

## Life Insurance Quote Form

Name: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**Phone:**

Home \_\_\_\_\_ Cell \_\_\_\_\_ Work \_\_\_\_\_

Email: \_\_\_\_\_ Preferred contact: \_\_\_\_\_

Date of birth: \_\_\_\_\_

Occupation: \_\_\_\_\_ Do you currently have life insurance? \_\_\_\_\_

Current company? \_\_\_\_\_ For how long? \_\_\_\_\_

Are you a smoker? \_\_\_\_\_ Amount of coverage? \_\_\_\_\_

(If coverage amount is unknown at this time, please refer to the "Life Needs" form that follows this document.)

**Spouse Coverage**

Do you want spouse coverage? \_\_\_\_\_

Name of spouse: \_\_\_\_\_ Date of birth: \_\_\_\_\_

Smoker? \_\_\_\_\_ Amount of coverage? \_\_\_\_\_

**Children Coverage**

Do you want children coverage? \_\_\_\_\_

Name: \_\_\_\_\_ Date of birth: \_\_\_\_\_ Amount: \_\_\_\_\_

Name: \_\_\_\_\_ Date of birth: \_\_\_\_\_ Amount: \_\_\_\_\_

Name: \_\_\_\_\_ Date of birth: \_\_\_\_\_ Amount: \_\_\_\_\_

Name: \_\_\_\_\_ Date of birth: \_\_\_\_\_ Amount: \_\_\_\_\_

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Life Insurance Needs Worksheet

<b>Financial Requirements</b>	<b>Example</b>	<b>You</b>
<b>Final Expenses</b>		
1. Funeral expenses	10,000	
2. Probate expenses	3,000	
3. Estate taxes	0	
4. Uninsured medical costs	0	
5. Total	13,000	
<b>Existing Debts</b>		
6. Credit cards	8,000	
7. Auto loans	16,000	
8. Mortgage	100,000	
9. Other loans	20,000	
10. Property taxes	2,000	
11. Total	146,000	
<b>Future Expenses</b>		
12. Income needs	120,000	
13. Emergency fund	25,000	
14. Child-care expenses	30,000	
15. College tuition	60,000	
16. Total	235,000	
17. <b>Total Financial Requirements</b> (Line 5 + Line 11 + Line 16)	394,000	
<b>Financial Resources</b>		
18. Cash and savings	9,000	
19. Real estate equity	36,000	
20. Securities	6,000	
21. Retirement accounts	105,000	
22. Current life insurance	50,000	
23. Other assets	12,000	
24. <b>Total Financial Resources</b>	218,000	
25. Total Financial Requirements (Line 17)	394,000	
26. Total Financial Resources (Line 24)	218,000	
27. <b>Insurance Needed</b> (Line 25 - Line 26)	176,000	

# Instructions for Life Insurance Needs Worksheet

## Final Expenses

- Line 1. Funeral expenses.** A basic funeral without any extras should cost approximately \$5,000. If you want your loved ones to splurge with lots of flowers, limousines, and the works, that could easily ratchet the cost up to around \$10,000. Of course, you can go well over \$10,000 if you want an extravagant funeral. For estimating purposes though, between \$5,000 and \$10,000 should be sufficient.
- Line 2. Probate expenses.** These are the expenses required to settle your estate. If you have a relatively simple will or few assets, then this cost will be less. Also, any assets held in trust accounts, qualified pension plans, or life insurance policies generally bypass the probate process, lessening the expense. If you have a large amount of investments and other assets that are subject to probate, then the cost will be higher, so you may want to consult your family attorney to get a more accurate estimate of these costs.
- Line 3. Estate taxes.** Most families need not worry about estate taxes. If you have a large estate, your family lawyer or financial consultant has probably already advised you on the amount of taxes you are likely to pay. If not, we recommend you consult with a fee-only estate planner who will help estimate your estate taxes and determine the appropriate amount of life insurance for your needs.
- Line 4. Uninsured medical costs.** Depending on your health insurance plan and the ultimate cause of your demise, you could very easily rack up some sizable medical expenses, particularly if you contract a terminal illness. These costs are almost impossible to predict, but if you've got a good health insurance plan, you can probably assume \$0 or some nominal amount. At the other extreme, if your health insurance does not cover terminal illness, then you may want to estimate \$50,000 to \$100,000.
- Line 5. Total Final Expenses.** Total lines 1 through 4.

## Existing Debts

- Line 6. Credit cards.** Include any balances that you normally carry, or expect to carry, on your credit cards from month to month.
- Line 7. Auto loans.** Include the outstanding balance on any auto loans, including both your car and your spouse's car.
- Line 8. Mortgage.** Include the entire outstanding balance of your family mortgage, regardless of whether your dependents might decide to pay it off with the proceeds from your life insurance policy. Also, if you plan to trade up to a larger house with a larger mortgage, use the estimated amount of the new mortgage instead.
- Line 9. Other loans.** Include the outstanding balances from any other loans, including home equity loans, boat loans, student loans, etc.
- Line 10. Property taxes.** For the purposes of this worksheet, use the approximate annual amount of property tax you expect to pay in the current year.
- Line 11. Total Existing Debts.** Total lines 6 through 10.

## Future Expenses

- Line 12. Income needs.** These are your family's basic recurring expenses for food, clothing, utilities, gas and auto repairs, medical care, etc. less any income that will still be available to the family from other sources. Do not include your mortgage payments, but do include your property taxes and homeowner's insurance. This is probably the most difficult amount to estimate, so you may want to arrive at a range from high to low.
- First, add up the approximate amount of all monthly expenses your family would need to continue paying. You can get a good handle on this by looking at the checks you've paid over the last few months and averaging them to arrive at a monthly average.
  - Next, determine what monthly income you expect your family to continue to receive after your death. This can include Social Security survivor benefits, pension plan benefits, your spouse's monthly income, etc. Don't include investment income or income from retirement accounts though. Those will be factored in later.
  - Then, subtract the monthly income amount from your family's monthly expenses to determine a net monthly income need, and multiply this difference by twelve to get the annual amount of income needed.
  - Finally, multiply this annual amount by the number of years you reasonably expect your dependents to need the income. If your children are grown and your spouse is in his or her 50s, then you might assume 20 to 30 years. On the other hand, if your primary reason for buying insurance is to provide for your young children, then use the number of years until your youngest child turns 18 or would graduate from college.
- Line 13. Emergency fund.** Many financial planners suggest having an emergency fund of at least two to six months of after-tax income. Determine your current after-tax monthly income and multiply that number by two at the low end or six at the high end.
- Line 14. Child-care expenses.** Do you have young children in day care or children in a private school? If so, estimate the annual cost for each child and multiply that by the number of years remaining before the child leaves day care or private school. Total this expected expense for all children.
- Line 15. College tuition.** How much do you expect to contribute toward your children's college education? Be sure to consider room and board, books, transportation, and personal expenses in addition to the actual tuition costs. Tuition varies widely depending upon the college, but you can get national averages for public and private college tuition costs at [www.collegeboard.com](http://www.collegeboard.com).
- Line 16. Total Future Expenses.** Total lines 12 through 15.
- Line 17. Total Financial Requirements.** Total lines 5, 11, and 16. This is the estimated total amount of money your dependents will need before considering any existing family assets.

## Financial Resources

- Line 18. Cash and savings.** Include the current balances of any family checking and savings accounts, including CDs, but excluding retirement accounts.
- Line 19. Real estate equity.** If you own any investment properties or a second home, this is the difference between the estimated market value of those properties and the amount you still owe on any loans used to purchase them. Do not include the equity in your primary residence since those funds will not be available to your dependents unless they first sell the house.
- Line 20. Securities.** Include the current market value for all stocks, bonds, mutual funds, savings bonds, or other marketable securities that you own, excluding any investments owned in retirement accounts.

- Line 21. Retirement accounts.** Include the current balances in your IRA accounts, Keogh plans, 401(k) plans, lump-sum pensions, and other retirement accounts.
- Line 22. Current life insurance.** Include the benefit amount of any existing life insurance policies payable upon your death. Be sure to include policies provided by your employer.
- Line 23. Other assets.** Do you have any other assets that your family could sell off to raise money in a pinch? If so, include any assets not already included above.
- Line 24. Total Financial Resources.** Total lines 18 through 23.
- Line 25. Total Financial Requirements.** Copy over the amount from line 17.
- Line 26. Total Financial Resources.** Copy over the amount from line 24.
- Line 27. Insurance Needed.** Subtract line 26 from line 25. This is the estimated amount of insurance needed in order for your dependents to maintain their existing standard of living.

From here, you may want to recompute the insurance needs based on a different standard of living or using other assumptions. This will give you a range of need to work from in finding a number that you are comfortable with and can afford.

One caveat about this worksheet: For simplicity sake, this worksheet does not take into consideration inflation or the time value of money. This may not be a concern if the family's income from wages and investments keeps pace with inflation. In a hyper inflationary environment though, you would want to increase the amount of insurance needed to compensate for inflation's impact on future expenses.