HomeownerLifeInsurance

FREE WORKSHEET

Mortgage coverage worksheet: find your starting number

Write your own starting number in ten minutes

Fill this in with a pen and your latest mortgage statement. It gives you a starting number to bring to a licensed agent. It is an estimate, not a quote, and it shows no price.

Part 1: What your family would need

Line	What to enter	Where to find it	Your number
A	Mortgage balance, principal only	Latest statement	$
B	Other debts: car, cards, HELOC, student loans	Statements, credit report	$
C	Yearly take home pay the family relies on	Pay stubs, after tax	$
D	Years of income to replace	Your choice	
E	Income to replace: C times D	Calculate	$
F	Goals: childcare, college, a cushion	Your choice, a round amount	$
G	Total need: A + B + E + F	Calculate	$

General education, not insurance, legal or tax advice. Figures are examples unless a source is named. Prices and rules vary by state and insurer.

Part 2: What you already have

Line	What to enter	Where to find it	Your number
H	Life insurance through work, the part you expect to keep	Benefits statement	$
I	Personal life insurance already in force	Policy page	$
J	Savings you would use for this	Account statements	$
K	Total already covered: H + I + J	Calculate	$

Part 3: Your starting number

L. Gap: G minus K (write 0 if below zero)

$530,000

Worked example
Needs of $695,000 less $165,000 already held. An example, not a quote.

Part 4: Pick a term

Years left on the loan

Years until your youngest child is 22

The longer of the two

Next common term: 10, 15, 20, 25 or 30

A policy should last at least as long as the largest need it is meant to cover. A longer term usually costs more, so ask an agent to price the next length down too.

Part 5: Questions to bring to an agent

- [ ] Does this policy pay my family or the lender, and does the amount shrink?
- [ ] Can I convert it to permanent coverage, and by when?
- [ ] What would the price look like for two different terms?

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- [ ] What does the insurer ask about health and tobacco?
- [ ] How long are the grace period and the free look period?

Check your result with the free mortgage coverage calculator at homeownerlifeinsurance.com/tools. Both give estimates, so ask a licensed agent how the number compares with common choices.

Sources

- CFPB, loan estimate explainer
  www.consumerfinance.gov/owning-a-home/loan-estimate/
- NAIC, life insurance consumer guide
  content.naic.org/consumer/life-insurance.htm
- Social Security Administration, survivor benefits
  www.ssa.gov/benefits/survivors/

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