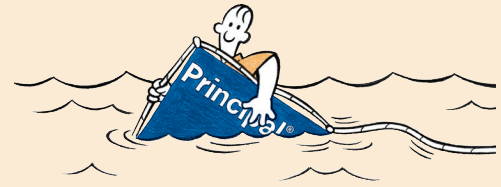


Product Profile – Series 700

INDIVIDUAL DISABILITY INCOME INSURANCE



OVERVIEW

Individual Disability Income (DI) insurance helps individuals protect their ability to work and earn an income. In the event of a disability, the policy provides monthly benefits to help pay daily living expenses. Almost everyone in the working population is a good candidate for Individual DI insurance.

Principal Life Insurance Company's policy is non-cancelable, guaranteed renewable to age 65 and conditionally renewable for life.

Individual DI insurance can be purchased individually or added to employee benefit packages as either stand-alone coverage or as a supplement to group long-term disability insurance. A Multi-Life Discount of 20 percent (based on unisex rates) applies when three or more employees with a common employer purchase Individual DI insurance.

To help individuals continue saving for retirement in the event of a disability, Principal Life also offers DI Retirement Security.

PROFILE OF DI PURCHASERS

- Ages 30 to 49
- Majority of policies sold to 3A/3A-M and above occupation classes
- Often sold to corporate executives, accountants/CPAs, attorneys, business owners, dentists and medical professionals

Did you know?

- **ONE IN FOUR** of today's 20-year-olds will become disabled before reaching age 67.¹
- **69% OF THE WORKFORCE** has no long-term disability insurance.¹
- Nearly **THREE IN 10** new long-term disability claims are caused by musculoskeletal system and connective tissue disorders.²

PRODUCT AND UNDERWRITING GUIDELINES

- Issue ages: 18-60 (18-64³ for multi-life cases)
- Occupation classes: 6A⁴, 5A/5A-M, 4A/4A-M, 3A/3A-M, 2A, A
- Elimination Periods: 30 (not available in California), 60, 90, 180 or 365 days
- Benefit Periods: 2 years (not available in California), 5 years, To Age 65, To Age 67 or To Age 70
- Your Occupation Periods: 2 years, 5 years, To Age 65, To Age 67 or To Age 70

DI MAXIMUM ISSUE AND PARTICIPATION LIMITS⁵

Occupation Class	Issue Limit	Participation with Other Disability Coverage
6A ⁴ , 5A, 4A, 3A	\$20,000	\$30,000
5A-M, 4A-M ⁶ , 3A-M ⁶	\$15,000	\$25,000
2A	\$8,000	\$10,000
A	\$6,000	\$8,000

PREMIUMS

Individual DI insurance premium rates depend on a variety of factors, including: age, gender, occupation class, tobacco status, state of residence, Benefit Period, Elimination Period, Your Occupation Period, selected riders and any available discounts. When Individual DI insurance is offered as an employee benefit, premiums can be paid by the employer or employee.

Below are three examples of how coverage can be structured to meet a client's needs and budget:

Policy Features	Comprehensive Coverage		Moderate Coverage		Basic Coverage	
Monthly benefit	\$2,450 (maximum available)		\$1,850 (approx. 75% of max.)		\$1,500 (approx. 61% of max.)	
Elimination Period	90 days		90 days		180 days	
Benefit Period	To Age 65		To Age 65		5 years	
Your Occupation Period	To Age 65		To Age 65		5 years	
Total Disability covered	Yes		Yes		Yes	
Residual Disability covered	Yes		Yes (12-month duration)		No	
Cost of Living Adjustment rider added (cost rider)	Yes (3%)		No		No	
Total monthly premium	Male	Female	Male	Female	Male	Female
	\$89	\$154	\$57	\$99	\$20	\$35

Assumptions: Michigan resident, HH 750 policy, \$40,000 annual income, 4A occupation class, non-tobacco, age 35.

AVAILABLE FEATURES

Riders

No Cost

- Benefit Update
- Capital Sum Benefit
- Future Benefit Increase
- Limitation of Benefits for Mental/ Nervous and Substance Abuse Disorders (MNSA)⁷
- Presumptive Disability Benefit
- Supplemental Health Benefit

Cost

- Catastrophic Disability Benefit⁸
- Cost of Living Adjustment
- Extended Total Disability Benefits
- Recovery Benefit⁹
- Regular Occupation
- Residual Disability Benefit⁹
- Residual Disability and Recovery Benefit
- Short-term Residual Disability Benefit (6 or 12 month)
- Transitional Occupation

Sales Programs & Discounts

- Select Occupation:¹⁰ 10%
- Multi-Life:¹¹ 20%
- Affiliation:^{4,12} 10%
- Core Value Income ProtectionSM
- Association: 10%
- MNSA rider:^{7,13} Up to 10%
- Simplified DI^{14,15}
- Simplified Multi-Life^{11,14,15}

BUILT-IN POLICY COMPONENTS

- Death Benefit
- Interrupted Elimination Period
- Recurring Disability
- Rehabilitation Benefit
- Transplant Surgery Benefit
- Waiver of Premium Benefit

“If I hadn’t had individual disability insurance, I would’ve faced financial difficulties. This insurance helped me continue my life and have a stable family.”

– Robert, disability insurance claimant

POINTS TO DISCUSS WITH CLIENTS

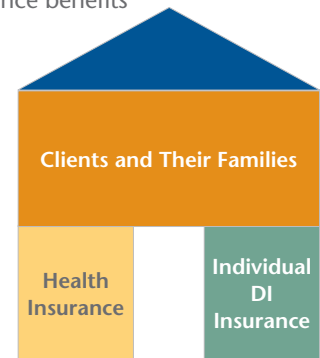
- **Chances are you insure your car, home and personal property, but what about your income?** Income is the base of a solid financial foundation; without it, everything else, including dreams for the future, may crumble.
- **Obtaining some income protection now is better than waiting.** As you age, a policy will become more expensive and you may risk not getting coverage due to health issues.
- **The Simplified DI Program¹³ offers a streamlined application process with no income verification or routine medical requirements¹⁴** so it's faster and easier to protect your income.
- **Saving for retirement is a long-term commitment.** If your income is disrupted by a disability, you could lose out on months or years of contributions and potential growth on those assets. With DI Retirement Security, you can help protect your ability to save for retirement.

SALES IDEA

Health insurance is just half the story

Individual DI insurance is an important part of a balanced health insurance plan. Health insurance helps clients pay for hospital bills, doctors' bills, medications and treatments. Clients typically aren't concerned with paying those premiums and understand the benefits of having the insurance. But health insurance benefits barely cover half of clients' overall expenses.

Upon a qualifying disability, Individual DI insurance provides benefits to help your clients cover daily living expenses, as well as medical expenses health insurance may not cover.



ABOUT DI RETIREMENT SECURITY

When individuals become disabled, most can no longer continue saving for retirement. With a loss of income, they are unable to contribute to 401(k) plans (or other retirement vehicles), receive their employer match or contribute to Social Security.

DI Retirement Security helps close that gap by allowing individuals to continue saving for retirement if they become too sick or hurt to work. Benefits are paid to an irrevocable trust¹⁶ upon a disability. It can be an ideal solution for those who've maxed out traditional disability coverage and are committed to saving for retirement.

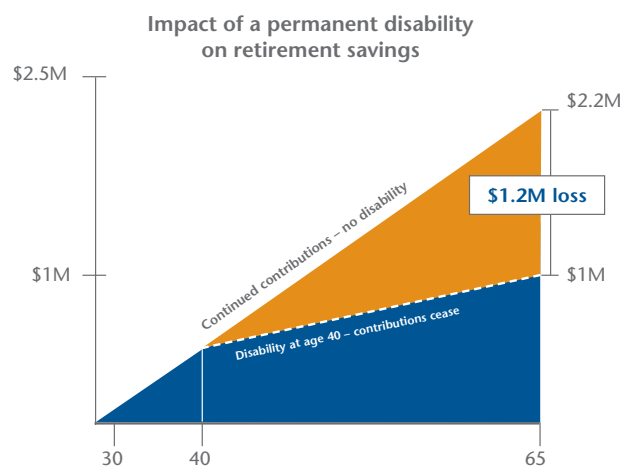
Guidelines

- Minimum annual income to qualify: \$76,000
- Occupation classes: All; most commonly sold to 4A/4A-M and above occupations
- Issue ages: 18-60
- Benefit Periods: To Age 65 or To Age 67
- Your Occupation Periods: 2 years, 5 years, To Age 65 or To Age 67
- Elimination Periods: 180 or 365 days
- Monthly benefit amounts (includes \$50 monthly trust administrative fee; maximum adjusts with IRS guidelines):
 - Minimum: \$1,000
 - Maximum: \$4,385 (individual paid); \$5,640 (employer paid)

- Available riders: Future Benefit Increase, Cost of Living Adjustment and MNSA⁷
- Available sales programs and discounts: Select Occupation¹⁰, Multi-Life¹¹, Affiliation^{4,12}, Association, MNSA rider^{7,13}

Disability's impact on savings

This graph shows the amount of retirement savings that could be lost due to a permanent disability at the age of 40.



Assumptions: \$2,000/month contributions beginning at age 30, 5% rate of return and age 65 retirement. Consequences of disability at age 40, without DI Retirement Security.

FOR MORE INFORMATION

Contact your local representative.

Not all benefits, features and riders are available in all states or to all occupation classes.

- ¹ Social Security Administration, Fact Sheet, February 2013.
- ² 2013 Long-Term Disability Claims Review, Council for Disability Awareness.
- ³ Older ages may be available subject to underwriting approval with the Conditionally Renewable Policy rider.
- ⁴ Not approved in all states; not available in California. For state approval information, visit www.principal.com/distateapprovals.
- ⁵ If automatic increase riders are on a policy, maximum Issue and Participation limits are lower.
- ⁶ For 4A-M and 3A-M policies before the 700 policy series: The issue limit remains \$10,000/month and the participation limit with other coverage is \$20,000/month.
- ⁷ The MNSA rider is required for single-life policies in CA, FL, LA and NV. It is not available for single-life cases in any other states except when required for association cases or when certain riders are placed on a policy for select occupations. For multi-life cases, the rider is required in CA and optional in all other states. This rider is not available in VT.
- ⁸ This rider is called the Catastrophic Impairment Benefit in NH.
- ⁹ Only available in CA.
- ¹⁰ Eligible occupations vary by state.
- ¹¹ Available when three or more individuals with a common employer purchase Individual Disability Insurance coverage.
- ¹² Certain guidelines apply; available when three or more 1099 contractors or three or more active franchise owners/key employees purchase Individual DI insurance or DI Retirement Security. Not available for medical professionals.
- ¹³ 10% discount for To Age 65, To Age 67 and To Age 70 benefit periods. 5% discount for 2-year and 5-year benefit periods. In TX, not available on 2-year benefit period; three percent discount with 5-year benefit period; five percent discount for all other benefit periods.
- ¹⁴ No blood, urine, exams, EKGs or APSs required, unless a significant medical condition is reported by MIB, significant medical information is obtained from the TeleApp or other available information, or any other disability coverage has been issued or applied for on a non-medical basis. Applications could be rated, ridered or declined based on all underwriting information available; this is not a guaranteed issue program. Urine/HIV test is required in Maine. Subject to Issue and Participation limits and minimum premium requirement. Combined Simplified DI and Simplified Overhead Expense benefits cannot exceed \$10,000/month.
- ¹⁵ Financial documentation is required for the following occupations regardless of income: stockbroker, bond trader (not on trading floor), mutual fund manager, real estate agent/broker, mortgage loan originator/broker, investment banker/analyst, attorney specializing in real estate, and residential construction contractor.
- ¹⁵ To learn more about the trust, visit www.principal.com/bankerstrust.



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