

Life Insurance Needs Assessment

Client Name: _____ **Date:** _____

Agent Name: _____

The Consumer Federation of America (CFA, 1997) recommends 6–8 times your income for a married couple with children. While rules of thumb may be helpful, they do not take into consideration each individual's personal situation. This worksheet provides a quick and simple method to estimate the amount of insurance needed for your individual situation.

INCOME NEEDS:

- | | |
|--|----------|
| <p>1. Annual income your family would need if you died today
Typically between 60%–70% of total income</p> | \$ _____ |
| <p>2. Annual income available to your family from other sources
Including dividends, interest, spouse's earnings, Social Security, etc.</p> | \$ _____ |
| <p>3. Annual income to be replaced—Subtract line 2 from line 1</p> | \$ _____ |
| <p>4. Funds needed to provide income for years?
Multiply line 3 by the appropriate factor below:
(10 years X 8.1) (15 years X 11.1) (20 years X 13.6)
(25 years X 15.6) (30 years X 18.7) (40 years X 20.0)</p> | \$ _____ |

EXPENSES:

- | | |
|--|----------|
| <p>5. Burial expenses
The average cost of an adult funeral is about \$10,000</p> | \$ _____ |
| <p>6. Mortgage and other debts
Include mortgage balance, credit card debt, car loans, home equity loans, etc.</p> | \$ _____ |
| <p>7. College Costs
2004 cost of a 4-year education: public college—\$42,544, private college—\$107,416. Multiply the college costs for each child by the appropriate factor as follows: (5 years X .82) (10 years X .68)
(15 years X .56) (20 years X .46)</p> | \$ _____ |
| <p>Child 1: _____</p> | \$ _____ |
| <p>Child 2: _____</p> | \$ _____ |
| <p>Child 3: _____</p> | \$ _____ |
| <p>Total College Costs:</p> | \$ _____ |
| <p>8. Total Capital Required—Add Lines 4, 5, 6 and 7 (college costs)</p> | \$ _____ |

ASSETS:

- | | |
|--|----------|
| <p>9. Savings and investments
Bank accounts, CD's, stocks, bonds, mutual funds, real estate/rental property, etc.</p> | \$ _____ |
| <p>10. Retirement Savings
IRA's 401 (k) plans, Keoghs, pension and profit sharing plans</p> | \$ _____ |
| <p>11. Present amount of life insurance
Include group insurance and personal insurance purchased on your own</p> | \$ _____ |
| <p>12. Total of all assets—Add lines 9, 10 and 11</p> | \$ _____ |
| <p>13. Estimated amount of additional life insurance needed—Subtract line 12 from 8</p> | \$ _____ |