

# LIFE INSURANCE NEED ANALYSIS:

## INDIVIDUAL PLANNING

### Estimate the Right Amount of Life Insurance Coverage

#### IMMEDIATE CASH NEEDS

1. Final expenses	The amount needed to cover all final expenses upon your death. This includes funeral costs, medical expense, probate fees, etc. Current average funeral expenses are about \$10,000.	\$ _____
2. Mortgage	Enter the mortgage balance here, if you intend to pay off your mortgage upon your death.	\$ _____
3. Other debts	Estimate the amount needed to pay off your debts. Include credit card balances, car loans, educational loans and other outstanding liabilities.	\$ _____
4. Emergency fund	The amount you would like to reserve for unforeseen financial needs, such as income lost due to work absence, medical expenses and home/auto repairs.	\$ _____
5. Education fund	The total cost of sending your children to college. The current annual average costs of public and private colleges are about \$17,000 and \$33,000, respectively.	\$ _____
<b>6. Total cash for immediate needs</b>	Enter the sum of lines 1 through 5.	\$ _____

#### FUTURE INCOME NEEDS

7. Survivor's income replacement need	Generally, it is estimated that your family will need to replace 65% to 75% of your current gross annual income in order to maintain its standard of living after your death.	\$ _____
8. Money factor	Determine using the Money Factor Chart (page 2).	\$ _____
<b>9. Present value of future income needs</b>	Multiply line 7 by line 8 and enter the total here.	\$ _____

#### AVAILABLE FUNDS

10. Savings and investments	The current value of savings and investments which may be liquidated to provide your family cash flow upon your death. Include stocks, bond, savings accounts, etc.	\$ _____
11. Retirement savings	The current value of retirement savings which may be liquidated to provide your family cash flow upon your death. Include IRA, 401(k), annuities, and other retirement accounts.	\$ _____
12. Other assets	All other assets which may provide income to your family (inheritances, commodities, rental properties, etc.).	\$ _____
13. Current life insurance	Include all life insurance policies, including coverage through your employers.	\$ _____
<b>14. Total available funds</b>	Enter the sum of lines 10 through 13.	\$ _____

#### NEEDS SUMMARY

15. Total funds needed at death	Add line 6 and line 9.	\$ _____
16. Total available funds	From line 14	\$ _____
<b>17. Estimated additional coverage needed</b>	Subtract line 16 from line 15.	\$ _____

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## Estimate the Right Amount of Life Insurance Coverage

### DETERMINE YOUR MONEY FACTOR

This chart provides the factor needed in Line 8 to determine the present value of your dependents' income needs. It consider how long income will be needed and an assumed "Real Rate of Return."

1. <b>Annual Growth Rate:</b> Average is between 5.5% and 10%	\$ _____
2. <b>Annual Rate of Inflation:</b> Average is between 0.0% and 4.5%.	\$ _____
3. <b>Your Real Rate of Return:</b> Subtract Line 2 from Line 1 and enter the total here.	\$ _____

To find your money factor, match up your actual rate-of-return with the number of years your beneficiaries will need income. Enter this number on line 8 on page 1.

Income is needed ...	ACTUAL RATE-OF-RETURN								
	1%	2%	3%	4%	5%	6%	7%	8%	9%
5 years	4.9	4.8	4.7	4.6	4.5	4.5	4.4	4.3	4.2
10 years	9.6	9.2	8.8	8.4	8.1	7.8	7.5	7.2	7.0
15 years	14.0	13.1	12.3	11.6	10.9	10.3	9.7	9.2	8.8
20 years	18.2	16.7	15.3	14.1	13.1	12.2	11.3	10.6	10.0
25 years	22.2	19.9	17.9	16.2	14.8	13.6	12.5	11.5	10.7
30 years	26.1	22.8	20.2	18.0	16.1	14.6	13.3	12.2	11.2
35 years	29.7	25.5	22.1	19.4	17.2	15.4	13.9	12.6	11.5
40 years	33.2	27.9	23.8	20.6	18.0	15.9	14.3	12.9	11.7



**Speak with your AIMCOR consultant to find the right life insurance coverage to meet your needs.**

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