



April 20, 2004



*"Plan for life as if you would live forever, plan for death as if you would die tomorrow."*

# Survivor Income Needs

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# Survivor Income Needs

## Introduction

Prepared for: John and Elizabeth Snyder

Presented by: Larry Gooden, ChFC, CLU

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### Your Greatest Asset

Your ability to earn an income is one of your greatest assets. This income is spent on maintaining the standard of living to which you are accustomed.

In the event of your death, your future earnings would be lost forever. The loss of future earnings would have a great impact on your finances in the following areas:

- Standard of living
- Education opportunities
- Dependent needs
- Liability payments
- Long-term financial well-being

John		Elizabeth
\$50,000	salary	\$50,000
28	years	30
3.0%	raises	3.0%
<b>\$2,099,926</b>		<b>\$2,320,228</b>

### YOUR PAYCHECK



equals

### YOUR STANDARD OF LIVING



### Death is a Certainty, Plan on it.

Death is a certainty each one of us must face.

However, the financial risk associated with death is a risk we can eliminate through planning and a relatively small financial commitment.

Our analysis is designed to assess the risks that you face and evaluate what you can do to minimize those risks over the long term.

# Survivor Income Needs

## Your Current Situation

Prepared for: **John and Elizabeth Snyder**  
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### Why You Need Planning

Planning to meet the financial needs of your survivors is one of the most important and fundamental steps in creating a sound financial plan for you and your family.

When we compare our survivors' needs to the total resources we can provide at death, most of us will find a shortfall. A shortfall situation means that our survivors will be left with the choice of either finding additional resources that we have not been able to identify, or do without many of the financial needs that you hope to cover.

### Your Objectives

Desired Annual Spending	First Spending Period		Subsequent Spending Period	
	Desired Spending (\$)	For How Long (yrs)	Desired Spending (\$)	For How Long (yrs)
For Survivors of John	\$80,000	20	\$60,000	30
For Survivors of Elizabeth	\$80,000	20	\$60,000	30

Marital Status  
 Portfolio Before-Tax Return  
 Average Tax Rate  
 Estimated Inflation Rate  
 Funeral & Related Costs  
 Estate and Administrative Expenses

Y
8.0%
25.0%
3.0%
\$10,000
\$0

### Results

Your Survivor Needs Summary	Total Immediate Surplus / (Shortfall)	Total Survivor Income Surplus / (Shortfall)	Net Surplus or (Shortfall) (=)
For Survivors of John	\$167,813	-\$720,250	-\$552,437
For Survivors of Elizabeth	\$167,813	-\$760,666	-\$592,853

### Timely Solutions

Life insurance is uniquely suited for covering financial needs created upon ones death. It is a means of sharing the financial risk of premature death with many, many others who have similar concerns.

You pay a relatively small premium to an insurance company in exchange for the promise of the life insurer to pay your beneficiaries a specified death benefit in the event of your death. A financial need that arises from your death can be eliminated by a financial resource that is created upon your death.



# Survivor Income Needs

## Results (present value view)

Prepared for: John and Elizabeth Snyder  
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### Summary of Results in the Event of John's Death

By undertaking proper life insurance planning, you can provide income for your survivors, provide a hedge against possible future decline in your asset value and provide a means to retire your debts upon your death. You currently need an additional \$552,437 in life insurance coverage on John's life in order to meet your stated objectives.

#### Analysis of Immediate Needs

<b>Immediate Cash Needs</b>		<b>\$ 334,187</b>
Funeral and Related Costs		10,000
Estate and Administrative Expenses		-
Mortgages		170,000
Other Debts		17,000
Emergency Fund (6 months)		40,000
Net Education Funding Need		97,187
<b>Immediate Resources</b>		<b>\$ 502,000</b>
Existing Life Insurance		500,000
Current Cash		2,000
<b>Surplus / (Shortfall)</b>		<b>\$ 167,813</b>

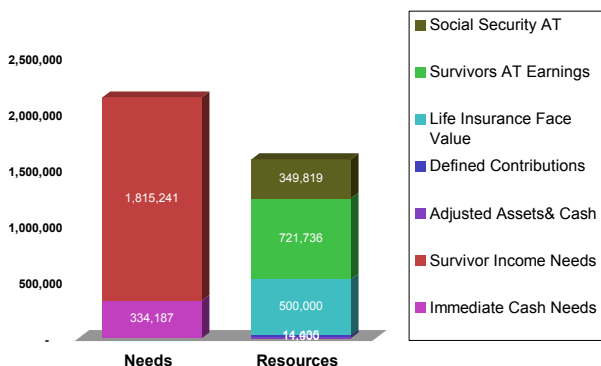
#### Analysis of Survivor Income Needs

<b>Survivor Income Needs</b>		<b>\$ 1,815,241</b>
Present value of purchasing power of \$100,000 in 2004 growing to \$410,393 in 2029 that keeps pace with inflation		
<b>Capital &amp; Other Available Resources</b>		<b>\$ 1,094,990</b>
Adjusted Assets		9,000
Defined Contribution less Taxes		14,435
Present Value of After-Tax Survivor's Earnings		721,736
Present Value of Expected Social Security Benefits		349,819
<b>Surplus / (Shortfall)</b>		<b>\$ (720,250)</b>

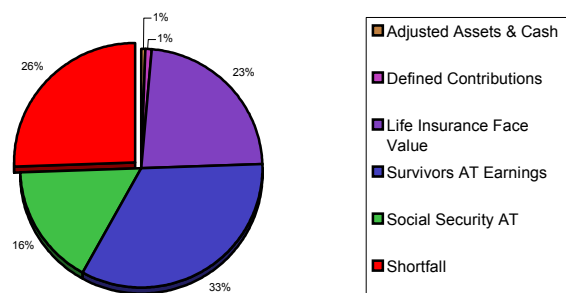
#### Summary

<b>Summary</b>		<b>\$ (552,437)</b>
Total Immediate Needs		167,813
Total Income Needs		(720,250)

Needs vs. Resources



Shortfall vs. Sources of Income



# Survivor Income Needs

## Results (annual review)

Prepared for: John and Elizabeth Snyder  
 Presented by: Larry Gooden, ChFC, CLU  
 April 20, 2004

### Summary of Results in the Event of John's Death

#### Immediate Needs:

Immediate Cash Needs	\$	334,187
Immediate Resources	\$	502,000
Surplus / (Shortfall)	\$	167,813

#### Survivor Income Needs:

Survivor Income Needs	\$	1,815,241
Survivor Capital & Other Resources	\$	1,094,990
Surplus / (Shortfall)	\$	(720,250)

**Total Combined Survivor Needs Surplus (Shortfall) \$ -552,437.**

### Annual Summary of Survivor Income Needs

(up to first 40 years of detailed cash flows)

Surviving Spouse Age	Desired Income	Personal Income	Employer Programs	Government Programs	Investment Proceeds	Surplus / (Shortfall)
35	80,000	37,500	750	27,036	9,540	-5,174
36	82,400	38,625	773	27,847	0	-15,155
37	84,872	39,784	796	28,682	0	-15,610
38	87,418	40,977	820	29,543	0	-16,078
39	90,041	42,207	844	30,429	0	-16,561
40	92,742	43,473	869	31,342	0	-17,058
41	95,524	44,777	896	32,282	0	-17,569
42	98,390	46,120	922	33,251	0	-18,096
43	101,342	47,504	950	34,248	0	-18,639
44	104,382	48,929	979	35,276	0	-19,198
45	107,513	50,397	1,008	36,334	0	-19,774
46	110,739	51,909	1,038	37,427	0	-20,365
47	114,061	53,466	1,069	38,558	0	-20,972
48	117,483	55,070	1,101	39,727	0	-21,596
49	121,007	56,722	1,134	40,934	0	-22,239
50	124,637	58,424	1,168	42,179	0	-22,902
51	128,377	60,176	1,204	43,462	0	-23,596
52	132,228	61,982	1,240	44,784	0	-24,320
53	136,195	63,841	1,277	46,145	0	-25,073
54	140,280	65,756	1,315	47,546	0	-25,857
55	144,485	67,729	1,355	48,987	0	-26,673
56	148,813	69,761	1,395	50,468	0	-27,521
57	153,267	71,854	1,437	51,989	0	-28,402
58	157,849	74,009	1,480	53,550	0	-29,317
59	162,562	76,230	1,525	55,151	0	-30,267
60	167,408	78,517	1,570	56,792	0	-31,252
61	172,390	80,872	1,617	58,473	0	-32,272
62	177,510	83,298	1,666	60,194	0	-33,327
63	182,770	85,797	1,716	61,955	0	-34,417
64	188,173	88,371	1,767	63,756	0	-35,542
65	193,721	0	0	65,597	0	-36,705
66	199,417	0	0	67,478	0	-37,908
67	205,264	0	0	69,400	0	-39,152
68	211,265	0	0	71,362	0	-40,437
69	217,424	0	0	73,365	0	-41,762
70	223,744	0	0	75,409	0	-43,127
71	230,228	0	0	77,494	0	-44,532
72	236,879	0	0	79,620	0	-46,000
73	243,699	0	0	81,787	0	-47,523
74	250,691	0	0	83,995	0	-49,092

# Survivor Income Needs

## Results (present value view)

Prepared for: John and Elizabeth Snyder  
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 April 20, 2004

### Summary of Results in the Event of Elizabeth's Death

By undertaking proper life insurance planning, you can provide income for your survivors, provide a hedge against possible future decline in your asset value and provide a means to retire your debts upon your death. You currently need an additional \$592,853 in life insurance coverage on Elizabeth's life in order to meet your stated objectives.

#### Analysis of Immediate Needs

<b>Immediate Cash Needs</b>		<b>\$ 334,187</b>
Funeral and Related Costs		10,000
Estate and Administrative Expenses		-
Mortgages		170,000
Other Debts		17,000
Emergency Fund (6 months)		40,000
Net Education Funding Need		97,187
<b>Immediate Resources</b>		<b>\$ 502,000</b>
Existing Life Insurance		500,000
Current Cash		2,000
<b>Surplus / (Shortfall)</b>		<b>\$ 167,813</b>

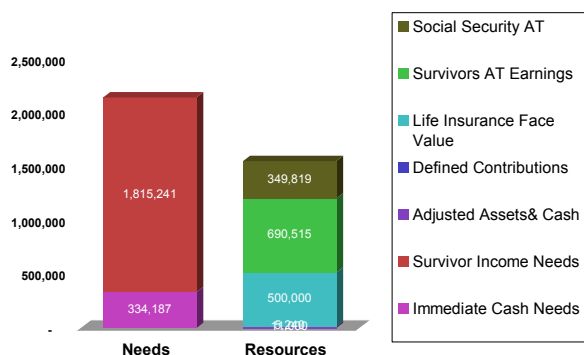
#### Analysis of Survivor Income Needs

<b>Survivor Income Needs</b>		<b>\$ 1,815,241</b>
Present value of purchasing power of \$100,000 in 2004 growing to \$410,393 in 2029 that keeps pace with inflation		1,815,241
<b>Capital &amp; Other Available Resources</b>		<b>\$ 1,054,575</b>
Adjusted Assets		9,000
Defined Contribution less Taxes		5,240
Present Value of After-Tax Survivor's Earnings		690,515
Present Value of Expected Social Security Benefits		349,819
<b>Surplus / (Shortfall)</b>		<b>\$ (760,666)</b>

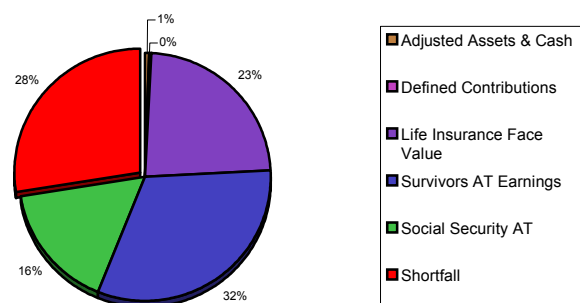
#### Summary

<b>Summary</b>		<b>\$ (592,853)</b>
Total Immediate Needs		167,813
Total Income Needs		(760,666)

Needs vs. Resources



Shortfall vs. Sources of Income



# Survivor Income Needs

## Results (annual review)

Prepared for: John and Elizabeth Snyder  
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 April 20, 2004

### Summary of Results in the Event of Elizabeth's Death

Immediate Needs:		Survivor Income Needs:	
Immediate Cash Needs	\$ 334,187	Survivor Income Needs	\$ 1,815,241
Immediate Resources	\$ 502,000	Survivor Capital & Other Resources	\$ 1,054,575
Surplus / (Shortfall)	<b>\$ 167,813</b>	Surplus / (Shortfall)	<b>\$ (760,666)</b>

**Total Combined Survivor Needs Surplus (Shortfall) \$ -592,853.**

### Annual Summary of Survivor Income Needs

(up to first 40 years of detailed cash flows)

Surviving Spouse Age	Desired Income	Personal Income	Employer Programs	Government Programs	Investment Proceeds	Surplus / (Shortfall)
37	80,000	37,500	0	27,036	9,540	-5,924
38	82,400	38,625	0	27,847	0	-15,928
39	84,872	39,784	0	28,682	0	-16,406
40	87,418	40,977	0	29,543	0	-16,898
41	90,041	42,207	0	30,429	0	-17,405
42	92,742	43,473	0	31,342	0	-17,927
43	95,524	44,777	0	32,282	0	-18,465
44	98,390	46,120	0	33,251	0	-19,019
45	101,342	47,504	0	34,248	0	-19,589
46	104,382	48,929	0	35,276	0	-20,177
47	107,513	50,397	0	36,334	0	-20,782
48	110,739	51,909	0	36,727	0	-32,103
49	114,061	53,466	0	27,368	0	-33,227
50	117,483	55,070	0	14,013	0	-48,400
51	121,007	56,722	0	14,349	0	-49,936
52	124,637	58,424	0	0	0	-66,214
53	128,377	60,176	0	0	0	-68,200
54	132,228	61,982	0	0	0	-70,246
55	136,195	63,841	0	0	0	-72,353
56	140,280	65,756	0	0	0	-74,524
57	108,367	67,729	0	0	0	-40,638
58	111,618	69,761	0	0	0	-41,857
59	114,966	71,854	0	0	0	-43,112
60	118,415	74,009	0	0	0	-44,406
61	121,968	76,230	0	0	0	-45,738
62	125,627	78,517	0	0	0	-47,110
63	129,395	80,872	0	0	0	-48,523
64	133,277	83,298	0	0	0	-49,979
65	137,276	0	1,716	0	0	-135,560
66	141,394	0	1,767	0	0	-139,627
67	145,636	0	1,820	27,961	0	-115,854
68	150,005	0	1,875	28,632	0	-119,498
69	154,505	0	1,931	29,319	0	-123,254
70	159,140	0	1,989	30,023	0	-127,128
71	163,914	0	2,049	30,744	0	-131,122
72	168,832	0	2,110	31,481	0	-135,240
73	173,897	0	2,174	32,237	0	-139,486
74	179,114	0	2,239	33,011	0	-143,864
75	184,487	0	2,306	33,803	0	-148,378
76	190,022	0	2,375	34,614	0	-153,032