

A black and white photograph of a man in a striped shirt leaning over a treadmill, talking to a young boy who is running on the treadmill. The man is pointing towards the boy. The background shows gym equipment.

Group Life Insurance

# Needs Analysis Worksheet

*For Employers/Employees*

WE UNDERSTAND WHAT YOU'RE WORKING FOR.®

**Principal**<sup>®</sup>  
*Financial  
Group*

# Evaluating your personal life

Think about all of the stages in your life—marriage or divorce, the birth of a child, the purchase of a new home, children graduating from college, etc. Careful planning goes into each of these life events. Unfortunately, while most of us are convinced we’ve ‘thought of everything’ when it comes to these life-changing events, re-evaluating our financial needs is something we typically forget.

## CASH NEEDS

	Yours	Sample <sup>1</sup>
<b>Debt/Estate Settlement</b>		
Include your outstanding loans and debt as well as an emergency fund:		
Rent/home mortgage/home equity loans	_____	
Car loans	_____	
Credit card balances	_____	
Burial expenses (average cost \$7,500 <sup>2</sup> )	_____	
Three to six months' worth of emergency income for survivors	_____	
Amount Needed for Debt/Estate Settlement	\$ _____	
<b>College Needs</b>		
Providing for your children's education? Annual costs per student average \$26,000/year for a private college and \$12,000/year for a public university. <sup>3</sup>		
Child A \$ _____ x # of years _____ = \$ _____		
Child B \$ _____ x # of years _____ = \$ _____		
Child C \$ _____ x # of years _____ = \$ _____		
Child D \$ _____ x # of years _____ = \$ _____		
Amount Needed for College	\$ _____	\$ 48,000
<b>Total Cash Needs</b>	\$ _____ (A)	\$ 145,500

<sup>1</sup> Sample assumptions: Based on \$75,000 annual income replaced at 65% for 10 years and four years of college at a public university.

<sup>2</sup> National Association of Funeral Directors, 2001 - supplemented.

<sup>3</sup> Trends in College Pricing 2002. The College Board. Does not take into account inflation.

# insurance needs

Before you select your company's life insurance offering, we encourage you to take a moment to evaluate your personal life insurance needs. This is the first stage in planning for the future.

## INCOME NEEDS

	Yours	Sample																
<b>Annual Income</b> Typically, survivors need 65% to 70% of a loved one's previous income to live comfortably.	\$ _____	\$ 48,750																
<b>Total Income Needs</b> Multiply Annual Income by the appropriate factor from Table A. (Note: Sample factor is 8.1.)  You may have additional income available such as Social Security benefits for your spouse and children and employer pension benefits that may reduce your overall annual income need.	\$ _____ (B)	\$ 394,875																
<table border="1"> <caption>Table A</caption> <thead> <tr> <th>Years Income Needed</th> <th>Factor</th> </tr> </thead> <tbody> <tr><td>10</td><td>8.1</td></tr> <tr><td>15</td><td>11.1</td></tr> <tr><td>20</td><td>13.6</td></tr> <tr><td>25</td><td>15.6</td></tr> <tr><td>30</td><td>17.3</td></tr> <tr><td>35</td><td>18.7</td></tr> <tr><td>40</td><td>20.0</td></tr> </tbody> </table>			Years Income Needed	Factor	10	8.1	15	11.1	20	13.6	25	15.6	30	17.3	35	18.7	40	20.0
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## RESOURCES AVAILABLE

<b>Current Life Insurance Coverage</b> Your company's group coverage \$ _____ + Personal \$ _____ = _____ Total	\$ _____ (C)	\$ 250,000
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## LIFE INSURANCE GAP

Add "Total Cash Needs" and "Total Income Needs," then subtract "Total Resources Available."	\$ _____ (A+B-C)	\$ 290,375
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For informational use only. Your needs and expenses may vary from the guidelines presented here.