

# Financial Strategies

*Assignment: Confidential Survey*

**PERSON A** (First/Middle/Last) \_\_\_\_\_ Birth date \_\_\_\_/\_\_\_\_/\_\_\_\_ Sex \_\_\_\_\_

Do you contribute to Social Security  Yes  No

**PERSON B** (First/Middle/Last) \_\_\_\_\_ Birth date \_\_\_\_/\_\_\_\_/\_\_\_\_ Sex \_\_\_\_\_

Do you contribute to Social Security?  Yes  No

Is Person A married to Person B?  Yes  No

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_ Zip \_\_\_\_\_

## **PERSON A**

Occupation/Title \_\_\_\_\_

Employer \_\_\_\_\_

## **PERSON B**

Occupation/Title \_\_\_\_\_

Employer \_\_\_\_\_

If we have questions, how would you prefer to be contacted?

	<b>Person A</b>	<b>Person B</b>
Home Phone	(____) _____ - _____	(____) _____ - _____
Work Phone	(____) _____ - _____	(____) _____ - _____
Other	(____) _____ - _____	(____) _____ - _____

Dependent's name (First/Middle/Last)	Birth date
_____	____/____/____
_____	____/____/____
_____	____/____/____
_____	____/____/____

## EDUCATION GOALS

If you're interested in providing a college education fund, fill in the information below:

Name	Annual \$ cost you want to provide (in today's dollars)	No. of years before starting college	No. of years in college	Amount of money saved for this goal so far	Monthly savings amount for this goal	Average rate earned on college savings (%)
1. _____	\$ _____	_____	_____	\$ _____	\$ _____	_____ %
2. _____	\$ _____	_____	_____	\$ _____	\$ _____	_____ %
3. _____	\$ _____	_____	_____	\$ _____	\$ _____	_____ %
4. _____	\$ _____	_____	_____	\$ _____	\$ _____	_____ %
5. _____	\$ _____	_____	_____	\$ _____	\$ _____	_____ %

### AVERAGE FIXED CHARGES FOR UNDERGRADUATES, 1997-98 (WEIGHTED)

	Tuition and fees, 1997-98	Room and board, 1997-98
Four-year public	\$3,111	\$4,361
Four-year private	\$13,664	\$5,549

These are enrollment weighted averages, intended to reflect the average costs that students face in various types of institutions. Public tuition and fees are based on in-state rates. The percentage change from 96-97 rates was 5 percent.

### THE VALUE OF COLLEGE EDUCATION

#### AVERAGE EARNINGS:

With High School Diploma:	With Degree beyond High School:
<b>\$12,960</b>	<b>\$28,068</b>

Source: U.S. Census Bureau, Rosalind Bruno, Feb. 29, 1996

## PLANS FOR RETIREMENT

Most people are unsure of how much money they will need at retirement to maintain their lifestyle. When to retire is usually just as important as at what income. People are living longer and wanting to retire earlier. This means providing for a longer life expectancy and having a shorter time to accumulate funds. If you are interested in planing for retirement, give these next questions some extra thought.

What is your current gross monthly income? (include income from investments, child support payments, lawsuit proceeds, etc. **only** in Combined)

**Person A** Salary \$ \_\_\_\_\_ **Person B** Salary \$ \_\_\_\_\_ **Combined (household income) \$** \_\_\_\_\_

At what age do you plan to retire? **Person A** \_\_\_\_\_ **Person B** \_\_\_\_\_

Do you want Social Security benefits included in your retirement analysis?

**Person A**  Yes  No **Person B**  Yes  No

How much of your current household monthly income would you need to maintain your lifestyle in retirement.

As a starting point consider 70 - 80% of current household income.

Your estimated gross monthly retirement income need (in today's dollars) \$ \_\_\_\_\_

### OTHER INCOME SOURCES

Some people have multiple income sources in retirement. Do you have, or expect to have, any of the following other sources of income? If so, indicate by checking the boxes below:

- | Person | A                        | B                        |
|--------|--------------------------|--------------------------|
|        | <input type="checkbox"/> | <input type="checkbox"/> |

### INCOME NEEDS IN RETIREMENT

Pre-retirement income	Income needed in retirement	Replacement ratio
\$30,000	\$24,300	81%
\$40,000	\$32,000	80%
\$50,000	\$39,000	78%
\$70,000	\$53,200	76%
\$90,000	\$67,500	75%

Source: December 1, 1991 Kiplinger's Personal Finance Magazine

# RISK MANAGEMENT

## CASH NEEDS FOR SURVIVORS

How much cash would you need to cover one-time expenses in the event of a death?

	IN THE EVENT OF <b>Person A's</b> death	IN THE EVENT OF <b>Person B's</b> death
<b>Final Expenses</b> (medical, hospital care and funeral expenses, and or estate settlement costs. If unsure, consider \$10,000 - \$25,000)	\$ _____	\$ _____
<b>Emergency Fund</b> (expenses not to be paid from current income such as major repairs, purchases or emergencies. If unsure, consider 3 - 6 times your family monthly expenses.)	\$ _____	\$ _____
<b>Housing Fund</b> (to set aside enough for your survivors to have the option to pay off your mortgage, make payments out of this fund or provide for a down payment of "rent fund")	\$ _____	\$ _____
<b>Debt Liquidation</b> (to pay off other debts - cars, school loans, credit cards, etc.)	\$ _____	\$ _____
<b>Education Fund</b> (to pay the cost of college or vocational training. There is no need to fill this in if you filled in the "Education Goals" section.)	\$ _____	\$ _____
<b>Others</b> (gifts or bequests to family, religious organizations, charities, etc.)	\$ _____	\$ _____

## INCOME NEEDS FOR SURVIVORS

How much current household monthly income would your survivors need to maintain their lifestyle in the event of a death? Make sure your monthly income need is reduced by those expenses you accounted for in the previous "Cash Needs for Survivors" section. (i.e. If you listed an amount above to pay off your home mortgage, reduce your monthly income need by the amount of the principal and interest portion of your mortgage payment).

Estimated Monthly Income Need for **Person A** in the event of **Person B's** death: \$ \_\_\_\_\_

Estimated Monthly Income Need for **Person B** in the event of **Person A's** death: \$ \_\_\_\_\_

ANNUAL GROSS INCOME	PERCENTAGE OF GROSS INCOME REQUIRED
Up to \$39,000	70%*
\$39,001 to \$43,500	66%
\$43,501 to \$48,000	63%
\$48,001 to \$53,500	60%
Over \$53,500	57%

\* Based on a study by the Bureau of Labor Statistics, to the left are typical income objectives in order to permit survivors to continue a similar lifestyle. Assumes mortgage on residence is paid (or a rent fund established), and any educational expenses are provided for separately. Two income households generally require 70% of their total gross income regardless of the income level.

## INCOME NEEDS FOR DISABILITY

How much of your current household monthly income would you need to maintain your lifestyle in the event of a disability? Often, monthly income needs do not reduce as a result of a wage earner's disability.

Monthly Income Replacement Need for **Person A** in the event of **Person A's** disability: \$ \_\_\_\_\_

Monthly Income Replacement Need for **Person B** in the event of **Person B's** disability: \$ \_\_\_\_\_

Not everybody is able to purchase life and disability insurance. In fact, your current health may affect your rates as well as your ability to obtain coverage. Your answers to the following questions will help us better understand your personal situation and your overall need for disability protection. We will take this information into account if we make any life or disability insurance recommendations.

How long would you want to live off your reserves before you begin receiving disability benefits? Check the box corresponding to your preference.  30 days  60 days  90 days  6 months

Within the last 5 years, have you had, been treated for or diagnosed as having a heart condition, chest pain stroke, back or neck problems, a psychological disorder, cancer, diabetes, alcohol abuse or drug dependency?

<b>Person A</b>	<b>Person B</b>
<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Have you smoked cigarettes within the last 12 months?

<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
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**YOUR CURRENT LIFE AND DISABILITY INSURANCE**

Your current life insurance policies may play several roles in your financial security. Life insurance provides a unique death benefit so financial goals may still be achievable for the survivors. Life insurance can be the pillar of your financial security, by providing cash value for use in funding accumulation goals, college and/or retirement. Disability insurance plays a key role in your financial life because it (in essence) insures your ability to generate an income in case you are too sick or hurt to work.

<b>CURRENT LIFE INSURANCE POLICIES</b>	Death benefit (minus any policy loans)	Annual premium	Current (net) cash value
<b>Person A</b> Group Coverage			
<b>Person A</b> Personal Coverage			
<b>Person B</b> Group Coverage			
<b>Person B</b> Personal Coverage			

<b>CURRENT DISABILITY INSURANCE POLICIES</b>	Monthly benefit amount (or % of salary)	Annual premium	Waiting Period prior to receiving benefits (months)	# of years benefits are paid
<b>Person A</b> Group Coverage				
<b>Person A</b> Personal Coverage				
<b>Person B</b> Group Coverage				
<b>Person B</b> Personal Coverage				

**ACCUMULATION GOALS**

Saving for other goals may also be important to you! If you are planning for a major vacation, the purchase of a new home or other major financial outlay, we can help you plan for that as well. Are you currently saving for any specific major purchase? If so, please fill in the following information:

Goal \_\_\_\_\_ Amount needed \$ \_\_\_\_\_ Years until needed \_\_\_\_\_

How much have you saved so far? \$ \_\_\_\_\_ How much are you saving monthly for this goal? \$ \_\_\_\_\_

OR

My goal is to save \$ \_\_\_\_\_/mo. for \_\_\_\_\_ months. I expect to earn \_\_\_\_\_% annually.

How much will that be worth under those assumptions?

**MORTGAGE INFORMATION**

Owner (Person A, B or J for Joint) \_\_\_\_\_ Current mortgage balance \$ \_\_\_\_\_ Monthly payment \$ \_\_\_\_\_

Current home value \$ \_\_\_\_\_ Loan interest rate \_\_\_\_\_% Remaining term (years) \_\_\_\_\_

Mortgage company name \_\_\_\_\_

WE UNDERSTAND WHAT YOU'RE WORKING FOR<sup>SM</sup>



Principal Life Insurance Company  
Des Moines, IA 50392-0001  
www.principal.com

# ASSETS AND LIABILITIES

Type	Owner (A,B, or J for Joint)	Current Market Value	Long Term Average Return	Current Liability	Monthly Savings	Annual % Increase to Savings
Other Real Estate						
Auto 1						
Auto 2						
Personal Property						
Cash & Checking						
Savings Accounts						
Cds, T-bills						
Tax-free Bonds						
Bonds						
Annuities						
Business Interests						
IRA(s)						
401(k) Account(s)						
Mutual Funds (list)						
Stocks						
Other Assets						
Misc. Liabilities		Liability	Annual Interest Charge	Minimum Monthly Payment	Actual Monthly Payment	
Credit Card(s)			%	\$ /mo.	\$ /mo.	
			%	/mo.	/mo.	
			%	/mo.	/mo.	
Other Loans			%	/mo.	/mo.	
			%	/mo.	/mo.	
			%	/mo.	/mo.	

**ANYTHING ELSE WE SHOULD KNOW OR DISCUSS DURING OUR NEXT CONVERSATION?**

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Thank you! Please return to us in the enclosed envelope at your convenience.