

THE NEED FOR LIFE INSURANCE

www.lifehappens.org

Do I really need it? The answer is yes. Purchasing life insurance is one of the most important decisions you can make and it provides a huge benefit even before you need it – peace of mind.

If you've worked hard to establish a solid financial framework for your family – investments, home equity, a savings plan and retirement accounts – life insurance coverage is the foundation upon which it all rests. It can help guard against the need to make drastic changes to future plans if the unexpected occurs.

Consider all the things that life insurance proceeds may need to fund.

Then consider how long the money will be needed. You'll begin to realize that your true need for coverage is often ten, 15, or even 20 times your gross annual income.

Immediate Expenses	Ongoing Expenses	Future Expenses
<ul style="list-style-type: none"> ▪ Funeral costs ▪ Uncovered medical expenses ▪ Mortgage and other debt ▪ Taxes ▪ Estate settlement costs 	<ul style="list-style-type: none"> ▪ Food ▪ Housing ▪ Utilities ▪ Transportation ▪ Health care ▪ Clothing ▪ Insurance 	<ul style="list-style-type: none"> ▪ College ▪ Retirement

Speak to your employer about UniCare Life & Health Insurance Company (UniCare) today – and make sure you have all the coverage you need to protect your greatest asset – your loved ones.

UniCare is part of the largest health benefits company in the nation. Together with our affiliated companies,* we cover more than 96,000 groups and approximately 6 million members. And UniCare has earned an "A-" (Excellent) rating from

A.M. Best Company, the oldest and most recognized insurance rating organization. That's a testament to our excellent management, financial stability and integrity. You can count on us to be here to meet your needs ... today, tomorrow and into the future.

So how much life insurance coverage do you need?

Everyone's financial situation and goals are different, so there's no rule of thumb that can tell you exactly how much you need. But you can come up with a good estimate that takes into account your specific needs. Use the Life Insurance Needs Calculator which is available online through the Life and Health Insurance Foundation for Education. Go to the website below to try it for yourself.

[Life Insurance Needs Calculator](#)

On the reverse page, you'll find a Life Insurance Needs Worksheet where you can fill in information to get a general sense of how much life insurance coverage you'll need to protect your family.

Read some real-life stories to see how life insurance coverage helped regular people get back on their feet after a loss.

Check out our educational piece called "Life Insurance for Every Stage." The content featured in this article has been reprinted with permission from the nonprofit LIFE Foundation. UniCare is a proud supporter of the LIFE Foundation, an organization dedicated to helping consumers make smart insurance decisions to safeguard their families' financial futures. Learn more about the role of insurance in your financial plans by visiting www.lifehappens.org.

*Each affiliated company is a separate, independent legal entity for financial purposes and is solely responsible for its own contractual obligations and liabilities.

Income

1. **Total annual income your family would need if you died today.**
What your family needs, before taxes, to maintain its current standard of living (typically between 60 to 75 percent of total income). \$ _____
2. **Annual income your family would receive from other sources.**
For example, spouse's earnings or a fixed pension.¹ (Do not include income earned on your assets, as it is addressed later in the calculation.) \$ _____
3. **Income to be replaced** – Subtract line 2 from line 1 \$ _____
4. **Capital needed for income** – Multiply line 3 by appropriate factor in Table A \$ _____

Expenses

5. **Funeral and other final expenses**
Typically the greater of \$15,000 or four percent of your estate \$ _____
6. **Mortgage and other outstanding debts**
Include mortgage balance, credit card debt, car loans, etc. \$ _____
7. **Capital needed for college**
2007-2008 average four-year costs: Private \$146,210; Public \$61,499²

Est. four-year cost	Appropriate Factor in Table B	NPV	
_____	x _____	= _____	calculate and add total for all children
8. **Total capital required** – Add lines 4, 5, 6 and 7 \$ _____

Assets

9. **Savings and investments** – Bank accounts, money market accounts, CDs, stocks, bonds, mutual funds, etc. \$ _____
10. **Retirement savings** – IRAs, 401(k)s, Keoghs, SEP plans, SIMPLE IRA plans, pension and profit sharing plans³ \$ _____
11. **Present amount of life insurance coverage**
Include group benefits as well as coverage purchased on your own \$ _____
12. **Total income-producing assets** – Add lines 9, 10 and 11 \$ _____
13. **Life insurance needed** – Subtract line 12 from line 8 \$ _____

Table A	
Yrs. Income Needed	Factor
10	8.8
15	12.4
20	15.4
25	18.1
30	20.4
35	22.4
40	24.1

Table B	
Yrs. Before College	Factor
5	.95
10	.91
15	.86
20	.82

Note: These tables help you determine Net Present Value (NPV), the amount of capital required today to satisfy future income or college cost needs, given an assumed investment return of six percent, inflation of three percent for living costs and five percent for college costs.

¹ Social Security benefits, which may be available, have not been factored into this calculation.

² Trends in College Pricing, 2007, The College Board. Costs reflect total charges, which includes tuition, fees, room and board.

³ Distributions from most retirement savings plans are subject to ordinary income tax rates.