

## Section I

### How Much Life Insurance Do I Need?

There are many ways to determine how much life insurance may be appropriate to provide your family. One way is to focus on how much money would be necessary to replace your monthly income in the case of an unfortunate event. This allows you to determine how much your life insurance provides for those most important to you, by focusing on the total amount of coverage needed to provide income that your family could use monthly to supplement lost household income.

By providing your family with a monthly income in your absence, they may still be able to keep the lifestyle they have grown accustomed to and cover any other obligations your monthly income may now cover.

Simple Steps:

1. What is your monthly income?
  2. How much of your income do you want to provide for your family in the event something happens to you?
  3. How long would your family need this income in the event something happens to you?
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## Section II

### Your Insurance Portfolio Allocation (The right mix)

8 questions - Agree or Disagree

While determining the right amount of life insurance is a challenge for most people, deciding which type of policy can be even more confusing. In fact, half of American households (58 million) readily admit they currently don't have adequate life insurance coverage – the highest level ever.

Some people feel they need life insurance for a certain period of time – just long enough to meet their responsibilities for those who depend on them. This is typically done with term insurance.

Others, however, recognize that owning some form of life insurance for their entire lives can provide them with added security and flexibility as they prepare for life's responsibilities. This is typically done with permanent life insurance.

The Life's Choices will present you with the opportunity to share your feelings and attitudes and provide you with guidance in choosing the appropriate type and amount of insurance. Many people find their objectives are best met with a combination of term insurance and permanent insurance.

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## Section III

### Your Permanent Insurance Allocation (The right type of permanent policy)

6 questions - Strongly Agree to Strongly Disagree

Many people find that owning some term insurance is an effective way to protect their families and others who depend on them, particularly for the short-term.

Many of these same people, however, also want the long-term protection and flexibility of permanent insurance but are unsure as to which type is most suitable for their situation.

The most appropriate type of permanent insurance for you is based on your preferences and attitudes toward a range of factors such as risk preference, flexibility, guarantees and your retirement and legacy objectives.

Life's Choices will present you with the opportunity to share your feelings and attitudes, and provide you with the guidance regarding which product best suits your needs based on your situation. Your financial professional will help you understand the features and benefits of the options that are available.

## Section I

### How Much Life Insurance Do I Need?

The amount of life insurance needed is based on how much of your monthly income you wish to provide to your family and how long you want to provide it, if you aren't there to earn it.

Instructions for Life's Choices Income Simplifier.

Determine your monthly income, the amount you wish to protect and how many years you wish to protect it. For protected monthly income levels and a duration of years protected other than what's shown – we can develop a customized report.

**Step 1** What is your monthly income? \$ \_\_\_\_\_

**Step 2** How much of this income do you want to provide for your family in the event something happens to you? \$ \_\_\_\_\_

**Step 3** How long would your family need this income in the event something happens to you? \_\_\_\_\_ years

**Step 4** Use Life's Choices Income Simplifier Chart to determine how much life insurance you would want to provide to your family in the event that something happens to you.

**Step 5** Determine the amount of additional life insurance you may need today. \$ \_\_\_\_\_

Life Insurance Needed (Step 5 figure) \$ \_\_\_\_\_

– (Minus)

Current Life Insurance Coverage \$ \_\_\_\_\_

= (Equals)

Additional Life Insurance Needed Today \$ \_\_\_\_\_

Amount of Protected Monthly Income	Years Protected						
	10 years	15 years	20 years	25 years	30 years	35 years	40 years
\$2,000	\$197,540	\$270,384	\$330,044	\$378,905	\$418,922	\$451,697	\$478,539
\$3,000	\$296,311	\$405,576	\$495,066	\$568,357	\$628,384	\$677,545	\$717,809
\$4,000	\$395,081	\$540,769	\$660,087	\$757,810	\$837,845	\$903,394	\$957,079
\$5,000	\$493,851	\$675,961	\$825,109	\$947,262	\$1,047,306	\$1,129,242	\$1,196,348
\$6,000	\$592,621	\$811,153	\$990,131	\$1,136,715	\$1,256,767	\$1,355,091	\$1,435,618
\$7,000	\$691,391	\$946,345	\$1,155,153	\$1,326,167	\$1,466,229	\$1,580,939	\$1,674,888
\$8,000	\$790,161	\$1,081,537	\$1,320,175	\$1,515,620	\$1,675,690	\$1,806,788	\$1,914,157
\$9,000	\$888,932	\$1,216,729	\$1,485,197	\$1,705,072	\$1,885,151	\$2,032,636	\$2,153,427
\$10,000	\$987,702	\$1,351,921	\$1,650,219	\$1,894,525	\$2,094,612	\$2,258,485	\$2,392,697
\$15,000	\$1,481,553	\$2,027,882	\$2,475,328	\$2,841,787	\$3,141,919	\$3,387,727	\$3,589,045
\$20,000	\$1,975,403	\$2,703,843	\$3,300,437	\$3,789,050	\$4,189,225	\$4,516,969	\$4,785,393
\$25,000	\$2,469,254	\$3,379,804	\$4,125,546	\$4,736,312	\$5,236,531	\$5,646,212	\$5,981,742
\$35,000	\$3,456,956	\$4,731,725	\$5,775,765	\$6,630,837	\$7,331,143	\$7,904,697	\$8,374,438
\$40,000	\$3,950,807	\$5,407,686	\$6,600,874	\$7,578,099	\$8,378,450	\$9,033,393	\$9,570,787
\$45,000	\$4,444,658	\$6,083,647	\$7,425,984	\$8,525,362	\$9,425,756	\$10,163,181	\$10,767,135
\$50,000	\$4,938,509	\$6,759,607	\$8,251,093	\$9,472,624	\$10,473,062	\$11,292,424	\$11,963,484

Values in this table represent the present value of a future income stream and are based on a hypothetical rate of return of 4%. If the rate of return were higher or lower, a different value would result.

## Section II

### Insurance Portfolio Allocation

1. The idea of leaving an inheritance is important to me - either for my family or a charitable organization. I would want to do this in an efficient manner.

Agree  
 Disagree

2. In the future, my adult children and/or parents may rely on me for Financial support. I want to make sure my life insurance policy is there if they need it.

Agree  
 Disagree

3. I would prefer the least expensive type of insurance, even though my benefits may expire at some point in the future.

Agree  
 Disagree

4. I only want life insurance for a limited period of time (e.g. until my mortgage is paid, children finish college, or other financial obligations are met).

Agree  
 Disagree

5. If I die prior to my spouse during retirement, I want to ensure he or she receives a life insurance death benefit.

Agree  
 Disagree

6. If I were to die during my working years, I would want my family to receive a life insurance death benefit that would replace my income.

Agree  
 Disagree

7. Regardless of how long I may live, it's important for me to have my life insurance in place when I die.

Agree  
 Disagree

8. I don't want to commit to permanent insurance today; however, I'd like to have the right to convert term coverage into permanent coverage in the future should my situation change without having to undergo additional medical screening.

Agree  
 Disagree

#### Instructions:

Circle your answers from Section II in the table below. Add the scores to determine the type of policy or policies that should be considered based on your situation - your insurance portfolio allocation score.

Question	Agree	Disagree	Score
1.	1	0	
2.	1	0	
3.	0	1	
4.	0	1	
5.	1	0	
6.	0	1	
7.	1	0	
8.	0	1	

Insurance Portfolio Allocation Score \_\_\_\_\_

#### 0 Points = 100% Term

Clearly you're concerned about those who depend on you; however, today you feel you want coverage for a limited time. Based on your answers, a term life insurance policy with the option of future conversion should be considered. The next section will help you understand which permanent policy you may want to consider converting to in the future.

#### 1-2 Points = 75% Term / 25% Permanent

You recognize the importance of owning life insurance throughout your entire life; however, you also acknowledge that your biggest concern is protecting those who depend on you during your working years. Life insurance products with mostly term insurance and a small amount of permanent insurance should be considered based on your answers.

#### 3-5 Points = 50% Term / 50% Permanent

Your answers show that you appreciate both the benefits of permanent and term insurance. Life insurance products consisting of equal amounts of term and permanent protection should be considered based on your answers.

#### 6-7 Points = 25% Term / 75% Permanent

Protecting those who depend on you for your entire lifetime - regardless of how long you may live - is most important to you. Your preferences indicate that life insurance products consisting mostly of permanent insurance should be considered based on your answers.

#### 8 Points = 100% Permanent

You want lifetime protection, to leave a legacy and protect your spouse's retirement income. A permanent policy should be considered based on your answers.

## Section III

### Permanent Insurance Allocation

1. I prefer the guarantee of knowing exactly what my insurance policy premium and death benefit will be, even though I may not be able to change it in the future.

- Strongly Agree  
 Agree  
 Unsure  
 Disagree  
 Strongly Disagree

2. I would like to have the flexibility to increase or decrease my premium payment, even though doing so may have an impact on my policy's performance and guarantees (if applicable).

- Strongly Agree  
 Agree  
 Unsure  
 Disagree  
 Strongly Disagree

3. I would like my life insurance policy cash value to grow and eventually be worth more than the cumulative premiums that I've paid, even though it may require a higher initial premium outlay.

- Strongly Agree  
 Agree  
 Unsure  
 Disagree  
 Strongly Disagree

4. It's important to me to find additional ways to set money aside on a tax-deferred basis to help meet my long term retirement goals if necessary.

- Strongly Agree  
 Agree  
 Unsure  
 Disagree  
 Strongly Disagree

5. I prefer the type of policy that has cash value. I would like to know that my policy cash value is guaranteed regardless of the future performance of interest rates and stock markets.

- Strongly Agree  
 Agree  
 Unsure  
 Disagree  
 Strongly Disagree

6. I prefer the type of policy that has cash value. I am willing to accept some risk for more potential policy cash value growth. I understand, however, that a declining market may require additional premium in the future to keep my policy in place and that the performance of the policy may be better or worse than illustrated.

- Strongly Agree  
 Agree  
 Unsure  
 Disagree  
 Strongly Disagree

#### Instructions:

Circle your answers from Section III in the table below. Add the scores to determine the type of permanent policy that should be considered for the permanent portion of your portfolio.

Question	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree	Score
1.	12	11	10	13	14	
2.	15	14	10	12	12	
3.	12	11	7	5	0	
4.	12	11	9	7	0	
5.	12	11	10	9	8	
6.	20	13	11	10	9	

Insurance Portfolio Allocation Score \_\_\_\_\_

#### Below 59 Points:

Your answers show that you favor guaranteed death benefit protection over the potential for cash value growth. You should discuss with your financial professional whether universal life insurance with secondary guarantees should be considered based on your situation.

#### 59-62 Points:

Your answers show that you generally prefer guaranteed death benefit protection, yet you may want to consider a policy that has some element of cash value growth. Working with your financial professional, you should consider universal life or whole life insurance to determine what policy best fits your situation.

#### 63-67 Points:

Your answers show that you prefer a policy that has both guaranteed death benefit protection as well as a guaranteed form of cash value growth. You should discuss with your financial professional how whole or universal life insurance should be considered based on your situation.

#### 68-72 Points:

You said you would prefer a policy with the potential for cash value growth, yet you also may be unsure about taking risks with your policy values. Working with your financial professional, you should consider either whole life or index universal life or maybe a combination of both. You can discuss the potential risks, benefits and crediting options available with index universal life policies to determine what crediting option is best for you and if it is right for your situation.

#### Over 72 Points:

You clearly prefer a policy that has cash value with the potential for growth associated with the stock market. Working with your financial professional, you should discuss the potential risk, benefits and crediting options available with an indexed universal life policy.