

# Life Insurance Needs Analysis

How Much Money Will Your Family Need When You Die?

With the following information, you and your financial professional/licensed insurance agent can develop an insurance plan that suits your budget and provides the financial protection your family needs.

	<b>INCOME NEEDS</b>	<i>Example</i>	<i>Spouse I</i>	<i>Spouse II</i>
	Current Income	\$80,000	_____	_____
	Family Income Goal <sup>1</sup>	\$64,000	_____	_____
	Other Income (i.e., Social Security, Survivor's Income, etc.)			
	<i>Social Security</i>	\$12,000	_____	_____
	<i>Survivor's Income</i>	\$20,000	_____	_____
<b>Subtract Other Income from Family Income Goal</b>	Income Shortage	\$32,000	_____	_____
<b>Gross Return – Inflation = Inflation Adjusted Return (i.e., 8% – 3% = 5%)</b>	Inflation Adjusted Earnings Rate	5%		
<b>Divide Income Shortage by Inflation Adjusted Earnings Rate (i.e., \$32,000 ÷ 5% = \$640,000)</b>	<b>Capital Required for Income</b>	<b>\$640,000</b>	_____	_____
	<b>CASH NEEDS</b>			
	Final Expenses	\$12,000	_____	_____
	Emergency Funds	\$25,000	_____	_____
	Education Funds	\$50,000	_____	_____
	Mortgage	\$200,000	_____	_____
	Other Debt	\$15,000	_____	_____
	Other	_____	_____	_____
	<b>Total Cash Needs</b>	<b>\$302,000</b>	_____	_____
<b>Add Capital Required for Income and Total Cash Needs</b>	<b>TOTAL CAPITAL REQUIRED</b>	<b>\$942,000</b>	_____	_____
	<b>INCOME PRODUCING CAPITAL</b>			
	Liquid Assets	\$60,000	_____	_____
	Existing Life Insurance	\$150,000	_____	_____
	<b>TOTAL INCOME PRODUCING CAPITAL</b>	<b>\$210,000</b>	_____	_____
<b>Subtract Total Income Producing Capital from Total Capital Required</b>	<b>ADDITIONAL CAPITAL REQUIRED</b>	<b>\$732,000</b>	_____	_____

<sup>1</sup> Estimated at 70% to 80% of current income according to *The Fundamentals of Insurance for Financial Planning*, The American College, 2005.

See Second Page for Important Information

Life Insurance Products: • Are Not a Deposit of Any Bank • Are Not FDIC Insured • Are Not Insured by Any Federal Government Agency • Are Not Bank Guaranteed



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The life insurance needs analysis is a tool that can help you estimate your life insurance needs. The information provided is not a substitute for a complete life insurance needs analysis. This information is not a guarantee of coverage. The cost and availability of life insurance depends on factors such as age, health, and the type and amount of insurance. Please consult your insurance professional to determine the coverage best suited to your individual situation.

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