

Protecting Your Family's Future: A Survivor Needs Review

If something happens to you, how will your family replace your earning power?



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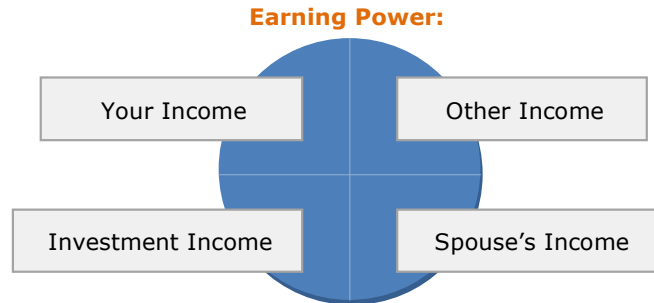
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Your Earning Power

Your earning power – your ability to earn an income – is your most valuable asset.

Few people realize that a 30-year-old couple will earn 3.5 million dollars by age 65 if their total family income averages \$100,000 for their entire careers, without any raises.



How Much Will You Earn in a Lifetime?

Years to Age 65	Your Future Earning Power If Your Family Income Averages:			
	\$50,000	\$100,000	\$250,000	\$500,000
40	\$2,000,000	\$4,000,000	\$10,000,000	\$20,000,000
35	1,750,000	3,500,000	8,750,000	17,500,000
30	1,500,000	3,000,000	7,500,000	15,000,000
25	1,250,000	2,500,000	6,250,000	12,500,000
20	1,000,000	2,000,000	5,000,000	10,000,000
15	750,000	1,500,000	3,750,000	7,500,000
10	500,000	1,000,000	2,500,000	5,000,000
5	250,000	500,000	1,250,000	2,500,000

If something happens to you, how will your family replace your earning power?

Important Facts about Social Security Survivor Benefits

Here Are Some Important Facts About Social Security Survivor Benefits:

- The Social Security survivor benefit your family receives is **based on your earnings history at the time of your death and is limited to a maximum family benefit.**
- Your surviving spouse **can receive benefits at any age if she or he takes care of your child who is receiving Social Security benefits and is younger than age 16 or disabled.**

- Your unmarried children **who are younger than 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**
- Your surviving spouse **may be able to receive full benefits at full retirement age.** The full retirement age for survivors is age 66 for people born in 1945-1956 and will gradually increase to age 67 for people born in 1962 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.**
- **The period during which your surviving spouse is not eligible to receive survivor benefits is commonly referred to as the “blackout period.”**

Capital Needed to Replace Earning Power

Of all the assets we own, our earning power is the most valuable!

How much capital would it take to replace your earning power?

Monthly Income	Annual Income	Assumed Interest Rate		
		4%	6%	8%
\$ 1,000	\$ 12,000	\$ 300,000	\$ 200,000	\$ 150,000
1,500	18,000	450,000	300,000	225,000
2,000	24,000	600,000	400,000	300,000
2,500	30,000	750,000	500,000	375,000
3,000	36,000	900,000	600,000	450,000
4,000	48,000	1,200,000	800,000	600,000
5,000	60,000	1,500,000	1,000,000	750,000
6,000	72,000	1,800,000	1,200,000	900,000
7,000	84,000	2,100,000	1,400,000	1,050,000
8,000	96,000	2,400,000	1,600,000	1,200,000
9,000	108,000	2,700,000	1,800,000	1,350,000
10,000	120,000	3,000,000	2,000,000	1,500,000
12,000	144,000	3,600,000	2,400,000	1,800,000
15,000	180,000	4,500,000	3,000,000	2,250,000
20,000	240,000	6,000,000	4,000,000	3,000,000

This example is based on the capital retention method, which uses interest return only to provide income. Principal is not liquidated and remains available.

This is a hypothetical illustration only and is not indicative of any particular investment or investment performance. It does not reflect the fees and expenses associated with any particular investment, which would reduce the performance shown in this hypothetical illustration if they were included. In addition, rates of return will vary over time, particularly for long-term investments.

Other Cash Needs at Death

What Other Cash Needs May Arise at Death?

In addition to protecting their earning power, most people want to provide the funds necessary to meet certain other needs that arise at death.

These cash needs can include:

Final Expenses

How will your family raise the cash to cover the immediate expenses that arise at death, such as medical and funeral expenses, debt liquidation, estate settlement costs, federal and state death taxes and any bequests?

Housing

Do you want to enable your family to stay in their own home by liquidating the mortgage, or do you want to provide a rent payment fund?

Education

Do you want your children to benefit from a college or vocational education?

Emergencies

Will your surviving spouse be able to pay for large, unexpected expenses, such as auto or home repairs, from income?

Personal Services

Will new expenses related to child care, household duties or home and yard maintenance be created at your death?

A Potential Solution Using Life Insurance

While life insurance cannot replace you, it can be used to replace all or a portion of your earning power.

At your death, life insurance proceeds can be used to:

- pay the cash needs that arise at death.
- maintain your family's income and standard of living.
- help finance a child's education.
- make your financial goals for your family a reality.

Should you live, life insurance cash values can provide:

- a source of funds for emergencies or financial opportunities.
- assistance in financing a child's education.
- a supplement to other sources of retirement income.
- tax-deferred asset growth.

NOTE: Withdrawals and loans will reduce the policy's death benefit and cash value available for use.

Survivor Needs Action Checklist

The Analysis...

- Identify cash needs that will arise at death.
- Analyze income needs and sources at death.
- Determine additional capital required to provide for cash and unmet income needs at death.

To Implement a Life Insurance Plan...

- Select type and amount of life insurance coverage.
- Establish insurability.
- Arrange for payment of premiums.

You Can Manage Your Finances...

*It's by managing your finances that you write the story of your life.
You are both the author and the story's principal character.
Resolve to perform what you ought.*

-- Benjamin Franklin

Important Information

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