

How Much Life Insurance Does My Family Need?

The answer to this question differs from one person to the next.

Consider the following:

- ▶ What would be the financial impact on your family if they lost 100% of your income?
- ▶ What would be the financial impact on your family if they lost 75% of your income?
- ▶ What would be the financial impact on your family if they lost 50% of your income?

Answering these questions will help you decide what percentage of your income you will need to provide your loved ones. In addition to this amount, you need to consider the rate-of-return you believe that your loved one's can earn on the invested death benefit.

The chart below will help you to decide how much life insurance to purchase:

First choose the amount of annual income you would like to provide annually in the left column of the chart.

Now, select the average rate of return from the top rows that you feel your loved ones can earn on the invested death benefit. From there, run your finger down the column to the desired income you selected to see the amount of life insurance that you should buy.

Replacement Income Table

Desired Annual Income to Replace	What Average Rate of Return Do You Feel Your Investments Will Earn?			
	4%	6%	8%	10%
	Below is the amount of Life Insurance needed to produce the income desired			
\$10,000	250,000	167,000	125,000	100,000
\$20,000	500,000	334,000	250,000	200,000
\$30,000	750,000	500,000	375,000	300,000
\$40,000	1,000,000	667,000	500,000	400,000
\$50,000	1,250,000	834,000	625,000	500,000
\$60,000	1,500,000	1,000,000	750,000	600,000
\$70,000	1,750,000	1,167,000	875,000	700,000
\$80,000	2,000,000	1,334,000	1,000,000	800,000
\$90,000	2,250,000	1,500,000	1,125,000	900,000
\$100,000	2,500,000	1,667,000	1,250,000	1,000,000