

## LIFE INSURANCE QUICK ESTIMATOR

You're worth a fortune to your loved ones, if you live...  
But, what if something unexpected happens to you?  
How Much Life Insurance is Enough?

The Consumer Federation of America (CFA,1997) recommends 6 to 8 times your income for a married couple with children. While rules of thumb may be helpful, they do not take into consideration each individual's personal situation. This worksheet provides a quick and simple method to estimate the amount of life insurance needed for your individual situation.

### INCOME NEEDS:

1. **Annual income your family would need if you died today** \$ \_\_\_\_\_  
Typically between 60% - 70% of total income
2. **Annual income available to your family from other sources** \$ \_\_\_\_\_  
Including dividends, interests, spouse's earnings (Social Security may be available)
3. **Annual income to be replaced** – Subtract line 2 from line 1 \$ \_\_\_\_\_
4. **Funds needed to provide income for \_\_\_\_\_ years?**  
Multiply line 3 by the appropriate factor below \$

### EXPENSES:

5. **Burial expenses** \$ \_\_\_\_\_  
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**  
1999-2000 cost of a four year education: public college - \$40,000; private college \$130,000. Multiply the college costs for each child by the appropriate factor:  
 5 years x .82; 10 years x .68; 15 years x .56; 20 years x .46  
  
**Child 1:** \_\_\_\_\_ \$ \_\_\_\_\_  
**Child 2:** \_\_\_\_\_ \$ \_\_\_\_\_  
**Child 3:** \_\_\_\_\_ \$ \_\_\_\_\_  
**Total college costs** \$ \_\_\_\_\_
8. **Total Capital Required** – add lines 4, 5, 6 and 7 (total college costs) \$

### ASSETS:

9. **Savings and investments** \$ \_\_\_\_\_  
Bank accounts, cd's, stocks, bonds, mutual funds, real estate/rental property, etc.
10. **Retirement Savings** \$ \_\_\_\_\_  
IRA's, 401 (k) plans, Keoghs, 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 \$