

Life Insurance Estimator

how much insurance is
enough for your family?

	Income Needs	Example	Spouse 1	Spouse 2
	Current Income	\$80,000		
	Family Income Goal **	\$64,000		
Subtract Other Income from Family Income Goal	Other Income			
	Example: Social Security	\$12,000		
	Survivor's Income	\$20,000		
	Income Shortage	\$32,000		
Gross Return - Inflation = Inflation Adjusted Return (i.e., 8% - 3% = 5%)	Inflation Adjusted Earnings Rate	5%		
	Capital Required for Income	\$640,000		
Divide Income Shortage by Inflation Adjusted Earnings Rate (i.e., \$32,000 ÷ 5% = \$640,000)	Cash Needs			
	Final Expenses	\$12,000		
	Emergency Funds	\$25,000		
	Education Funds	\$50,000		
	Mortgage	\$200,000		
	Other Debt	\$15,000		
	Other	_____		
	Total Cash Needs	\$302,000		
Add Capital Required for Income and Total Cash Needs	Total Capital Required	\$942,000		
	Income Producing Capital			
	Liquid Assets	\$60,000		
	Existing Life Insurance	\$150,000		
	Total Income Producing Capital	\$210,000		
Subtract Total Income Producing Capital from Total Capital Required	Additional Capital Required	\$732,000		

**Estimated at 70% to 80% of current income according to The Fundamentals of Insurance for Financial Planning, The American College, 2009.