

## 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 health insurance, and estate administration costs. .... ▶ \$ \_\_\_\_\_ **(A1)**

**2. Debts** Enter the current balance of all debt that should be paid in full at death such as mortgages, credit cards, car loans or student loans. .... ▶ + \$ \_\_\_\_\_ **(A2)**

**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. .... ▶ + \$ \_\_\_\_\_ **(A3)**

**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. .... ▶ + \$ \_\_\_\_\_ **(A4)**

a) Current one-year college cost: ..... ▶ \_\_\_\_\_

b) Number of years child will attend school: ..... ▶ \_\_\_\_\_

c) Total current cost (a x b): ..... ▶ \_\_\_\_\_

d) Discount factor from table below: ..... ▶ \_\_\_\_\_

Years until Start of College	Discount Factor	Years until Start of College	Discount Factor	Years until 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 (Sum of A)..... ▶ \$ \_\_\_\_\_ **(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. .... ▶ \_\_\_\_\_ **(B1)**
- 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 deduct the mortgage and other amounts provided for in the Immediate Cash Needs section. .... ▶ – \_\_\_\_\_ **(B2)**
- Net Income Needed Upon the Death of a Spouse.** .... ▶ = \_\_\_\_\_ **(B3)**  
(Subtract Line B2 from B1)
- Discount Factor** From the following chart, select the discount factor corresponding to the total number of years family income must be provided. .... ▶ \_\_\_\_\_ **(B4)**  
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 (B3 x B4)** ..... ▶ \$ \_\_\_\_\_ **(B)**

## C. Current Life Insurance Need

- Total Survivor Needs **(A + B)** ..... ▶ \$ \_\_\_\_\_ **(C1)**
- Minus Existing Liquid Assets Available (e.g. savings, investments) ..... ▶ – \$ \_\_\_\_\_ **(C2)**
- Minus Death Benefit Provided by all Existing Life Insurance ..... ▶ – \$ \_\_\_\_\_ **(C3)**

**C. Additional Life Insurance Needed (C1 - C2 - C3)** ..... ▶ \$ \_\_\_\_\_ **(C)**

Client Signature

Date Completed

# Social Security Survivor Benefits

This table<sup>1</sup> shows the approximate monthly benefits payable to your family if you have had a typical earnings history.

## Approximate Monthly Benefits for Survivors

Your Age in 2016	Beneficiary	Your Present Annual Earnings					
		\$20,000	\$35,000	\$50,000	\$65,000	\$80,000	\$118,500 and Up
66	(1)	\$933	\$1,283	\$1,633	\$1,984	\$2,167	\$2,639
	(2)	667	917	1,168	1,418	1,549	1,887
	(3)	700	962	1,225	1,488	1,625	1,979
	(4)	1,400	2,237	2,984	3,473	3,793	4,619
60	(1)	986	1,354	1,722	2,090	2,292	2,796
	(2)	705	968	1,231	1,494	1,639	1,999
	(3)	740	1,016	1,291	1,567	1,719	2,097
	(4)	1,480	2,351	3,152	3,658	4,012	4,893
55	(1)	986	1,354	1,722	2,090	2,292	2,806
	(2)	705	968	1,231	1,494	1,639	2,006
	(3)	740	1,016	1,292	1,567	1,719	2,105
	(4)	1,480	2,351	3,152	3,658	4,012	4,912
50	(1)	987	1,355	1,723	2,091	2,293	2,816
	(2)	705	968	1,231	1,495	1,639	2,014
	(3)	740	1,016	1,292	1,568	1,719	2,112
	(4)	1,480	2,352	3,153	3,659	4,013	4,929
45	(1)	987	1,355	1,723	2,091	2,293	2,827
	(2)	705	969	1,232	1,495	1,639	2,021
	(3)	740	1,016	1,292	1,568	1,720	2,120
	(4)	1,480	2,352	3,153	3,660	4,013	4,947
40	(1)	987	1,356	1,724	2,092	2,294	2,833
	(2)	705	969	1,232	1,496	1,640	2,025
	(3)	740	1,017	1,293	1,569	1,720	2,125
	(4)	1,480	2,354	3,154	3,662	4,014	4,958
30	(1)	991	1,363	1,734	2,106	2,301	2,871
	(2)	708	974	1,240	1,505	1,645	2,052
	(3)	743	1,022	1,300	1,579	1,726	2,153
	(4)	1,487	2,373	3,168	3,685	4,028	5,025

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 1938 but gradually rises to 67 for persons born in 1962 and later.

### (2) Early Spouse Survivor Benefit

If your surviving widow(er) begins taking benefits early, 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

The sum of all widow(er) and children's benefits cannot exceed this amount.

<sup>1</sup>Source: 2016 Guide to Social Security, Mercer LLC, Louisville, Kentucky

NOTE: While the earliest age for retirement is 62, a widow(er) without eligible children can receive survivor benefits as early as age 60. If there are eligible children, the widow(er) parent can receive benefits at any age.

## How much will the additional life insurance cost?

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



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