



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 ¹	8.8	12.4	15.4	18.1	20.4	22.4	24.1	25.6	26.9

EXPENSES

5. Funeral² 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 costs³ 2013-2014 average annual costs at four-year colleges and universities:

Public – \$18,391 (in-state), \$31,701 (out-of-state); Private – \$40,917

	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		
Total capital needed for college				

\$ _____

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.)

\$ _____

¹ Inflation is assumed to be 3%. The rate of return on investments is assumed to be 6%. College inflation rate is assumed to be 6%.

² The national median cost for a funeral in 2012 is \$7,045. Retrieved on Nov. 21, 2013, from <http://nfda.org/about-funeral-service/-trends-and-statistics.html>.

³ Source: The College Board, Trends in College Pricing 2013-2014. Costs include tuition, room, board, books and supplies, transportation, and other expenses for a resident. The College Costs numbers are the 2013-2014 national average for a four-year college or university.

