

# Estimating Your Life Insurance Needs

Do you have the correct amount of life insurance coverage to meet your family's needs should something happen to you? The only way to tell is to determine whether your current assets will provide the income needed if your income were no longer available. Use the example below to guide you through this rough calculation of your projected life insurance needs.

	<b>Example: Spouse, 35 2 Children</b>	<b>Your Family</b>
1. Final expenses	\$10,000	
2. Settle non-mortgage debt	\$20,000	
3. Emergency fund	\$25,000	
4. College fund	\$200,000	
5. Expected living expenses:		
a. Average annual living expense	\$80,000	
b. Spouse's average annual income	\$35,000	
c. Annual Social Security Benefits	\$15,000	
d. Net Annual Shortfall (a-b-c)	\$30,000	
e. Years until spouse is 90	55	
f. Investment rate factor (from table below)	22	
g. Total shortfall (d x f)	\$660,000	
6. Total monetary needs (1+2+3+4+5g)	\$915,000	
7. Total investment assets you own	\$25,000	
8. Life insurance needs (6 – 7)	\$890,000	

## Investment Rate Factor

Number from 5e above	Conservative	More Aggressive
25	20	16
30	22	17
35	25	19
40	27	20
45	30	21
50	31	21
55	33	22
60	35	23

The figures in the table above reflect average investment returns combined with time horizon. The figures assume a higher return for the aggressive portfolio versus the conservative portfolio. These figures are for illustration purposes only and is not indicative of any particular investment. Actual results will vary.

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