needed	Factor
10	8.8
15	12.4
20	15.4
25	18.1
30	20.4
40	24.1

Important Notes

1. Inflation is assumed at 3% and investment returns are assumed at 6%. Changing either or both of these assumptions would change the results.
2. From the Annual Survey of Colleges, The College Board, 2006

Table B

Years Before College	Factor
5	.85
10	.74
15	.64
20	.56