

Estimate your life insurance coverage needs

Protecting the financial future of your loved ones is important to you, but how much life insurance coverage is enough? We want you to feel confident in the choices you make. This worksheet will help you estimate the amount of coverage needed based on your unique situation.

Immediate cash needs

1. **Final expenses:** The amount needed to cover all final expenses upon your death. This includes funeral costs, probate fees, etc. Average funeral expenses are about \$7,600. ¹ \$ _____
2. **Mortgage:** Enter your 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 average cost to attend a 4-year institution is \$25,362. ² + \$ _____
6. **Total cash for immediate needs:** 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 (on next page). X \$ _____

9. **Present Value of Future Income Needs:** 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, bonds, 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 employer. + \$ _____

14. **Total Available Funds:** Enter the sum of Lines 10 through 13. = \$ _____

Needs Summary

15. **Total Funds Needed at Death:** Line 6 plus Line 9 \$ _____

16. **Total Available Funds:** From Line 14 - \$ _____

17. **Estimate of Additional Life Insurance Coverage Needed:** Line 15 minus Line 16 = \$ _____

Determine Your Money Factor

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

1. **Annual Growth Rate:** Average is between 5.5% and 10%.
2. **Annual Rate of Inflation:** Average is between 0.0% and 4.5%.³
3. **Your Real Rate of Return:** Subtract Line 2 from Line 1 and enter the total here.

To find your Money Factor, match up your Real Rate of Return with the number of years your beneficiaries will need income. Enter this number on Line 8 on the reverse side.

Income is needed	Your Real 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

- Now that you've estimated the amount of coverage you need, **talk to your financial professional for help finding the right life insurance policy.**

¹ <https://nfda.org/news/statistics>, captured on 7/16/2021.

² <https://educationdata.org/average-cost-of-college>, captured 7/16/2021.

³ For information on annual rate of inflation please visit usinflationcalculator.com/inflation/current-inflation-rates/.



This analysis of your life insurance coverage needs is intended only to provide a general estimate of the amount of coverage you may need. This analysis provides only a snapshot of your current situation. You should review your life insurance coverage needs at least annually and whenever your relevant information changes. The results of this analysis are based on your inputs and assumptions. Changes to those items will produce different results.

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