

## Survivor Needs Analysis

In the event of an untimely death, survivors may be left without the household income needed to sustain their existing lifestyle. Life insurance coverage is recommended in an amount that will ensure sufficient ongoing income, as well as cover immediate needs, such as final expenses.

Determining proper levels of life insurance involves a comparison of current and future household expense levels with expected surviving spouse's earnings plus survivor benefits. Other resources are also taken into account such as: liquid assets, investments, pension, and retirement accounts.

Insurance needs estimates are the calculated lump sum amounts which would provide a source of future cash flow to supplement the anticipated household income. The insurance levels suggested are just general guides and may not include all factors affecting your own situation.

Spending needs for this report are based upon \$60,000 per year, inflated at 3% each year until retirement and \$50,000 per year, inflated at 3% each year during retirement.

### Life Insurance Basic Needs Estimate on John:

Present Value:	Anticipated Spending Needs	\$1,423,897	
	Education Expenses	107,200	
	Final Expenses	17,500	
	Other Expenses	31,766	\$1,580,363
	Mary's Employment	(\$320,833)	
	Social Security Benefits	(432,900)	
	Pension Benefits	(0)	
	Other Incomes	(0)	(\$753,732)
	Net Estimated Survivor Need Shortage		\$826,630
	Currently Existing Liabilities		140,000
	Assets Available to Offset Shortage		(183,000)
	Current Life Insurance Coverage		(300,000)
	<b>Suggested Additional Life Insurance Coverage</b>		<b>\$483,630</b>

Note: Estimated insurance requirements can vary over time due to changes in asset levels, special expenses, education expenses, estate planning, and spouse's retirement needs. Additional insurance, held outside of an insurance trust, may have estate tax consequences. It may be prudent to purchase an amount of insurance appropriate to prepare for potential higher coverage needs. Consult with your financial advisor about factors that may suggest additional insurance coverage.

## Survivor Needs Analysis

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Spending needs for this report are based upon \$60,000 per year, inflated at 3% each year until retirement and \$50,000 per year, inflated at 3% each year during retirement.

### Life Insurance Basic Needs Estimate on Mary:

Present Value:	Anticipated Spending Needs	\$1,303,406	
	Education Expenses	107,200	
	Final Expenses	17,500	
	Other Expenses	31,766	\$1,459,872
	John's Employment	(\$878,427)	
	Social Security Benefits	(304,000)	
	Pension Benefits	(44,823)	
	Other Incomes	(0)	(\$1,227,250)
	Net Estimated Survivor Need Shortage		\$232,621
	Currently Existing Liabilities		140,000
	Assets Available to Offset Shortage		(183,000)
	Current Life Insurance Coverage		(100,000)
	<b>Suggested Additional Life Insurance Coverage</b>		<b>\$89,621</b>

Note: Estimated insurance requirements can vary over time due to changes in asset levels, special expenses, education expenses, estate planning, and spouse's retirement needs. Additional insurance, held outside of an insurance trust, may have estate tax consequences. It may be prudent to purchase an amount of insurance appropriate to prepare for potential higher coverage needs. Consult with your financial advisor about factors that may suggest additional insurance coverage.

**Survivor Needs Calculation for Mary, To Estimate Life Insurance Required on John**

NPV's*	(\$1,423,897)	(\$107,200)	(\$49,266)	\$320,833	\$432,900	\$0	(\$826,630)
Age	After Tax Spending Need	Education Costs	Other Inc/Exp**	After Tax Emp. Income	After Tax SS Benefits	After Tax Pension Inc.	Estimated Inc. Shortage
46	(60.000)		(29.500)	22.500	37.328		(29.673)
47	(61.800)			23.175	38.074		(551)
48	(63.654)			23.870	38.836		(948)
49	(65.564)			24.586	39.612		(1.365)
50	(67.531)		(9.004)	25.324	40.404		(10.806)
51	(69.556)			26.084	35.318		(8.155)
52	(71.643)	(15.791)		26.866	36.024		(24.544)
53	(73.792)	(22.554)		27.672	36.744		(31.930)
54	(76.006)	(23.908)		28.502	37.479		(33.933)
55	(78.286)	(25.342)		29.357			(74.271)
56	(80.635)	(26.863)		30.238			(77.260)
57	(83.054)	(28.474)		31.145			(80.383)
58	(85.546)	(30.183)		32.080			(83.649)
59	(88.112)			33.042			(55.070)
60	(90.755)			34.033			(56.722)
61	(93.478)			35.054			(58.424)
62	(96.282)		(32.094)	36.106			(92.271)
63	(99.171)			37.189			(61.982)
64	(85.122)				26.690		(58.431)
65	(87.675)				27.224		(60.451)
66	(90.306)				27.769		(62.537)
67	(93.015)				28.324		(64.691)
68	(95.805)				28.890		(66.915)
69	(98.679)				29.468		(69.211)
70	(101.640)				30.058		(71.582)
71	(104.689)				30.659		(74.030)
72	(107.830)				31.272		(76.558)
73	(111.064)				31.897		(79.167)
74	(114.396)				32.535		(81.861)
75	(117.828)				33.186		(84.642)
76	(121.363)				33.850		(87.513)
77	(125.004)				34.527		(90.477)
78	(128.754)				35.217		(93.537)
79	(132.617)				35.922		(96.695)
80	(136.595)				36.640		(99.955)
81	(140.693)				37.373		(103.320)
82	(144.914)				38.120		(106.794)
83	(149.261)				38.883		(110.379)
84	(153.739)				39.660		(114.079)
85	(158.351)				40.454		(117.898)
86	(163.102)				41.263		(121.839)
87	(167.995)				42.088		(125.907)
88	(173.035)				42.930		(130.105)
89	(178.226)				43.788		(134.438)
90	(183.573)				44.664		(138.909)

\* Net Present Values for this illustration are calculated using an after-tax discount rate of 6% (Education Costs at 6%)

\*\* First year expenses include allowances for final expenses and emergency funds in the amount of \$17,500.

**Survivor Needs Calculation for John, To Estimate Life Insurance Required on Mary**

NPV's*	(\$1,303,406)	(\$107,200)	(\$49,266)	\$878,427	\$304,000	\$44,823	(\$232,621)
Age	After Tax Spending Need	Education Costs	Other Inc/Exp**	After Tax Emp. Income	After Tax SS Benefits	After Tax Pension Inc.	Estimated Inc. Shortage
48	(60.000)		(29.500)	67.500	20.686		(1.314)
49	(61.800)			69.525	21.100		28.825
50	(63.654)			71.611	21.522		29.479
51	(65.564)			73.759	21.952		30.148
52	(67.531)		(9.004)	75.972	22.391		21.828
53	(69.556)			78.251	19.576		28.271
54	(71.643)	(15.791)		80.599	19.968		13.132
55	(73.792)	(22.554)		83.016	20.367		7.037
56	(76.006)	(23.908)		85.507	20.775		6.367
57	(78.286)	(25.342)		88.072			(15.556)
58	(80.635)	(26.863)		90.714			(16.784)
59	(83.054)	(28.474)		93.436			(18.092)
60	(85.546)	(30.183)		96.239			(19.490)
61	(88.112)			99.126			11.014
62	(90.755)			102.100		5.760	17.104
63	(93.478)			105.163		5.933	17.618
64	(80.235)		(32.094)		25.654	6.111	(80.565)
65	(82.642)				26.167	6.294	(50.181)
66	(85.122)				26.690	6.483	(51.948)
67	(87.675)				27.224	6.677	(53.774)
68	(90.306)				27.769	6.878	(55.659)
69	(93.015)				28.324	7.084	(57.607)
70	(95.805)				28.890	7.297	(59.618)
71	(98.679)				29.468	7.515	(61.696)
72	(101.640)				30.058	7.741	(63.841)
73	(104.689)				30.659	7.973	(66.057)
74	(107.830)				31.272	8.212	(68.345)
75	(111.064)				31.897	8.459	(70.708)
76	(114.396)				32.535	8.712	(73.149)
77	(117.828)				33.186	8.974	(75.668)
78	(121.363)				33.850	9.243	(78.270)
79	(125.004)				34.527	9.520	(80.957)
80	(128.754)				35.217	9.806	(83.731)
81	(132.617)				35.922	10.100	(86.595)
82	(136.595)				36.640	10.403	(89.552)
83	(140.693)				37.373	10.715	(92.605)
84	(144.914)				38.120	11.037	(95.757)
85	(149.261)				38.883	11.368	(99.011)

\* Net Present Values for this illustration are calculated using an after-tax discount rate of 6% (Education Costs at 6%)

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