

Life Insurance for Living



A NEW WAY TO THINK ABOUT LIFE INSURANCE



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Life insurance is about providing for loved ones who must continue without you.

When all of its benefits are provided to a growing family, life insurance may give you peace of mind. It may help your family address four major needs: income continuation, mortgage protection, a settlement fund, and an education fund.

But what is the right amount for you?

Need: Income Continuation

You want the people that rely on you to maintain their established pattern of living. The income continuation feature of your life insurance program should ensure that lifestyle.

Estimate what you will need:

1. What is your family's desired monthly income, knowing that your mortgage, education fund, personal debt and other expenses will be funded immediately?
(between 50 and 80 percent of total income is suggested) \$ _____
2. What monthly income would your family receive from other sources?
(spouse's or civil union partner's income, Social Security may be available, other income sources) \$ _____
3. Calculate the income to be replaced by subtracting the monthly amount in Step 2 from the income desired in Step 1. \$ _____
4. Use the chart below to determine the amount of coverage you need for your desired monthly income in Step 3. \$ _____

Length of Monthly Income

Monthly Income Needed	Length of Monthly Income					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
\$500	\$26,606	\$47,337	\$63,491	\$76,078	\$85,886	\$93,529
\$1,000	\$53,211	\$94,374	\$126,982	\$152,157	\$171,773	\$187,058
\$1,500	\$79,817	\$142,011	\$190,473	\$228,235	\$257,659	\$280,587
\$2,000	\$106,423	\$189,348	\$253,964	\$304,313	\$343,546	\$374,116
\$2,500	\$133,028	\$236,685	\$317,455	\$380,392	\$429,432	\$467,644
\$3,000	\$159,635	\$284,023	\$380,946	\$456,470	\$515,318	\$561,173
\$3,500	\$186,240	\$331,360	\$444,437	\$532,548	\$601,205	\$654,702

Assumes 5% interest on lump sum

Total Needed for Income Continuation

\$

Need: Mortgage Fund

Your home is likely your largest asset. A well-tailored mortgage fund can help your family stay in their home and protect your established life plan.

Total Needed to Pay Off the Balance of Your Mortgage

\$

Need: Immediate Cash Needs for Liabilities

A comprehensive life insurance program may help to ensure that your family will not suffer unforeseen economic consequences when you die. You want to know they are taken care of. So your program should provide an adequate settlement fund to cover personal debts, emergency reserve fund, and other expenses.

Estimate your liabilities:

1. Amount required to pay off personal debts
(credit cards, personal loans, tuition loans, car loans, etc.) \$ _____
2. Emergency reserve fund
(extraordinary medical expenses, a reserve for emergency and unexpected expenses, 5%-10% of annual income is suggested) \$ _____
3. Other expenses
(typically the greater of \$15,000 or 4% of your estate* and includes income taxes, probate fees, lawyers' commissions and fees, accounting fees, other administrative commissions and fees, funeral costs) \$ _____

Total Immediate Cash Needed at Death

\$

*Life and Health Insurance Foundation for Education, 2012.



Need: Education Fund

Parents know their children can pay a price for not having a sound education. According to the U. S. Census Bureau, adults with a bachelor's degree earned an average of \$54,756 in 2011, while those with a high school diploma earned \$33,176.*

Using life insurance as a tool, you can provide for education funds, even in the event of your death.

Rising costs have made it more important than ever to build an education fund. Over the past decade, public four-year college/university costs have increased an average of five to six percent annually.**

Estimate what you will need:

Estimated Costs for Four-Year Colleges

	Today	In 5 yrs.	In 10 yrs.	In 15 yrs.
Public College	\$74,942	\$94,612	\$126,612	\$169,436
Private College	\$164,846	\$195,830	\$242,874	\$301,220
Harvard	\$237,069	\$281,629	\$349,285	\$433,194
University of Texas	\$94,675	\$119,526	\$159,952	\$214,052
University of Missouri	\$83,691	\$105,658	\$141,394	\$189,217
University of North Carolina	\$81,412	\$102,780	\$137,543	\$184,064
University of California, Berkeley	\$127,249	\$160,649	\$214,984	\$287,697

Based on 2012 costs for resident tuition/fees, room and board, and supplies. It does not include any offsets from grants or tax benefits. Assumes a 6.0 percent average annual increase for public colleges and a 4.4 percent increase for private institutions. Costs and increases based on Trends in Higher Education Series: Trends in College Pricing 2011, The College Board, 2011 and The College Board College Search, www.collegeboard.org.

Total Needed for Educational Fund

\$

* *Employment Projections: Education Pays...*, U.S. Bureau of Labor Statistics, 2012

** *Trends in Higher Education Series: Trends in College Pricing 2011.* The College Board, 2011.

Solution

1. Total needed for income continuation \$ _____

2. Total needed for mortgage fund \$ _____

3. Total immediate cash needed at death \$ _____

4. Total needed for education fund \$ _____

Total Amount of Life Insurance Needed \$ _____

Less

Existing insurance (personal and group) \$ _____

Other liquid assets (mutual funds, stocks, CDs, savings, etc.) \$ _____

Amount of Additional Life Insurance Needed

\$

How much can you set aside each month to satisfy all these needs?

\$



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