

LIFE INSURANCE NEEDS CALCULATION - Detailed Method

Method 3: Detailed Calculation of Life Insurance Needs

FINANCIAL SITUATION ASSUMPTIONS AT TIME OF DEATH

Income Available after Death of Insured:

Surviving Spouse's Annual Net Income	20,000	current income at time of death
Other Annual Investment Income (from other investments funds below)	0	interest income, dividends, etc.
Other Annual Income from _____	0	rental properties, etc.
Social Security Annual Survivorship Benefits (applicable to spouses and minor children under specific circumstance)	24,000	
Current Income Available	44,000	Check your benefits at SSA.gov

Funds Available after Death of Insured:

Cash in Checking & Savings Accounts (average balance)	5,000	income included above
Other Investments (average balance)	0	income included above
College Savings Plans (average balance)	0	funds included in lump sum below
Total Funds Available	5,000	

Debts Payable after Death of Insured:

Mortgage & Home Equity Loan(s)	155,500
Credit Card Debt	15,000
Automobile Loan	10,000
Other Loans	7,000
Total Debt	187,500

Retirement Income Available for Surviving Spouse:

Spouse's Annual Social Security Retirement Benefits (at 67 for life)	24,000	Check your benefits at SSA.gov
Spouse's Estimated Annual Retirement Benefits (based on funds below)	1,250	suggested withdrawal rate 4-6%
Retirement Income Available	25,250	

Retirement Funds Available for Surviving Spouse:

401(k) Accounts projected balance at retirement	25,000
IRA Accounts projected balance at retirement	0
Retirement Funds Available	25,000

NEEDS CALCULATIONS

Lump-Sum Needs:

Final Medical Costs	5,750	assume max out-of-pocket insurance amt
Funeral & Burial Expenses	10,000	
Probate & Attorney Fees	4,000	3-4% of estate
Mortgage Retirement	155,500	update manually for loan balance
Other Debt Payoff	35,000	
Education Fund (multiply 100,000 by number of kids)	200,000	
Less: Current College Savings (from above)	0	
Emergency Fund (for any other immediate unexpected costs)	15,000	
Total Lump-Sum Needs	425,250	

Readjustment Period Annual Needs (1 year):

Giving	1,200	
Housing & Utilities	5,000	mortgage paid off, includes utilities only
Transportation	5,000	auto loan paid off with lump sum
Debt Payments	0	debt paid off with lump sum
Food	10,000	
Medical Expenses (including medical insurance)	3,500	insurance premiums
Personal Expenses	3,000	
Miscellaneous Expenses (including childcare)	7,000	
Seasonal Expenses	2,000	
Total Readjustment Period Needs	36,700	

Adjusted Period Annual Needs (until youngest is no longer dependent):

Giving	1,200
Housing & Utilities	5,000
Transportation	4,000
Debt Payments	0
Food	8,000
Medical Expenses	3,500
Personal Expenses	3,000
Miscellaneous Expenses (including childcare)	6,000
Seasonal Expenses	2,000
Total Adjusted Period Needs	32,700

Surviving Spouse Annual Needs (after children are no longer dependent and before retirement):

Giving	1,200
Housing & Utilities	3,000
Transportation	3,000
Debt Payments	0
Food	4,000
Medical Expenses	3,500
Personal Expenses	1,000
Miscellaneous Expenses (including childcare)	1,000
Seasonal Expenses	2,000
Total Spouse Only Needs	18,700

Surviving Spouse Annual Needs (during retirement):

Giving	1,200
Housing & Utilities	3,000
Transportation	3,000
Debt Payments	0
Food	4,000
Medical Expenses	3,500
Personal Expenses	1,000
Miscellaneous Expenses (including childcare)	1,000
Seasonal Expenses	2,000
Total Spouse Retirement Period Needs	18,700

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Method 3: Detailed Calculation of Life Insurance Needs (continued)

ANALYSIS OF ADDITIONAL INCOME NEEDS

Life Insurance Needed to Age.....	100	417,950.00	calculated as present value of the GAP amounts below
Cash Resources Currently Owned		5,000.00	
Current Life Insurance Owned		50,000.00	
Additional Life Insurance Needed		372,950.00	

YEAR	SPOUSE'S AGE	INCOME	NEEDS	EXCESS	GAP	NOTES
1	30	44,000	461,950		(417,950)	includes lump-sum amount
2	31	44,000	32,700	11,300		
3	32	44,000	32,700	11,300		
4	33	44,000	32,700	11,300		
5	34	44,000	32,700	11,300		
6	35	44,000	32,700	11,300		
7	36	44,000	32,700	11,300		
8	37	44,000	32,700	11,300		
9	38	44,000	32,700	11,300		
10	39	44,000	32,700	11,300		
11	40	44,000	32,700	11,300		
12	41	44,000	32,700	11,300		
13	42	44,000	32,700	11,300		
14	43	44,000	32,700	11,300		
15	44	44,000	32,700	11,300		
16	45	44,000	32,700	11,300		
17	46	20,000	18,700	1,300		
18	47	20,000	18,700	1,300		
19	48	20,000	18,700	1,300		
20	49	20,000	18,700	1,300		
21	50	20,000	18,700	1,300		
22	51	20,000	18,700	1,300		
23	52	20,000	18,700	1,300		
24	53	20,000	18,700	1,300		
25	54	20,000	18,700	1,300		
26	55	20,000	18,700	1,300		
27	56	20,000	18,700	1,300		
28	57	20,000	18,700	1,300		
29	58	20,000	18,700	1,300		
30	59	20,000	18,700	1,300		
31	60	20,000	18,700	1,300		
32	61	20,000	18,700	1,300		
33	62	20,000	18,700	1,300		
34	63	20,000	18,700	1,300		
35	64	20,000	18,700	1,300		
36	65	20,000	18,700	1,300		
37	66	20,000	18,700	1,300		
38	67	25,250	18,700	6,550		
39	68	25,250	18,700	6,550		
40	69	25,250	18,700	6,550		
41	70	25,250	18,700	6,550		
42	71	25,250	18,700	6,550		
43	72	25,250	18,700	6,550		
44	73	25,250	18,700	6,550		
45	74	25,250	18,700	6,550		
46	75	25,250	18,700	6,550		
47	76	25,250	18,700	6,550		
48	77	25,250	18,700	6,550		
49	78	25,250	18,700	6,550		

YEAR	SPOUSE'S AGE	INCOME	NEEDS	EXCESS	GAP	NOTES
50	79	25,250	18,700	6,550		
51	80	25,250	18,700	6,550		
52	81	25,250	18,700	6,550		
53	82	25,250	18,700	6,550		
54	83	25,250	18,700	6,550		
55	84	25,250	18,700	6,550		
56	85	25,250	18,700	6,550		
57	86	25,250	18,700	6,550		
58	87	25,250	18,700	6,550		
59	88	25,250	18,700	6,550		
60	89	25,250	18,700	6,550		
61	90	25,250	18,700	6,550		
62	91	25,250	18,700	6,550		
63	92	25,250	18,700	6,550		
64	93	25,250	18,700	6,550		
65	94	25,250	18,700	6,550		
66	95	25,250	18,700	6,550		
67	96	25,250	18,700	6,550		
68	97	25,250	18,700	6,550		
69	98	25,250	18,700	6,550		
70	99	25,250	18,700	6,550		
71	100	25,250	18,700	6,550		