

How Much Life Insurance Do I Need?

A Family Needs Analysis



Life is full of questions.

...from the simple,

“What do I have to
accomplish today?”

... to the complex,

“Where do I want to be
10 years from now?”

Family Needs Analysis

**But perhaps the single
largest question any family
faces in life is...**

“How will I provide for my
family’s needs... today
and tomorrow?”

Family Needs Analysis

Food... Debts...

College... Clothing...

Mortgage... Memories...

**A family needs a great
deal of money.**

Family Needs Analysis

You will provide for all
your family's needs...

...for as long as you're alive.

Family Needs Analysis

**But where would the money
come from...**

...if something happened to you?
...or your spouse?

Family Needs Analysis

**Life Insurance is often
the answer.**

Family Needs Analysis

The primary purpose of life insurance is to provide a federal-income-tax-free death benefit to your loved ones.*

**Proceeds from a life insurance policy paid because of the death of the insured are generally excludable from the beneficiary's gross income for federal income tax purposes.*

Family Needs Analysis

But permanent life insurance also builds cash values that can be used for other purposes as well.*

**Proceeds from a life insurance policy paid because of the death of the insured are generally excludable from the beneficiary's gross income for federal income tax purposes. Policy loans or withdrawals will reduce the policy's ultimate death benefit and cash value.*

Family Needs Analysis

Both federal-income-tax-free death benefits and life insurance cash values can be used to meet your financial needs and those of your family...today and tomorrow.*

**Proceeds from a life insurance policy paid because of the death of the insured are generally excludable from the beneficiary's gross income for federal income tax purposes. Policy loans or withdrawals will reduce the policy's ultimate death benefit and cash value.*

Family Needs Analysis

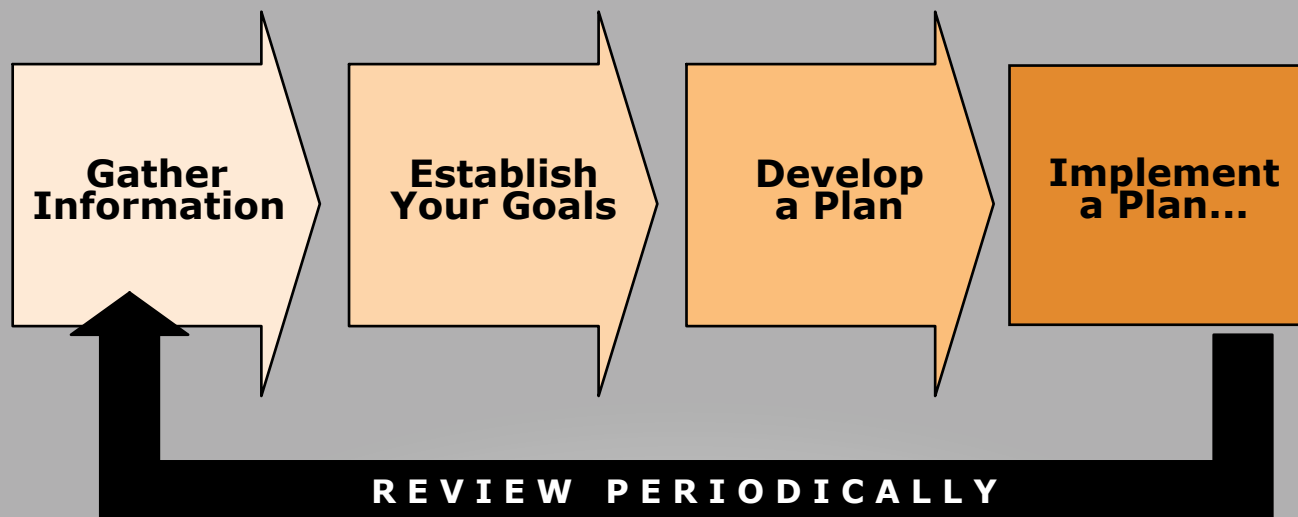
But how much life insurance should you have?

The answer depends on your unique circumstances and goals.

Family Needs Analysis

Through **Family Needs Analysis** we can help you...

Gather information, establish your goals, develop a plan
And implement the plan...that's right for you.



It starts with determining typical cash and income needs.

Family Needs Analysis

Typical **Cash** Needs...

are those immediate needs that often require lump-sum payments at (or soon after) an income earner's death.

Typical **Income** Needs...

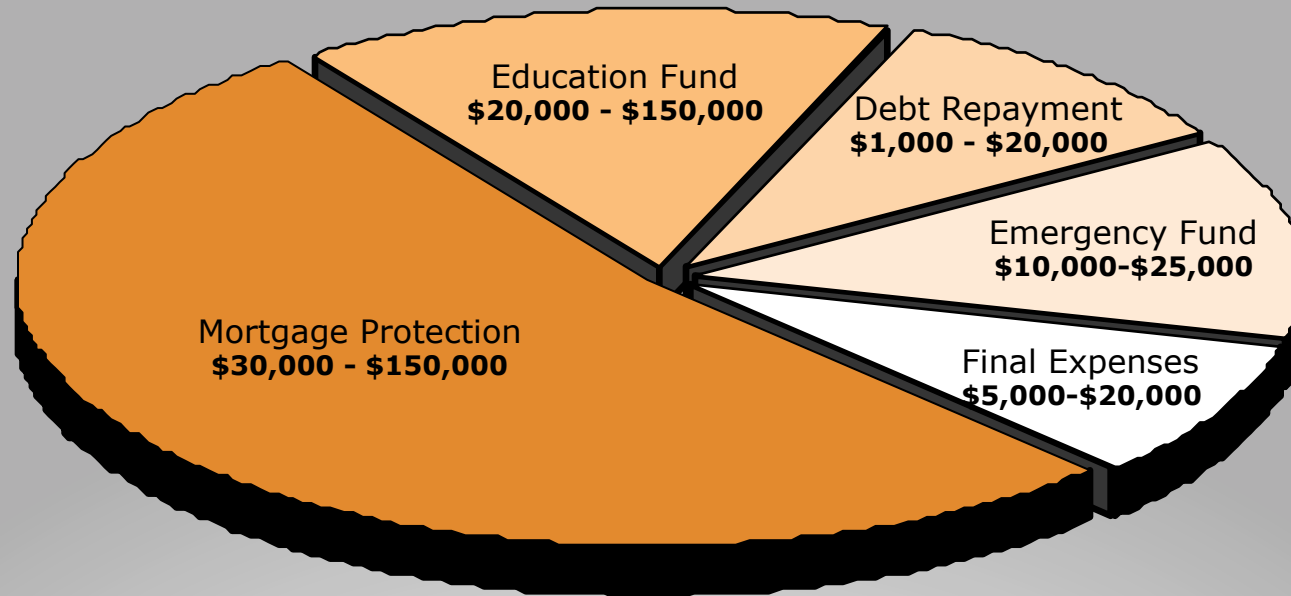
are those monthly or periodic expenses that continue for the family after an income earner's death.

Both must be accounted for
in any successful financial plan.

Family Needs Analysis

Typical **Cash** Needs...

Can be broken down into five main categories:



Family Needs Analysis

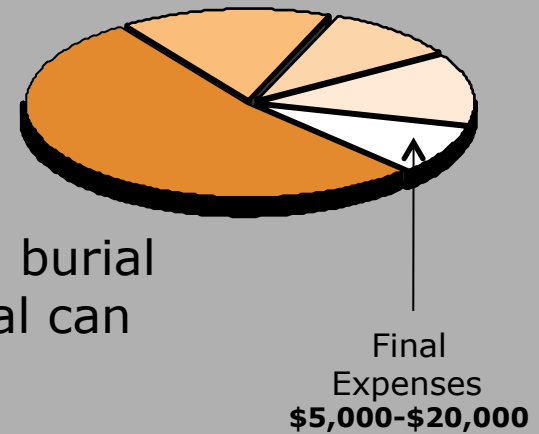
Typically, the first cash need your family will face is...

Final Expenses

With payment of everything from the actual burial to transportation, the cost of a typical funeral can range from \$5,000 to \$20,000.

Uninsured medical expenses (including deductibles, co-pays, etc.) are often one of the largest “costs of dying”.

These expenses add unnecessary trauma to an already difficult time.



Family Needs Analysis

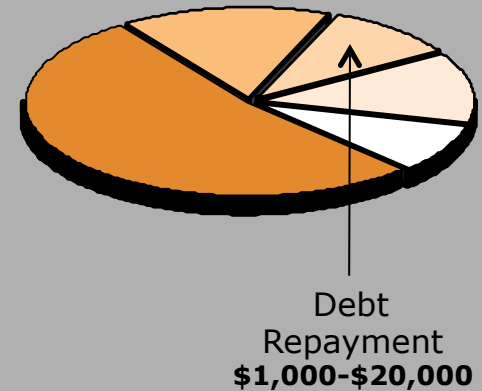
The second cash need is...

Debt Repayment

Whether in the lower range or approaching \$20,000 or more, debts can take a toll on a family's lifestyle.

With the loss of a wage earner, the impact is even greater.

Short-term loans, debts, credit card balances... all are due at the debtor's death.



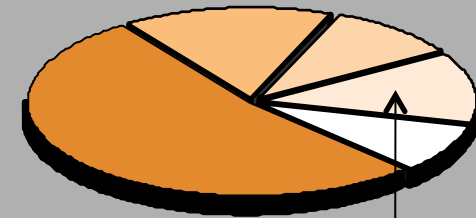
Family Needs Analysis

The third cash need is...

The Emergency Fund

While none of us likes to think so, emergencies can happen...and they can cost a lot. Examples include everything from home and automobile repair and replacement of appliances to serious medical emergencies.

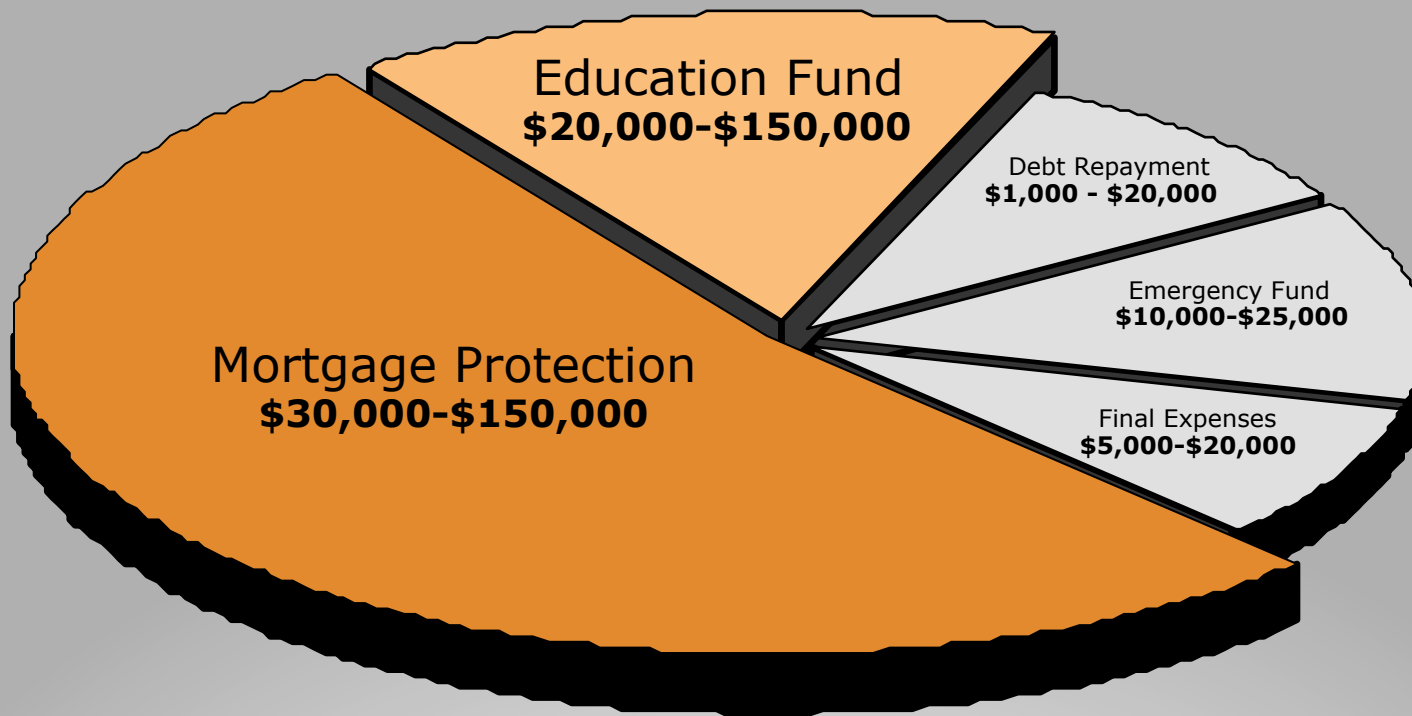
If not properly provided for, these emergencies can dramatically impact a family's lifestyle.



Emergency Fund
\$10,000-\$20,000

Family Needs Analysis

Two of the largest cash needs,
however, are...



Family Needs Analysis

Mortgage Protection

\$30,000-\$150,000



The likelihood of any home being completely destroyed by fire is less than **1** in **200**.



For every one family that loses its home due to fire, nine lose their homes due to death.

NOTE: If a family either doesn't own a home or elects not to pay off the mortgage, a rent payment fund should be provided...the family must live somewhere.

Family Needs Analysis

Education Fund

\$20,000-\$150,000

According to data provided by the College Board, which conducts an *Annual Survey of Colleges*, the average total cost of all fixed charges per student (including tuition and room & board) in 1999 was...

\$32,000

Public
Four-Year
Total over four
years



\$85,000

Private
Four-Year
Total over four
years



These figures assume that tuition remains the same from one year to the next. College costs, however, increase annually. According to 1999 data from the College Board, the average increase is 4.7 percent per year (private) and 3.4 percent per year (public). The exact costs of the school you select may vary. *For more information on costs, you can go to the College Board online at www.collegeboard.org.*

Family Needs Analysis

Life Insurance is often the answer.

With the payment of an income-tax-free death benefit, life insurance can meet some or all of these typical cash needs. It can...

- Protect your family's home,
- Provide an education fund for your children, and
- Help your family pay off debts, cover final expenses, and set aside an amount for emergencies.

Family Needs Analysis

Typical Income Needs...

In addition to immediate cash needs, money is also needed for typical income needs:

- Food
- Clothing
- Day Care
- Utilities
- Home Maintenance
- Routine Medical Care
- Property Taxes
- Car payments, fuel, maintenance
- Insurance Payments, etc.

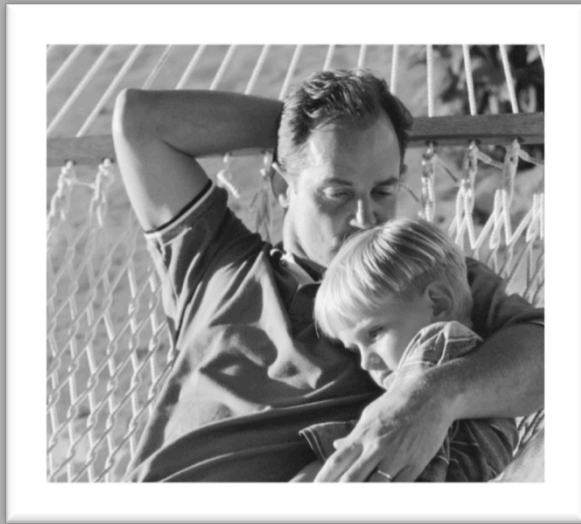
Family Needs Analysis

These needs vary over three different periods of time...

- Dependency Period
When there are children in the home.
- Empty Nest Period
When the children are grown and retirement has not yet arrived.
- Retirement Period
When you or your spouse reaches the Golden Years.

Family Needs Analysis

Dependency Period



75%

of current income
is typically required

Family Needs Analysis

“Empty Nest” Period



60%

of current income
is typically required

Family Needs Analysis

Retirement Period



60%

of current income
is typically required

Family Needs Analysis

Where will the money come from to meet the income needs of your survivors?



Family Needs Analysis

Will employer-provided benefits be there to help?

Facing global competition, restrictive government rules, and regulations, many employers are cutting back on the benefits they once provided.

Family Needs Analysis

Will Social Security be there to help?

| Need | Typical Amount Required | Social Security Coverage |
|----------------------------|-------------------------|--------------------------|
| Final Expenses | \$5,000-\$20,000 | \$225 |
| Debt Repayment | \$1,000 -\$20,000 | \$0 |
| Mortgage Protection | \$30,000-\$150,000 | \$0 |
| Education Fund | \$20,000-\$150,000 | \$0 |
| Emergency Fund | \$10,000-\$25,000 | \$0 |
| Dependency Period Income | 75% of current income | 40-80% of current income |
| "Empty Nest" Period Income | 60% of current income | \$0 |
| Retirement Period Income | 60% of current income | 25-59% of current income |

Family Needs Analysis

Again, life insurance is often the answer.

Through the policy's guaranteed income-tax-free death benefit, life insurance can allow families to pay for the final expenses, debts, mortgage payments, etc....

...so that the survivors can continue their ongoing needs and thus maintain their standard of living.

Family Needs Analysis

Plus...

Permanent life insurance can help you pay for living needs as well.

Through policy loans and withdrawals, the cash value of a permanent life insurance policy can be used to supplement...

- Any or all of the typical cash needs outlined (debt payment, mortgage, emergencies, a college education), plus...
- Your retirement income and other financial needs.

Family Needs Analysis

**Food...Debts...
College... Clothing...
Mortgage... Memories...**

Life is full of questions.

Family Needs Analysis

And some questions...

like those pertaining to your
family's financial security...

**are more important
than others.**

Family Needs Analysis

That's why it's important to find the answers now...

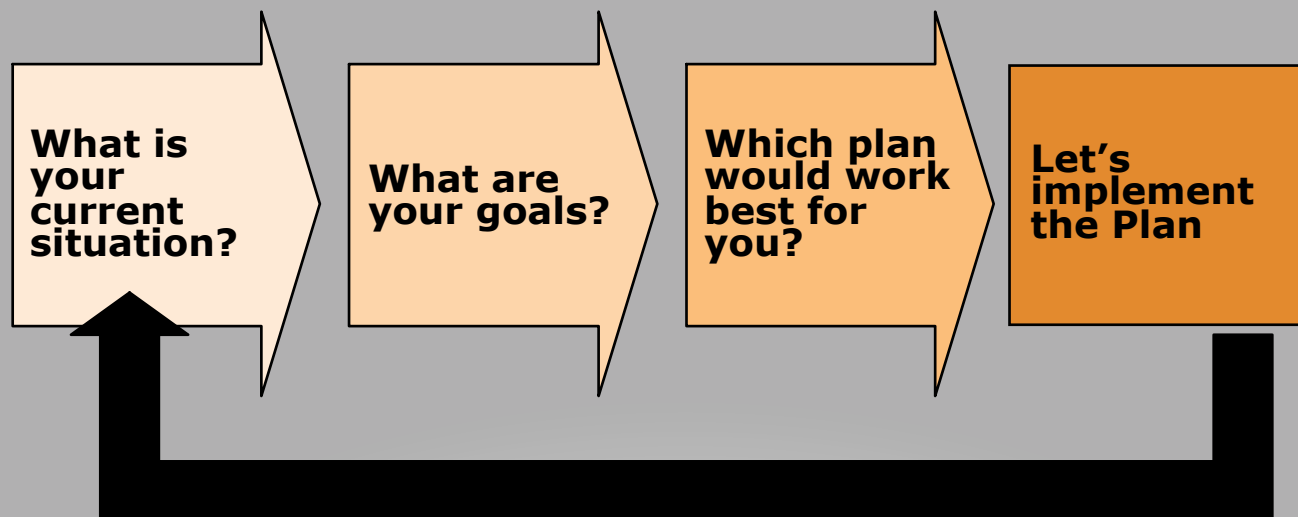
...so that you can make sure you and your family have the financial security you need...

...to realize your goals and dreams.



Family Needs Analysis

Through **Family Needs Analysis** we can help you find the answers to your life insurance needs. It starts with simply answering a few questions...



Family Needs Analysis

A Family Needs Analysis

How Much Life Insurance Do I Need?

START PLANNING TODAY!

For an appointment by phone or in person, contact a qualified NMIN Advisor representative at 888-277-4456 or advisor@nminadvisor.com.

