

WORKSHEET

Life Insurance Needs

How much is enough?

Life insurance is an essential financial tool to protect the ones you love. It can provide peace of mind knowing your family and assets are looked after. Yet so many people don't own insurance or are underinsured because they either haven't taken the time to do a proper assessment of how much is needed, or they've relied on a rule of thumb that doesn't take into account their own personal circumstances.

The worksheet below will help you determine how much life insurance you need. And, it will serve as a great discussion starter with your agent or advisor in choosing the right type of insurance for you.

Calculating the Amount of Insurance You'll Need

Ultimately, you want to determine how much income your loved ones will need if you're not around.

Step 1: Calculate the total income/cash required by the surviving members of the family

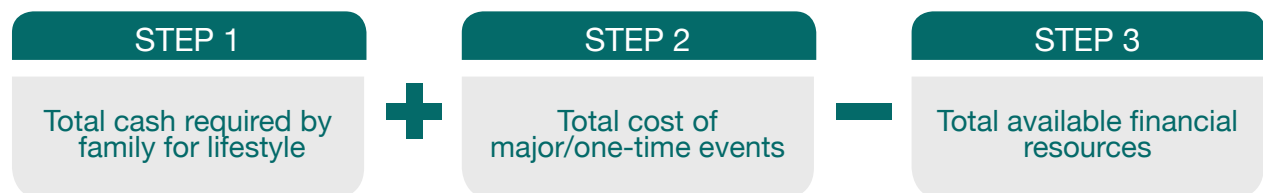
COMMENTS	SURVIVING FAMILY'S LIFESTYLE EXPENSES		
Creating a budget to track your cash flow will help in determining this figure		Monthly expenses of family	\$ <input type="text"/>
Because your spouse will still be contributing to family (if applicable)	Less	Monthly after-tax income of surviving spouse	\$ <input type="text"/>
The stay-at-home spouse does a lot that's not often taken into consideration. What would it cost to hire a nanny, housekeeper, or cleaner to help with the day-to-day household chores if you're gone (if applicable)?	Add	Cost of expected home care currently done by stay-at-home spouse	\$ <input type="text"/>
	Equals	Monthly required income	\$ <input type="text"/>
	X 12	Annually required income	\$ <input type="text"/>
One way to calculate this is to determine the number of years before the youngest child is totally financially independent	X	Number of years the family will require this income	\$ <input type="text"/>
		Total cash required by surviving family for lifestyle	\$ <input type="text"/>

Step 2: Determine the total cost of major or one-time events

COMMENTS	COST OF MAJOR EVENTS		
		Funeral Costs	\$
A death can sometimes trigger immediate payment of debt (i.e. personal consumer loans, student loans). Insurance can provide liquidity to pay this without having to sell off assets or dip into retirement funds	Add	Outstanding debt that needs to be paid off immediately	\$
Life insurance can help pay off all or part of your outstanding mortgage	Add	Outstanding mortgage	\$
	Add	Children's estimated education costs	\$
	Add	Other	\$
		Total cost of major/ one-time events	\$

Step 3: Calculate the amount of financial resources that will be available to your family

COMMENTS	FINANCIAL RESOURCES		
		Your current savings and investments that will be made available to your partner/spouse upon death	\$
Check to see how much your company insurance would provide (if applicable)	Add	Employer provided life insurance benefit that will be provided to your partner/spouse	\$
	Add	Other current or expected future benefits	\$
		Total available financial resources	\$



Amount of additional life insurance you need: \$ _____

Other Considerations

Now that you've determined how much coverage you'll require, there are other considerations to make note of:

The type of insurance varies and you'll need to determine which one is best for you given your circumstance, goals and budget.

Be sure to get price quotes from several providers as prices can vary.

Determine how much you can afford to pay in premiums, and how frequently you want to pay them.

Ask your agent or advisor about any restrictions on your policy. Take the time to review the details and get clarification on anything you don't understand.

You will be required to do a medical checkup and provide your health report to your insurance provider, so make sure you keep these in one place.

Once purchased, make sure your spouse or a trusted friend/family member knows where to find a copy of the policy. Make note of when your coverage starts, and when and how it will renew.

Mark it in your calendar to review your policy every few years to ensure it still reflects your circumstances (had children? health issues? change in salary?)

Notes:
