



# HOW MUCH LIFE INSURANCE DO I NEED?

Life insurance is essential to ensure your loved ones are protected in the worst of situations. From paying taxes, debts, and outstanding bills, life insurance provides the financial confidence to help ensure you leave a legacy. Knowing the proper amount of life insurance may be difficult depending on your goals. There are several things you need to know to determine the right amount of coverage you may require:

## PERSONAL AND FAMILY INFORMATION

Your Name: \_\_\_\_\_ Age: \_\_\_\_\_ State of Residence: \_\_\_\_\_

Your Spouse (if applicable): \_\_\_\_\_ Age: \_\_\_\_\_ Years Married: \_\_\_\_\_

### Children:

Name: \_\_\_\_\_ Age: \_\_\_\_\_ Education: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_ Education: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_ Education: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_ Education: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_ Education: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_ Education: \_\_\_\_\_

(If you need more space for additional children, please add another piece of paper.)

Are any of your children disabled or have special needs? \_\_\_\_\_

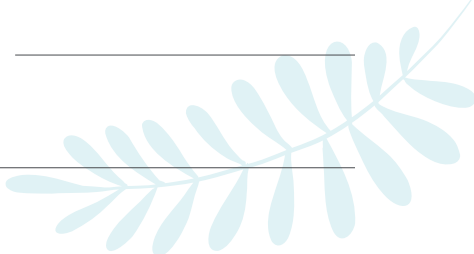
### Pets:

Dogs: \_\_\_\_\_ Horses: \_\_\_\_\_ Other: \_\_\_\_\_

Cats: \_\_\_\_\_ Birds: \_\_\_\_\_ Annual Cost of Pet Care: \_\_\_\_\_

**TIP:** Be certain your family is aware of any estate plans you have made and the information of any life insurance policies you hold. Lack of communication is the cause of countless amounts of unclaimed personal property.

- Policy information and estate plan has been communicated to my loved ones.
- My loved ones know where to find my important documents.
- My financial professional knows where to find my important documents.



## TAKE INVENTORY



Arriving at the necessary information to determine policy coverage can be a complex undertaking. The acronym **DIME** can help categorize the type of information you will need:

- D**ebts and Assets
- I**ncome and Insurance
- M**ortgage and Taxes
- E**ducation and Expenses

Adding these items up can be one way to get an idea of how much life insurance coverage may be appropriate.

### **D**ebts and Assets

Ensuring debts are paid at death is one purpose of life insurance. It is also important to understand your assets at hand that might also be important sources of liquidity for your heirs.

**Debt** - Exclude mortgage and student loans

How many credit cards do you have? \_\_\_\_\_ How many does your spouse have? \_\_\_\_\_

Aggregate balance of your credit cards \_\_\_\_\_ Spouse's credit card balance \_\_\_\_\_

How much per year do you pay on credit cards? \_\_\_\_\_

Balance of car loan \_\_\_\_\_ Annual car payment \_\_\_\_\_

Balance of any personal loans \_\_\_\_\_ Annual payment for personal loans \_\_\_\_\_

Are any of the above loans secured? \_\_\_\_\_ If so, by what assets? \_\_\_\_\_ Value \_\_\_\_\_

Are there any other debts not included above? Include value here. \_\_\_\_\_

### **TOTAL DEBT**

**Assets** - Include property owned by spouse, if applicable

**TIP:** Only include assets available at death. Assets that are not liquid may not help cover needs.

House value (primary residence) \_\_\_\_\_ Vacation home \_\_\_\_\_

Investment properties \_\_\_\_\_ Farms or land \_\_\_\_\_

Vehicles \_\_\_\_\_ Collectibles \_\_\_\_\_ Art \_\_\_\_\_

Other personal assets \_\_\_\_\_

Aggregate value of your personal assets \_\_\_\_\_

How much of the aggregate value is liquid or easily marketable? \_\_\_\_\_

Aggregate value of retirement accounts (401(k), IRA, 457, 403(b), etc.) — excluding Roth accounts \_\_\_\_\_

Aggregate value of Roth accounts \_\_\_\_\_

**TIP:** Roth proceeds are generally income tax-free when inherited and held for a minimum period of five years.

These types of accounts can help provide income tax-free proceeds to cover various expenses after death.

Aggregate value of investment accounts (nonretirement) \_\_\_\_\_

### **TOTAL ASSETS**



# I ncome and Insurance



## Income

Annual salary \_\_\_\_\_ Estimated bonus \_\_\_\_\_  
Estimated commission \_\_\_\_\_ Total compensation \_\_\_\_\_  
Spouse's annual salary \_\_\_\_\_ Spouse's estimated bonus \_\_\_\_\_  
Spouse's estimate commission \_\_\_\_\_ Spouse's total compensation \_\_\_\_\_  
Income from investments \_\_\_\_\_ Income from rental properties \_\_\_\_\_  
Alimony income \_\_\_\_\_ Royalty income \_\_\_\_\_ Inheritance income \_\_\_\_\_  
Defined benefit pension income \_\_\_\_\_ % of DB pension income payable to surviving spouse \_\_\_\_\_

**GROSS INCOME** \_\_\_\_\_ [multiply by 10 or the number of years until retirement]

## Insurance (Life Insurance)

Employer provided-life insurance \_\_\_\_\_ Amount of employer-provided life insurance \_\_\_\_\_  
Term life insurance owned by me \_\_\_\_\_ Term life insurance owned by my spouse \_\_\_\_\_  
Permanent insurance owned by me \_\_\_\_\_ Permanent insurance owned by my spouse \_\_\_\_\_  
Term insurance owned by a trust \_\_\_\_\_ Permanent insurance owned by a trust \_\_\_\_\_

**TOTAL INSURANCE** \_\_\_\_\_

# M ortgage and Taxes

## Mortgage

Mortgage remaining on primary residence \_\_\_\_\_  
Duration of loan \_\_\_\_\_ Years remaining \_\_\_\_\_ Interest rate on current loan \_\_\_\_\_  
Purchase price of residence \_\_\_\_\_ Current value \_\_\_\_\_ Annual payment \_\_\_\_\_  
Home equity loan primary residence \_\_\_\_\_ Interest rate \_\_\_\_\_ Annual payment \_\_\_\_\_  
Aggregate amount of other mortgages \_\_\_\_\_  
Duration \_\_\_\_\_ Years remaining \_\_\_\_\_ Interest rate on current loan \_\_\_\_\_  
Purchase price of residence \_\_\_\_\_ Current value \_\_\_\_\_ Annual payment \_\_\_\_\_

**TOTAL MORTGAGE OBLIGATIONS** \_\_\_\_\_

## Taxes (annual)

Current highest income tax rate \_\_\_\_\_ Amount paid in income taxes \_\_\_\_\_  
Amount paid in investment taxes \_\_\_\_\_  
Amount paid in property taxes \_\_\_\_\_ Amount paid in business taxes \_\_\_\_\_  
Amount of any additional taxes paid (state, local, etc.) \_\_\_\_\_  
Projected estate tax \_\_\_\_\_ Projected inheritance tax \_\_\_\_\_

**TIP:** Consider your thoughts on the future direction of taxes to determine if this will have a larger impact on taxable accounts, like retirement plans, after death. Providing additional liquidity through life insurance may help soften the impact of taxes on these types of accounts.

**TOTAL ANNUAL TAX** \_\_\_\_\_ [multiply by 10 or the number of years until retirement]

# E ducation and Expenses

**Debt** - Include existing student loans and what you'll need to pay for current and future tuition and room and board

Education expenses for self and spouse (current and future) \_\_\_\_\_

Education expenses for children (current and future) \_\_\_\_\_

**TOTAL EDUCATION**

**Expenses**

Funeral costs \_\_\_\_\_ Estate settlement expenses \_\_\_\_\_

Annual utility costs \_\_\_\_\_ Annual home improvement costs \_\_\_\_\_

Annual vehicle repair costs \_\_\_\_\_ Annual clothing costs \_\_\_\_\_

Annual child care costs \_\_\_\_\_ Annual food costs \_\_\_\_\_

Annual vacation and travel costs \_\_\_\_\_

Legal costs \_\_\_\_\_ Miscellaneous expenses \_\_\_\_\_

**TOTAL EXPENSES**  [multiply by 10 or the number of years until retirement]

## BRINGING IT ALL TOGETHER

There are multiple ways to arrive at the appropriate amount of life insurance coverage given your situation. For purposes of this document, we will use the DIME method and add up the items to get an idea.

**ADD** (Items that need to be covered or replaced)

TOTAL DEBT	+	
TOTAL INCOME	+	
TOTAL MORTGAGE	+	
TOTAL TAX	+	
TOTAL EDUCATION	+	
TOTAL EXPENSE	+	

**SUBTRACT** (Items that are liquid to help cover needs)

TOTAL ASSETS	-	
TOTAL INSURANCE	-	

**TOTAL RESULT**

The total result is the amount of insurance coverage you may need. Note that this is a very quick estimate and performing additional calculations to provide a cushion or take into consideration factors such as inflation, taxes, and other items that change over time may be required.



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The DIME Method is only one method to help determine your insurable need. This worksheet is intended as a tool to assist you in determining the approximate amount of life insurance coverage you need if death occurred today. It is not a recommendation for specific coverage amounts. The actual amount of life insurance needed to help meet the financial needs of your family depends on many factors. You are responsible for selecting the appropriate amount of coverage. Calculations are dependent on user input. No life insurance is in force until an application is completed and accepted by the issuing insurance company.

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