

Individual Disability Insurance

Designing Your Disability Income Insurance Policy



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	ELIMINATION PERIOD/ BENEFIT PERIOD	YOUR OCCUPATION PERIOD	FUTURE INSURANCE
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>After the Your Occupation Period, you must be disabled from any occupation for which you are reasonably suited to by your education, training and experience. The core policy has a built-in 2-year Your Occupation Period.</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. When combined together, the CPI-U increase and the additional benefit increase cannot be greater than \$500. This rider can be renewed at the end of six years with financial underwriting.</p> <p>Benefit Update (BU) 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 days <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? Is two years enough protection in my occupation?</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

What meets your needs

RESIDUAL/TRANSITIONAL/CATASTROPHIC DISABILITY BENEFITS

Residual Disability Benefit Rider – If you are disabled under the terms of this rider and lose at least 20% of your prior earnings due solely to an injury or sickness and you are able to perform some, but not all, of the substantial and material duties or you are unable to work full time in your occupation or you are working in another occupation, you'll receive a benefit proportionate to your loss. Once you qualify for residual disability benefits, you are guaranteed a minimum benefit of 50% of your maximum monthly benefit for the first six months. If your loss of earnings exceeds 75%, then 100% of the maximum monthly benefit is paid.

Transitional Occupation Rider – Allows you to continue receiving disability benefits if you become totally disabled in Your Occupation, but are working in another occupation. Benefits will be paid up to 100% of your prior earnings from a combination of current earnings, disability benefits from other sources and your Principal Life 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.

If your policy has both the Residual Disability rider and the Transitional Occupation rider, benefits will not be paid out under both riders at the same time. If you meet the definitions and terms of both riders, your monthly benefit will be the greater of either the Residual or Transitional Occupation benefit.

Catastrophic Disability Benefit (CDB) Rider** – If, solely due to injury or sickness, you become catastrophically disabled under the terms of the policy and lose the ability to perform two or more activities of daily living without assistance, or become cognitively impaired, or become presumptively disabled, you will receive a monthly benefit in addition to your monthly disability benefit (and Social Insurance Substitute Benefit (SIS) if part of your policy).

** Catastrophic Impairment Benefit (CIB) Rider in New Hampshire.

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 disability income insurance policy:

Cost of Living Adjustment (COLA) Rider – 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) Rider – 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. If your Continuous Disability began before age 55, and you remain Continuously Totally Disabled through the end of the Maximum Benefit Period, we will continue to pay the monthly benefit (no SIS benefit) at the same level being paid at the end of the Maximum Benefit Period (including COLA increases, if any) until the Maximum Aggregate Benefit amount has been exhausted. To receive this benefit beyond the Maximum Benefit Period, you must be Totally Disabled from any occupation you are suited to by your education, training and experience.

Recovery Benefit Rider – This benefit can help support you while working to rebuild your business or practice after a disability. After recovering from a disability in which you were receiving benefits, and returning to work full time, benefits are payable if you continue to have a loss of earnings equal to or greater than 20% of your prior earnings and the loss is solely due to your prior disability. Recovery benefits are payable for a period not to exceed the Recovery Benefit period, but not beyond the policy's Maximum Benefit Period.

- 1 year
- 3 years

Regular Occupation Rider – If you become totally disabled from your occupation, under the terms of the policy, and choose to work in another occupation, you'll receive full benefits, regardless of the income you earn from the other occupation. This rider is only available to certain 5A occupations and is not available if the Transitional Occupation rider is on the policy.

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 Principal Life financial 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 Principal Life financial representative can help.



WE'LL GIVE YOU AN EDGESM

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 50309-0001.