

Life Insurance Quick Estimator

Client Name _____ Date _____

Agent Name _____

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 – 8 times your time for a married couple with children. While rules of thumb may be helpful, they do not take into consideration each individuals 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, interest, 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 \$

* 10 YEARS X 8.1 | 15 YEARS X 11.1 | 20 YEARS X 13.6 | 25 YEARS X 15.6 | 30 YEARS X 17.3 | 35 YEARS X 18.7 | 40 YEARS X 20.0

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 - \$40,276, private college - \$85,696.
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** \$

* Important note: Inflation is assumed to be 4%. The rate of return on investments is assumed to be 8%.
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