Life Insurance Needs Analysis

Policies issued by:

American General Life Insurance Company

The United States Life Insurance Company in the City of New York

How much life insurance do you and your family need? Life insurance can help provide funds to meet your family's immediate and ongoing needs in the event of either spouse's premature death. Do you have enough?

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.

Immediate Cash Needs

In this section, 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 insurance and estate administration costs... ▶ $ _____ (1)
2. Debts Enter the current balance of all debt that may be needed to be paid in full at death such as mortgages, credit cards, car loans or student loans. ..... ▶ $ _____ (2)
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. ..... ▶ $ _____ (3)
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. ..... ▶ $ _____ (4)

a) Current one-year college cost: _____

b) Number of years child will attend school: _____

c) Future total cost (a x b): _____

d) Discount factor from table below: _____

Years to Start of College	Discount Factor	Years to Start of College	Discount Factor	Years to 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 (1+2+3+4). . . . . ▶ $ _____ (A)

Ongoing Family Income Need

1. **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. ▶ _____ (1)
2. **Income From Other Source** 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 take into account expenses already provided for in the Immediate Cash Needs section. ▶ – _____ (2)
3. **Net Income Needed Upon the Death of a Spouse** ▶ = _____ (3)
   Subtract Line 2 From Line 1
4. **Discount Factor** From the following chart, select the discount factor corresponding to the total number of years family income must be provided. ▶ _____ (4)
   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 (3x4) ▶ $ _____ (B)

Current Life Insurance Need

1. Total Survivor Needs (A+B) ▶ $ _____
2. Minus Existing Liquid Assets Available (e.g. savings, investments) ▶ –$ _____
3. Minus Death Benefit Provided by all Existing Life Insurance ▶ –$ _____

C. Additional Life Insurance Needed (1-2-3) ▶ $ _____ (C)

_____ Client Signature

_____ Date Completed

Social Security Survivor Benefits

This table[1] 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 2009	Your Present Annual Earnings				
	$20,000	$40,000	$60,000	$80,000	$102,000 and Up
66 (1)	$ 915	1,407	1,863	2,082	2,323
(2)	686	1,055	1,397	1,561	1,742
(3)	1,373	2,605	3,260	3,643	4,066
60 (1)	924	1,416	1,886	2,110	2,366
(2)	693	1,062	1,414	1,582	1,774
(3)	1,386	2,632	3,302	3,694	4,141
55 (1)	924	1,417	1,886	2,117	2,411
(2)	693	1,062	1,414	1,588	1,808
(3)	1,386	2,633	3,302	3,706	4,220
50 (1)	924	1,417	1,886	2,117	2,426
(2)	693	1,063	1,415	1,588	1,819
(3)	1,386	2,633	3,302	3,707	4,246
40 (1)	924	1,418	1,887	2,119	2,445
(2)	693	1,064	1,415	1,589	1,833
(3)	1,387	2,635	3,304	3,709	4,279
30 (1)	930	1,428	1,895	2,128	2,478
(2)	697	1,071	1,421	1,596	1,858
(3)	1,395	2,649	3,317	3,726	4,337

(1) Spouse Survivor Benefit (2) Child Benefit (3) Maximum Family Benefit

[1] Source: November 2008 Mercer Human Resource Consulting, Inc.

Spouse Survivor Benefit Row 1
The benefit for your widow(er) is shown at full retirement age (FRA). The FRA for widow(ers) benefits is 65 for persons born before 1940 but rises gradually to 67 for persons born after 1961 (71½ percent of this amount is payable at age 60).

Child Benefit Row 2
The benefit for a child; also, widow or widower caring for a child who is under age 16 or disabled before age 22

Maximum Family Benefit Row 3
Your family's maximum benefit

How Much Will the Additional Life Insurance Cost?

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

American General
Life Companies

Policies issued by:
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