

A NEW WAY TO THINK ABOUT LIFE INSURANCE.

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 gives you peace of mind. It can 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 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 guarantee that your family can 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 assures 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, 2007.