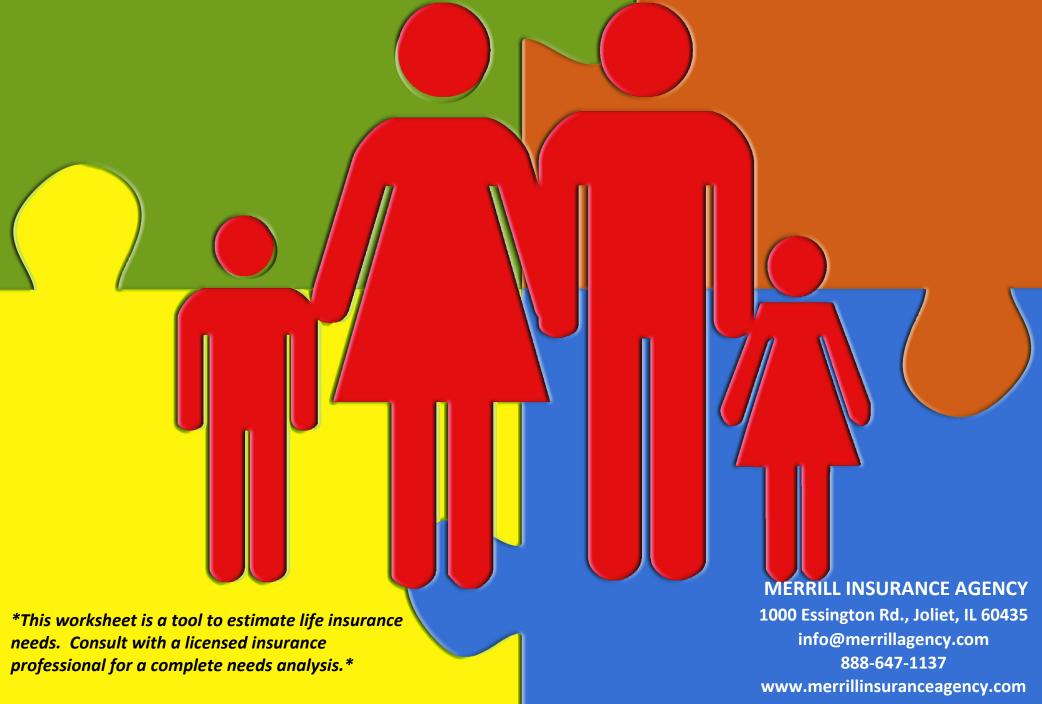
LIFE INSURANCE NEEDS ANALYSIS*

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.



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

For example, spouse's earnings or a fixed pension. (Do not include income earned on your assets, as it is addressed later in the calculations)

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 \$73,564)

	Estimated 4-Year Cost	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 accounts, money market accounts, CDs, stocks, bonds, mutual funds, annuities, etc.
- 10. **Retirement 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

Years Income Needed 10 8.8 15 12.4	Table A				
Needed Factor 10 8.8	Years				
Needed 8.8	Income	Factor			
	Needed				
15 12.4	10	8.8			
	15	12.4			
20 15.4	20	15.4			
25 18.1	25	18.1			
30 20.4	30	20.4			
35 22.4	35	22.4			
40 24.1	40	24.1			

Table B Years Factor College 5 .95 10 .91 .86 20 .82

Note: These tables help you determine net present value (NPV), the amount of capital required today to satisfy future income or college cost needs, given an assumed investment return of 6%, inflation of 3% for living costs and 5% for college costs.