

Life Insurance Needs Analysis Worksheet

CURRENT CASH NEEDS		
A	Final Expenses	
B	Emergency Funds	
C	Mortgage Balance	
D	Other Loans	
E	Education (Estimated Costs)	
F	Total Current Cash Needs	

CURRENT & LONG TERM CASH NEEDS		
G	Required Monthly Income	
H	Cash Reserve Factor	
I	Total Cash Reserve Required	
J	Total Current & Long Term Cash Needs	

LIFE INSURANCE NEEDS		
K	Cash & Savings	
L	Securities	
M	IRA, Keogh, 401(k) and Pension	
N	Life Insurance Inforce	
O	Other Assets	
P	Total Assets	
Q	Total Life Insurance Needed	

Life Insurance Needs Worksheet

This worksheet can help you determine how much life insurance you need. The letters in the left column correspond with the explanations below. Just complete the boxes to the left and it will automatically figure how much life insurance you should purchase.

Key to H	
# of Years	Factor
10	0.008744
15	0.005964
20	0.004573
25	0.003747
30	0.003195

A	Final Expenses This includes probate costs, funeral expenses (actual funeral expenses may be \$5,000 - \$10,000) and medical costs for any bills your health policy does not cover (deductible plus any co-insurance.)
B	Emergency Funds Some Financial Experts recommend that you have up to six months salary for any household or personal emergency that may arise. Your emergency fund can be larger or smaller, depending on your family's circumstances.
C	Mortgage Balance It is a good idea to select a life insurance benefit large enough to pay off the existing mortgage balance.
D	Other Loans Total of all outstanding debts (principal), such as auto loans, personal loans, credit card balances, etc.
E	Education - Estimated Current College Costs Figure the future total college expenses for your children. On average, the current cost is \$22,533 per year per child for a four year private school, and \$10,458 per year per child for a four year in state public school. This includes tuition, room & board, supplies and transportation.
G	Required Monthly Income To determine how much monthly income you need, take 70% of your annual net (take-home) pay and divide it by 12 months. Example: \$30,000 annual income x .70 / 12 = \$1,750 of monthly income.
H	Cash Reserve Factor Divide the total monthly income you require by the appropriate factor listed below. You should select the factor that corresponds to the number of years you will need to provide monthly income for your family. Example: If you determine that your family needs \$2,500 per month for the next 20 years, then: \$2,500 / .004573 = \$546,687. This is a time-value analysis to determine future cash needs assuming a 3% annual increase in inflation and a 4% return on the lump sum death benefit.