

# Life insurance needs worksheet

This worksheet can help you get a general sense of how much life insurance you need to protect your family. However, you should consult with an insurance agent or other financial advisor before buying any insurance products. The 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** \$\_\_\_\_\_
 

Spouse's earnings (Social Security may be available)
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 \$\_\_\_\_\_

## 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 debt, car loans, etc.
7. **College costs for each child, in today's dollars** \$\_\_\_\_\_
 

Average 4-year costs; Private \$118,602; Public \$48,938
8. **Capital needed for college** - Multiply line 7 by the appropriate factor in Table B \$\_\_\_\_\_
9. **Total capital required** - Add lines 4, 5, 6 and 8 \$\_\_\_\_\_

## Assets

10. **Savings and investments** \$\_\_\_\_\_
 

Bank accounts, money market accounts, CDs, stocks, bonds, mutual funds, etc.
11. **Retirement savings** \$\_\_\_\_\_
 

IRAs, 401ks, Keoghs, pension and profit sharing plans
12. **Present amount of life insurance** \$\_\_\_\_\_
 

Include group insurance as well as insurance purchased on your own
13. **Total income producing assets** - Add lines 10, 11 and 12 \$\_\_\_\_\_

- |     |                                                             |         |
|-----|-------------------------------------------------------------|---------|
| 14. | <b>Life insurance needed</b> - Subtract line 13 from line 9 | \$_____ |
|-----|-------------------------------------------------------------|---------|

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	.85
10	.74
15	.64
20	.56

### Prefer to Use an Online Calculator?

Visit the nonprofit LIFE Foundation's life insurance needs calculator at [www.life-line.org/lifecalculator](http://www.life-line.org/lifecalculator). It will ask you for similar inputs and will even allow you to vary certain assumptions like the investment rate of return and inflation rate.

