



# FINANCIAL WORKSHEETS

These worksheets are designed to assist in field case design and are not required parts of an insurance application. Information contained within these worksheets is not binding on any underwriting decision and should be confirmed before submission. It is our recommendation that all advanced cases include a cover letter along with the case submission. These worksheets can accompany your cover letter alongside supporting documentation to provide additional substantiation. Finally, the results of any calculations within these worksheets are based on the information and values provided by the potential client.

## TABLE OF CONTENTS

### INDIVIDUAL INSURANCE NEED

- 4 INCOME REPLACEMENT
- 5 ESTATE CONSERVATION
- 7 JUVENILE COVERAGE
- 8 CHARITABLE GIVING

### BUSINESS INSURANCE NEED

- 9 BUY-SELL ARRANGEMENT
- 10 KEY PERSON COVERAGE
- 11 BUSINESS LOAN PROTECTION

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Any tax statements in this material are not intended to suggest the avoidance of U.S. federal, state or local tax penalties. Such discussions generally are based upon the company's understanding of current tax rules and interpretations. Tax laws are subject to legislative modification, and while many such modifications will have only a prospective application, it is important to recognize that a change could have retroactive effect as well. Individuals should seek the advice of an independent tax advisor or attorney for more complete information concerning their particular circumstances and any tax statements made in this material.

Have You Ever Wished You Could Estimate the Maximum Coverage Allowable for a Client Based on their Financial Situation Before Submitting an Application?

## NOW YOU CAN!!

Our desire as an Advanced Sales team is to set agents up for success by providing the tools necessary to write good business from day one. Advanced Sales is committed to partnering with agents when it comes to successful case design and encourage you to consider these worksheets when developing your case.

These worksheets are not required parts of an application but can help you calculate the total allowable amount of insurance for your client.

## TIPS ON HOW TO USE THE WORKSHEETS:

- 1 LOCATE THE WORKSHEET THAT MATCHES YOUR CLIENT'S NEED FOR INSURANCE.
- 2 COMPLETE THE WORKSHEET WITH YOUR CLIENT'S INFORMATION TO DETERMINE THE MAXIMUM ALLOWABLE COVERAGE.
- 3 REVIEW THE HELPFUL HINTS ON THE WORKSHEETS TO ENSURE THAT YOU HAVE CAPTURED ALL OF THE RELEVANT DATA.
- 4 DETERMINE THE APPROPRIATE LEVEL OF COVERAGE WITH YOUR CLIENT AND SUBMIT YOUR APPLICATION. THIS WORKSHEET CAN BE SENT IN ALONG WITH YOUR COVER LETTER FOR CONSIDERATION BY YOUR UNDERWRITER.
- 5 IF YOU RUN INTO ISSUES OR CONCERNS REACH OUT TO ADVANCED SALES (SEE OUR INFORMATION AT THE BACK OF THIS DOCUMENT).

# INCOME REPLACEMENT COVERAGE WORKSHEET

## PERSONAL INFORMATION

Insured's Name

Insured's Age

## INCOME REPLACEMENT CALCULATION

(A) \$ \_\_\_\_\_

Total Earned Income

*(Includes W-2 wages and active business income. Does not include passive income such as interest, dividends, rents or royalties unless actively managed by the insured. Consider also adding in pre-tax retirement contributions.)*

(B) X \_\_\_\_\_

Age Multiplier

*(see Age Multipliers key)*

(C) \$ \_\_\_\_\_

Max Face Allowed  
(A x B)

(D) \$ \_\_\_\_\_

Existing Income Replacement Coverage  
*(In force and applied for)*

**MAX INSURANCE** \$ \_\_\_\_\_

**MAX NEW INSURANCE PERMITTED (C - D)**

### AGE MULTIPLIERS

AGE	MULTIPLIER
≤40*	25
41-50	20
51-55	15
56-65	10
66-70	5
71+	Individual Consideration

### DOCUMENTS REQUIRED

Most recently  
filed W-2      -or-      Up-to-date  
paystub

### NON-WORKING SPOUSE

- Coverage cannot exceed primary wage earner coverage except under limited circumstances when the working spouse is uninsurable.
- For box (A) use household income

AGE	MAX FACE AMOUNT
≤59	Up to \$1,500,000
60-65**	Up to \$25,000

*If non-working spouse coverage desired exceeds allowable amount for income replacement please consider estate preservation as the need for insurance.*

\*Special consideration for an additional amount given to clients with special established occupations where income is expected to increase substantially (e.g. young surgeons, lawyers, etc.)

\*\*For non-working spouse over age 65 please use the estate preservation worksheet.

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# ESTATE CONSERVATION COVERAGE WORKSHEET

## PERSONAL INFORMATION

Insured's Name \_\_\_\_\_

Insured's Age \_\_\_\_\_

Insured's Gender ☐ Male ☐ Female

## CALCULATION OF MAXIMUM COVERAGE ALLOWED

*Please note: unlike some carriers AIG does not factor the estate tax exemption into the calculation of allowable coverage*

(A) \$ \_\_\_\_\_

Net Worth from Personal Financial Statement (See PFS on reverse, if needed, face amounts of personally owned life insurance should be included)

(B) X \_\_\_\_\_

Estate Multiplier  
(see Estate Multipliers key)

(C) \$ \_\_\_\_\_

Total Insurable Amount  
(A x B)

(D) \$ \_\_\_\_\_

Existing Estate Coverage  
(including other applied for)

**MAX COVERAGE** \$ \_\_\_\_\_

**MAX NEW COVERAGE PERMITTED (C - D)**

## ESTATE MULTIPLIERS

AGE	MALE	FEMALE
≤64	1.00	1.00
65	0.95	1.00
66	0.90	1.00
67	0.84	1.00
68	0.80	1.00
69	0.75	1.00
70	0.71	0.95
71	0.67	0.90
72	0.63	0.84
73	0.60	0.80
74	0.56	0.75
75	0.53	0.71
76	0.50	0.67
77	0.50	0.63
78	0.50	0.60
79	0.50	0.56
80	0.50	0.53
81+	0.50	0.50

## DOCUMENTS REQUIRED

**≤ \$5M**

Face Amount

Please provide a PFS either recently prepared by the client or use the PFS on the reverse.

**≥ \$5M**

Face Amount

Either:

- A) PFS signed off by CPA, or
- B) PFS with documents substantiating the majority of the values (i.e. brokerage statements, HUD-1 Closing Docs, etc.)

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# JUVENILE COVERAGE WORKSHEET

## PERSONAL INFORMATION

Name of Insured Juvenile

## COVERAGE INFORMATION

RELATIONSHIP	AGE	COVERAGE STATUS		FACE AMOUNT
Insured Juvenile		<input type="radio"/> Applied for	<input type="radio"/> In Force	\$
Parent/Guardian		<input type="radio"/> Applied for	<input type="radio"/> In Force	\$
Parent/Guardian		<input type="radio"/> Applied for	<input type="radio"/> In Force	\$
Sibling		<input type="radio"/> Applied for	<input type="radio"/> In Force	\$
Sibling		<input type="radio"/> Applied for	<input type="radio"/> In Force	\$
Sibling		<input type="radio"/> Applied for	<input type="radio"/> In Force	\$
Sibling		<input type="radio"/> Applied for	<input type="radio"/> In Force	\$

### JUVENILE LIFE CHECKLIST

- All siblings (including the insured) require equal amounts of coverage.
- At least one parent(s)/guardian will need to have the same amount of inforce coverage as the amount being applied for the juvenile. Ensure all parent(s)/Guardian(s) coverage is listed. +Helpful hint: Consider the availability of employer sponsored coverage for the parent(s) or siblings!
- Max face for juvenile coverage is typically \$500,000. Requests of \$500,001-\$1,000,000 may be considered with additional financial justification. For ultra high net worth individuals a higher face amount may be considered. Contact Advanced Sales for assistance.

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# CHARITABLE GIVING COVERAGE WORKSHEET

## IMPORTANT INFORMATION

Charity Name \_\_\_\_\_

Insured's Name \_\_\_\_\_

## ALLOWABLE COVERAGE CALCULATION

(A) \$ \_\_\_\_\_  
Average Annual Routine Donations  
*(To be considered routine the donations must be over a period of 5+ years)*

(B) X **10** \_\_\_\_\_  
Net Donation Multiplier

(C) \$ \_\_\_\_\_  
Total Insurable Amount  
*(A x B)*

(D) \$ \_\_\_\_\_  
Existing Charitable Giving Coverage

## HELPFUL INFORMATION

If the amount on "Max New Insurance" is not sufficient, consider the following:

- Monetize the proposed insured's volunteer time: Consider the donor's time as a monetary value by determining their hourly pay-rate and multiplying that by the number of hours donated.
- Consider non-cash donations
- Draft a cover letter detailing the relationship of the insured and the organization. Underwriting may consider on a case by case basis increasing the allowable new insurance based on the length/depth of the relationship between the proposed insured and the charity.

**MAX NEW  
INSURANCE**

\$ \_\_\_\_\_

**MAX NEW INSURANCE PERMITTED (C - D)**

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# BUY-SELL COVERAGE WORKSHEET

## IMPORTANT INFORMATION

Company Name \_\_\_\_\_

Insured's Name \_\_\_\_\_

## ALLOWABLE COVERAGE CALCULATION

While business owners are typically uncertain of the fair market value of their business, our goal is to help simplify the valuation process by utilizing a simple earnings calculation! Bearing that in mind, our underwriting allows for the following formula:

(A) \$ \_\_\_\_\_

Business Annual Net Income

(Refer to the most recent tax return or audited financial statements for the business net income)

(B) X **10** \_\_\_\_\_

Net Income Multiplier

(C) \$ \_\_\_\_\_

Total Insurable Amount  
(A x B)

(D) % \_\_\_\_\_

Insured's % of ownership  
(e.g. 50% = .50)

**MAX NEW INSURANCE** \$ \_\_\_\_\_

**MAX NEW INSURANCE PERMITTED (C - D)**

## HELPFUL INFORMATION

- Consider adding back depreciation and owner salaries/personal expenses to the income if the current net income is not high enough to achieve the desired coverage.
- If after adding back depreciation and owner salaries you cannot obtain the appropriate amount of face consider combining Buy-Sell with a Key-Person need. **Contact Advanced Sales for further guidance!**
- Please note: the industry standard for valuing businesses can average approximately 6-7x earnings. By using a factor of 10, our underwriting guidelines account for future growth of the business!

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# KEY-PERSON COVERAGE WORKSHEET

## IMPORTANT INFORMATION

Company Name

Insured's Name

Employee's Position

## KEY PERSON COVERAGE CALCULATION

(A) \$ \_\_\_\_\_  
Total Compensation  
*(Bonuses, company contributions to retirement accounts and stock options may be included if they occur on a regular basis)*

(B) X **10** \_\_\_\_\_  
Compensation Multiplier  
*(This compensation multiplier may be limited due to age, time to retirement, industry and location, etc. )*

(C) \$ \_\_\_\_\_  
Total Insurable Amount  
*(A x B)*

(D) \$ \_\_\_\_\_  
Existing Key Person/Debt Protection Coverage  
*(debt protection coverage counts toward key-person max face)*

### DOCUMENTS REQUIRED

Most recently  
filed W-2      -or-      Up-to-date  
paystub

**MAX NEW  
INSURANCE**

\$

**MAX NEW INSURANCE PERMITTED (C - D)**

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# BUSINESS LOAN COVERAGE WORKSHEET

## IMPORTANT INFORMATION

Company Name

Insured's Name

Name of Lender

Remaining Loan Term

Remaining Payment Terms  
(such as payment frequency, loan demands, payment balloons, etc)

## COVERAGE CALCULATION

(A)	\$	_____
		Loan Balance
(B)	X	_____
		Multiplier (see Multipliers key)
(C)	\$	_____
		Insurable Amount (A x B)
(D)	\$	_____
		Less Existing Coverage

**MAX NEW  
INSURANCE** \$

**MAX NEW INSURANCE PERMITTED (C - D)**

## HELPFUL INFORMATION

- Max Coverage Ceiling: If you have reached a coverage ceiling and have a larger insurance need consider switching to a key-man/ buy-sell arrangement which can typically be combined to achieve larger face amounts
- While key-man and buy-sell arrangements can be combined, loan based coverage cannot be combined with any other reason for insurance
- Underwriting requires 5 years or more remaining on the loan term
- Underwriting requires each owner be insured for their prorated amount based on ownership

## MULTIPLIERS

**0.75**

Bank Loan

**0.50**

Private Loan  
Venture Capital

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