

Income Replacement

Despite the amount of income a person earns, many families are highly leveraged and require all or most of those funds to maintain their current standard of living. When a family is dependent on one or both spouses' income(s), it is critical to ensure life insurance coverage is in place to potentially replace the required income stream.

The chart below is designed to:

- Allow you to participate in the needs analysis approach
- Effectively determine how much life insurance coverage is necessary given your family's income needs
- Help correlate the amount needed to maintain a standard of living to the amount of income the coverage will provide
- Pinpoint the most appropriate death benefit increment

Monthly Income to Replace	Annual Income to Replace	Replace Income for 10 Years	Replace Income for 15 Years	Replace Income for 20 Years	Replace Income for 25 Years	Replace Income for 30 Years
\$2,500	\$30,000	\$256,528	\$356,750	\$441,959	\$514,403	\$575,996
\$3,750	\$45,000	\$384,793	\$535,125	\$662,938	\$771,605	\$863,994
\$4,000	\$48,000	\$410,445	\$570,800	\$707,134	\$823,045	\$921,594
\$5,000	\$60,000	\$513,057	\$713,500	\$883,917	\$1,028,807	\$1,151,992
\$6,250	\$75,000	\$641,321	\$891,875	\$1,104,897	\$1,286,008	\$1,439,990
\$8,333	\$100,000	\$855,061	\$1,189,119	\$1,473,137	\$1,714,609	\$1,919,910
\$10,416	\$125,000	\$1,068,800	\$1,486,363	\$1,841,377	\$2,143,210	\$2,399,830
\$12,500	\$150,000	\$1,282,642	\$1,783,750	\$2,209,793	\$2,572,017	\$2,879,980
\$14,583	\$175,000	\$1,496,382	\$2,080,994	\$2,578,033	\$3,000,617	\$3,359,900
\$16,666	\$200,000	\$1,710,121	\$2,378,238	\$2,946,273	\$3,429,218	\$3,839,819

Based on lump sum growing at 3.25%, net of annual income distribution at beginning of year.

Scenario

John's family is dependent on his \$100,000 income to maintain their standard of living. Being 45 years old and planning to retire at 65, John feels his income needs to be protected for approximately 20 years. Using the chart above, he identifies the death benefit protection needed to accomplish his goal is \$1,473,137. In other words, should his family receive a \$1,473,137 death benefit and then invest it at a conservative 3.25%, they would be able to pull \$100,000 a year for 20 years, thus fully replacing his income stream.