Individual Disability Income Insurance

Protect your income today.
Not familiar with income protection?

Don't worry, we're here to help.

The following pages outline what it's all about.

1. The need
2. Affordability and value
3. Supplementing other insurance

- Why it's important to your financial security
- How budget-friendly it can be
- How it can work with other coverage you may have
Build a solid financial foundation

Your income allows you to do the things you love today and plan for the future. Let us help you take steps to protect your financial foundation with income protection.

› Learn more at principal.com/protectincome.
You protect your home and car, but how about the asset you rely on most — your income?

- **Car / $33,543**
- **Home / $239,700**
- **Income / $4,983,000**

---

1. Average new car price, Kelley Blue Book, August 2015.
3. Projected cumulative income of a 35-year-old earning $6,250/month ($75,000 annually), assuming a 5% annual increase to age 65.
The need

Protect your future earnings

Have you thought about how much your income could add up to?

Protect what you’ve worked so hard to earn.

For example, a 35-year-old who's now earning $75,000 could expect to earn $5 million by age 65.

### Potential earnings to age 65
(with 5% annual salary increases)

<table>
<thead>
<tr>
<th>Age</th>
<th>$50,000</th>
<th>$75,000</th>
<th>$100,000</th>
<th>$150,000</th>
<th>$200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>$4,516,000</td>
<td>$6,774,000</td>
<td>$9,032,000</td>
<td>$13,548,000</td>
<td>$18,064,000</td>
</tr>
<tr>
<td>35</td>
<td>$3,322,000</td>
<td>$4,983,000</td>
<td>$6,644,000</td>
<td>$9,966,000</td>
<td>$13,288,000</td>
</tr>
<tr>
<td>40</td>
<td>$2,386,000</td>
<td>$3,580,000</td>
<td>$4,773,000</td>
<td>$7,159,000</td>
<td>$9,545,000</td>
</tr>
<tr>
<td>45</td>
<td>$1,653,000</td>
<td>$2,480,000</td>
<td>$3,307,000</td>
<td>$4,960,000</td>
<td>$6,613,000</td>
</tr>
<tr>
<td>50</td>
<td>$1,079,000</td>
<td>$1,618,000</td>
<td>$2,158,000</td>
<td>$3,237,000</td>
<td>$4,316,000</td>
</tr>
<tr>
<td>55</td>
<td>$629,000</td>
<td>$943,000</td>
<td>$1,258,000</td>
<td>$1,887,000</td>
<td>$2,516,000</td>
</tr>
<tr>
<td>60</td>
<td>$276,000</td>
<td>$414,000</td>
<td>$553,000</td>
<td>$829,000</td>
<td>$1,105,000</td>
</tr>
</tbody>
</table>
The need

What will your future hold?

You can’t predict the future, but you can make decisions today to protect against the real-world risks of tomorrow.

Here are common conditions that have affected others’ ability to work:

Source: Principal Disability insurance claims payments issued in 2015. The above is for illustrative purposes only and is not intended as an inclusive representation of all claims.
Pop quiz: Who below lost their income because of a disability?

Carol
Age 34
Corporate employee

Jacob
Age 43
Veterinarian

Robert
Age 51
Teacher

Deena
Age 48
Optometrist

Answer:
It could be any one of them.

It may surprise you to learn that:

1 in 4
of today’s 20-year-olds will become disabled before they retire.

We help people like you with income protection

Take a look at the individuals who receive a monthly benefit that works much like a paycheck from their disability policies:

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Age at policy purchase</th>
<th>Age at disability</th>
<th>Condition</th>
<th>Total amount received</th>
<th>Months received benefit payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative manager</td>
<td>38</td>
<td>41</td>
<td>Chronic fatigue syndrome</td>
<td>$317,489</td>
<td>259</td>
</tr>
<tr>
<td>Bank teller</td>
<td>24</td>
<td>37</td>
<td>Lower back pain</td>
<td>$18,208</td>
<td>21</td>
</tr>
<tr>
<td>Chief operating officer</td>
<td>44</td>
<td>52</td>
<td>Cornea disease</td>
<td>$238,474</td>
<td>59</td>
</tr>
<tr>
<td>Commercial insurance sales</td>
<td>45</td>
<td>46</td>
<td>Chronic pain syndrome</td>
<td>$75,333</td>
<td>21</td>
</tr>
<tr>
<td>ER physician</td>
<td>34</td>
<td>37</td>
<td>Back disorder</td>
<td>$49,187</td>
<td>11</td>
</tr>
<tr>
<td>Financial advisor</td>
<td>43</td>
<td>49</td>
<td>Cirrhosis</td>
<td>$230,267</td>
<td>65</td>
</tr>
<tr>
<td>Hardware support technician</td>
<td>33</td>
<td>38</td>
<td>Migraine</td>
<td>$158,500</td>
<td>130</td>
</tr>
<tr>
<td>Legal secretary</td>
<td>37</td>
<td>48</td>
<td>Back disorder</td>
<td>$246,380</td>
<td>173</td>
</tr>
<tr>
<td>Radiology technician</td>
<td>59</td>
<td>63</td>
<td>Pelvic fracture</td>
<td>$20,625</td>
<td>35</td>
</tr>
<tr>
<td>Senior pastor</td>
<td>49</td>
<td>51</td>
<td>Depression</td>
<td>$252,114</td>
<td>61</td>
</tr>
<tr>
<td>Surgeon</td>
<td>42</td>
<td>45</td>
<td>Lupus</td>
<td>$114,903</td>
<td>18</td>
</tr>
<tr>
<td>Vice president</td>
<td>49</td>
<td>51</td>
<td>Panic disorder</td>
<td>$507,500</td>
<td>149</td>
</tr>
</tbody>
</table>

Source: Active Principal Disability claims payments as of 8/31/15. The above is for illustrative purposes only and is not intended as a comprehensive representation of circumstances surrounding the claims displayed, an inclusive representation of all claims, or a promise to pay specific claims.
The need

Consider all the things your income pays for...

- Car
- Home
- Cell phone bills

That's why you may want to consider buying income protection. If you’re unable to work and earn an income, it helps you pay monthly expenses.

62% of Americans have no emergency savings.

Source: Most Americans are only one paycheck away from the street,” Market Watch, January 2015.
The need

Everyone needs a "Plan B"

We know things don't always go as planned in life. That's why it's important to have a Plan B in place so you can keep living your best life.

<table>
<thead>
<tr>
<th>Plan A</th>
<th>Plan B</th>
<th>For a small percentage of your salary, disability insurance can help protect the asset you rely on most — your income.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$100,000</strong></td>
<td><strong>$98,600</strong>*</td>
<td></td>
</tr>
<tr>
<td>Annual salary if working (before taxes)</td>
<td>Annual salary if working (before taxes)</td>
<td></td>
</tr>
<tr>
<td><strong>$0</strong></td>
<td><strong>$60,000</strong>*</td>
<td>Income while too sick or hurt to work from your disability insurance (after taxes)</td>
</tr>
<tr>
<td>Income while too sick or hurt to work</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* 100,000 less $1,400 in hypothetical annual disability income insurance premiums. Premiums and $5,000 monthly benefit amount depend on various factors. Your local representative can illustrate the exact amount you're eligible for based on current underwriting guidelines. This a hypothetical example only.
A disability can mean big changes in your expenses

When an illness or injury prevents you from working, two things often happen:

- Your income reduces or stops
- Expenses increase.

Healthy and working

<table>
<thead>
<tr>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
</tr>
<tr>
<td>Expenses</td>
</tr>
</tbody>
</table>

Disabled and not working

| Debt |

Don’t worry, we can help you prepare.

**During a disability…**

**Regular expenses continue:**
- Food
- Housing
- Cars
- Utilities
- Internet
- Child care
- Student loan payment
- Insurance premiums
- Savings for retirement
- Plus, much more

**Plus new disability-related expenses begin:**
- Insurance co-pays
- Medical costs not covered by insurance
- In-home care
- Home modifications
- COBRA premiums
The dynamic duo of coverage

When you think of health insurance, don’t forget its partner — disability insurance. Together, they help you pay the bills:

**Health insurance covers:**
- Hospital bills
- Doctor’s bills
- Medications
- Other medical treatments

**Disability insurance provides funds for:**
- Food
- Clothing
- Housing
- Student loans
- Transportation
- Personal technology
- Insurance
- Retirement saving
- College saving
- Medical expenses not covered by health insurance
- Much, much more!
Are you prepared?

Protect your income today so you can take comfort in knowing that if the unexpected happens, you’re prepared.

Is your “mental checklist” complete?

- Emergency contact
- Health Insurance
- Sick leave
- Life insurance
- Child care
- Other (pet sitter, lawncare, etc.)
- Income Protection
Affordability and value

Protect yourself with budget-friendly coverage

You could protect your income for less than what most people spend on routine expenses like coffee, a cell phone, internet services, etc.

**Sample monthly cost**

This chart shows how much you'd pay for $1,000 in monthly benefits.

You can estimate the cost for more coverage by using the following:

<table>
<thead>
<tr>
<th>Age</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>$16</td>
<td>$26</td>
</tr>
<tr>
<td>30</td>
<td>$20</td>
<td>$36</td>
</tr>
<tr>
<td>35</td>
<td>$23</td>
<td>$39</td>
</tr>
<tr>
<td>40</td>
<td>$29</td>
<td>$47</td>
</tr>
</tbody>
</table>

Multiply by how much more coverage you may need (for example, 3 times for a benefit of $3,000 a month)

Assumptions: Principal Individual DI Insurance policy, Michigan resident, to Age 65 Benefit Period and Your Occupation Periods, non-tobacco, $1,000 maximum monthly benefit, 90-day Elimination Period, 3A occupation class.

*Your specific premium depends on a variety of factors, including, but not limited to, gender, age, smoking status, benefit amount, elimination period, resident state and occupation class. These cost comparisons are for illustrative purposes only.
Are you planning for retirement?

Keep those plans on track — no matter what life brings.

You can use Principal® DI Retirement Security to help protect your ability to save for retirement if you become too sick or hurt to work.

Assumptions: $2,000/month contributions beginning at age 30, 5% rate of return and age 65 retirement. Potential loss due to disability at age 40 without continued contributions to retirement savings.

DI Retirement Security is issued as non-cancelable, guaranteed renewable, individual disability income insurance policy. It is not a pension or retirement program or a substitute for such a program. DI Retirement Security is not available for anyone who is over insured based on our current Issue and Participation guidelines. It may not be available or the benefit may be reduced for certain occupations if there is existing disability coverage with lifetime benefits. Additional underwriting guidelines may apply.
Is your employer-provided group disability insurance enough?

The disability insurance you have through work is a great start for protecting your income. For many though, it may not be enough, especially after taxes.

Adding an individual disability insurance policy to a group long-term disability (LTD) plan helps ensure that you can replace more of your income. And that goes a long way in helping you pay everyday living expenses.

Plus, an individual disability insurance policy is yours and goes with you even if:

- You change jobs
- Your income increases
- You develop health issues

Chart based on $6,250 gross monthly income ($75,000 annual), with 60% group long-term disability program, assuming a 30% tax bracket for federal, state and FICA.
Disability insurance from Principal® is issued by Principal Life Insurance Company. Des Moines, Iowa 50392, principal.com

This information is provided with the understanding that Principal® is not rendering legal, accounting or tax advice. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements.

Disability insurance has limitations and exclusions. For costs and coverage details, contact your Principal representative.

Principal, Principal and symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group.

JJ1151-15 | 07/2016 | ©2016 Principal Financial Services, Inc.