Life insurance needs worksheet

This worksheet can help you get a general sense of how much life insurance you need to protect your family. However, you should consult with a qualified insurance professional before buying any insurance products. The worksheet assumes you died today.

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**
   Spouse's earnings (Social Security may be available) $_____

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 the greater of $15,000 or 4% of your estate $_____

6. **Mortgage and other outstanding debts**
   Include mortgage balance, credit card debt, car loans, etc. $_____

7. **College costs for each child, in today's dollars**
   2005-2006 average 4-year costs: Private $125,256; Public $58,114[1] $_____

8. **Capital needed for college** - Multiply line 7 by the appropriate factor in Table B $_____

9. **Total capital required** - Add lines 4, 5, 6 and 8 $_____

Assets

10. **Savings and investments**
    Bank accounts, money market accounts, CDs, stocks, bonds, mutual funds, etc. $_____

11. **Retirement savings**
    IRAs, 401(k)s, Keoghs, pension and profit-sharing plans $_____

12. **Present amount of life insurance**
    Include group insurance as well as insurance purchased on your own $_____

13. **Total income-producing assets** - Add lines 10, 11 and 12 $_____

14. **Life insurance needed** - 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
35	22.4
40	24.1

Table B	
Years before college	Factor
5	.85
10	.74
15	.64
20	.56

Prefer to Use an Online Calculator?

☞ Visit the nonprofit LIFE Foundation's life insurance needs calculator at **www.life-line.org/lifecalculator**. It will ask you for similar inputs and will even allow you to vary certain assumptions like the investment rate of return and inflation rate.

Important note: Inflation is assumed to be 3%. The rate of return on investments is assumed to be 6%. Changing either or both of these assumptions would change the results. [1]*Annual Survey of Colleges,* **The College Board, 2006.**