

Life Insurance Needs Worksheet

This worksheet can help you get a general sense of how much life insurance you need to protect your family. Before buying any insurance products, you should consult with a qualified insurance professional for a more thorough analysis of your needs. This 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

For example, spouse's earnings or a fixed pension¹ \$ _____
(Do **not** include income earned on your assets, as it is addressed later in the calculation)

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 \$ _____
Factor: _____

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

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 balance, car loans, etc. \$ _____

7. Capital needed for college

(2019 - 2020 average 4-year cost: Private \$199,480, Public \$87,800)²

	Estimated 4-year Cost	x	Appropriate Factor in Table B	=	Net Present Value	
Child 1	_____	x	_____	=	_____	+] → \$ _____
Child 2	_____	x	_____	=	_____	
Child 3	_____	x	_____	=	_____	

Table B

Years Before College	Factor
5	.95
10	.91
15	.86
20	.82

8. Total capital required

Add items 4, 5, 6 and 7 \$ _____

Assets

9. Savings and investments

Bank accounts, money market accounts, CDs, stocks, bonds, mutual funds, annuities, etc. \$ _____

10. Retirement savings

IRAs, 401(k)s, SEP plans, SIMPLE IRA plans, Keoghs, pension and profit-sharing plans³ \$ _____

11. Present amount of life insurance

Including group insurance as well as insurance purchased on your own \$ _____

12. Total income producing assets

Add lines 9, 10 and 11 \$ _____

13. Life insurance needed

Subtract line 12 from line 8 \$ _____

Note: These tables help you determine Net Present Value (NPV), the amount of capital required today to satisfy future income or college cost needs, given an assumed investment return of 6%, inflation of 3% for living costs and 5% for college costs.

¹ Social Security benefits, which may be available, have not been factored into this calculation.
² Trends in College Pricing, The College Board (2020). Costs reflect total charges, which include tuition, fees, room and board.
³ Distributions from most retirement savings plans are subject to ordinary income tax rates.

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