Do You REALLY Have Enough Life Insurance?

Do You REALLY Have Enough Life Insurance?

Most people simply don't have enough life insurance to take care of their loved ones after they're gone. In fact, the amount isn't even close to what their family needs. Often, the only life insurance is a small amount of coverage provided through group insurance at their job ($15,000 for example), and maybe a token $100,000 or $200,000 policy bought along the way. As you'll see, that just doesn't cut it.

Do Your Loved Ones A Huge Favor

And Spend A Few Minutes Reviewing This Vital Report

How Long Do You Want Your Income To Continue For Your Loved Ones After You're Gone?

	Life Insurance Needed To Replace Your Income For (based on investing the insurance lump sum at 5% but also adjusting for a 4% annual inflation factor)							
Your Current Annual Income *After Taxes*	The next 10 Years	The next 20 Years	The next 25 Years	The next 30 Years	The next 35 Years	The next 40 Years	The next 45 Years	The next 50 Years
$20,000	$192,000	$366,000	$447,000	$524,000	$598,000	$668,000	$735,000	$799,000
$30,000	$287,000	$549,000	$670,000	$786,000	$897,000	$1,002,000	$1,102,000	$1,198,000
$40,000	$383,000	$732,000	$894,000	$1,048,000	$1,195,000	$1,336,000	$1,470,000	$1,597,000
$50,000	$479,000	$914,000	$1,117,000	$1,310,000	$1,494,000	$1,670,000	$1,837,000	$1,996,000
$60,000	$575,000	$1,098,000	$1,340,000	$1,572,000	$1,793,000	$2,004,000	$2,204,000	$2,396,000
$70,000	$671,000	$1,280,000	$1,564,000	$1,834,000	$2,092,000	$2,338,000	$2,572,000	$2,795,000
$80,000	$767,000	$1,463,000	$1,787,000	$2,096,000	$2,391,000	$2,672,000	$2,939,000	$3,194,000
$90,000	$862,000	$1,646,000	$2,011,000	$2,358,000	$2,690,000	$3,005,000	$3,307,000	$3,594,000
$100,000	$958,000	$1,829,000	$2,234,000	$2,620,000	$2,988,000	$3,339,000	$3,674,000	$3,993,000
$110,000	$1,054,000	$2,012,000	$2,458,000	$2,882,000	$3,287,000	$3,673,000	$4,041,000	$4,392,000
$120,000	$1,150,000	$2,195,000	$2,681,000	$3,144,000	$3,586,000	$4,007,000	$4,409,000	$4,791,000
$130,000	$1,246,000	$2,378,000	$2,904,000	$3,406,000	$3,885,000	$4,341,000	$4,776,000	$5,191,000
$140,000	$1,341,000	$2,561,000	$3,128,000	$3,668,000	$4,184,000	$4,675,000	$5,143,000	$5,590,000
$150,000	$1,437,000	$2,743,000	$3,351,000	$3,930,000	$4,483,000	$5,009,000	$5,511,000	$5,989,000
$160,000	$1,533,000	$2,926,000	$3,575,000	$4,192,000	$4,781,000	$5,343,000	$5,878,000	$6,389,000
$170,000	$1,629,000	$3,109,000	$3,798,000	$4,454,000	$5,080,000	$5,677,000	$6,246,000	$6,788,000
$180,000	$1,725,000	$3,292,000	$4,021,000	$4,717,000	$5,379,000	$6,011,000	$6,613,000	$7,187,000
$190,000	$1,821,000	$3,475,000	$4,245,000	$4,979,000	$5,678,000	$6,345,000	$6,980,000	$7,586,000
$200,000	$1,916,000	$3,658,000	$4,468,000	$5,241,000	$5,977,000	$6,679,000	$7,348,000	$7,986,000
$250,000	$2,396,000	$4,572,000	$5,585,000	$6,551,000	$7,471,000	$8,348,000	$9,185,000	$9,982,000
$300,000	$2,875,000	$5,487,000	$6,702,000	$7,861,000	$8,965,000	$10,018,000	$11,022,000	$11,979,000
$400,000	$3,833,000	$7,316,000	$8,936,000	$10,481,000	$11,954,000	$13,358,000	$14,696,000	$15,971,000
$500,000	$4,791,000	$9,145,000	$11,170,000	$13,101,000	$14,942,000	$16,697,000	$18,370,000	$19,964,000
$750,000	$7,187,000	$13,717,000	$16,756,000	$19,652,000	$22,413,000	$25,045,000	$27,554,000	$29,946,000
$1,000,000	$9,582,000	$18,290,000	$22,341,000	$26,203,000	$29,884,000	$33,394,000	$36,739,000	$39,928,000

After Looking At This Chart, Do You Still Think You Have Enough Life Insurance?

 900 S. Frontage Road – Suite 375; Woodridge, IL 60517
Tel (630) 985-9700 ● Fax (630) 985-9701 ● email: insure@cginsag.com ● www.cginsag.com

About The Preceding Chart

- **Invest the lump sum for growth.**
  In order to produce an income stream, the insurance fund (lump sum death benefit) must be invested so that it lasts longer. These numbers were based on a 5% before tax rate of return. Income will be drawn from this fund for a number of years until it runs out.

- **Adjust for the erosion of inflation.**
  It's an unfortunate fact of life that as your money grows, its value is also being eroded by inflation. A dollar today will most certainly be worth a whole lot less 10, 20, 30 years from now. What will you pay for a loaf of bread, a gallon of milk, a new car, or a condominium 10, 20, 30 years from now? Since inflation has averaged between 3%-5% over the last 25 years, a 4% annual inflation factor was used to determine the life insurance amounts needed above.

- **What about taxes?**
  Life insurance benefits are not subject to federal or state income tax. However, there could be estate (inheritance) taxes, which could take up to half of the death benefit away from your family. We can discuss the basics of estate taxes with you, but an attorney specializing in estate taxes should be consulted. Although the death benefit is not subject to income tax, when your family invests that money, the growth will be taxed. As a result, the life insurance benefit displayed won't totally replace your after tax income for the entire period specified, as Uncle Sam will be taking his share every year.

These Numbers Address The Problem Of Replacing Your Income

There Are Factors That Can Increase Or Decrease The Amount You Need

Why Your Family May Need More Life Insurance Protection
In Addition To Replacing Your Income

- How much are the final expenses?
  - Funeral
  - Hospital, doctor, ambulance, drugs, and other medical expenses not covered by insurance
  - Nursing care not covered by insurance
  - Hospice care not covered by insurance
  - Estate / administration / legal fees

- Will your children owe federal estate tax?

- How much debt is there?
  - First home mortgage
  - Second or third mortgages on home
  - Car loans
  - Credit cards
  - Business loans
  - College loans
  - Personal loans

900 S. Frontage Road – Suite 375; Woodridge, IL 60517
Tel (630) 985-9700 ● Fax (630) 985-9701 ● email: insure@cginsag.com ● www.cginsag.com

- Do you have children?
    - How many that are not yet ready to support themselves?
    - How many more years of support?
    - Do you want your kids to go to college? In today's dollars, a 4 year college education costs anywhere from $50,000 for a public school to $200,000 for a private school. Since most kids take 4.5 to 5 years to finish, it's more like $60,000 to $250,000. Based on a 4% inflation factor, a college education in 10 years will cost around $89,000 to $370,000, and in 20 years between $131,000 and $548,000.

- Every family should have an emergency fund to take care of unforeseen expenses: medical expenses, house repairs, car repairs, new car, etc. A good rule of thumb is six months of income should be set aside.

- Whether your spouse works or not, you may want to continue replacing your income past your spouse's retirement age. Since you weren't around all those years contributing toward a retirement account, your spouse's retirement account won't be anywhere near the size it should be. You don't want your spouse to make it to retirement age (currently age 67), and then have to live on a paltry Social Security check for the next 20 or so years, because there isn't much, if any, nest egg to rely on.

Why Your Family May Need Less Life Insurance Protection

- You have some assets that could be cashed in:
    - Savings, checking, and money market accounts
    - Stocks, bonds, and mutual funds
    - CDs (certificates of deposit)
    - Retirement accounts
    - Annuities
    - Real estate that could be sold
    - A business that could be sold

- You own a business that your family could continue running and generate income. That's assuming they know how to run the business. Even then, would the business make as much money without you around?

- You own income producing properties (like an apartment building) that provide a monthly cash flow.

- Your spouse and/or children could be eligible for Social Security benefits. **Beware**, **it isn't much**, **and you shouldn't count on Social Security as their main source of income.** Go to www.socialsecurity.gov for full details.
    - There is a one-time death benefit payment of $255 if you worked long enough. What's that, maybe a week's worth of groceries and gas? This payment can be made only to your spouse or minor children if they meet certain requirements.
    - Your widow or widower may be able to receive full monthly benefits at age 65 if born before January 1, 1940. The age to receive full benefits is gradually increasing to age 67 for widows and widowers born January 2, 1940, or later. Reduced widow or widower benefits can be received as early as age 60. If your surviving spouse is disabled, benefits can begin as early as age 50.

- Your widow or widower can receive benefits at any age if she or he takes care of your child who is entitled to a child's benefit and is age 16 or younger or who is disabled.
- Your unmarried children who are under age 18 (or up to age 19 if they are attending elementary or secondary school full time) also can receive benefits. Your children can get benefits at any age if they were disabled before age 22 and remain disabled. Under certain circumstances, benefits also can be paid to your stepchildren, grandchildren, step grandchildren or adopted children.
- Your dependent parents can receive benefits if they are age 62 or older. For your parents to qualify as dependents, you would have had to provide at least one-half of their support.

- You own your home, and your family could sell the house, and move into something cheaper. They could move to a different neighborhood. But, is that what you want for your loved ones? Don't you want them to continue with the same lifestyle in the comfort of their own home? It's bad enough that they lost you, and now they have to lose their home?

- Your spouse could get a job. But, can your spouse replace all of your income, or only some of it? Does your spouse want to work? Can your spouse work, or is your spouse disabled? Will your spouse have to work, and at the same time, raise the kids or look after dependent parents?

- Your spouse already has a job, and can't replace your income, but can still live very comfortably for the rest of his or her life.

- You or your spouse has wealthy relatives that can support your spouse and/or children for years and years. Assuming you're lucky enough to have rich relatives, do you want to burden them with your financial obligations?

The chart on the first page shows large numbers…large but accurate.

The chart on the next page is another way of looking at the adequacy of the life insurance you either have or are thinking of getting. It breaks the numbers down into weekly allowances for your loved ones to live on.

You have to ask yourself not only can your family live on this, but how well? What kind of a lifestyle will they have? Can they keep their home, have decent clothes, eat well, drive a safe car, get a good education, pay the bills……………………………?

Can Your Family Live On This…And How Well?

If You Have This Much Life Insurance	Value Of A Dollar	This Is The Weekly Income To Your Family For							
		The next 10 Years	The next 20 Years	The next 25 Years	The next 30 Years	The next 35 Years	The next 40 Years	The next 45 Years	The next 50 Years
$15,000	*Today's Dollars*	$38	$24	$21	$19	$18	$17	$17	$16
	After Inflation	$25	$11	$8	$6	$4	$3	$3	$2
$25,000	*Today's Dollars*	$64	$40	$35	$32	$30	$29	$28	$27
	After Inflation	$43	$18	$13	$9	$7	$6	$4	$4
$50,000	*Today's Dollars*	$128	$79	$70	$64	$60	$57	$55	$54
	After Inflation	$85	$35	$25	$19	$14	$11	$9	$7
$75,000	*Today's Dollars*	$191	$119	$105	$96	$90	$86	$83	$81
	After Inflation	$127	$53	$38	$28	$22	$17	$13	$11
$100,000	*Today's Dollars*	$255	$158	$140	$128	$120	$115	$111	$108
	After Inflation	$170	$70	$50	$38	$29	$22	$18	$14
$200,000	*Today's Dollars*	$511	$316	$280	$256	$241	$230	$222	$216
	After Inflation	$340	$140	$101	$75	$58	$45	$35	$28
$250,000	*Today's Dollars*	$638	$395	$350	$321	$301	$287	$277	$270
	After Inflation	$424	$175	$126	$94	$72	$56	$44	$35
$500,000	*Today's Dollars*	$1276	$791	$699	$641	$602	$574	$555	$540
	After Inflation	$848	$350	$252	$188	$144	$112	$88	$70
$750,000	*Today's Dollars*	$1915	$1186	$1049	$962	$903	$862	$832	$810
	After Inflation	$1273	$524	$378	$283	$216	$168	$133	$105
$1,000,000	*Today's Dollars*	$2553	$1582	$1399	$1282	$1204	$1149	$1109	$1080
	After Inflation	$1697	$699	$504	$377	$288	$224	$177	$140

About This Chart

- **Always plan for the nasty bite of inflation.** The red numbers represent the inflation adjusted value of

900 S. Frontage Road – Suite 375; Woodridge, IL 60517
Tel (630) 985-9700 ● Fax (630) 985-9701 ● email: insure@cginsag.com ● www.cginsag.com

the weekly income at the end of the period using a 4% annual inflation factor. For example, if you have $100,000 of life insurance, the weekly income for the first twenty years is $158. But, by the end of the twenty year period, that $158 is really only worth $70 due to the severe effects of inflation. I remember the first new car my wife and I bought was a 1973 Pontiac Firebird. It cost $3,400. That was a lot of money in 1973, but today you could spend that much on a plasma TV. What does a new car cost today…$20,000; $35,000; $50,000…? In 1980 a first class stamp cost $.15, and a gallon of gas was $1.19.

- Your family invests the entire life insurance payout, and does not use it to pay off any bills or debt.
- The investment receives a 5% annual before tax return.
- They receive the money in equal distributions until it runs out.
- The numbers do not include depletion from taxes. The lump sum death benefit is not subject to income taxes, but the growth of the investment each year will be taxed.

So Again, I Ask You.

Do You REALLY Have Enough Life Insurance?

You Provide For Your Loved Ones While Alive…

You Can Provide For Them When You're Gone

Protecting Your Family Is Quick, Easy, And Affordable

Call 630-985-9700 TODAY To Discuss Your Life Insurance

In About 30 Seconds

We Can Obtain Quotes With Just About Every Insurance Company

So You'll Know You're Getting The Absolute Best Price

BBB ACCREDITED BUSINESS

900 S. Frontage Road – Suite 375; Woodridge, IL 60517
Tel (630) 985-9700 ● Fax (630) 985-9701 ● email: insure@cginsag.com ● www.cginsag.com