



HOW MUCH LIFE INSURANCE IS NEEDED?

Complete the worksheet below for your own household using current dollar figures to better determine the amount of life insurance needed.

Funds Needed		Amount	Example
A	Funeral, Burial, Legal, and other Final Expenses		\$10,000
B	Estate Taxes		
C	Mortgage Payoff (optional)		\$200,000
D	Car Loan(s) Payoff		\$15,000
E	Other Outstanding Debts Payoff		\$5,000
F	College Tuition		\$200,000
G	Retirement Funds		
H	Wedding Funds		
I	Readjustment Expenses (i.e. childcare, housekeeping, meal preparation, career training, etc.)		
J	Special Family Needs		
K	Vacation Fund		
L	Other		
M	SUBTOTAL (Total A through L)		\$430,000
Survivors' Ongoing Living Expense Needs			
N	Current household expenses		\$75,000
O	Target percentage*		67%
P	Survivors' annual expenses (N x O)		\$50,250
Q	Social Security benefits		
R	Pension benefits		
S	Spouse's take-home pay		\$40,000
T	Annual need [P - (Q + R + S)]		\$10,250
U	Number of years needed		46
V	SUBTOTAL (T x U)		\$471,500
W	Total amount needed (M + V)		\$901,500
X	Current insurance coverage amount		\$250,000
Y	Income producing assets		\$150,000
Z	ADDITIONAL LIFE INSURANCE NEEDED [W - (X + Y)]		\$501,500

Example assumes that 46-year old husband earns \$80,000 and 44-year old wife earns \$50,000 working part-time. They have two children ages 13 and 11. Assume husband dies and survivor income is needed until age 90 for his wife.

*80% is a reasonable target, but if there are minor dependents and Social Security benefits aren't included on Line Q, a target of 67% is reasonable since Social Security will pay benefits until age 18 for any minor children.