



Life Insurance Needs Worksheet

Get a general sense of how much life insurance you need to protect your family. Before buying life insurance, it makes sense to consult with an insurance professional for a more thorough analysis of your needs. This worksheet assumes you die today.

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

Table B

Years Before College	Factor
5	0.95
10	0.91
15	0.86
20	0.82

Note: These tables help you determine net present value (NPV), the amount of capital required today to satisfy future income or college costs needs, given an assumed investment return of 6%, inflation of 3% for living costs



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 you receive from other sources**
For example, spouse's earnings or a fixed pension.¹ (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 _____ \$ _____

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**
(2013-2014 average 4-year cost: Private \$163,668; Public \$73,564²)

	Estimated 4-year cost	x	Appropriate Factor in Table B	=	NPV	
Child 1	_____	x	_____	=	_____	} → \$ _____
Child 2	_____	x	_____	=	_____	
Child 3	_____	x	_____	=	_____	
- 8.) **Total capital required**
Add items 4, 5, 6 and 7 \$ _____

Income

- 9.) **Savings and Investments:** Bank account, money market accounts, CDs, stocks, bonds, mutual funds, annuities, etc. \$ _____
- 10.) **Retirements savings:** IRAs, 401(k)s, SEP plans, SIMPLE IRA plans, Keoghs, pension and profit sharing plans \$ _____
- 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 \$ _____

¹ Social security benefits, which may be available, have not been factored into this calculation.

² Trends in College Pricing, 2013, The College Board. Costs reflect total charges which include tuition, fees, room and board.



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