



Individual Disability Income Insurance — California

Understanding Your Protection Options

When comparing your individual disability income (DI) insurance options, it's important to understand the policy's definition of disability. This definition is the heart of your coverage. You'll want to know how your policy pays if you become too sick or hurt to work.

Disability definitions

With an Individual DI insurance policy from Principal Life Insurance Company, **Your Occupation** is the standard definition of disability and is built into the base policy. You can enhance this protection by adding either the **Transitional Occupation** rider or the **Regular Occupation** rider to the policy for additional premium.

Carefully review the definitions of disability below to ensure you are familiar with the coverage options for your Individual DI insurance policy.

YOUR OCCUPATION	TRANSITIONAL OCCUPATION	REGULAR OCCUPATION
<p>You are unable to perform the substantial and material acts of Your Occupation.</p> <p>If during the Your Occupation Period you elect not to work in another occupation, 100 percent of the benefit is paid.</p> <p>If you elect to work in another occupation or work at a reduced capacity in Your Occupation and have a loss of earnings of at least 20 percent, benefits are payable under the Residual Disability rider.¹</p>	<p>You are unable to perform the substantial and material acts of Your Occupation, but are working in another occupation. Benefits you receive from your policy are based on replacement of your pre-disability earnings up to 100 percent, but not more than the Maximum Monthly Benefit.</p> <p>If you elect to work at a reduced capacity in Your Occupation and have a loss of earnings of at least 20 percent, benefits are payable under the Residual Disability rider.^{1,2}</p>	<p>You are unable to perform the substantial and material acts of Your Occupation.</p> <p>If you elect to work in another occupation, you would receive 100 percent of your monthly benefit.</p> <p>If you work at a reduced capacity in Your Occupation and have a loss of earnings of at least 20 percent, benefits are payable under the Residual Disability rider.^{1,3}</p>

Note: All definitions provided assume the Residual Disability rider is attached to the policy.

Hypothetical scenarios

The following scenarios show how an Individual DI insurance policy would provide benefits under the Your Occupation definition of disability as well as when the Transitional Occupation rider or Regular Occupation rider is included on the policy. These assumptions apply:

- Pre-disability occupation: radiologist
- Insured earns a pre-disability annual income of \$300,000
- Insured has a \$10,000/month Individual DI benefit; no other disability coverage is in force

Scenario 1

Disabled and not working; 100 percent loss of earnings

Insured sustains a hand injury and is no longer able to work as a radiologist; insured has the option to teach or be an administrator, but chooses not to work in another occupation.

YOUR OCCUPATION ¹	TRANSITIONAL OCCUPATION ^{1,2}	REGULAR OCCUPATION ^{1,3}
Receives a \$10,000 monthly DI benefit since the insured is Totally Disabled under the policy	N/A	N/A
Total annual income: \$120,000 in disability benefits	N/A	N/A

Benefit provided

A \$120,000/year disability benefit is paid under the Your Occupation definition of disability.

Scenario 2

Disabled and working in another occupation; 77 percent loss of earnings

Insured sustains a hand injury; insured is now teaching and earning \$70,000 annually.

YOUR OCCUPATION ¹	TRANSITIONAL OCCUPATION ^{1,2}	REGULAR OCCUPATION ^{1,3}
Receives a \$10,000 monthly DI benefit because loss of income exceeds 75 percent	Receives a \$10,000 monthly DI benefit because the difference between pre-disability income and current income is greater than the Maximum Monthly Benefit	Receives a \$10,000 monthly DI benefit

Total annual income: **\$190,000** (\$70,000 teaching salary and \$120,000 in disability benefits)

Benefit provided

The same \$120,000/year disability benefit is paid under all three definitions of disability.

Scenario 3

Disabled and working in another occupation; 50 percent loss of earnings

Insured sustains a hand injury and is now working in internal medicine earning \$150,000 annually.

YOUR OCCUPATION ¹	TRANSITIONAL OCCUPATION ^{1,2}	REGULAR OCCUPATION ^{1,3}
Receives a \$10,000 monthly residual DI benefit for the first 12 months; receives a \$5,000 monthly residual DI benefit for subsequent months.	Receives a \$10,000 monthly DI benefit because the difference between pre-disability income and current income is greater than the Maximum Monthly Benefit	Receives a \$10,000 monthly DI benefit
Total annual income: \$270,000 for the first 12 months, then \$210,000 (\$150,000 internal medicine salary plus disability benefits)	Total annual income: \$270,000 (\$150,000 internal medicine salary and \$120,000 in disability benefits)	

Benefit provided

A \$120,000/year disability benefit is paid under the Regular Occupation and Transitional Occupation definitions of disability as well as under the Your Occupation definition of disability for the first 12 months.

Scenario 4

Partially disabled and working; 50 percent loss of earnings and no other disability policy in force

Insured sustains a foot injury and continues to work as a radiologist (with reduced capacity) earning \$150,000 annually.

YOUR OCCUPATION ¹	TRANSITIONAL OCCUPATION ^{1,2}	REGULAR OCCUPATION ^{1,3}
Receives a \$10,000 monthly residual DI benefit for the first 12 months; receives a \$5,000 monthly residual DI benefit for subsequent months.	N/A	N/A
Total annual income: \$270,000 for the first 12 months, then \$210,000 (\$150,000 radiologist salary plus disability benefits)	N/A	N/A

Benefit provided

For the first 12 months, a \$120,000/year disability benefit is paid under the Your Occupation definition of disability. After that, a \$60,000/year benefit is paid.

FOR MORE INFORMATION

Contact your local representative.

¹ The Residual Disability rider for Principal Life Insurance Company's Individual DI insurance policy (HH 750) provides benefits if you are not Totally Disabled and while actually working in an occupation, as a result of injury or sickness, you are unable to earn 80 percent or more of your previous earnings. If your loss of earnings exceeds 75 percent, then 100 percent of the Maximum Monthly Benefit is paid. If you are retired or unemployed, 50 percent of the Maximum Monthly Benefit will be paid for a residual disability. Available as a cost rider.

² This cost rider allows you to continue receiving disability benefits if you become Totally Disabled in Your Occupation, but are working in another occupation. Benefits are paid up to 100 percent of your previous earnings from a combination of current earnings, other disability benefits from other sources and your Principal Life Individual DI policy, but will not exceed the Maximum Monthly Benefit plus any Social Security Substitute benefits. Benefits are payable until the end of the Transitional Occupation period only. These examples assume no other disability insurance coverage is in force. Rider definition varies by state.

³ This cost rider provides full benefits if you become disabled from your occupation and choose to work in another occupation regardless of the income you earn from the other occupation. These examples assume no other disability insurance coverage is in force. Rider definition varies by state.

If your Principal Life policy has both the Residual Disability rider and the Transitional Occupation rider, benefits are not paid out under both riders at the same time. If you meet the definitions and terms of both riders, the monthly benefit you receive is the greater of the two.

The Regular Occupation rider and the Transitional Occupation rider cannot be on the same Principal Life policy.



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Policy rider descriptions are not intended to cover all restrictions, conditions or limitations. Refer to riders for full details. Riders are subject to state availability. Some riders are subject to an additional premium.

Disability insurance has certain limitations and exclusions. For costs and complete details of coverage, contact your Principal Life financial representative.

California

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