

# LIFE INSURANCE NEEDS WORKSHEET



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. This worksheet assumes you died today.

## INCOME

**Table A**

| Years<br>Income<br>Needed | Factor |
|---------------------------|--------|
| 10                        | 8.8    |
| 15                        | 12.4   |
| 20                        | 15.4   |
| 25                        | 18.1   |
| 30                        | 20.4   |
| 35                        | 22.4   |
| 40                        | 24.1   |

- 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 cost for each child, in today's dollars**  
2022 Average 4-year costs: Private \$212,868; Public \$101,948<sup>1</sup> \$ \_\_\_\_\_
- 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 \$ \_\_\_\_\_

**Table B**

| Years<br>Before<br>College | Factor |
|----------------------------|--------|
| 5                          | .95    |
| 10                         | .91    |
| 15                         | .86    |
| 20                         | .82    |

## ASSETS

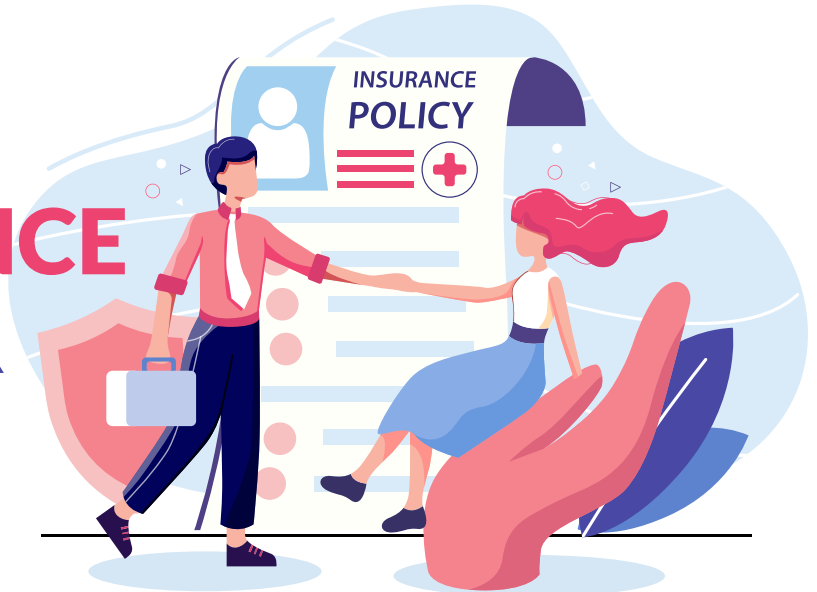
- 10. Savings and investments**  
Bank accounts, money market accounts, CDs, stocks, bonds, mutual funds, etc. \$ \_\_\_\_\_
- 11. Retirement savings**  
IRAs, 401(k)s, Keoghs, pension and profit-sharing plans \$ \_\_\_\_\_
- 12. Present amount of life insurance**  
Include group insurance as well as insurance purchased on your own \$ \_\_\_\_\_
- 13. Total income-producing assets** - Add lines 10, 11 and 12 \$ \_\_\_\_\_
- 14. Life insurance needed** - Subtract line 13 from line 9 \$ \_\_\_\_\_

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.

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Important notes: Inflation is assumed to be 3%. The rate of return on investments is assumed to be 6%. Changing either or both of these assumptions would change the results. <sup>1</sup> annual Survey of Colleges, educationdata.org/average-cost-of-college

# WHAT KIND OF LIFE INSURANCE IS RIGHT FOR YOU?



## TERM

VS

## PERMANENT

**Covers temporary expenses** like the mortgage.



**Covers lifelong needs** like estate planning, retirement income or final expenses

Your choice of coverage  
**10 to 30 years**



Coverage for  
**your whole life**

Typically cheaper  
**than your monthly coffee expenses**



Typically cheaper  
**than your monthly cable bill**

Designed for  
**young families with temporary needs**



Designed for **those with lifelong needs or a desire to cover final expenses**



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