



# Life Insurance: Do You Need It?

## Why?

- ▶ Have you ever stopped to consider how you or your family would survive the financial burden of an unforeseen accident or emergency?
- ▶ Would they have the resources to cover home mortgage payments or tuition expenses?
- ▶ Would you or your spouse have enough money to live out your retirement years in comfort?
- ▶ In the event of your death, would your family have the liquid funds required to pay estate taxes and settlement expenses?
- ▶ If you are unsure about answers to any of these questions, you should consider life insurance — a cost-effective strategy for a variety of your short- and long-term needs.

## What?

With the broad range of life insurance products available today, deciding which one is appropriate for your unique financial situation can often become a complicated and time-consuming task. Through Diversified Brokerage Services, I have access to both term and permanent insurance products from a number of the top rated insurance carriers in the industry.

## When?

Today, tomorrow, in the next 15 years? Determining the “best time” to purchase life insurance is impossible. However, the younger you are, the greater the variety of insurance products you may have to choose from and the more cost-effective your choice may be. Since life insurance is medically underwritten, your health history can affect your premium.

## How much is enough?

There are a number of factors you can consider to help estimate the amount of life insurance you will require. Conduct a personal financial review of your family’s needs:

### TYPES OF CASH NEEDS

- Income Replacement
- Debts
- Emergency Fund
- Home/Rent Expenses
- Educational/Vocational Costs
- Estate Settlement Expenses

*Use this information to complete the form on the reverse side*



# How Much Do You Need?

Client Name \_\_\_\_\_

Date \_\_\_\_\_

Agent Name \_\_\_\_\_

**This worksheet provides a quick and simple method to estimate the amount of life insurance you will need.**

## Income Needs

### 1. Annual income your family would need if you die today

Enter a number that's typically between 60%–80% of total income. Include all salaries, dividends, interest, and any other sources of income.

\$ \_\_\_\_\_

### 2. Annual income available to your family from other sources

Enter a number that includes dividends, interest, spouse's earnings, and social security.

\$ \_\_\_\_\_

### 3. Annual income to be replaced (Subtract line 2 from line 1.)

\$ \_\_\_\_\_

### 4. Funds needed to provide income for how many years? \_\_\_\_\_

Multiply line 3 by the appropriate factor below<sup>1</sup>

\$ \_\_\_\_\_

10 Yrs. X 8.9	15 Yrs. x 12.4	20 Yrs. x 15.4	25 Yrs. x 18.1	30 Yrs. x 20.4	35 Yrs. x 22.4
40 Yrs x 24.1	45 Yrs. x 25.6	50 Yrs. x 26.9	55 Yrs. x 28.1	60 Yrs. x 29.0	

## Expenses

### 5. Burial final expenses, emergency fund

The average cost of an adult funeral is about \$10,000

\$ \_\_\_\_\_

### 6. Mortgage and other debts

Include mortgage balance, credit card debt, car loans, home equity loans, etc.

\$ \_\_\_\_\_

### 7. College costs<sup>2</sup>

2005-2006 average annual cost of a four-year education: public college—\$ 15,566; private college—\$ 31,916.

	Annual Amount		No. of Yrs. in College		Total
Child 1:		multiplied by		\$	
Child 2:		multiplied by		\$	
Child 3:		multiplied by		\$	
Child 4:		multiplied by		\$	
Child 5:		multiplied by		\$	
Total college costs				=	\$ _____

### 8. Total Capital Required [Add lines 4, 5, 6 and 7 (total college costs).]

\$ \_\_\_\_\_

## Assets

### 9. Savings and investments

Bank accounts, CDs, stocks, bonds, mutual funds, real estate/rental property, etc.

\$ \_\_\_\_\_

### 10. Retirement savings

IRAs, 401(k) plans, SEPs, pension and profit sharing plans

\$ \_\_\_\_\_

### 11. Present amount of life insurance

Include group insurance and personal insurance purchased on your own

\$ \_\_\_\_\_

### 12. Total of all assets (Add lines 9, 10 and 11.)

\$ \_\_\_\_\_

### 13. Estimated amount of additional life insurance needed (Subtract line 12 from line 8.)

\$ \_\_\_\_\_

<sup>1</sup>-Inflation is assumed to be 3%. College costs indexed at 6%. The rate of return on investments is assumed to be 6% after tax.

<sup>2</sup>-Source: The College Board, *Trends in College Pricing 2005*. Costs include tuition, room, board, books and supplies, transportation, and other expenses.