



Life insurance needs analysis

How much money will your family need when you die?

With the following information, you and your financial professional can estimate how much life insurance will suit your budget and provide the financial protection your family needs.

Subtract **other income** from **family income goal**

Gross return – inflation = inflation-adjusted return (i.e., 8% – 3% = 5%)

Divide **income shortage** by **inflation-adjusted earnings rate** (i.e., \$24,000 ÷ 5% = \$480,000)

Add **capital required for income** and **total cash needs**

Subtract **total income-producing capital** from **total capital required**

Income needs	Example	Spouse 1	Spouse 2
Current income	\$80,000	_____	_____
Family income goal ¹	\$64,000	_____	_____
Other income		_____	_____
<i>Example:</i> Social Security	\$20,000	_____	_____
Survivor's income	\$20,000	_____	_____
Income shortage	\$24,000	_____	_____
Inflation-adjusted earnings rate	5%	_____	_____
Capital required for income	\$480,000	_____	_____

Cash needs		Spouse 1	Spouse 2
Final expenses	\$12,000	_____	_____
Emergency funds	\$25,000	_____	_____
Education funds	\$50,000	_____	_____
Mortgage	\$200,000	_____	_____
Other debt	\$15,000	_____	_____
Other		_____	_____
Total cash needs	\$302,000	_____	_____
Total capital required	\$782,000	_____	_____

Income-producing capital		Spouse 1	Spouse 2
Liquid assets	\$60,000	_____	_____
Existing life insurance	\$150,000	_____	_____
Total income-producing capital	\$210,000	_____	_____
Additional capital required	\$572,000	_____	_____

¹ Assumed replacement of 80% of current income in this example, but can be adjusted to meet client's goals. See second page for important information.

This life insurance needs analysis is a tool that can help you estimate your life insurance needs. The information provided is not a substitute for a complete life insurance needs analysis. This information is not a guarantee of coverage. The cost and availability of life insurance depends on factors such as age, health, and the type and amount of insurance. Please work with your insurance professional to help determine the coverage best suited to your individual situation.

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