EDUCATION | RESOURCES

Insurance Needs Calculator

A simple worksheet to estimate how much
life and disability coverage you need.

2026 EDITION · AUTO-CALCULATING

An educational guide from Kimberlite Financial Services

HOW TO USE THIS WORKSHEET

Two methods. One number. Five minutes.

This worksheet helps you arrive at a defensible estimate of how much life and disability insurance you need. The shaded boxes update automatically as you type when you open this PDF in Adobe Acrobat, Microsoft Edge, Chrome, Firefox, or any modern browser. If you print it blank, you can fill it in by hand — the formula for every calculated field is printed right beside it.

For life insurance we use two methods: **DIME** (a needs-based analysis) and a **10x/12x income multiple** (a quick cross-check). The right answer is generally the higher of the two. For disability insurance we estimate what 60% and 70% income replacement looks like, and compare that to whatever group long-term disability coverage you already have through work.

Name ____________ **Date** ____________

EDUCATIONAL USE ONLY. This worksheet is a starting point, not a recommendation. The numbers you arrive at are general estimates based on widely used industry rules of thumb. Your actual coverage needs depend on factors this worksheet does not capture — health, occupation, existing benefits, spouse's income, employer policies, riders, and more. Before you buy or change any policy, work with a licensed insurance agent or a fiduciary advisor. Nothing here is insurance, tax, or legal advice.

Why two methods?

DIME (Debt + Income + Mortgage + Education) is more accurate because it builds your coverage from the actual obligations your family would face. The income multiple exists because needs analyses sometimes miss things — like the value of a stay-at-home spouse's labor. Running both gives you a sanity check on either answer.

PART 1A

Life insurance: the DIME method.

Fill in each line. The shaded boxes calculate automatically. DIME gives you the lump sum your family would need to retire your debts, replace your income for a defined period, pay off the mortgage, and fund education.

D — Debt

Total non-mortgage debt ($)		*cards, autos, student loans*

I — Income Replacement

Annual income to replace ($)		*gross annual*
Years of income to replace (#)		*commonly 10–20*
Income subtotal ($)		*= income × years*

M — Mortgage

Mortgage balance ($)		*primary residence*

E — Education

Education cost per child ($)		*total, all 4 years*
Number of children (#)		
Education subtotal ($)		*= per child × kids*
DIME total — D + I + M + E		*sum of subtotals*

Subtract what you already have

Existing life insurance ($)		*all policies, in force*
Liquid assets earmarked for family ($)		*savings, brokerage*
Coverage gap (DIME method)		*= DIME – existing – liquid*

PART 1B

Life insurance: the 10x cross-check.

Many advisors use 10–12x annual income as a fast estimate. It is not as precise as DIME, but it catches things DIME sometimes misses: the value of unpaid household labor, future income growth, and the simple reality that most families underestimate their replacement need. Run it as a sanity check.

Annual income (carries from DIME)		*auto-fills from above*
Quick estimate — 10× income		*= income × 10*
Conservative — 12× income		*= income × 12, with kids*

Reading the two answers

If your DIME number and your 10–12× number are close, you're in the right zip code. If they're far apart, the DIME analysis usually tells the more honest story — but the multiple is a useful reminder that you can't capture everything in a worksheet. Most advisors recommend insuring to the **higher** of the two figures, especially while children are young.

> **Practical rule:** Choose the higher of your DIME gap and your 10–12× number, then shop term life insurance. Term coverage of 20–30 years is the right fit for almost everyone whose primary need is income replacement.

A few things to keep in mind

Working spouse with kids? Both adults usually need coverage.

Stay-at-home spouse? Replacing childcare, transportation, and household labor easily costs $50,000–$80,000 per year. They need coverage too.

Single, no dependents? You may need very little life insurance. Disability insurance is usually the higher priority.

Business owner? You may also need key-person, buy-sell, or business overhead expense coverage that this worksheet does not address.

PART 2

Disability insurance: the 60/70 framework.

If you became unable to work for an extended period, how much income would you need to replace each month? Industry consensus: aim for **60–70% of gross income**. Group long-term disability through an employer typically caps near 60% (often less, after taxes), which is why most working professionals are under-insured even when they think they're covered.

Step 1 — Your monthly income.

Gross monthly income ($)		*pre-tax*

Step 2 — Replacement targets.

60% replacement target ($/month)		*= monthly × 0.60*
70% replacement target ($/month)		*= monthly × 0.70*

Step 3 — What you already have.

Check your benefits package. Look for ‘long-term disability’ (LTD). The benefit is usually expressed as a percentage of salary — convert it to a dollar figure per month.

Existing employer LTD ($/month)		*benefits portal*
Coverage gap at 60% ($/month)		*= 60% target – employer LTD*
Coverage gap at 70% ($/month)		*= 70% target – employer LTD*

Three terms worth knowing before you buy.

Own-occupation — Pays if you can't perform the duties of *your specific occupation*, even if you could do other work. The strongest definition; matters most for specialists (physicians, dentists, surgeons, attorneys, executives). Group coverage often switches from own-occ to ‘any-occ’ after 24 months.

Elimination period — The waiting period before benefits begin. Common options: 90, 180, or 365 days. Longer waits = lower premiums. Most professionals match this to their emergency fund.

Benefit period — How long benefits pay out. Common: 5 years, 10 years, or to age 65. ‘To 65’ is the gold standard for income protection.

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YOUR SUMMARY

Bring these numbers to a conversation.

These are estimates, not quotes. The numbers below are useful starting points for a conversation with a licensed agent or fiduciary advisor — not a substitute for one. Pricing depends on your age, health, occupation, smoking status, riders, and the carrier you choose.

Life — DIME coverage gap ($)		*needs-based number*
Life — 10× income ($)		*quick estimate*
Life — 12× income ($)		*conservative*
Disability — gap at 60% ($/mo)		*industry minimum*
Disability — gap at 70% ($/mo)		*recommended target*

Want a second opinion before you shop?

Insurance is one of the few financial products where the wrong policy in force can be worse than no policy at all — and where the right policy is invisible until the day you need it. Kimberlite Financial Services is a fiduciary advisory firm. We will look at your numbers, your existing coverage, and what you actually need — before any quotes get written.

Schedule a free, no-pressure introductory call:
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Final disclosure

This worksheet was produced by Kimberlite Financial Services for general educational purposes. The DIME framework and income-multiple rules of thumb summarized here are widely used in the financial planning industry but represent simplifications of a complex underwriting process. Real coverage decisions depend on your specific health, occupation, employer benefits, family structure, and carrier underwriting. Nothing in this document is insurance advice, investment advice, tax advice, legal advice, or a recommendation to buy any specific policy. Investment advisory services are offered through Kimberlite Financial Services, a registered investment adviser. Insurance products are sold through licensed insurance agents. Registration does not imply a particular level of skill or training.