

Life Insurance Needs Analysis



How much life insurance
do you and your family need?



Policies issued by:
American General Life Insurance Company
The United States Life Insurance Company in the City of New York

Do you have enough?

Life insurance can help provide funds to meet your family's immediate and ongoing needs in the event of either spouse's premature death.

Use the following information and worksheet to help determine how much life insurance you and your spouse need to protect your family's standard of living.

We suggest doing a separate calculation for each person.



A. Immediate Cash Needs (Estimate expenses that will have to be paid within a relatively short time after death.)

1. **Final Expenses** Include appropriate amounts for items such as funeral costs, final medical bills not covered by insurance and estate administration costs. ▶ \$ _____ **(1a)**
2. **Debts** Enter the current balance of all debt that may be needed to be paid in full at death such as mortgages, credit cards, car loans or student loans. ▶ \$ _____ **(2a)**
3. **Current Bills and Emergency Fund** Generally, it is recommended that four to six months' income should be set aside to meet the family's immediate daily living expenses and to create a liquid emergency fund. Enter the amount you wish to provide for these needs. ▶ \$ _____ **(3a)**
4. **Education Fund** Enter the amount you wish to provide as an education fund for your children, or follow the steps below to estimate future college expenses. Do a separate calculation for each child, and enter the total for all children. ▶ \$ _____ **(4a)**
 - a) Current one-year college cost: ▶ _____
 - b) Number of years child will attend school: ▶ _____
 - c) Future total cost (a x b): ▶ _____
 - d) Discount factor from table below: ▶ _____

Years to Start of College	Discount Factor	Years to Start of College	Discount Factor	Years to Start of College	Discount Factor
1	0.980	7	0.871	13	0.773
2	0.961	8	0.853	14	0.758
3	0.942	9	0.837	15	0.743
4	0.924	10	0.820	16	0.728
5	0.906	11	0.804	17	0.714
6	0.888	12	0.788	18	0.700

Note: Assumes 2 percent annual inflation and 4 percent annual rate of return.

e) Lump sum needed for education (c x d): ▶ \$ _____

A. Total Estimated Cash Needs (1a + 2a + 3a + 4a)..... ▶ \$ _____ (A)

B. Ongoing Family Income Need

- Annual Income Objective** Enter the annual gross income your family will need following the death of a spouse. Generally, it is estimated that a family will require 60 – 80 percent of prior total family income following the death of one spouse. ▶ _____ **(1b)**
- Income From Other Sources** Enter all existing sources of income including the surviving spouse’s earnings, Social Security survivor benefits (see next page), rental income and employer-provided benefits. In estimating the income needed, remember to take into account expenses already provided for in the Immediate Cash Needs section. ▶ – _____ **(2b)**
- Net Income Needed Upon the Death of a Spouse.** ▶ = _____ **(3b)**
(Subtract Line 2b From Line 1b)
- Discount Factor** From the following chart, select the discount factor corresponding to the total number of years family income must be provided. ▶ _____ **(4b)**

Discount Factor

Years Income Needed	Discount Factor	Years Income Needed	Discount Factor	Years Income Needed	Discount Factor
1	.9804	15	12.8493	29	21.8444
2	1.9416	16	13.5777	30	22.3965
3	2.8839	17	14.2919	31	22.9377
4	3.8077	18	14.9920	32	23.4683
5	4.7135	19	15.6785	33	23.9886
6	5.6014	20	16.3514	34	24.4986
7	6.4720	21	17.0112	35	24.9986
8	7.3255	22	17.6580	36	25.4888
9	8.1622	23	18.2922	37	25.9695
10	8.9826	24	18.9139	38	26.4406
11	9.7868	25	19.5235	39	26.9026
12	10.5753	26	20.1210	40	27.3555
13	11.3484	27	20.7069		
14	12.1062	28	21.2813		

Note: Assumes 2 percent annual inflation and 4 percent annual rate of return.

B. Total Family Income Needs (3b x 4b) ▶ \$ _____ **(B)**

C. Current Life Insurance Need

- Total Survivor Needs (**A + B**) ▶ \$ _____ **(1c)**
- Minus Existing Liquid Assets Available (e.g. savings, investments) ▶ – \$ _____ **(2c)**
- Minus Death Benefit Provided by all Existing Life Insurance ▶ – \$ _____ **(3c)**

C. Additional Life Insurance Needed (1c - 2c - 3c) ▶ \$ _____ **(C)**

Client Signature

Date Completed

Social Security Survivor Benefits

This table¹ shows the approximate monthly benefits payable to your family if you have had a typical earnings history of one spouse.

Approximate Monthly Benefits for Survivors

Use these descriptions for the numbers in the first column at right.

(1) Spouse Survivor Benefit

The benefit for your widow(er) at full retirement age (FRA). The FRA for surviving spouse benefits is 65 for persons born in 1944 but gradually rises to 67 for persons born in 1962 and later.

(2) Spouse Survivor Benefit

The benefit for your widow(er) at age 60.

(3) Child or Spouse Survivor Benefit

The benefit for a child under age 18 (up to 19 if in high school); also a widow(er) under age 61 with eligible child who is under age 16 or disabled before age 22.

(4) Family's maximum benefit

NOTE: The earliest age for retirement is 62, but a widow(er) can receive survivor benefits at age 60. If there are eligible children, the widow(er) could receive benefits at any age.

Your age in 2014	Your Present Annual Earnings					
	\$20,000	\$35,000	\$50,000	\$65,000	\$80,000	\$110,000 and up
66 (1)	\$ 971	\$ 1,346	\$ 1,720	\$ 2,066	\$ 2,242	\$ 2,642
(2)	694	962	1,230	1,477	1,603	1,889
(3)	728	1,009	1,290	1,550	1,681	1,981
(4)	1,457	2,393	3,108	3,616	3,924	4,624
60 (1)	971	1,344	1,718	2,068	2,243	2,655
(2)	694	961	1,228	1,478	1,603	1,898
(3)	728	1,008	1,289	1,551	1,682	1,991
(4)	1,456	2,386	3,108	3,620	3,926	4,647
55 (1)	971	1,345	1,718	2,068	2,243	2,670
(2)	694	961	1,228	1,478	1,603	1,909
(3)	728	1,008	1,289	1,551	1,682	2,002
(4)	1,457	2,387	3,108	3,620	3,927	4,673
50 (1)	971	1,345	1,719	2,068	2,243	2,680
(2)	694	961	1,229	1,478	1,604	1,916
(3)	728	1,008	1,289	1,551	1,682	2,010
(4)	1,457	2,387	3,109	3,620	3,927	4,691
40 (1)	971	1,345	1,720	2,069	2,244	2,693
(2)	694	962	1,230	1,479	1,604	1,926
(3)	728	1,009	1,290	1,551	1,683	2,020
(4)	1,457	2,389	3,110	3,621	3,928	4,715
30 (1)	975	1,351	1,728	2,074	2,250	2,740
(2)	697	966	1,235	1,482	1,609	1,959
(3)	731	1,013	1,296	1,555	1,687	2,055
(4)	1,462	2,405	3,121	3,630	3,939	4,797

¹Source: 2014 Guide to Social Security, Mercer LLC, Louisville, Kentucky

How much will the additional life insurance cost?

Ask your American General Life representative to prepare a personalized proposal for you and your family.



Policies issued by: **American General Life Insurance Company (AGL)**, 2727-A Allen Parkway, Houston, TX 77019. **The United States Life Insurance Company in the City of New York (US Life)**, One World Financial Center, 200 Liberty Street, New York, NY 10281. The underwriting risks, financial and contractual obligations and support functions associated with products issued by AGL or US Life are the issuing insurer's responsibility. US Life is authorized to conduct insurance business in New York. Policies and riders not available in all states. Guarantees are subject to the claims-paying ability of the issuing insurance company. AGL and US Life are members of American International Group Inc., (AIG). AIG does not underwrite any policy described herein.

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