

# Estimating your life insurance coverage amount



Your employer provides employee benefits to address your varied financial needs. One of the most valued benefits sponsored by your employer is group term life insurance.

### What is life insurance?

Life insurance provides basic protection for your loved ones if something happens to you. The loss of your income could create immediate financial hardship and lifestyle changes for your family. Life insurance helps assure your family can maintain financial security and meet financial obligations.

While a large percentage of U.S. households have life insurance, the average amount of coverage is often inadequate to meet family needs or pay off debt. Taking advantage of life insurance coverage provided by your employer can be an important part of your financial security.

### How much life insurance do you need?

To evaluate your life insurance needs, consider the following:

- **Your Lifestyle:** What portion of your income do you need to replace? What expenses must be covered to assure your loved ones maintain the lifestyle to which they are accustomed?
- **Your Family:** Will your surviving spouse need to work or stay home with children? Do you have young children who must be cared for? How much of your children's education do you need to cover? Are there other family members – elderly parents, disabled relatives – who you support financially? What other expenses must be considered to assure your family can maintain a financially secure lifestyle?
- **Your Home:** Do you have a mortgage you want to fully or partially pay off to assure your loved ones may remain in your home?
- **Your Goals:** What is your level of savings? Debt? How much of a cushion for emergencies do you want to leave behind? What is your estimate of final medical and burial expenses? Based on your estimated estate, are there tax issues to consider?

### Life Insurance Calculator:

Many factors enter into the process of determining the amount of insurance you need. This calculator can help you start to make wise insurance decisions. (This is for illustration purposes only – you may want to consult with a financial advisor when making a decision.)

#### Income Replacement Needs

Your Current Annual Income: \$ \_\_\_\_\_  
 Multiplied by the number of years you wish to provide your current level of income to your survivors: x \_\_\_\_\_ = \$ \_\_\_\_\_ (a)  
*Consider the number of people who depend on you for support and how many years it would take for them to financially recover from the loss of your income.*

#### PLUS Additional Expenses

Burial and Final Illness Costs: \$10,000  
*May include funeral costs, legal fees, unpaid medical costs.* +  
 Debts to be Paid at Your Death: \$ \_\_\_\_\_ = \$ \_\_\_\_\_ (b)  
*Includes things such as mortgage, auto and credit cards.*

#### LESS Cash and Other Assets

Consider stocks, bonds: \$ \_\_\_\_\_  
 Retirement savings: + \$ \_\_\_\_\_  
 Current life insurance: + \$ \_\_\_\_\_  
 Other assets: + \$ \_\_\_\_\_ = \$ \_\_\_\_\_ (c)

**Additional Life Insurance Needs (a+b-c)** \$ \_\_\_\_\_