

LIFE INSURANCE QUICK ESTIMATOR

HOW MUCH LIFE INSURANCE IS ENOUGH?

Client Name _____ Date _____

Agent Name/Approved Title _____

This worksheet from the Prudential Insurance Company of America provides a quick and simple method to estimate the amount of life insurance you will need.

INCOME

1. **Annual before tax income your family would need if you died today**

Typically between 60% and 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**

Include dividends, interest, and spouse's earnings (Social Security may be available)

\$ _____

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

\$ _____

4. **Capital needed for income**

Multiply line 3 by the appropriate factor below

\$ _____

Years Income Needed	10	15	20	25	30	35	40	45	50
Factor ¹	8.8	12.4	15.4	18.1	20.4	22.4	24.1	25.6	26.9

EXPENSES

5. **Funeral² and other final expenses**

Typically the greater of \$15,000 or 4% of your estate

\$ _____

6. **Mortgage and other outstanding debts**

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

\$ _____

7. **College costs³**

2007-2008 average annual costs at four-year colleges and universities:
public – \$17,336; private – \$35,374

	Annual Amount	X	Number of Years in College =	Total Cost (\$)
Child 1		X		
Child 2		X		
Child 3		X		
Child 4		X		
Child 5		X		
Total capital needed for college				

\$ _____

8. **Total capital required** (Add lines 4, 5, 6 and 7)

\$ _____

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.)

\$ _____

¹ Inflation is assumed to be 3%. The rate of return on investments is assumed to be 6%

² Many funerals run well over \$10,000 – Federal Trade Commission – Retrieved on September 23, 2008 from <http://www.ftc.gov/bcp/edu/pubs/consumer/products/pro19.shtm>

³ Source: The College Board, Trends in College Pricing 2007. Costs include tuition, room, board, books and supplies, transportation, and other expenses for a resident. The College Costs numbers are the 2007-2008 national average for a four year college or university

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