# Life Insurance Needs Worksheet

This worksheet can help you get a general sense of how much life insurance you need to protect your family. Before buying any insurance products, you should consult with a qualified insurance professional for a more thorough analysis of your needs. This worksheet assumes you died today.

## Income

1. **Total annual income your family would need if you died today**
   What your family needs, before taxes, to maintain its current standard of living (Typically between 60% – 75% of total income) $________

2. **Annual income your family would receive from other sources**
   For example, spouse’s earnings or a fixed pension
   (Do not include income earned on your assets, as it is addressed later in the calculation) $________

3. **Income to be replaced**
   Subtract line 2 from line 1 $________

4. **Capital needed for income**
   Multiply line 3 by appropriate factor in Table A Factor________ $________

## Expenses

5. **Funeral and other final expenses**
   Typically the greater of $15,000 or 4% of your estate $________

6. **Mortgage and other outstanding debts**
   Include mortgage balance, credit card balance, car loans, etc. $________

7. **Capital needed for college**
   (2012 – 2013 average 4-year cost: Private $158,072, Public $71,440) $________

<table>
<thead>
<tr>
<th>Years Before College</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>.95</td>
</tr>
<tr>
<td>10</td>
<td>.91</td>
</tr>
<tr>
<td>15</td>
<td>.86</td>
</tr>
<tr>
<td>20</td>
<td>.82</td>
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</tbody>
</table>

Note: These tables help you determine Net Present Value (NPV), the amount of capital required today to satisfy future income or college cost needs, given an assumed investment return of 6%, inflation of 3% for living costs and 5% for college costs.

## Assets

9. **Savings and investments**
   Bank accounts, money market accounts, CDs, stocks, bonds, mutual funds, annuities, etc. $________

10. **Retirement savings**
    IRAs, 401(k)s, SEP plans, SIMPLE IRA plans, Keoghs, pension and profit-sharing plans $________

11. **Present amount of life insurance**
    Including group insurance as well as insurance purchased on your own $________

12. **Total income producing assets**
    Add lines 9, 10 and 11 $________

13. **Life insurance needed**
    Subtract line 12 from line 8 $________

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1 Social Security benefits, which may be available, have not been factored into this calculation.
2 Trends in College Pricing, The College Board (2012). Costs reflect total charges, which include tuition, fees, room and board.
3 Distributions from most retirement savings plans are subject to ordinary income tax rates.

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