

# Calculating Your Life Insurance Needs

*(Creating Instant Wealth for those you love.)*

**A. The amount of insurance you need depends on your current financial and family situations.**

**For instance:**

- It is hard to value a person apart from their business or occupation.
- A dual-income family with young children might need more insurance to maintain their lifestyle than a couple nearing retirement age without any dependent children.
- The family breadwinner might consider spouse coverage to help provide for child care costs and household services.
- Couples close to retirement might purchase life insurance to help ensure that the surviving spouse can retire as planned on assets available.
- Consider a Financial Umbrella Policy and Whole Life Insurance as safety nets disappear.
- Term insurance is for a specified protection period, whole life is for your whole life.

**B. Life Insurance Needs Worksheet**

- 1) Amount needed to pay off outstanding debt: \$ \_\_\_\_\_
- Credit cards
  - Car payment
  - Mortgage
  - Medical Expenses
- 2) Amount needed to pay your children’s future education expenses: + \$ \_\_\_\_\_
- 3) Your current salary times the number of years you wish to provide replacement income for your family to cover items such as: + \$ \_\_\_\_\_
- Child Care
  - Rent
  - Everyday Living
  - Expenses
  - Saving for Retirement
- 4) Coverage for Business Obligations (Buy & Sell, Key Person, Salary Continuation, Disability, etc.) + \$ \_\_\_\_\_
- 5) Funeral Expenses: + \$5,000 to \$10,000
- 6) Total Need: = \$ \_\_\_\_\_
- 7) Less insurance you already have: - \$ \_\_\_\_\_
- 8) Less asset planning to liquidate for costs or income: - \$ \_\_\_\_\_
- 9) Total amount of Life Insurance needed: = \$ \_\_\_\_\_

Since your family’s needs change over time, it’s a good idea to review your financial situation and your insurance coverage periodically. And if there’s a big change in your life, such as buying a house, having another child, changing jobs or planning to retire, you should do it sooner.