



Individual Disability  
Income insurance

Protect your  
income today.



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## Not familiar with income protection?

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

The following pages outline what it's all about.

✔ Why it's important to your financial security



✔ How budget-friendly it can be



✔ How it can work with other coverage you may have



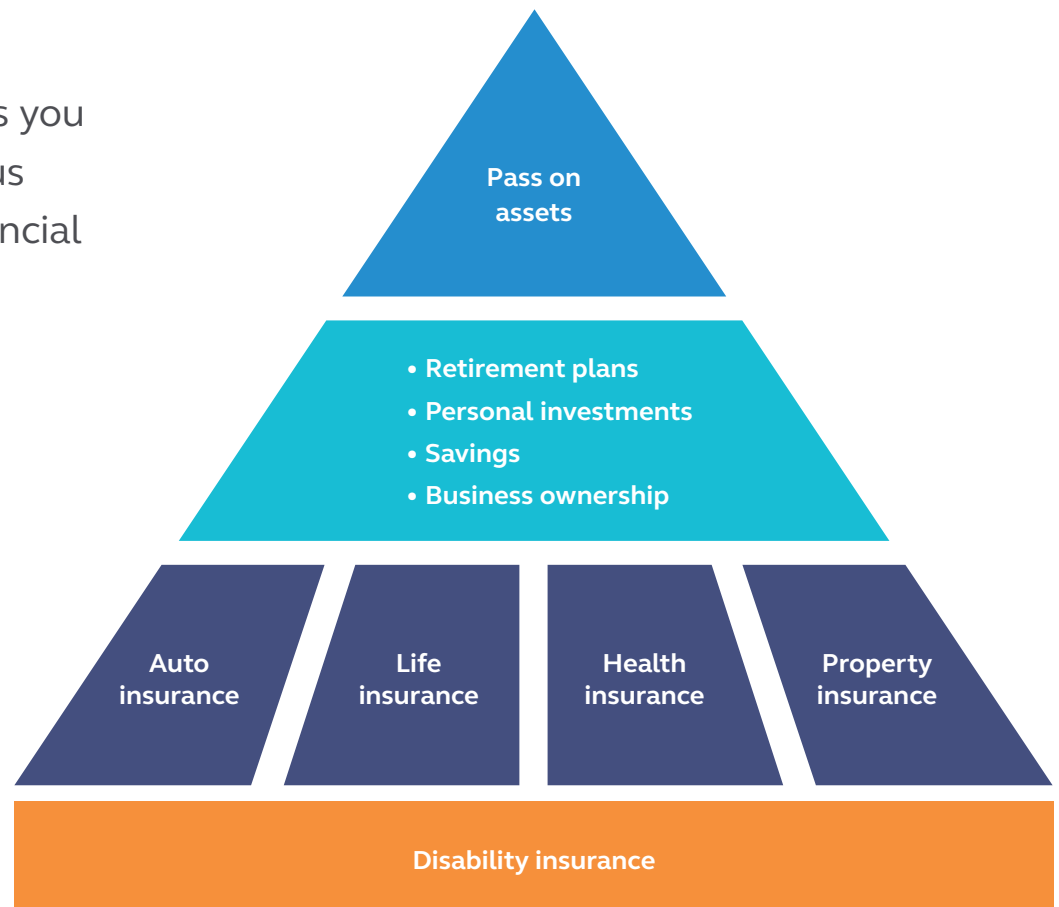
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The need

## 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.

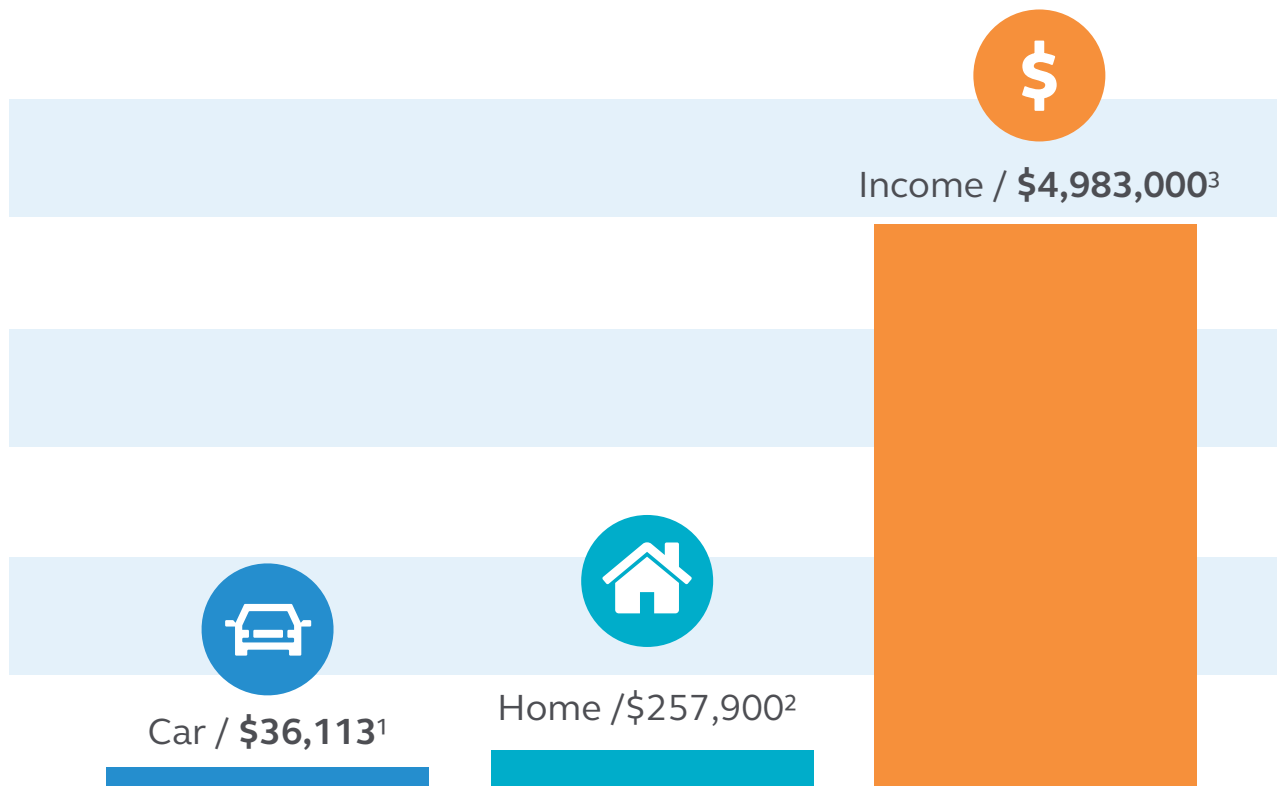
> Learn more at [principal.com/protectincome](https://principal.com/protectincome).



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The need

You protect your home and car, but how about the asset you rely on most — your income?



<sup>1</sup> Average new car price, Kelley Blue Book, December 2017.

<sup>2</sup> U.S. Existing Single-Family Home Sales Price, YCharts, [https://ycharts.com/indicators/sales\\_price\\_of\\_existing\\_homes](https://ycharts.com/indicators/sales_price_of_existing_homes). As seen on 06/2018.

<sup>3</sup> Projected cumulative income of a 35-year-old earning \$6,250/month (\$75,000 annually), assuming a 5% annual increase to age 65.

## 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)

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

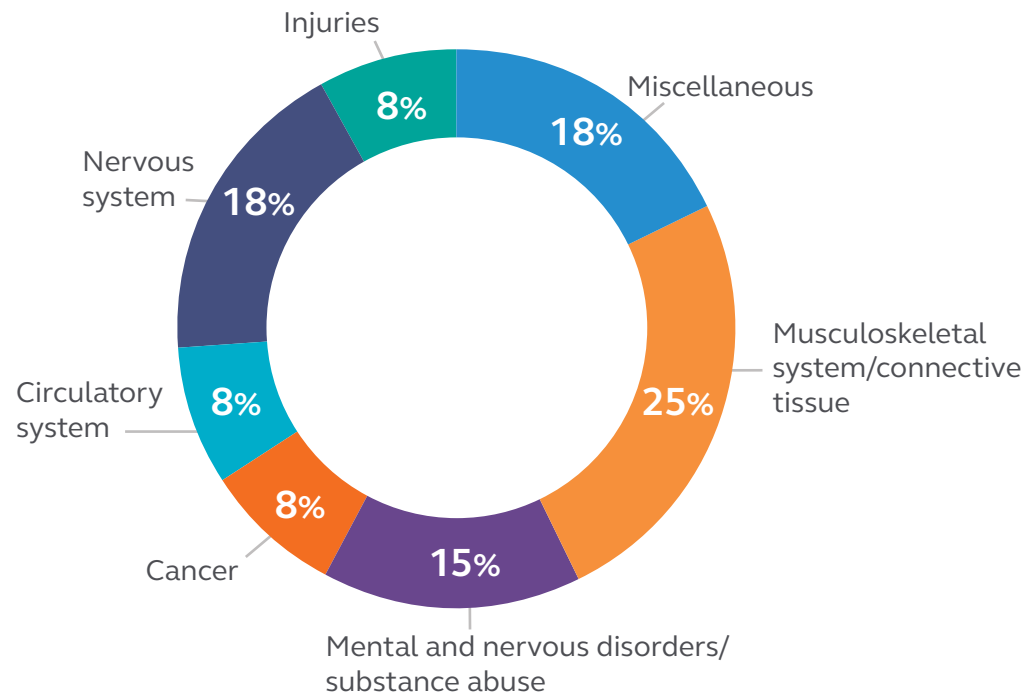
## What will your future hold?

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 Life disability insurance active claims as of May 2018. The above is for illustrative purposes only and is not intended as a complete representation of all claims.

### Common conditions



## 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

It may surprise you  
to learn that:

**1 in 4**

of today's 20-year-olds  
**will become disabled  
before they retire.**

Answer:

It could be any one of them.

Source: The Facts about Social Security's Disability Program, <https://www.ssa.gov/pubs/EN-05-10570.pdf>. June 2018

The need

## 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:

Occupation	Age at policy purchase	Age at disability	Condition	Total amount received	Months received benefit payments	Type of insurance
Attorney	29	32	Lymphoma	\$100,000	Lump sum	Key Person Replacement
Business owner	51	54	Rotary cuff tear	\$273,022	26	Disability Income
Civil engineer	39	54	Cancer	\$43,658	13	Disability Income
Computer consultant	34	52	Kidney disease	\$78,045	13	Disability Income
Marketing representative	41	46	Bipolar disorder	\$300,600	36	Disability Buy-Out
Periodontist	49	53	Heart attack	\$240,000	12	Overhead Expense
Pharmacist	46	62	Alzheimer's	\$53,900	32	Disability Income
Sales manager	36	55	Breast cancer	\$96,711	14	Disability Income
Surgeon	42	43	Colon cancer	\$261,729	15	Disability Income
Veterinarian	34	42	Hit by car	\$103,200	12	Overhead Expense

Source: Active Principal Disability claims payments through September 2017. 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.



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The need

Consider all the things your income pays for...



Car



Home



Cell phone bills

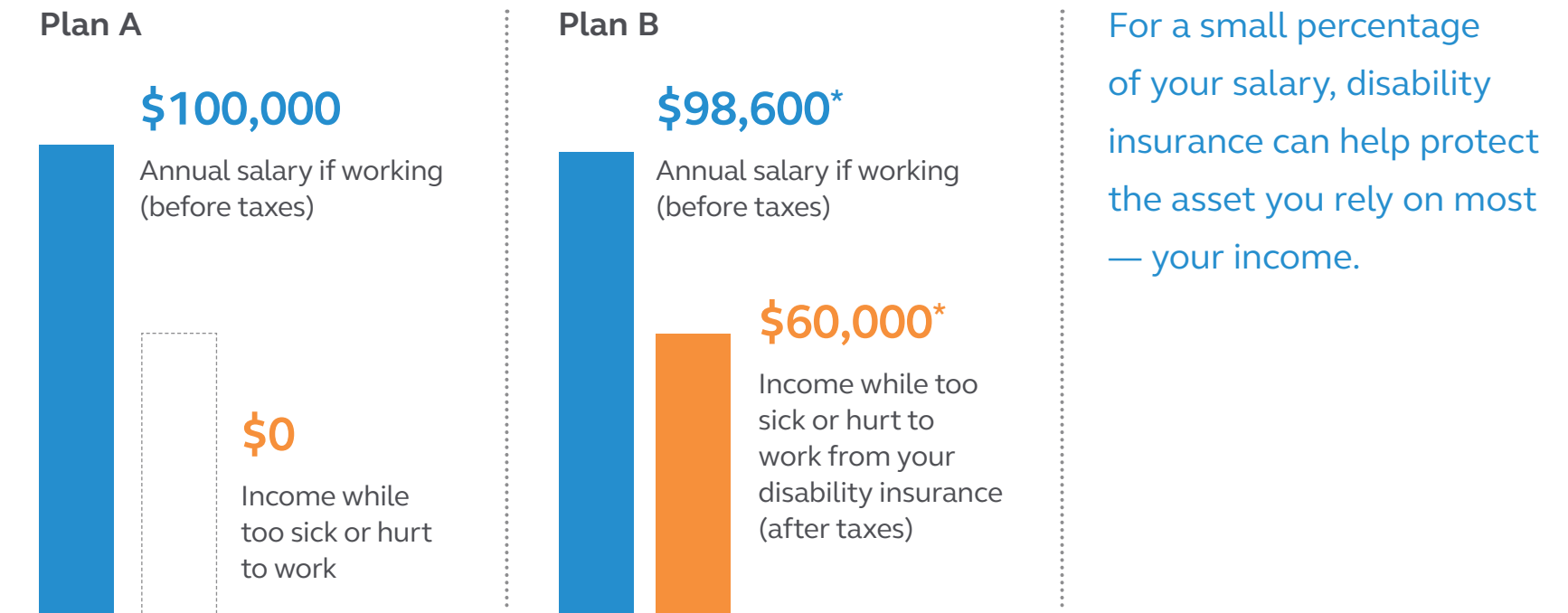
That's why you may want to consider buying income protection. If you're unable to work and earn an income, it helps you pay monthly expenses.

40% of  
Americans could not cover  
an unexpected \$400  
emergency expense.

"Federal Reserve Board Issues Report on the Economic Well-Being of U.S. Households," Market Watch, 2017.

## 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.



For a small percentage of your salary, disability insurance can help protect the asset you rely on most — your income.

\* 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.

## The need

# 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



Income

Savings

Expenses



### 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:

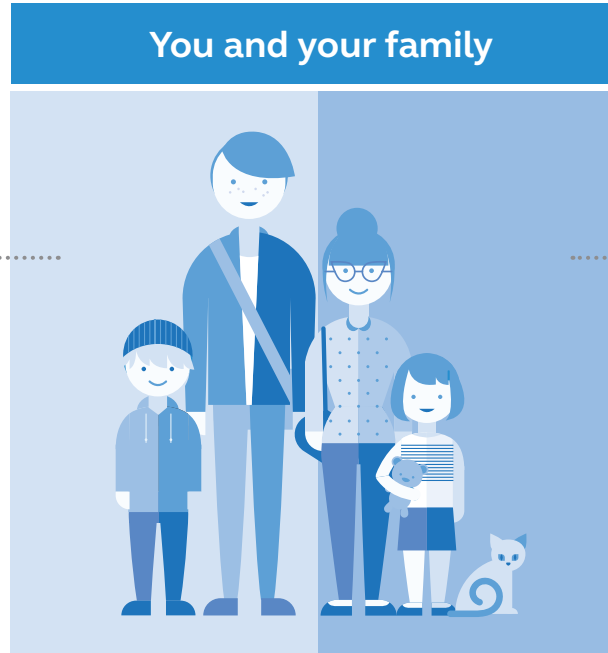
- Insurance co-pays
- Medical costs not covered by insurance
- In-home care
- Home modifications
- COBRA premiums

## 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



Child care



Health Insurance



Other (pet sitter, lawncare, etc.)



Sick leave



**Income Protection**



Life insurance

## 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:

Age	Male	Female
25	\$19	\$31
30	\$22	\$42
35	\$27	\$46
40	\$33	\$55

$$\text{Sample monthly cost from chart} \times \text{Multiply by how much more coverage you may need (for example, 3 times for a benefit of \$3,000 a month)} = \text{Estimated monthly cost*}$$

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, 4A occupation class.

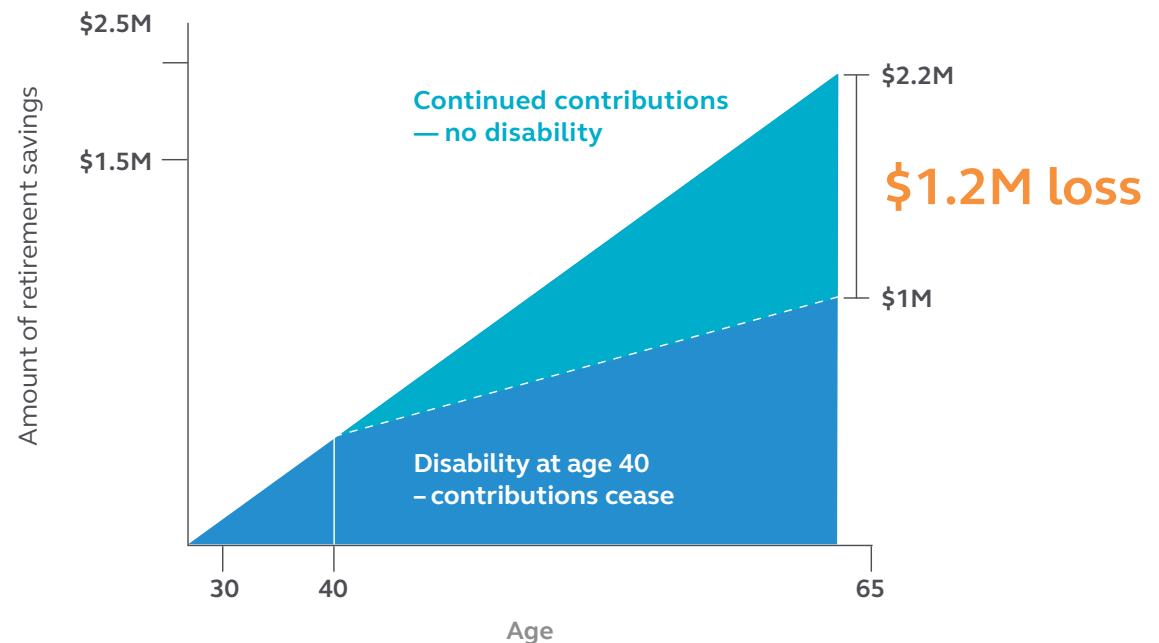
\* Your specific premium depends on a variety of factors, including, but not limited to, gender, age, smoking status, benefit amount, elimination period, resident state and occupation class. These cost comparisons are for illustrative purposes only.

## 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.

### How a disability could affect your ability to save



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.

## You can protect your future

### Disability insurance doesn't have to be expensive.

If you do become too sick or hurt to work, here's an example of a policy that costs \$75 a month and gets you \$2,000 a month in benefits.

Years paid for coverage	Time until the money received equals the cost of coverage
2	Less than 1 month
5	3 months
10	5 months
15	7 months
20	9 months

Assumptions: Male-specific \$72/month rate for Colorado resident, age 35, 4A occupation class, non-tobacco, \$2,000/month benefit, To Age 65 Benefit/Your Occupation Period, 90-Day Elimination Period, Residual and Recovery Benefit rider, Cost of Living Adjustment rider (3%). For illustrative purposes only.



“I remember thinking, ‘I wonder if we really should be spending money this way,’ because surely we’ll never use the benefits. Turns out, I don’t know how we would’ve paid our bills. The benefits (from disability insurance) are what keep our lives going.”

*Pat Harwood, claimant who benefited from disability insurance*

Testimonial may not be representative of other clients' experiences. It is not indicative of or a guarantee of future benefits. Claimant has not been paid for this testimonial.



## What's your time worth?

Think about the start of your typical work day.  
Do you...



Read about current events in the news?



Grab a quick coffee or snack?



Check last night's emails?



Prep for an upcoming meeting?



Pay for your DI coverage?



In about

**10 minutes**

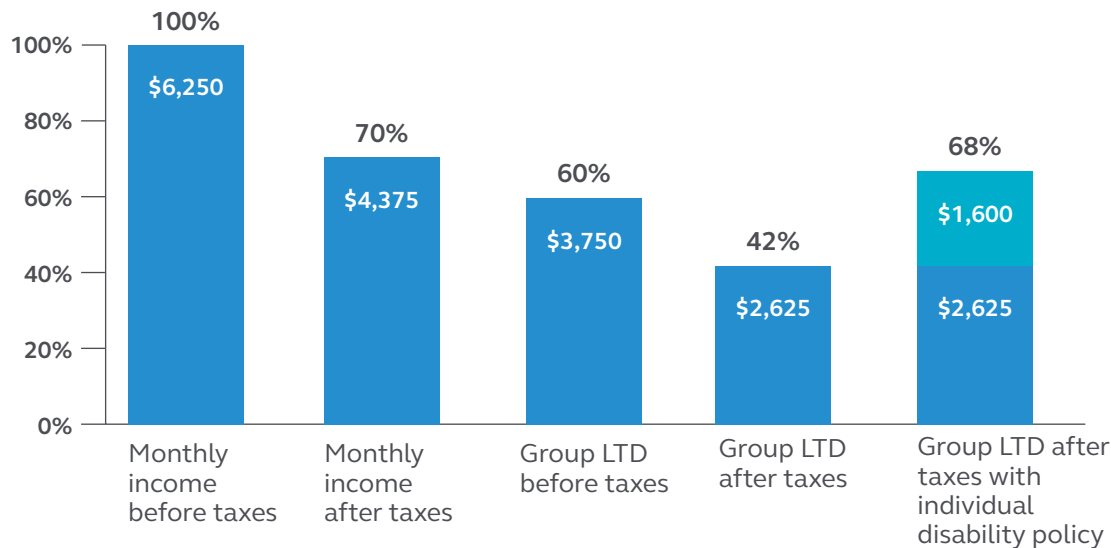
of your work day, you  
could pay for the daily  
cost of your DI policy.\*

\*Assumptions based on after-tax income with an annual premium of \$2,000-\$2,500. Product coverage varies based on need, income and other factors. Policy cannot be paid on a daily basis. For illustrative purposes only.

## 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.



[principal.com](https://principal.com)

Disability insurance from Principal® is issued by Principal Life Insurance Company. Des Moines, Iowa 50392.

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**May lose value • Not a deposit • No bank or credit union guarantee  
Not insured by any Federal government agency**

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