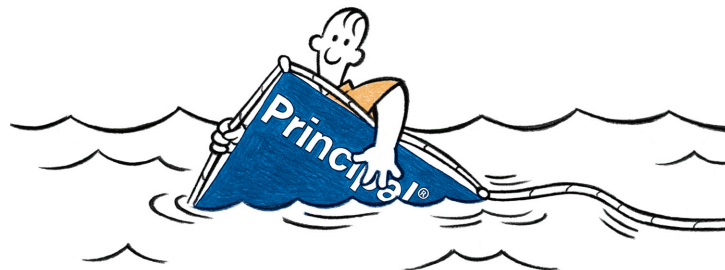


Individual Disability Insurance

Designing Your Disability Income Insurance Policy



A disability policy

	ELIMINATION PERIOD/ BENEFIT PERIOD	YOUR OCCUPATION PERIOD	FUTURE INSURANCE
Facts to consider	<p>71% of American employees live from paycheck to paycheck.</p> <p>– American Payroll Association, “Getting Paid in America” Survey, 2008</p>	<p>43% of all people age 40 will have a long-term disability event prior to age 65.</p> <p>– JHA Disability Fact Book, 2008</p>	<p>A 35-year-old with an annual salary of \$50,000 (receiving 5% annual salary increases) could earn \$3,322,000 by age 65.</p>
Your benefit	<p>The elimination period is the “waiting period.” No benefits are paid during this period. Once disability under the terms of the policy is determined, you will receive benefits one month after the elimination period is satisfied or when final proof of loss is received, if later.</p> <p>The benefit period is the length of time you will receive benefits after satisfying the elimination period.</p>	<p>The Your Occupation Period is the period of time for which you are protected in “Your Occupation” and are not required to work in another occupation.</p>	<p>Two future insurability options are available for no additional premium.</p> <p>Future Benefit Increase Rider – Automatically increases your coverage every year for six years* without requiring you to submit evidence of insurability. Increases are based on the change in the Consumer Price Index for All Urban Consumers (CPI-U), with a minimum guaranteed increase of 4% compounded and a maximum of 10% compounded.</p> <p>In addition to the CPI-U increase, you may also be eligible for an additional benefit based on financial information.</p> <p>Benefit Update Rider – Allows you to increase your coverage to the maximum amount you are eligible for every three years based on financial information without providing evidence of medical insurability. You can even request an advance update, in place of your next scheduled review, in the event you:</p> <ul style="list-style-type: none"> • Lose your Group Long-Term Disability (LTD) coverage because of a change in employment, or your employer discontinues or reduces the group LTD benefit amount. • Have at least a 50% increase in sustainable earnings since the later of the policy issue date or your last adjustment to increase your total disability benefits. <p>* If the Benefit Update rider is also on the policy, a Future Benefit Increase offer will not be made in years of Benefit Update options.</p>
Ask yourself	<p>How long could I go without a paycheck? How long could I live on my savings or other sources?</p> <ul style="list-style-type: none"> <input type="checkbox"/> 30 days¹ <input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <p>If I were to become disabled, how long would I need to receive benefits?</p> <ul style="list-style-type: none"> <input type="checkbox"/> 2 years <input type="checkbox"/> 5 years <input type="checkbox"/> To Age 65 <input type="checkbox"/> To Age 67 <input type="checkbox"/> To Age 70 	<p>If I were to become disabled from my occupation but could work in another occupation, would I want to do so?</p> <ul style="list-style-type: none"> <input type="checkbox"/> 2 years <input type="checkbox"/> 5 years <input type="checkbox"/> To Age 65 <input type="checkbox"/> To Age 67 <input type="checkbox"/> To Age 70 	<p>What has been the pattern of my annual salary increases? Do I expect to see large income increases over the years or annual cost of living increases? Do I need to protect myself in case I lose my Group LTD coverage?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Future Benefit Increase Rider <input type="checkbox"/> Benefit Update Rider <input type="checkbox"/> Both

that meets your needs

RESIDUAL/TRANSITIONAL/CATASTROPHIC DISABILITY BENEFITS

In the U.S., a disabling injury occurs every 1 second,
a fatal injury occurs every 4 minutes.

– National Safety Council®, Injury Facts® 2010 Ed.

Residual Disability Benefit – Provides protection if you are not totally disabled. A residual disability means you are working at a reduced capacity in your current occupation or in another occupation and have a loss of earnings.

Transitional Occupation – Allows you to continue receiving disability benefits if you become totally disabled in Your Occupation, but are working in another occupation.

Catastrophic Disability Benefit – Provides a monthly benefit in addition to your policy's monthly disability benefit if you become catastrophically disabled under the terms of the rider and lose the ability to perform two or more activities of daily living without assistance, become cognitively impaired, or become presumptively disabled.

How long would I want to protect myself in the event I am residually disabled but not totally disabled?

- Residual Disability Benefit Rider or
- Short Term Residual Disability Benefit Rider
 - 6 months
 - 12 months

How long would I want to continue receiving disability benefits if I become totally disabled in my occupation, but have begun working in another occupation?

- 2 years To Age 67
- 5 years To Age 70
- To Age 65

How long would I want to protect myself in the event I am catastrophically disabled?

- 2 years To Age 67
- 5 years To Age 70
- To Age 65

OTHER OPTIONS

Here are other riders you may want to consider when designing your Individual DI insurance policy:

Cost of Living Adjustment (COLA) – While you are disabled and receiving benefits, your benefit is adjusted to help keep up with inflation. A 3% or 6% COLA maximum may be selected.

- 3% COLA
- 6% COLA

Extended Total Disability Benefit (ETDB)¹ – This feature is designed to provide additional protection beyond the Maximum Benefit Period in the event you continue to be disabled and are unable to work.

Recovery Benefit – This benefit can help support you while working to rebuild your business or practice after a disability.

- 1 year
- 3 years

Regular Occupation Rider – Provides benefits, regardless of the income you earn from the other occupation if you become totally disabled from your occupation and choose to work in another occupation. This rider is only available to 5A and 5A-M occupations.

¹ Not available in California.

The Mental/Nervous and Substance Abuse Disorder rider is required for all single-life policies in Florida and California. The rider is required for multi-life cases in California; optional in Florida.

FOR MORE INFORMATION

Contact your local representative.

How do I choose my Individual Disability Income insurance coverage?

As you walk through the choices, mark the appropriate options for your own situation. Your local representative will help you understand the options available to you and help you determine what options best fit your unique needs.

Think about the expenses and possible sources of income you would still have each month if you became too sick or hurt to work.

EXPENSES		INCOME	
Housing	\$ _____	Social Security	\$ _____
Utilities	\$ _____	Group disability benefits	\$ _____
Child care	\$ _____	Current disability income	
College tuition	\$ _____	insurance coverage	\$ _____
Retirement	\$ _____	Other sources	\$ _____
Auto payments	\$ _____	Total Income	\$ _____
Credit cards	\$ _____		
Loan payments	\$ _____		
Miscellaneous	\$ _____		
Disability-related expenses	\$ _____		
Total Expenses	\$ _____		

Whether you're looking for individual disability income insurance or a policy to supplement your existing coverage, your local representative can help.



WE'LL GIVE YOU AN EDGE®

Principal Life Insurance Company, Des Moines, Iowa 50392-001, www.principal.com

This is a summary of benefits. Consult your state-specific policy for actual terms, limitations and exclusions. Riders and benefits are subject to state and occupation class availability and may require an additional premium. Disability income insurance from Principal Life Insurance Company has certain limitations and exclusions. For costs and complete details of coverage, contact your Principal Life financial representative. Principal Life is a member of the Principal Financial Group® (The Principal®), Des Moines, IA 50392-0001.

For use in Florida and California.