

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 Needs

1. Annual income your family would need if you die today

Enter a number that's typically between 60%–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

Enter a number that includes dividends, interest, spouse's earnings, and social security.

\$ _____

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

\$ _____

4. Funds needed to provide income for how many years? _____

Multiply line 3 by the appropriate factor below¹

\$ _____

| | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 10 Yrs. x 8.9 | 15 Yrs. x 12.4 | 20 Yrs. x 15.4 | 25 Yrs. x 18.1 | 30 Yrs. x 20.4 | 35 Yrs. x 22.4 |
| 40 Yrs. x 24.1 | 45 Yrs. x 25.6 | 50 Yrs. x 26.9 | 55 Yrs. x 28.1 | 60 Yrs. x 29.0 | |

Expenses

5. Burial final expenses, emergency fund

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 costs²

2005-2006 average annual cost of a four-year education: public college—\$ 15,566; private college—\$ 31,916.

| | Annual Amount | | No. of Yrs. in College |
|----------|---------------|---------------|------------------------|
| Child 1: | | multiplied by | |
| Child 2: | | multiplied by | |
| Child 3: | | multiplied by | |
| Child 4: | | multiplied by | |
| Child 5: | | multiplied by | |

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

Total college costs

\$ _____

8. Total Capital Required [Add lines 4, 5, 6 and 7 (total college costs).]

\$ _____

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.)

\$ _____

For a more thorough discussion of your needs, ask your licensed financial professional about a personalized needs analysis.

¹Inflation is assumed to be 3%. College costs indexed at 6%. The rate of return on investments is assumed to be 6% after tax.

²Source: The College Board, *Trends in College Pricing 2005*. Costs include tuition, room, board, books and supplies, transportation, and other expenses.

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