

## How Much Life Insurance Is Enough?

## EXPENSES

- #### 4. College costs<sup>2</sup>

	Annual Amount	X	Number of Years in College =	Total Cost
Child 1		X		
Child 2		X		
Child 3		X		
Child 4		X		
Child 5		X		
Total capital needed for college				

**5. Annual before-tax income your family would need if you died today:**

**6. Annual income available to your family from other sources:**

Include dividends, interest, and spouse's earnings. (Social Security may be available.)

- 7. Annual income to be replaced** (Subtract line 6 from line 5):

- 8. Capital needed for income:**

Multiply line 7 by the appropriate factor below.

Years Income Needed	10	15	20	25	30	35	40	45	50
Factor <sup>3</sup>	9.4	13.6	17.5	21.1	24.5	27.7	30.6	33.3	35.9

- 9. Total capital required** (Add lines 1, 2, 3, 4, 8.):

**10. Savings and investments:**

- 11. Retirement savings:**

Include retirement assets if projection is to include retirement period.

- 12. Present amount of life insurance:**

- 13. Total of all assets** (Add lines 10, 11, 12.):

- 14. Estimated amount of additional life insurance needed** (Subtract line 13 from line 9.):

<sup>1</sup> The national median cost of a funeral with a viewing and burial in 2021 was approximately \$7,848. National Funerals Directors' Association (NFDA), April 2022.

<sup>2</sup> Source: The College Board, Trends in College Pricing and Student Aid 2022, Figure CP-1. Costs include tuition, room and board, books and supplies, transportation, and other expenses. The College Costs numbers are the 2022 - 2023 national average for a four-year college or university. College costs are not inflated.

<sup>3</sup> Inflation is assumed to be 3%, and income is assumed paid at the end of the year. The rate of return on investments is assumed to be 4.5% after tax.

Guarantees are based on the claims-paying ability of the issuing insurance company.

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**Investment and Insurance Products:**

- Not FDIC insured • Not insured by any federal government agency

We do not provide tax, accounting, or legal advice. Clients should consult their own independent advisors as to any tax, accounting, or legal statements made herein.

Life insurance is issued by The Prudential Insurance Company of America, Newark, NJ, and its affiliates.

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## Investment and Insurance Products:

- Not FDIC insured
- Not insured by any federal government agency
- Not a deposit or other obligation of, or guaranteed by, any bank or its affiliates
- Subject to investment risks, including possible loss of the principal amount invested

