

Life Insurance Needs Analysis

Protecting your financial security

INSURANCE RIGHT WORKSHEET
Life Insurance Protection – How Much is Enough?

LIABILITIES AND CASH NEEDS

At Death of: _____
 At Death of: _____

Mortgage(s)		
Loans and other expenses		
Final expenses (burial, taxes, probate, lawyer fees etc.)		
Education fund (\$ _____ X _____ yrs X _____ children)		
Child/Home Care		
Other cash needs (emergency fund, bequests, etc.)		
Total liabilities and cash needs	(a)	(a)

AMOUNT OF MONEY NEEDED TO PROVIDE INCOME

Gross annual income needed by family partner (see reverse side)	(b)	(b)
***Partner's annual employment income	(c)	(c)
***Annual CPP/QPP survivor/orphan income benefits	(d)	(d)
Gross annual income available (c+d)	(e)	(e)
Annual income shortage/surplus (b-e)	(f)	(f)
Assumed rate of return (adjust for inflation, if desired)	(g)	(g)
Amount of money needed to meet income shortage (f/g)	(h)	(h)
<i>Calculate only if it is greater than \$0, if it is less than \$0, enter \$0</i>		
Total amount of money required (a+h)	(i)	(i)

ASSETS (USABLE BY FAMILY/PARTNER)

Cash assets (savings, T-Bills, CSBs, etc.)		
RRSPs \$ _____ \$ _____	ROLLOVER	ROLLOVER
Stocks, bonds or funds		
Principal residence	ROLLOVER	ROLLOVER
Real estate		
Total life insurance (group, personal, mortgage, credit)		
Business/farm assets		
CPP/QPP death benefit		
Other assets (e.g. pension plan death benefit)	(j)	(j)
Total amount available		

Total new amount required (i-j)

--	--

Client acknowledgement: _____ Date: _____
 Advisor acknowledgement: _____ Date: _____

INCOME OBJECTIVES

Single Family Income

Annual Gross Income	Percentage of Gross Income Required
Up to \$44,000	70%
\$44,001-\$49,000	66%
\$49,001-\$54,000	63%
\$54,001-\$60,000	60%
Over \$60,000	57%

Based on a Government Study*, the following are typical income objectives in order to permit a family to “maintain their standard of living” after the death of an income earner.

Assumption is that the mortgage on residence is paid or that a rent fund has been established and that educational expenses are provided for separately.

Two Income Families

A Government study has found that two-income households out-spend their one-earner counterparts. Therefore, if both spouses are presently working, 70% of their Total Gross Income should be provided regardless of the Income Level.

**Source: 1960 Bureau of Labor Statistic Consumer Expenditures Survey: updated with Bureau of Labor Statistic Consumer Price Index through August 1995 and converted to Canadian dollar values using Statistics Canada purchasing power parity data (1994).*

Income Objective Table

Money required to provide levels of annual/monthly income at various interest rates (simple interest).

Annual Income	Monthly Income	4%	6%	8%	10%
\$12,000	\$1,000	\$300,000	\$200,000	\$150,000	\$120,000
15,000	1,250	375,000	250,000	187,500	150,000
18,000	1,500	450,000	300,000	225,000	180,000
21,000	1,750	525,000	350,000	262,500	210,000
24,000	2,000	600,000	400,000	300,000	240,000
27,000	2,250	675,000	450,000	337,500	270,000
30,000	2,500	750,000	500,000	375,000	300,000
33,000	2,750	825,000	550,000	412,500	330,000
36,000	3,000	900,000	600,000	450,000	360,000
39,000	3,250	975,000	650,000	487,500	390,000
42,000	3,500	1,050,000	700,000	525,000	420,000
45,000	3,750	1,125,000	750,000	562,500	450,000
48,000	4,000	1,200,000	800,000	600,000	480,000
51,000	4,250	1,275,000	850,000	637,500	510,000
54,000	4,500	1,350,000	900,000	675,000	540,000
57,000	4,750	1,425,000	950,000	712,500	570,000
60,000	5,000	1,500,000	1,000,000	750,000	600,000

Note: The lower interest rates are used if a person wishes to include an offset for inflation; e.g. 8% interest, 4% inflation: use 4% interest rate.