

Calculating your life insurance needs in 3 easy steps... It's as easy as ABC.

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.

Step A : Identify your current debts and financial needs

Step B : Determine your future financial needs

Step C : Deduct the portion to be recovered by your assets and financial resources

$$A + B - C = \text{Your Life Insurance Needs.}$$

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)	1	
2	Loans (e.g. auto, credit cards, personal, etc.)	2	
3	Final expenses (e.g. burial, probate, executor fees, etc.)	3	
Total			(A)
<hr/>			
B Determine your future financial needs <i>(see explanatory note 4: use either gross or net (after-tax) income method)</i>			
4	Income needs for your survivor <input type="checkbox"/> Single <input type="checkbox"/> Partnered Number of children and/or other dependents _____		
	Your current income	\$	
	The % of income your survivor needs (e.g. 40% - 75%)	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	Child-care expenses	6	
7	Education fund Annual amount X Years X Number Children	7	
Total			(B)
<hr/>			
C Deduct your assets and financial resources <i>(use same method (gross or net values) as in Step B)</i>			
8	Cash and savings	8	
9	Non-registered Stocks, bonds and mutual funds <i>(enter estimated value if desired to sell assets at death)</i>	9	
10	Registered Investments <i>(enter estimated value if desired to sell assets at death)</i>	10	
11	Tax Free Savings Account (TFSA) <i>(enter estimated value if desired to sell assets at death)</i>	11	
12	Real estate <i>(enter estimated value if desired to sell assets at death)</i>	12	
13	Business or farm assets <i>(enter estimated value if desired to sell assets at death)</i>	13	
14	Insured Mortgages(s) and other loans balance	14	
15	Existing life insurance benefit (personal, group and other) <i>(list details on reverse)</i>	15	
16	Other death benefits (from pension plan, CPP/QPP)	16	
Total			(C)
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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 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:
- Multiply your current annual income by a percentage (usually up to 75% when using gross income, and 40-50% when using net income);
 - 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)**.

Example:

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.

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. Estimate the cost of university/college at \$5,000 per year per child if living at home. If living away from home, estimate \$12,000 per child.
- 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. *Your required life insurance coverage will be reduced by the amount entered here.*
- 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. *Your required life insurance coverage will be reduced by the amount entered here.*
- 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. *Your required life insurance coverage will be reduced by the amount entered here.*
- 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. *Your required life insurance coverage will be reduced by the amount entered here.*
- 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. *Your required life insurance coverage will be reduced by the amount entered here.*
- 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 benefits Enter all life insurance benefits that you have currently including personal, group, etc.

Amount of insurance	Type	Insurer	Details	Beneficiaries

- 16 Other death benefits Enter the lump sum death benefit you have from any pension plan or CPP/QPP pension.