

# Markham Priest Insurance Agency Inc.

20 Central Ave.  
 Ayer, MA 01432  
 Phone: 978-772-0800  
 Fax: 978-772-9506

www.InsuranceInMass.com

## HOW MUCH LIFE INSURANCE DO YOU NEED TO PROTECT YOUR FAMILY

### 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** \$ \_\_\_\_\_  
 Dividends, interest income, spouse's earnings (social security may be available)
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

### Expenses

5. **Funerals and other final expenses** \$ \_\_\_\_\_  
 The average cost of an adult funeral is \$6,500<sup>1</sup>
6. **Mortgage and other outstanding debts** \$ \_\_\_\_\_  
 Include mortgage balance, credit card debt, car loans, etc.
7. **College costs for each child, in today's dollars** \$ \_\_\_\_\_  
 2005-2006 average 4-year costs – Tuition, Fees, Room and Board:  
 state college - \$48,508; Private college - \$116,104<sup>2</sup>
8. **Capital needed for college – Multiply line 7 by the appropriate factor in Table B** \$ \_\_\_\_\_
9. **Total capital required** \$ \_\_\_\_\_  
 Add lines 4, 5, 6, and 8

### Assets

10. **Savings and investments** \$ \_\_\_\_\_  
 Bank accounts, money market accounts, CDs, stocks, bonds, mutual funds, etc.
11. **Retirement Savings** \$ \_\_\_\_\_  
 IRAs, 401(K)s, Keoghs, pension and profit sharing plans
12. **Present amount of life insurance** \$ \_\_\_\_\_  
 Include group insurance as well as insurance purchased on your own
13. **Total income producing assets – Add lines 10, 11 and 12** \$ \_\_\_\_\_
14. **Life insurance needed – Subtract line 13 from line 9** \$ \_\_\_\_\_

**Table A**

| <u>Years income<br/>Needed</u> | <u>Factor</u> |
|--------------------------------|---------------|
| 10                             | 8.1           |
| 15                             | 11.1          |
| 20                             | 13.6          |
| 25                             | 15.6          |
| 30                             | 17.3          |
| 35                             | 18.7          |
| 40                             | 20.0          |

**Table B**

| <u>Years before<br/>college</u> | <u>Factor</u> |
|---------------------------------|---------------|
| 5                               | .82           |
| 10                              | .68           |
| 15                              | .56           |
| 20                              | .46           |

1. NFDA 2005 General Price List Survey, National Funeral Directors Association 2005  
 2. Annual Survey of Colleges, www.collegeboard.com