

# LIFE INSURANCE RED ZONE ESTIMATOR

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

## How much life insurance is needed in the Retirement Red Zone?

Client Name \_\_\_\_\_

Date \_\_\_\_\_

Financial Professional Name \_\_\_\_\_

This worksheet provides a quick and simple method to estimate the amount of life insurance you might need when you are retired.

1. Current family income including salaries, dividends, interest, pension benefits and social security \_\_\_\_\_

### Income Needs

2. Annual amount of Pension or any other source of income that would be stopped at death \_\_\_\_\_

3. Annual amount of Social Security that would also stop (typically, the smaller payment) \_\_\_\_\_

4. Annual income to be replaced (Add lines 2+3) \_\_\_\_\_

5. Funds needed to provide replacement income for how many \_\_\_\_\_ years?  
Multiply line 4 by the appropriate factor below<sup>1</sup>

5 Yrs. x 4.9	10 Yrs. x 9.4	15 Yrs. x 13.6	20 Yrs. x 17.5	25 Yrs. x 21.13	30 Yrs. x 24.5
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6. Additional income needed to care for any dependent person other than spouse? (60% of people in Retirement Red Zone expect to provide care for someone other than spouse during their retirement\*) \_\_\_\_\_

7. Funds needed to provide replacement income for how many \_\_\_\_\_ years?  
Multiply line 6 by the appropriate factor above<sup>1</sup>

### Estate Settlement Costs

8. Funeral, burial expenses, and anticipated medical bills. Funeral expenses can run well over \$10,000, according to the Federal Trade Commission (June 2000; [www.ftc.gov](http://www.ftc.gov)). \_\_\_\_\_

9. Administrative and Probate Costs and State Inheritance taxes (Suggest 2% of estate or \$25,000 on estates < \$1 million) \_\_\_\_\_

10. Debts (Include mortgage balance, home equity loans, credit card debt, car loans, etc.) \_\_\_\_\_

11. Other (special bequests, such as grandchildren's college funds, income taxes on qualified assets) \_\_\_\_\_

12. Total Capital Required (Add lines 5, 7, 8, 9, 10, 11) \_\_\_\_\_

### Current Amount of Life Insurance

13. Personally owned insurance \_\_\_\_\_

14. Current Group Insurance \$ \_\_\_\_\_. Group insurance in force **after** retirement \_\_\_\_\_

15. Total insurance owned after retirement (Add lines 13 and 14) \_\_\_\_\_

16. Estimated amount of additional life insurance needed (Subtract line 15 from line 12) \_\_\_\_\_

For a more thorough discussion of your needs, ask your licensed financial professional for a personalized needs analysis.

<sup>1</sup> Inflation is assumed to be 3%. The rate of return on investments is assumed to be 4.5% after tax.

\*Source Prudential Retirement Red Zone report, 2006

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