

How Much Life Insurance Do You Need?

The amount of life insurance you need depends on many factors, most of which must be estimated. Use the worksheet below to get a rough idea of how much life insurance you might need.



	AMOUNT	EXAMPLE
1 Annual income goal	\$ _____	\$45,000
2 Average expected salary of surviving spouse	\$ _____	\$16,000
3 Investment earnings	\$ _____	\$900
4 Social Security benefits	\$ _____	\$12,000
5 Annuities and pensions	\$ _____	\$0
6 Misc. income	\$ _____	\$4,800
7 Total annual income (add lines 2 through 6)	\$ _____	\$33,700
8 Remaining annual need (subtract line 7 from line 1)	\$ _____	\$11,300
9 Estimated number of years benefit will be needed	_____ years	20 years
10 Death benefit needed (multiply line 8 by line 9)	\$ _____	\$226,000
11 Out-of-pocket long term care costs (e.g., personal or custodial care, nursing facility)	\$ _____	\$50,000
12 Final medical costs (e.g., hospital, hospice, etc.)	\$ _____	\$2,000
13 Funeral and related expenses	\$ _____	\$6,000
14 Estate probate costs	\$ _____	\$0
15 Federal estate taxes	\$ _____	\$0
16 State inheritance taxes	\$ _____	\$0

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	AMOUNT	EXAMPLE
17 Care and end-of-life expense subtotal <i>(add lines 11 through 16)</i>	\$ _____	\$8,000
18 Mortgage balance	\$ _____	\$0
19 Other outstanding debts	\$ _____	\$4,700
20 Education, emergency, and other "untouchable" funds	\$ _____	\$51,000
21 Other expense subtotal <i>(add lines 18 through 20)</i>	\$ _____	\$55,700
22 Total expenses <i>(add lines 17 and 21)</i>	\$ _____	\$63,700
23 Preliminary life insurance needed <i>(add lines 10 and 22)</i>	\$ _____	\$289,700
24 Amount of group life insurance through employer	\$ _____	\$34,000
25 Lump-sum pension paid at death	\$ _____	\$36,000
26 Savings	\$ _____	\$2,500
27 Securities	\$ _____	\$0
28 IRA and Keogh plans	\$ _____	\$0
29 Employer savings plan, 401(k)	\$ _____	\$0
30 Other liquid assets	\$ _____	\$9,500
31 Total assets / insurance <i>(add lines 25 through 31)</i>	\$ _____	\$82,000
32 Total life insurance needed <i>(subtract line 31 from line 23)</i>	\$ _____	\$207,700