

It's as easy as ABC.

Calculating your life insurance needs
in 3 easy steps...

Determining how much life insurance you need doesn't have to be complicated. Working with your insurance advisor, use the following 3 easy steps to find out how much insurance protection you require today to protect your loved ones.

A**+****B****-****C****=**

**Your Life
Insurance
Needs.**

Identify your current debts
and financial needs.

Determine your future
financial needs.

Deduct the portion to be recovered by
your assets and financial resources.

Also complete [Investor Profile Questionnaire \(358E\)](#) if you are considering products with an investment component.

A Identify your current debts and financial needs

1. Mortgage(s)
2. Loans (e.g. auto, credit cards, personal, etc.)
3. Final expenses (e.g. burial, probate, executor fees, etc.)

\$

1 _____

2 _____

3 _____

Total _____

B Determine your family's financial needs (see explanatory note 4: use either gross or net [after-tax] income method)

4. Your current annual income

\$ _____

The % of your income your survivor would need if you died

X _____

Subtotal

\$ _____

Minus: Survivor pension income (e.g. CPP/QPP survivor income)

- \$ _____

The amount of future annual income needed by your survivor

= \$ _____

The number of years of income protection

Assumed interest rate discounted by inflation

and income tax rate if net income method is selected

Assumed time-valued factor

→ X

= \$ _____

→ 4 _____

5. Emergency fund

5 _____

6. Childcare expenses

6 _____

7. Education fund

7 _____

Total _____

C Deduct your assets and financial resources (use same method [gross or net values] as in Step B)

	\$
8. Cash and savings	8 _____
9. Non-registered Stocks, bonds and mutual funds	9 _____
10. Registered Investments	10 _____
11. Tax Free Savings Account (TFSA)	11 _____
12. Real estate	12 _____
13. Business or farm assets	13 _____
14. Insured Mortgages(s) and other loans balance	14 _____
15. Existing life insurance plans (personal, group and other) (List details on page 3 in Explanatory Notes - Item 15)	15 _____
16. Other death benefits (from pension plan, CPP/QPP)	16 _____
Total	_____

A + B - C = Your Life Insurance Needs _____

I understand that the values illustrated in this life insurance needs analysis are based on financial information that I have provided and my understanding of my future financial needs in the event of my death. The illustrated insurance coverage is subject to medical and financial underwriting. It is strictly for reference and I may decide to take out a life insurance policy with a coverage amount different from the one illustrated above. My insurance coverage has to be reviewed on a regular basis to ensure that my financial goals and objectives continue to be met.

Client Name _____ Client Signature _____ Date _____

Advisor Name _____ Advisor Signature _____ Date _____

Explanatory Notes

1 Mortgage(s)	Enter the total amount of outstanding mortgage(s) balance of your family. If you are planning on moving to a bigger dwelling, use the new amount as estimated. The amount here represents a portion of the death proceeds required by you.
2 Loans	Enter the total amount of outstanding loan balance(s) that you would like to pay off in the event of death. Include loans of all types (e.g. car, credit card, line of credit, etc.).
3 Final expenses	Enter the estimated final expenses including burial, probate, executor fee, uninsured final medical costs (e.g. \$10,000 for funeral and 2% probate fee).
4 Income needs for survivor	<p>To work out the reasonable income needs for your survivor in the event of your death, it is suggested that you use either gross (before tax) or net (after tax) annual income:</p> <ul style="list-style-type: none"> • Multiply your current annual income by a percentage (<i>usually up to 75% when using gross income, and 40-50% when using net income</i>); • Estimate the number of years for income protection • Locate a time-valued factor from the table below based on an assumed interest rate (discounted by inflation) against the number of years of income protection required • Then, calculate the value by multiplying Income \$ X Income % X Time-valued factor = Amount to be entered in B (4). <p>Example</p> <p>Current income = \$71,000 % of income required by survivor = 70% Number of years = 25 Interest discounting inflation = 3% Income needs for survivor = \$71,000 X 70% X 17.41 = \$865,277 (rounded) Enter \$865,277 in B (4) in the worksheet.</p>

4	Income needs for survivor (cont.)	Interest rate (discounted by inflation)																																										
		Years	0.5%	1%	1.5%	2%	2.5%	3%	3.5%	4%																																		
		10	9.73	9.47	9.22	8.98	8.75	8.53	8.32	8.11																																		
		15	14.42	13.87	13.34	12.85	12.38	11.94	11.52	11.12																																		
		20	18.99	18.05	17.17	16.35	15.59	14.88	14.21	13.59																																		
		25	23.45	22.02	20.72	19.52	18.42	17.41	16.48	15.62																																		
		30	27.79	25.81	24.02	22.40	20.93	19.60	18.39	17.29																																		
		35	32.04	29.41	27.08	25.00	23.15	21.49	20.00	18.66																																		
		40	36.17	32.83	29.92	27.36	25.10	23.11	21.36	19.79																																		
		45	40.21	36.09	32.55	29.49	26.83	24.52	22.50	20.72																																		
		50	44.14	39.20	35.00	31.42	28.36	25.73	23.46	21.48																																		
5	Emergency fund	Enter an amount equal to 6 months of your monthly income if you do not have a specific number in mind.																																										
6	Child-care expenses	Enter the amount of child-care expenses that would sustain the upbringing of your child(ren) to an age that they no longer require child care.																																										
7	Education fund	Enter the estimated education fund for all your children. The annual cost of education per child is estimated to be \$18,000.																																										
8	Cash and savings	Enter the amount of cash and savings on hand.																																										
9	Non-registered stocks, bonds and mutual funds	Enter the estimated value of your monetary investments if you decide to sell them in the event of death to meet part of your financial needs. <i>Your required life insurance coverage will be reduced by the amount entered here.</i>																																										
10	Registered Investments	Enter the estimated value of your registered investments if you decide to sell them in the event of death to meet part of your financial needs. <i>Your required life insurance coverage will be reduced by the amount entered here.</i>																																										
11	Tax-Free Savings Account (TFSA)	Enter the estimated value of your TFSA if you decide to sell them in the event of death to meet part of your financial needs. <i>Your required life insurance coverage will be reduced by the amount entered here.</i>																																										
12	Real estate	Enter the estimated value of your real estate investments if you decide to sell them in the event of death to meet part of your financial needs. <i>Your required life insurance coverage will be reduced by the amount entered here.</i>																																										
13	Business or farm assets	Enter the estimated value of your business or farm assets if you decide to sell them in the event of death to meet part of your financial needs. <i>Your required life insurance coverage will be reduced by the amount entered here.</i>																																										
14	Insured Mortgages(s) and loans balance	Enter the total amount of mortgages and other loans that are currently INSURED, meaning that the insured amount will be paid off by insurance proceeds at time of death.																																										
15	Existing life insurance plans	<table border="1"> <thead> <tr> <th>Amount of insurance</th> <th>Type</th> <th>Insurer</th> <th>Details</th> <th>Beneficiaries</th> </tr> </thead> <tbody> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> </tbody> </table>								Amount of insurance	Type	Insurer	Details	Beneficiaries																														
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16	Other death benefits	Enter the lump sum death benefit you have from any pension plan or CPP/QPP pension.																																										