A SHORT VERSION OF A FINANCIAL NEEDS ANALYSIS

This work sheet will help you to estimate how much your estate would be worth if you were to die today, what income flow it can generate and what other sources of income are available to your survivors.

[A] Estimating the Income-Producing Assets of Your Estate

ASSETS

Add

Life insurance (including employer-provided)			
Savings, cash			
Investments			
RRSPs			
Other			
Total		$ 0.00	[1]

LIABILITIES

Add

Final expenses			
Outstanding uninsured debts (mortgages if not insured, credit card balances, income taxes, etc.)			
Total		$ 0.00	[2]
Subtract Liabilities from Assets		$ 0.00	[A]

[B] Determining Income Needs

Monthly income needs			[3]
Available income			
From estate (multiply A by 0.00225, see note below)			
From C/QPP or other pension			
From employment			
Other			
Total		$ 0.00	[4]
Find difference between [3] and [4]. If income needs exceed available income, proceed to Step [C].		$ 0.00	[B]

[C] Calculating Capital Needs

Multiply monthly income shortfall [B] by 12 to determine annual shortfall.	$ 0.00	[5]
Divide [5] by assumed net after-tax interest rate (e.g., 2.7 per cent), as in Step [B] to determine **Additional Capital Required** to meet your survivors' income needs.	$ 0.00	[C]

Note: As an illustration, assume that the income-producing assets of your estate could earn a gross return of 4.5 per cent a year. This equates to a net after-tax annual interest rate of approximately 2.7 per cent. Using this assumed net interest rate, each $1,000 in your estate will provide an income of approximately $27 a year, or $2.25 a month.

The income earned will rise and fall with interest rates, and will be affected by your actual tax rate.