

LIFE INSURANCE NEEDS ASSESSMENT

2012 Income Replacement and Estate Tax Analysis

Income Replacement Calculation

Income:	
1 Total annual income your family would need if you died today	\$ _____
What your family needs, before taxes, to maintain its current standard of living (Typically between 60% - 75% of total income)	
2 Annual income your family would receive from other sources	\$ _____
Spouse's earnings, fixed pension, etc. (Do not include earned income on assets)	
3 Income to be replaced - Subtract line 2 from line 1	\$ _____
4 Capital needed for income - Multiply line 3 by appropriate factor in Table A	\$ _____
Expenses:	
5 Funeral and other final expenses	\$ _____
Typically the greater of \$15,000 or 4% of the estate value	
6 Mortgage and other outstanding debts	\$ _____
Include mortgage balance, credit card debt, car loans, etc.	
7 College costs for children, in today's dollars	\$ _____
Average 4-year cost per child: State college - \$68,524 * (in-state resident) Private college - \$154,356 * * Includes tuition, fees, room and board	
8 Capital needed for college - Multiply line 7 by the appropriate factor in Table B	\$ _____
9 Total capital required - Add lines 4, 5, 6 and 8	\$ _____
Assets:	
10 Savings and investments	\$ _____
Bank accounts, money market accounts, CDs, stocks, bonds, mutual funds, etc.	
11 Retirement savings	\$ _____
IRAs, 401(k)s, Keoghs, pension and profit sharing plans	
12 Present amount of life insurance	\$ _____
13 Total income producing assets - Add lines 10, 11 and 12	\$ _____
14 Life insurance needed - Subtract line 13 from line 9	\$ _____

Table A	
Years income needed	Factor
10	8.8
15	12.4
20	15.4
25	18.1
30	20.4
35	22.4
40	24.1

Table B	
Years before college	Factor
5	0.95
10	0.91
15	0.86
20	0.82

Estate Tax Calculation

Assets:	
1 Residence Full approximate fair market value of residence	\$ _____
2 Other real estate Investment property, vacation homes, etc. (For jointly owned property with a non-spouse, list only your portion)	\$ _____
3 Value of all Motor Vehicles Includes automobiles, motor homes, motorcycles, trailers, boats, etc.	\$ _____
4 Tangible Personal Property Fair market value of all furniture, jewelry, art, collections, etc.	\$ _____
5 Non-Qualified Investments Includes all stocks, bonds, mutual funds, etc. (Do not include 401ks and IRAs)	\$ _____
6 Qualified Investments Includes all 401ks, IRAs, Roth IRAs, etc.	\$ _____
7 Cash Checking accounts, savings accounts, money market accounts, etc.	\$ _____
8 Life Insurance Policies List total life insurance policy death benefit	\$ _____
9 Business Interests Includes stock in S corporations and C corporations, partnership interests, limited liability membership interests and sole proprietorships	\$ _____
10 Other Assets Any assets not included in the previous nine line items	\$ _____
11 Total Gross Estate Value - Add all values in lines 1 through 10 together	\$ _____

Liabilities:	
12 Home Mortgage Includes primary mortgage plus line(s) of credit	\$ _____
13 Other Mortgages Includes primary mortgage plus any line(s) of credit	\$ _____
14 Auto Loans	\$ _____
15 Student Loans	\$ _____
16 Credit Card Debt	\$ _____
17 Other Debt	\$ _____
18 Total Debt - Add all values in lines 12 through 17	\$ _____

Estate Tax Analysis:	
19 Net Estate Value - Subtract line 18 from line 11	\$ _____
20 Estate Tax Exemption(s) *	\$ 1,000,000
21 Taxable Estate - Subtract line 20 from line 19 If result is less than zero, enter "0"	\$ _____
22 Estimated Estate Tax Liability Multiply line 21 by 50%	\$ _____

* \$5,120,000 is the the applicable federal estate tax exemption for decedents dying in 2012 only. For decedents dying in 2013 and beyond, the applicable federal estate tax exemption will be \$1,000,000 with a maximum tax rate of 55%. A married couple with proper A-B trust planning may enter \$2,000,000 instead of \$1,000,000.