

## Using life insurance for Estate Planning

# Client worksheet

### Beneficiary information

Immediate Family			
<b>You</b>	Name	Male <input type="checkbox"/> Female <input type="checkbox"/>	DOB:
<b>Married?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>		
<b>Spouse</b>	Name	Male <input type="checkbox"/> Female <input type="checkbox"/>	DOB:
<b>Children</b>	Name(s)		

<b>Address</b>			
<b>Home phone</b>		<b>Work phone</b>	
<b>Cell phone</b>		<b>Email</b>	

<b>Preferred contact method and time</b>	
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Occupation Information		
<b>Occupation</b>	You	Spouse
<b>Annual income</b>	You	Spouse

Beneficiary Concerns	
Do you have a disabled family member whom you currently support, or desire to support? You may want to consider the cost to replace physical labor you currently provide.	
Is there a family member (or members) who has the desire and ability to continue the family business? Have you considered equalizing the value of the inheritance with cash for those who do not inherit a part of the business?	
Have you or your spouse been divorced? Are you concerned about appropriate inheritances for stepchildren?	
When was the last time you updated your will?	

## Estimated tax

In 2024, the federal estate tax exemption amount is \$13.61 million, which means the first \$13.61 million of an estate is tax-free upon death. The value of an estate over \$13.61 million that is passing to beneficiaries other than your spouse would be subject to a 40% estate tax rate.<sup>1</sup> Please talk to your tax advisor about the value of your estate and how much of your estate may be subject to federal and/or state estate taxes.

### Inflation

Don't forget the effect of inflation. To fully plan for the potential estate tax, be sure to estimate the future value of your estate after inflation. For example, an estate valued at \$5 million today could be worth over \$7.7 million 15 years from now due to inflation alone, assuming a constant three percent inflation rate.

Estate Value	\$5,000,000		\$10,000,000	
	3%	5%	3%	5%
5 Years	\$5,796,370*	\$6,381,408	\$11,592,741	\$12,762,816
10 Years	\$6,719,582	\$8,144,473	\$13,439,164	\$16,288,946
15 Years	\$7,789,837	\$10,394,641	\$15,579,674	\$20,789,282

\*Calculation formula: (3% interest for 5 years) = \$5,000,000 \* (1.03)<sup>5</sup> = \$5,796,370

## Determining insurance need

Complete this portion of the worksheet to determine how much life insurance you may need as part of your estate plan.

### Immediate Money Fund/Final Expenses

This fund is for the bills presented after death, which will have to be paid.

<ul style="list-style-type: none"> <li>Medical and hospital expenses</li> <li>Burial expenses</li> </ul>	<ul style="list-style-type: none"> <li>Attorney fees</li> <li>Probate court costs</li> </ul>	\$ _____
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### Estate Taxes

Estimate a state estate tax amount.	\$ _____
Estimate a federal estate tax amount. Talk to your tax advisor to determine a precise amount.	\$ _____
Total estate tax expenses.	\$ _____

### Inheritance Equalization

If one child inherits the family business, provide other heirs with an equal value of cash inheritance.	\$ _____
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### Debt Repayment

<ul style="list-style-type: none"> <li>Credit card balances</li> <li>Auto loans</li> </ul>	<ul style="list-style-type: none"> <li>Education loans</li> <li>Home improvement loans</li> <li>Other</li> </ul>	\$ _____
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### Investment Accounts (stocks, bonds)

Investment Firm	Account Type	Ownership	Beneficiary	Value
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint		
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint		
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint		
Total				

### Retirement Accounts (401(k), pension, employee stock ownership program, etc.)

Account Name	Account Type	Ownership	Beneficiary	Value
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint		
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint		
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint		
Total				

### Real Estate (home, land, rental property)

Type of Property	Mortgage Amount	Ownership	Value
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint	
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint	
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint	
Total			

### Personal Property (household goods, collections, jewelry)

Type of Property	Description	Ownership	Value
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint	
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint	
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint	
Total			

Business Interest				
Business Name	Entity	Ownership	% Owner	Value
		<input type="checkbox"/> You <input type="checkbox"/> Spouse		
		<input type="checkbox"/> You <input type="checkbox"/> Spouse		
		<input type="checkbox"/> You <input type="checkbox"/> Spouse		
Total				

Life Insurance Death Benefits					
Insurance Company/ Policy Type	Policy Owner	Insured	Beneficiary	Loans	Face Amount (net of loans)
Total					

Other Assets			
Asset Type	Description	Ownership	Value
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint	
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint	
		<input type="checkbox"/> You <input type="checkbox"/> Spouse <input type="checkbox"/> Joint	
Total			

### Total

Total the amounts for each asset class. This is an estimated value of your estate.

<b>Grand Total</b>	
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## Income Replacement (Spouse)

Will a spouse need to replace lost income?  
 Lump sum needed upon death of \_\_\_\_\_: \$ \_\_\_\_\_

To estimate amount needed for annual distribution, the following formula may be used as a guide:

Spouse age < 40:	Annual Income x 20 =	\$ _____
Spouse age 40 – 50:	Annual Income x 15 =	\$ _____
Spouse age > 50:	Annual Income x 10 =	\$ _____

## Mortgage

Will a family member continue to live in the family home? Will family members continue to use vacation properties? If so, enter the amount needed to pay off any mortgages.	\$ _____
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## Child/Home Care

<ul style="list-style-type: none"> <li>Childcare expenses</li> <li>Funding for a disabled child</li> </ul>	\$ _____
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## Education Funding

The cost of a four-year undergraduate education or comparable vocational training will vary by state and type of school.	\$ _____
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## Total

Total of rows above	\$ _____
Less existing life insurance	– \$ _____
Total (or additional) life insurance needed	\$ _____

1. Source: <https://www.irs.gov/businesses/small-businesses-self-employed/whats-new-estate-and-gift-tax>

Neither North American Company nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

The primary purpose of life insurance is to provide a death benefit to beneficiaries. Because of the uncertainty surrounding all funding options except savings, it is critical to make personal savings the cornerstone of your college funding program. However, even a well-conceived savings plan can be vulnerable. Should you die prematurely, your savings plan could come to an abrupt end.

To protect against this unexpected event, life insurance may be the only vehicle that can help assure the completion of a funding plan. In addition to the financial protection aspect of insurance, the tax-deferred buildup of cash values can be part of your college savings plan. Generally, if the policy is not a Modified Endowment Contract then tax-free withdrawals can be made up to the contract's cost basis. Moreover, if the policy is not a Modified Endowment Contract, then loans in excess of the cost basis are also tax free as long as the policy remains in force.

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