

Life Insurance

Needs Assessment

Purchasing life insurance is an important step toward protecting your family. Determining the amount and type of life insurance that you need is something that should be taken seriously and considered carefully.

The first step is to estimate how much your family will need when you are gone. You should look at this based on your final expenses, outstanding debts, and future expenses. Next, add up the resources that you currently have that family members can use in the event of your death.

You also need to consider factors such as inflation and future life events (purchase of a home, marriage, children, college, etc.). Your agent can help you determine how much and what kind of life insurance may be suitable for your situation.

The amounts listed in the “example” column below are for illustrative purposes only. Please use amounts based on your actual circumstances in the “your need” column. All examples shown are hypothetical and intended only for illustrative, educational purposes. Figures used in the hypotheticals are not indicative of actual amounts.

Expenses

	Example	Your Need
FINAL EXPENSES		
1. Funeral Expenses A traditional funeral, including a casket and vault, costs about \$6,000, although extras like flowers and obituary notices can add thousands of dollars to the total cost. Many funerals can run well over \$10,000. (Source: Funerals: A Consumer Guide, Federal Trade Commission, www.ftc.gov)	\$10,000	_____
2. Probate Fees Probate fees are the expenses required to settle an estate.	\$5,000	_____
3. Outstanding Medical Expenses	\$0	_____
4. Other	\$0	_____
5. Add lines 1 through 4 for a final expenses subtotal	\$15,000	_____
		Final Expenses Subtotal
OUTSTANDING DEBTS		
6. Mortgage Balance	\$170,000	_____
7. Credit Card Balance	\$5,000	_____
8. Auto Loan(s) Balance	\$4,000	_____
9. Other	\$5,000	_____
10. Add lines 6 through 9 for an outstanding debts subtotal	\$184,000	_____
		Outstanding Debts Subtotal

FUTURE EXPENSES

11. Future Income	\$250,000
Multiply your annual income by the number of years dependents should expect to need that amount.	
12. Projected/remaining college costs	\$50,000
13. Retirement	\$0
14. Other	\$0
15. Add lines 11 through 12 for a future expenses subtotal	\$300,000
16. Add lines 5, 10, and 15 for an expenses subtotal	\$499,000

Future Expenses Subtotal

Expenses Total

Assets

	Example	Your Amount
17. Investments	\$80,000	
(401(k), IRA, Pension Plan, Stocks, Mutual Funds)		
18. Life Insurance	\$10,000	
19. Real Estate	\$0	
20. Savings	\$10,000	
21. Other	\$5,000	
22. Add lines 17 through 21 for assets total	\$105,000	

Assets Total

Life Insurance Need

23. Subtract line 16 (total expenses) from line 22 (total assets) to arrive at approximate life insurance need.	\$394,000
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You have just taken an important first step toward the protection of your family. Speak to your Americo agent about which product will be suitable for your needs.