

LIFE INSURANCE NEEDS ANALYSIS: FACTFINDER

This form is intended to collect the necessary information in order to perform an analysis of your current life insurance need. It is designed to look at the needs of your survivors, if you were to die today. Some of the needs are immediate in nature. These needs are, generally, one-time costs and occur in the first year after death. Other needs are considered future needs. They are ongoing and must be funded for multiple years in a row.

IMMEDIATE NEEDS AT DEATH

Final Expenses

This covers burial, funeral services, final medical costs and other related expenses.

Mortgage Payoff

If you have a mortgage, paying it off will reduce the income needs of the survivors.

Other Debt Payoff & Expenses

This may include credit cards, credit lines, student loans, an Emergency Fund, etc.

FUTURE INCOME NEEDS FOR SURVIVORS

Annual After-tax Income Need

After the mortgage, if any, is paid off, how much would be needed in the checking account to pay the bills for one year? If other sources of income will be available to help cover these needs (e.g., income from a working surviving spouse), then subtract the after-tax amount of that income. For example, if your survivors need \$6,000/month to cover non-mortgage expenses and a surviving spouse's take-home paycheck could cover \$4,000/month, then your survivors would need \$2,000/month or \$24,000/year. Other income examples may include Social Security and rental income.

Years to Provide Income

 years

Some may wish to provide an income until the retirement age of a surviving spouse. Others may provide an income until their youngest child is no longer a dependent. Still others may wish to provide for a limited number of years to help the survivors get back on their feet.

Inflation Rate

 %

The average inflation rate for the last 40 years has been approximately 3.5%.

After-tax Investment Rate

 %

Insurance proceeds should not be placed under the mattress. Your survivors should invest the proceeds and draw their income from that investment. If your survivors were to invest the proceeds, paying taxes each year on the growth, how much would you expect them to earn? For example, if they could reliably earn 8% per year and pay 25% of that earnings in taxes, then the after-tax investment rate would be 6%.

FUTURE EDUCATION NEEDS FOR CHILDREN

Ages of Children Who Will Receive Education Funding

List the age of each child; age 18 or younger. The maximum number of children supported by the analysis is 10.

Annual Amount Desired

How much, in today's dollars, would be necessary to cover one year of college for a child. Include all costs that should be covered (e.g., tuition, room & board).

Number of Years to Provide

 years

Are you providing for a Bachelor's Degree? A Masters? A Doctorate? Maximum years allowed = 8

AVAILABLE ASSETS

Liquid Assets

What assets could be used by the survivors? This may include cash and assets that are easily converted to cash (e.g., stocks, bonds, mutual funds).

Assets to Sell

What assets could be sold within a year or two? This might include real estate, business interests and collectibles. Enter the net amount after any closing costs and taxes on the sale.

Current Life Insurance

Provide the total life insurance on you, including personal policies and coverage from an employer.

NOTES
