

MONEY SCHOOL

Please use this worksheet to ballpark your life insurance needs:

A. Add up your spouse's (or family's) annual living expenses, including your rent or mortgage payments, utilities, groceries, insurance, clothing, entertainment, car payment and maintenance (including gas), and childcare.

\$ _____

B. Add up your spouse's salary and any other income, including estimated Social Security payments.

\$ _____

C. Subtract B from A to get the amount of living expenses you'll need to replace.

\$ _____

D. Divide amount in C by .04 to estimate the amount of death benefit you'll need.

\$ _____

E. Estimate total expenses related to your death, including funeral costs, estimated hospital stays, estate taxes:

\$ _____

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F. Add an emergency fund of three to six months of living expenses:

\$ _____

G. If you plan to cover college tuition for your children, calculate the amount that it will cost for each child to attend school for four years, being careful to account for tuition increases. You can base this amount on averages, or you can dig deeper into specific colleges at collegecost.ed.gov.

Current averages: Tuition, fees room and board at in-state four-year public college: \$17,860/year. At private nonprofit college: \$39,518/year.

\$ _____

H. Add up any other outstanding debts not included in A.

\$ _____

I. Add together lines E, F, G and H to get your total expenses.

\$ _____

J. Add together lines D and I. This figure represents your preliminary insurance needs.

\$ _____

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K. Calculate the value of other assets or insurance policies you own, including life insurance through your employer, pensions, savings, 401(k) and IRA plan, and any liquid savings accounts.

\$ _____

L. Subtract the amount in K from the amount in J to get an estimate of your total life insurance needs:

\$ _____

Source: USAA Educational Foundation