

# How Much Life Insurance Do You Need?

Once you decide that you need life insurance, how much is enough? A general rule of thumb suggests an amount equal to at least five to eight times your salary, depending on a number of factors:

- Your age and stage of life
- How many children you have and their ages
- How much your spouse earns (if your spouse is employed full- or part-time)
- How much you have in savings and investments
- Your ongoing living expenses
- Future goals in your financial plan (such as college educations, retirement, etc.)



## Single and in your 20s

You may not need much insurance (if any). Keep in mind that you should have sufficient cash available to meet any outstanding debt, in addition to your final expenses.



## Married with young children

You may need additional insurance since most young families have little savings and big responsibilities. Die prematurely and life insurance provides your spouse and children with the support they require plus critical resources for future needs.



## Single parent and sole breadwinner

You need enough life insurance to cover day care and other living expenses, as well as to help provide for your child's college education.



## Married home-owning couple with no children

If you have significant assets, life insurance can help your spouse hold onto what you have both worked so hard to achieve.



## Midlife couple with children in college and/or elderly parents

The unexpected death of one spouse could force the surviving spouse to deplete retirement savings in order to pay for college expenses or to care for older parents.



## Older couple with grown children

You may need a minimal amount of life insurance if your savings and other assets provide an adequate financial cushion for your spouse.

## Calculate How Much Coverage You Need

### 1. Annual Income Needed (Each 12-Month Period)

Mortgage/Rent (total monthly payments, real estate taxes, home repairs and improvement, furniture, etc.)	\$
Utilities/other home expenses	\$
Food, medicines	\$
Clothing	\$
Transportation (car payments, gas, repairs, bus, etc.)	\$
Child care (day care, sitters, other)	\$
Other (entertainment, etc.)	\$
<b>Total Annual Income Needed</b>	<b>\$</b>

### 2. Sources of Annual Income

Annual income of surviving spouse/other family member	\$
Annual earnings (investment/savings earnings, etc.)	\$
Other (Social Security, pension, etc.)	\$
<b>Total Sources of Annual Income</b>	<b>\$</b>

Subtract Total Sources of Annual Income from Total Annual Income Needed (Section 1 minus Section 2)	\$
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Multiply Number of Years You Would Like to Provide Support	_____ years
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<b>3. Total Income Needed by Family</b>	<b>\$</b>
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### 4. Lump-Sum Expenses Needed

(What you would like to/need to pay off)

Mortgage	\$
Funeral	\$
Medical	\$
Estate costs, federal and state taxes	\$
Debts to be paid off (credit cards, loans, etc.)	\$
Education (total education costs for all children)	\$
Other (support of aging family members, etc.)	\$
<b>Total Lump-Sum Expenses</b>	<b>\$</b>

### 5. Total Coverage Needed

Add Total Income Needed by Family + Lump-Sum Expenses Needed (Section 3 plus Section 4)	\$
Subtract Current Coverage Held (Group Basic, etc.)	\$
<b>Total Additional Term Life You Need to Purchase</b>	<b>\$</b>

Life Insurance underwritten by Aetna Life Insurance Company