

HOW DO I CHOOSE MY 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 were too sick or hurt to work.

<u>Expenses</u>		<u>Income</u>	
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	\$ _____		

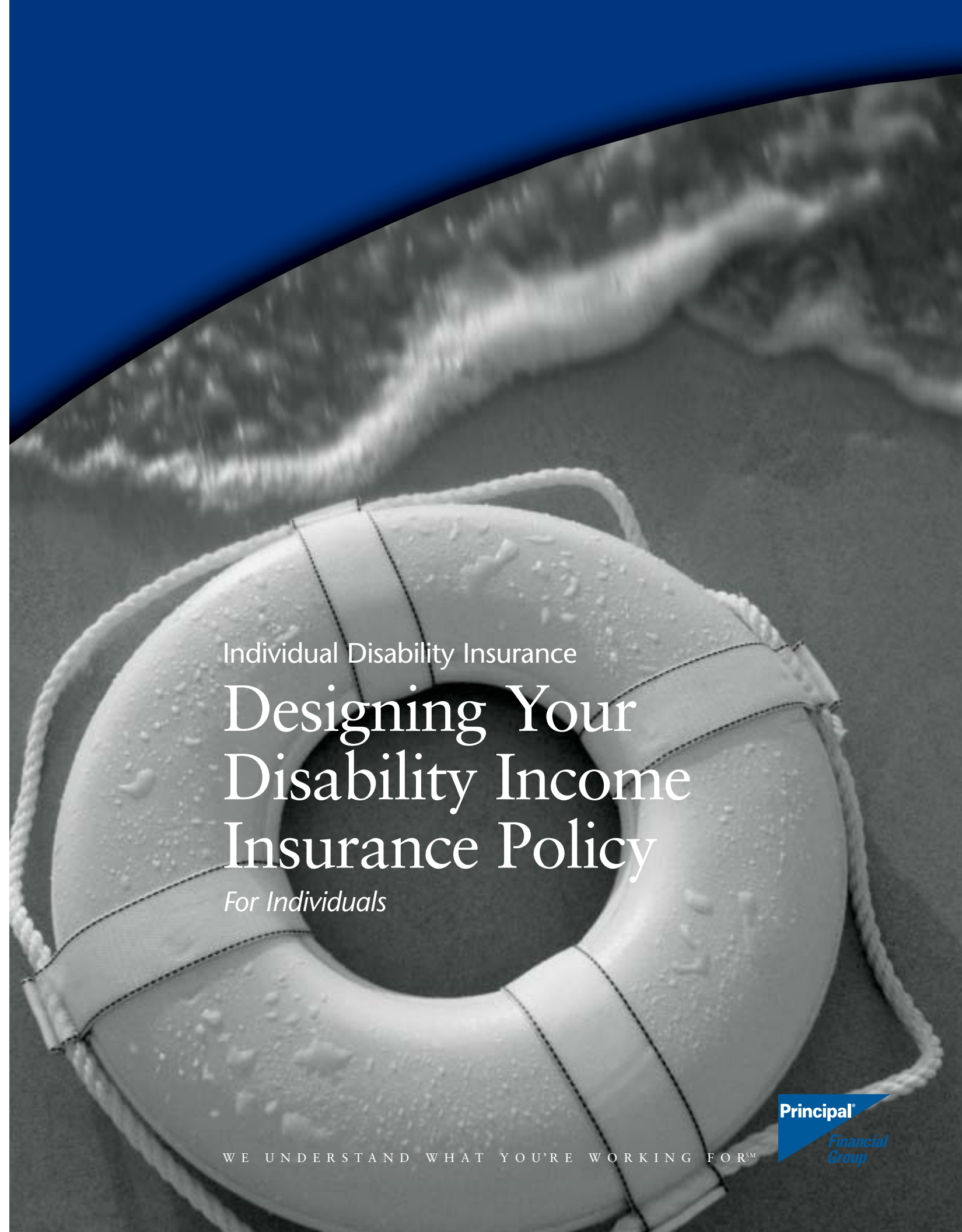
Whether you're looking for full DI coverage or a policy to supplement your existing coverage, your Principal Life financial representative can help you find a policy to meet your needs.

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.

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Principal Life Insurance Company
Des Moines, IA 50392-0001
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Individual Disability Insurance
**Designing Your
Disability Income
Insurance Policy**
For Individuals

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Facts to Consider

Approximately 30% of people age 35 to 65 will suffer a disability for at least 90 days – and about one in seven can expect to become disabled for five years or more. (Source: HIAA; *The NY Times February 2000*)

During the course of your career, you are 3 ½ times more likely to be injured and need disability coverage than you are to die. (Source: *Health Insurance Association of America, 2000*)

A 35-year-old with an annual salary of \$50,000 (receiving 5% annual salary increases) has the potential to earn \$3,322,000 by age 65.

About 9 million people have disabilities so severe they require personal assistance to carry out every day activities. (Source: *U.S. Census Bureau, Census Brief, December 1997*)

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

Your Benefit

The elimination period is the “waiting period.” No benefits are paid for this period. Once disabled under the terms of the policy, you will receive benefits one month after the elimination period is satisfied.

The benefit period is the length of time you will receive benefits after satisfying the elimination period.

The Your Occupation Period is the benefit period for which you are protected in “Your Occupation” and are not required to work in another occupation. 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.

Two future insurability options are available for you to choose for no additional premium.

Automatic Increase Option (AIO) Rider – Automatically increases your coverage every year for 6 years*, without requiring any evidence of insurability, based on the change in the Consumer Price Index for All Urban Consumers (CPI-U). There is a minimum 4% increase each year and a maximum of 10%. This rider can be renewed at the end of 6 years with financial underwriting.

Benefit Update (BU) Rider – Allows you to increase your coverage to the maximum amount you are eligible for every 3 years without providing evidence of medical insurability. You can even request an advance option (in place of your next scheduled review) in the event you 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.

*If the BU rider is also on the policy, an AIO offer will not be made in the years of the BU options.

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 6 months. If your loss of earnings exceeds 75%, then 100% of the maximum monthly benefit is paid.

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 NH

- Extended Total Disability Benefit (ETDB) Rider** – If your Continuous Disability Benefit 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. 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.

Your Choice

Ask yourself: How long could I go without a paycheck? How long could I live on my savings or other sources?

- 30 days
- 60 days
- 90 days
- 180 days
- 365 days

If I were to become disabled, how long would I need to receive benefits?

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

Ask yourself: How long do I want to protect myself in my occupation? If I were to become disabled from my occupation but could work in another occupation, would I want to do so? Is 2 years enough protection in my occupation?

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

Ask yourself: 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?

- Automatic Increase Option Rider
- Benefit Update Rider
- Both

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

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

Ask yourself: Do I want to protect myself in the event I am catastrophically disabled? How long would I want to protect myself in the event I am catastrophically disabled?

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

- Recovery Benefit Rider** – 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. This benefit can help support you while working to rebuild your business or practice after a disability.
 - 1 year
 - 3 years

- Regular Occupation Rider** – If you become totally disabled from your occupation, under the terms of the policy, and can work in another occupation and choose to do so, you’ll receive full benefits, regardless of the income you earn from the other occupation. This rider is only available to certain 5A occupations.