



I tell all of my clients “the amount of life insurance you currently own is neither right nor wrong until you compare it to what you’d like to see happen in the event, god forbid, you don’t make it home tonight”. To see how much that may be, we have to go through common expenses and income needs after you pass away. So, let’s get started:

PART A: CASH NEEDS

Final expense

This should be for bills that need to be paid shortly after death such as Funeral Expenses, Medical bills, Attorney fees, Court costs ect.

Debt

Any outstanding debt that you would like paid off so your family won’t be responsible for them after you pass away. Exclude Mortgage.

Emergency Fund

This fund is for unexpected bills and a short-term fund so that your spouse doesn’t have to immediately go back to work

Mortgage/Rent Fund

Do you want your spouse to have to worry about your mortgage after you pass away? What would it take to pay off your mortgage today or what is sufficient for a 10-year rent fund?

Child/Home care Fund

To pay for new expenses created as a result of a death of your spouse who formerly performed these duties without any cash payment. Think about daycare, babysitters etc.

Education Fund

This is for your children’s college. Do you want to help them with tuition, housing, books, allowance, some or all of these? To cover all of them for 4 years I recommend about \$200,000 which is compensating for inflation, however use a number that you’re comfortable with.

For _____ For _____
at death of _____ at death of _____

\$ _____ \$ _____

\$ _____ \$ _____

\$ _____ \$ _____

\$ _____ \$ _____

\$ _____ \$ _____

\$ _____ \$ _____

PART B: INCOME NEED

Income objective (_____ x 70%)

(The typical family needs about 70% of total household income to sustain their lifestyle. Just because someone passes away doesn’t mean bills stop. Things such as mortgages, taxes, electricity, TV and internet bills etc. will continue to need to be paid)

Total household Income \$ _____

\$ _____ \$ _____

Continued earned income

(the surviving spouses’ income)

- \$ _____ - \$ _____

Total annual income shortfall

\$ _____ \$ _____

Amount of capital required to provide this income (\$ / %) \$ _____ \$ _____

Annual Income
Shortfall / Assumed
Interest Rate
(suggested 4%)

Total insurance need (Part A + B) \$ _____ \$ _____