

Life Insurance Needs Analysis

American General
Life Companies

Policies issued by:

American General Life Insurance Company
The United States Life Insurance Company
in the City of New York



How much life insurance do you and your family need? Life insurance can help provide funds to meet your family's immediate and ongoing needs in the event of either spouse's premature death. Do you have enough?

Use the following information and worksheet to help determine how much life insurance you and your spouse need to protect your family's standard of living. We suggest doing a separate calculation for each person.

Immediate Cash Needs

In this section, estimate expenses that will have to be paid within a relatively short time after death.

1. **Final Expenses** Include appropriate amounts for items such as funeral costs, final medical bills not covered by insurance and estate administration costs. ▶ \$ _____ (1)
2. **Debts** Enter the current balance of all debt that may be needed to be paid in full at death such as mortgages, credit cards, car loans or student loans. ▶ \$ _____ (2)
3. **Current Bills and Emergency Fund** Generally, it is recommended that four to six months' income should be set aside to meet the family's immediate daily living expenses and to create a liquid emergency fund. Enter the amount you wish to provide for these needs. ▶ \$ _____ (3)
4. **Education Fund** Enter the amount you wish to provide as an education fund for your children, or follow the steps below to estimate future college expenses. Do a separate calculation for each child, and enter the total for all children. ▶ \$ _____ (4)
 - a) Current one-year college cost: ▶ _____
 - b) Number of years child will attend school: ▶ _____
 - c) Future total cost (a x b): ▶ _____
 - d) Discount factor from table below: ▶ _____

| Years to Start of College | Discount Factor | Years to Start of College | Discount Factor | Years to Start of College | Discount Factor |
|---------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|
| 1 | 0.980 | 7 | 0.871 | 13 | 0.773 |
| 2 | 0.961 | 8 | 0.853 | 14 | 0.758 |
| 3 | 0.942 | 9 | 0.837 | 15 | 0.743 |
| 4 | 0.924 | 10 | 0.820 | 16 | 0.728 |
| 5 | 0.906 | 11 | 0.804 | 17 | 0.714 |
| 6 | 0.888 | 12 | 0.788 | 18 | 0.700 |

Note: Assumes 2 percent annual inflation and 4 percent annual rate of return.

e) Lump sum needed for education (c x d): ▶ \$ _____

A. Total Estimated Cash Needs (1+2+3+4)..... ▶ \$ _____ (A)

Ongoing Family Income Need

1. **Annual Income Objective** Enter the annual gross income your family will need following the death of a spouse. Generally, it is estimated that a family will require 60 – 80 percent of prior total family income following the death of one spouse.> _____ (1)
2. **Income From Other Sources** Enter all existing sources of income including the surviving spouse’s earnings, Social Security survivor benefits (see next page), rental income and employer-provided benefits. In estimating the income needed, remember to take into account expenses already provided for in the Immediate Cash Needs section.> – _____ (2)
3. **Net Income Needed Upon the Death of a Spouse.**> = _____ (3)
(Subtract Line 2 From Line 1)
4. **Discount Factor** From the following chart, select the discount factor corresponding to the total number of years family income must be provided.> _____ (4)
Discount Factor

| Years Income Needed | Discount Factor | Years Income Needed | Discount Factor | Years Income Needed | Discount Factor |
|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|
| 1 | .9804 | 15 | 12.8493 | 29 | 21.8444 |
| 2 | 1.9416 | 16 | 13.5777 | 30 | 22.3965 |
| 3 | 2.8839 | 17 | 14.2919 | 31 | 22.9377 |
| 4 | 3.8077 | 18 | 14.9920 | 32 | 23.4683 |
| 5 | 4.7135 | 19 | 15.6785 | 33 | 23.9886 |
| 6 | 5.6014 | 20 | 16.3514 | 34 | 24.4986 |
| 7 | 6.4720 | 21 | 17.0112 | 35 | 24.9986 |
| 8 | 7.3255 | 22 | 17.6580 | 36 | 25.4888 |
| 9 | 8.1622 | 23 | 18.2922 | 37 | 25.9695 |
| 10 | 8.9826 | 24 | 18.9139 | 38 | 26.4406 |
| 11 | 9.7868 | 25 | 19.5235 | 39 | 26.9026 |
| 12 | 10.5753 | 26 | 20.1210 | 40 | 27.3555 |
| 13 | 11.3484 | 27 | 20.7069 | | |
| 14 | 12.1062 | 28 | 21.2813 | | |

Note: Assumes 2 percent annual inflation and 4 percent annual rate of return.

B. Total Family Income Needs (3x4).....> \$ _____ (B)

Current Life Insurance Need

1. Total Survivor Needs (A+B)> \$ _____
2. Minus Existing Liquid Assets Available (e.g. savings, investments)> – \$ _____
3. Minus Death Benefit Provided by all Existing Life Insurance> – \$ _____

C. Additional Life Insurance Needed (1-2-3).....> \$ _____ (C)

Client Signature

Date Completed

Social Security Survivor Benefits

This table¹ shows the approximate monthly benefits payable to your family if you have had a typical earnings history of one spouse.

Approximate Monthly Benefits for Survivors

| Your Age in 2011 | Your Present Annual Earnings | | | | | |
|------------------|------------------------------|----------|----------|----------|----------|------------------|
| | \$20,000 | \$35,000 | \$50,000 | \$65,000 | \$80,000 | \$106,000 and Up |
| 66 (1) | \$ 915 | \$1,281 | \$1,648 | \$1,925 | \$2,091 | \$2,366 |
| (2) | 654 | 916 | 1,178 | 1,376 | 1,495 | 1,691 |
| (3) | 686 | 961 | 1,236 | 1,444 | 1,568 | 1,774 |
| (4) | 1,372 | 2,338 | 2,935 | 3,370 | 3,661 | 4,141 |
| 60 (1) | 924 | 1,293 | 1,661 | 1,950 | 2,120 | 2,412 |
| (2) | 661 | 924 | 1,187 | 1,394 | 1,516 | 1,724 |
| (3) | 693 | 969 | 1,245 | 1,462 | 1,590 | 1,809 |
| (4) | 1,387 | 2,350 | 2,965 | 3,412 | 3,711 | 4,221 |
| 55 (1) | 925 | 1,293 | 1,661 | 1,950 | 2,122 | 2,444 |
| (2) | 661 | 924 | 1,188 | 1,394 | 1,517 | 1,747 |
| (3) | 693 | 970 | 1,246 | 1,462 | 1,592 | 1,833 |
| (4) | 1,387 | 2,351 | 2,966 | 3,413 | 3,715 | 4,277 |
| 50 (1) | 925 | 1,293 | 1,662 | 1,950 | 2,123 | 2,454 |
| (2) | 661 | 925 | 1,188 | 1,394 | 1,518 | 1,754 |
| (3) | 693 | 970 | 1,246 | 1,462 | 1,592 | 1,840 |
| (4) | 1,387 | 2,351 | 2,966 | 3,413 | 3,715 | 4,295 |
| 40 (1) | 926 | 1,295 | 1,664 | 1,951 | 2,124 | 2,476 |
| (2) | 662 | 926 | 1,189 | 1,395 | 1,519 | 1,770 |
| (3) | 694 | 971 | 1,248 | 1,463 | 1,593 | 1,857 |
| (4) | 1,389 | 2,355 | 2,969 | 3,415 | 3,718 | 4,333 |
| 30 (1) | 932 | 1,306 | 1,679 | 1,961 | 2,136 | 2,525 |
| (2) | 666 | 933 | 1,200 | 1,402 | 1,527 | 1,805 |
| (3) | 699 | 979 | 1,259 | 1,470 | 1,602 | 1,894 |
| (4) | 1,398 | 2,385 | 2,990 | 3,432 | 3,738 | 4,419 |

- (1) **Spouse Survivor Benefit**
The benefit for your widow(er) at full retirement age (FRA). The FRA for surviving spouse benefits is 65 for persons born in 1941 but gradually rises to 67 for persons born in 1962 and later.
- (2) **Spouse Survivor Benefit**
The benefit for your widow(er) at age 60.
- (3) **Child or Spouse Survivor Benefit**
The benefit for a child under age 18 (up to 19 if in high school); also a widow(er) under age 61 with eligible child who is under age 16 or disabled before age 22.
- (4) **Family's maximum benefit**

NOTE: The earliest age for retirement is 62, but a widow(er) can receive survivor benefits at age 60. If there are eligible children, the widow(er) could receive benefits at any age.

¹Source: 2011 Guide to Social Security, Mercer LLC, Louisville, Kentucky

How Much Will the Additional Life Insurance Cost?

Ask your American General Life Companies representative to prepare a personalized proposal for you and your family.

American General Life Companies

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