

# **Survivor Needs Analysis**

## **Introduction**

In the accompanying material, you will find an analysis of your financial goals for your family compared to the assets/benefits that you have indicated are available to meet those goals.

The report is in four parts:

1. A summary of the analysis;
2. A review of financial goals;
3. A review of expected assets/benefits;
4. Survivor needs analysis calculations.

The precision of the analysis is dependent upon the accuracy of the financial data utilized. You should be certain that all the data is an accurate reflection of your economic expectations.

The analysis draws very important conclusions that you must review in conjunction with your overall financial planning. If the expected assets/benefits are not sufficient to meet your financial goals, this will be reflected in the report and a course of action will be recommended to you. On the other hand, if the expected assets/benefits are adequate to meet your financial goals, you will be advised of this.

It is important to remember that what is presented in the study is only a current "snapshot" of your financial picture. Some of the premises and conditions on which the calculations are based may change. You should arrange for an annual review to evaluate the consequences of modifications to the assumptions. Following this procedure assures that you will have timely access to this critically important planning information.

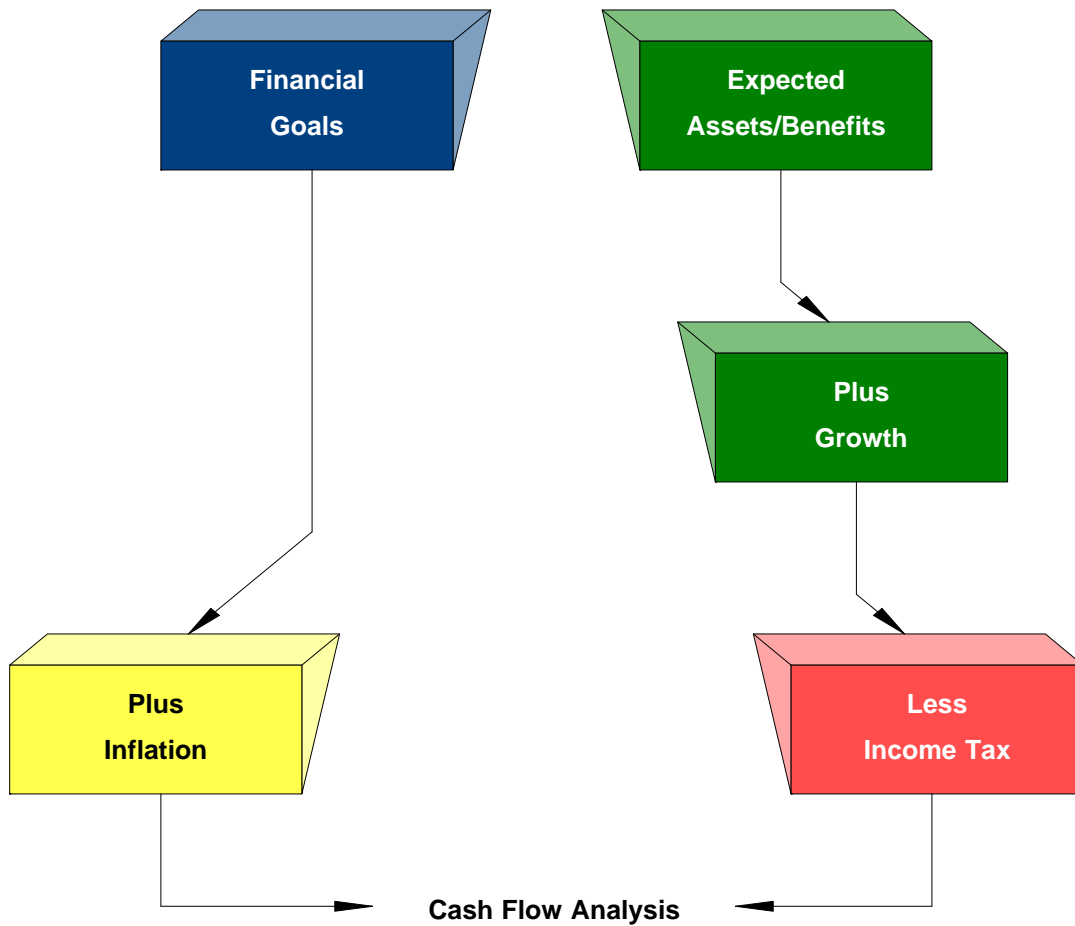
# Survivor Needs Analysis

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For: Tom and Kristin Scott

## Flow Chart Analysis



# Summary of Survivor Needs Analysis

Summary Page: 1

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For: Tom and Kristin Scott

Date: [Current date appears here]

	First Year	Total for All Years
<b>Financial Goals</b>		
For Final Expenses	20,000	20,000
For Mortgages	190,000	190,000
For an Emergency Fund	25,000	25,000
For Education	0	566,882
For Family Income	30,900	574,706
Upgrade Home	25,000	25,000
Legacy at Age 25 for Daisy	0	50,000
Legacy at Age 25 for Jody	0	50,000
	\$290,900	\$1,501,588
<b>Expected Assets/Benefits</b>		
Liquid Assets*	285,000	285,000
Social Security - Adj. for Cost of Living @ 3.00%	39,716	457,250
	\$324,716	\$742,250

\*Cash and cash equivalents of \$285,000.

## Conclusion and Recommendation

We have compared the year-by-year relationship between your financial goals and expected assets/benefits.

Based on your assumptions, your expected assets/benefits are not sufficient to meet all of your financial goals. For you to eliminate this shortfall, you should secure additional life insurance in the amount of \$497,009.

# A Review of Financial Goals Desired

Financial Goals Page: 1  
Date: [Current date appears here]

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For: Tom and Kristin Scott

Year Following Death	(1) Immediate Cash Needs*	(2) For Education	(3) For Family Income	(4) Upgrade Home	(5) Legacy at Age 25 for Daisy	(6) Legacy at Age 25 for Jody	(7) Financial Goals Desired
1	235,000	0	30,900	25,000	0	0	290,900
2	0	0	31,827	0	0	0	31,827
3	0	0	32,782	0	0	0	32,782
4	0	0	33,765	0	0	0	33,765
5	0	0	34,778	0	0	0	34,778
6	0	0	35,822	0	0	0	35,822
7	0	0	36,896	0	0	0	36,896
8	0	41,057	38,003	0	0	0	79,060
9	0	42,699	39,143	0	0	0	81,842
10	0	88,815	40,317	0	0	0	129,132
11	0	92,367	41,527	0	0	0	133,894
12	0	96,062	42,773	0	0	0	138,835
13	0	99,904	44,056	0	0	0	143,960
14	0	51,950	45,378	0	0	0	97,328
15	0	54,028	46,739	0	0	0	100,767
16	0	0	0	0	50,000	0	50,000
17	0	0	0	0	0	0	0
18	0	0	0	0	0	50,000	50,000
	235,000	566,882	574,706	25,000	50,000	50,000	1,501,588

Column (2) includes a cost of living adjustment of 4.00%.  
Column (3) includes a cost of living adjustment of 3.00%.

\*Immediate Cash Needs include:  
\$20,000 for Final Expenses  
\$190,000 for Mortgages  
\$25,000 for an Emergency Fund

# A Review of Expected Assets/Benefits

Expected Assets/Benefits Page: 1  
Date: [Current date appears here]

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For: Tom and Kristin Scott

Year Following Death	(1) Liquid Assets*	(2) After Tax Income from Social Security	(3) Expected Assets and Benefits
1	285,000	39,716	324,716
2	0	41,856	41,856
3	0	44,405	44,405
4	0	47,109	47,109
5	0	49,977	49,977
6	0	53,022	53,022
7	0	56,251	56,251
8	0	59,676	59,676
9	0	31,655	31,655
10	0	33,583	33,583
11	0	0	0
12	0	0	0
13	0	0	0
14	0	0	0
15	0	0	0
16	0	0	0
17	0	0	0
18	0	0	0
	285,000	457,250	742,250

\*Cash and cash equivalents of \$285,000.

Column (2) includes a cost of living adjustment of 3.00%.

## Survivor Needs Analysis Calculations

Calculations Page: 1

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For: Tom and Kristin Scott

Date: [Current date appears here]

Survivor's Assumed Tax Bracket 35.00%	Survivor's Assumed Asset Interest Rate 5.00%	Total Cash Flow Required 759,338	Additional Asset Required <b>497,009</b>
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Year Following Death	Cash Flow Analysis			Asset Activity Required		
	(1)	(2)	(3)	(4)	(5)	(6)
Financial Goals Desired	- Expected Assets and Benefits	= Annual Cash Flow Required	Balance in Additional Asset*	Balance in Additional Asset to Accrue (4) - (3)	Year End After Tax Accrual Value of Add'l Asset	
1	290,900	324,716	-33,816	497,009	530,825	548,077
2	31,827	41,856	-10,029	548,077	558,106	576,244
3	32,782	44,405	-11,623	576,244	587,867	606,973
4	33,765	47,109	-13,344	606,973	620,317	640,477
5	34,778	49,977	-15,199	640,477	655,676	676,986
6	35,822	53,022	-17,200	676,986	694,186	716,747
7	36,896	56,251	-19,355	716,747	736,102	760,025
8	79,060	59,676	19,384	760,025	740,641	764,712
9	81,842	31,655	50,187	764,712	714,525	737,747
10	129,132	33,583	95,549	737,747	642,198	663,070
11	133,894	0	133,894	663,070	529,176	546,374
12	138,835	0	138,835	546,374	407,539	420,784
13	143,960	0	143,960	420,784	276,824	285,821
14	97,328	0	97,328	285,821	188,493	194,619
15	100,767	0	100,767	194,619	93,852	96,902
16	50,000	0	50,000	96,902	46,902	48,426
17	0	0	0	48,426	48,426	50,000
18	50,000	0	50,000	50,000	0	0
	1,501,588	742,250	759,338			

This table shows escrow calculations (columns 4, 5, 6) necessary to generate the cash flow shown in column (3).

Calculation formulas are:

Column (5) = column (4) minus column (3)

Column (6) = column (5) plus after tax interest credit

\*The source of the beginning balance shown in this column is either the allocation of other assets made available or the assumed proceeds of the recommended additional life insurance.

### 18 Year Residual Value Summary

Column (6) residual value	\$0
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The above calculations are based on financial data and assumptions furnished by the client.

# Survivor Needs Analysis

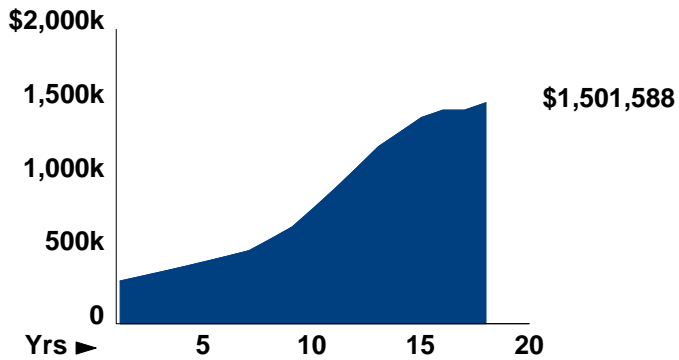
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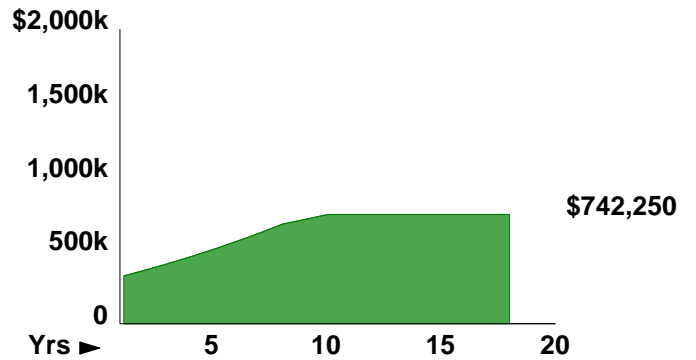
For: Tom and Kristin Scott

## 18 Year Graphic Analysis

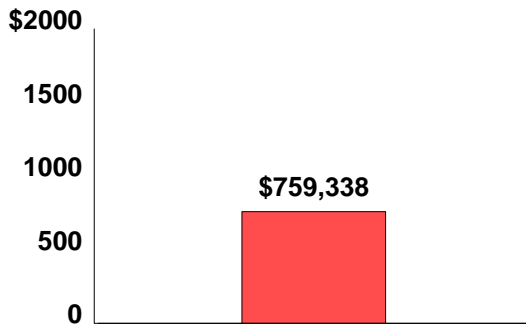
**Cumulative  
Financial Goals**



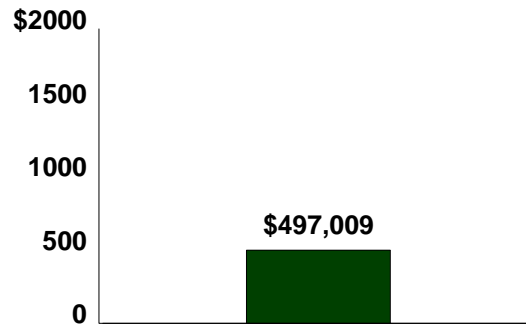
**Cumulative Expected  
Assets/Benefits**



**Cash Flow Shortfall  
Over 18 Years**



**Life Insurance Needed  
to Eliminate Shortfall <sup>1</sup>**



<sup>1</sup> Life insurance needed is a function of cash flow shortfall adjusted for time/use of money.

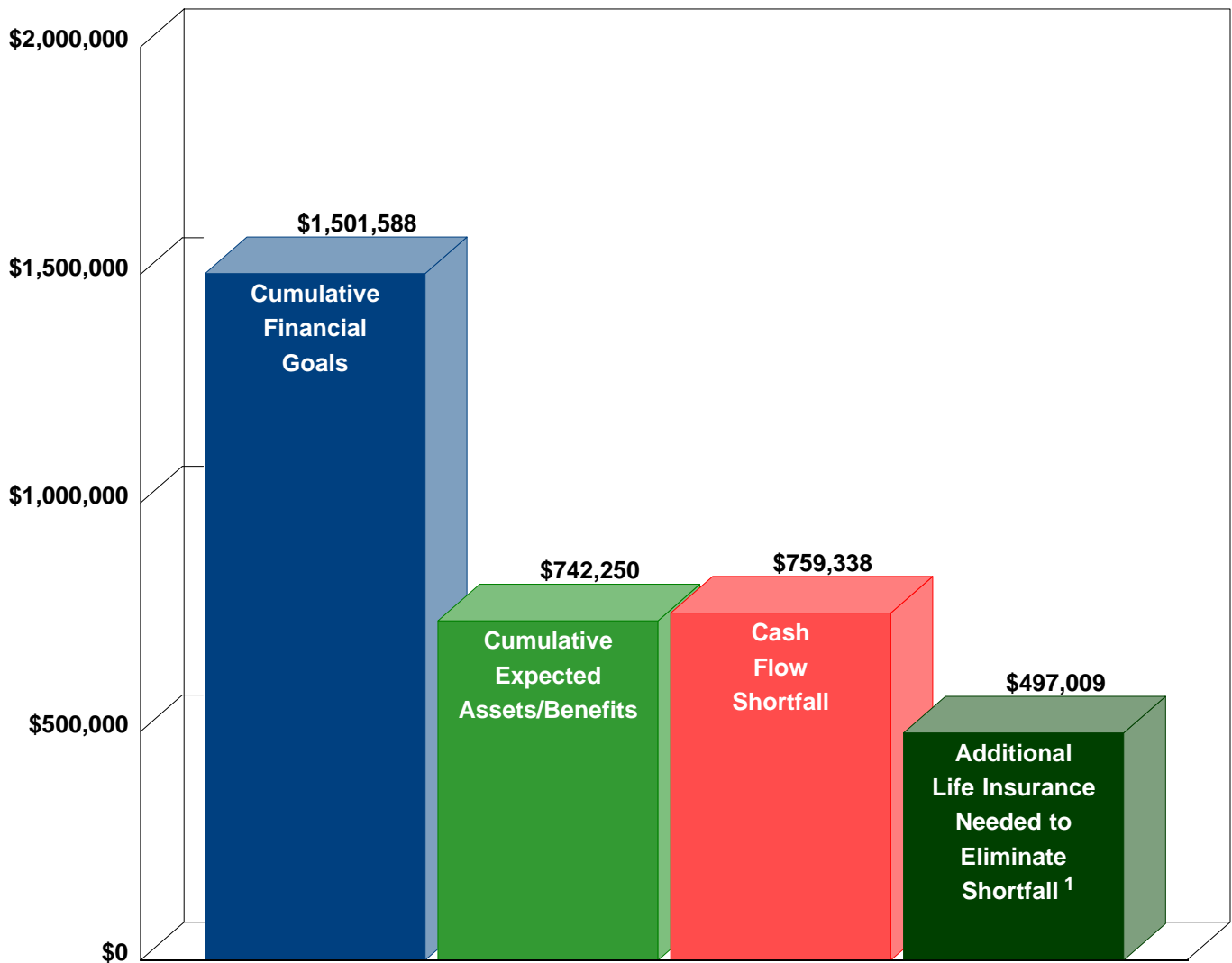
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## 18 Year Graphic Analysis



<sup>1</sup> Life insurance needed is a function of cash flow shortfall adjusted for time/use of money.