



# 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
Factors <sup>1</sup>	9.4	13.6	17.5	21.1	24.5	27.7	30.6	33.3	35.9

### 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>** 2019-2020 average annual costs at four-year public and private colleges:

Public - \$21,950 (in-state), \$38,330 (out-of-state); Private - \$49,870

	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 3%. The rate of return on investments is assumed to be 4.5%. College costs are indexed at 4.5%.

<sup>2</sup> The national median cost of a funeral with burial for calendar year 2019 is \$7,640. 2019 NFDA General Price List Study, December 19, 2019. <https://www.nfda.org/news/media-center/nfda-news-releases/id/4797/2019-nfda-general-price-list-study-shows-funeral-costs-not-rising-as-fast-as-rate-of-inflation>

<sup>3</sup> Source: The College Board, Trends in College Pricing 2019, Figure 1. Costs include tuition, room, board, books and supplies, transportation, and other expenses for a resident. The College Costs numbers are the 2019-2020 national average for a four-year college or university.

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