



CLEAR VIEW WEALTH ADVISORS, LLC
Plan Well. Invest Smart. Live Better.

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CERTIFIED FINANCIAL PLANNER™ Professional
CHARTERED RETIREMENT PLANNING COUNSELOR®
ACCREDITED ESTATE PLANNER®
NAPFA-Registered Financial Advisor

February 4, 2022

Insurance Needs Analysis – Revised

Recommendation: \$400,000 for 20-year term life

Mr. SAMPLE

Scenario 1: 30-year Income replacement

Analysis

Your need for life insurance:

\$ 358,476.11

Should you die, the financial impact on your dependents is the loss of your income as well as the immediate expenses associated with your death. The death benefit offered through life insurance serves as replacement income for a period of time to help your family build a more financially secure future.

Assumptions:

- Maintaining group term coverage at 5x salary
- Net income replacement for up to 30 years
- Emergency cash reserve need of \$60,000
- Total education cost gap calculated at \$281,000 (before any inflation adjustment)

Calculations

Lump Sum Needs at Death:

Final expenses:	\$ 20,000.00
Outstanding debts:	+ \$ 60,000.00
Mortgage:	+ \$ 70,021.00
College funding:	+ \$ 302,948.65
Total lump sum needs:	= \$ 452,969.65

Income Needs:

Annual income to be provided:	\$ 140,000.00
Number of years to provide income:	30
Estimated inflation rate:	3%
After-tax net investment yield:	5%

Calculation & Results:

Present value of income needs*:	\$ 3,222,138.59
Lump sum needs:	+ \$ 452,969.65
	= \$ 3,675,108.23
Less current investment capital:	- \$ 1,228,811.00
Less existing life insurance:	- \$ 700,000.00
Less present value of spouse's income*:	- \$ 1,387,821.12
Your need for additional life insurance:	= \$ 358,476.11

Clear View Wealth Advisors, LLC
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Meeting Locations:

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A Registered Investment Adviser

Mr. SAMPLE

Scenario 2: 30-Year Income Replacement with Basic Group Term Coverage (1x Salary)

Recommendation: \$1M for 30-Year Term Life

Analysis

Your need for life insurance:

\$ 918,476.11

Should you die, the financial impact on your dependents is the loss of your income as well as the immediate expenses associated with your death. The death benefit offered through life insurance serves as replacement income for a period of time to help your family build a more financially secure future.

Assumptions:

- Maintaining group term coverage at 1x salary
- Net income replacement for up to 30 years
- Emergency cash reserve need of \$60,000
- Total education cost gap calculated at \$281,000 (before any inflation adjustment)

Reference:

<https://widgets.memberedge.io/calculators/>

Calculations

Lump Sum Needs at Death:

Final expenses:	\$ 20,000.00
Outstanding debts:	+ \$ 60,000.00
Mortgage:	+ \$ 70,021.00
College funding:	+ \$ 302,948.65
Total lump sum needs:	= \$ 452,969.65

Income Needs:

Annual income to be provided:	\$ 140,000.00
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After-tax net investment yield:	5%

Calculation & Results:

Present value of income needs*:	\$ 3,222,138.59
Lump sum needs:	+ \$ 452,969.65
	= \$ 3,675,108.23
Less current investment capital:	- \$ 1,228,811.00
Less existing life insurance:	- \$ 140,000.00
Less present value of spouse's income*:	- \$ 1,387,821.12
Your need for additional life insurance:	= \$ 918,476.11

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