



Individual Disability
Income insurance

Protect your
income today.



Not familiar with individual Disability Income insurance, also referred to as 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



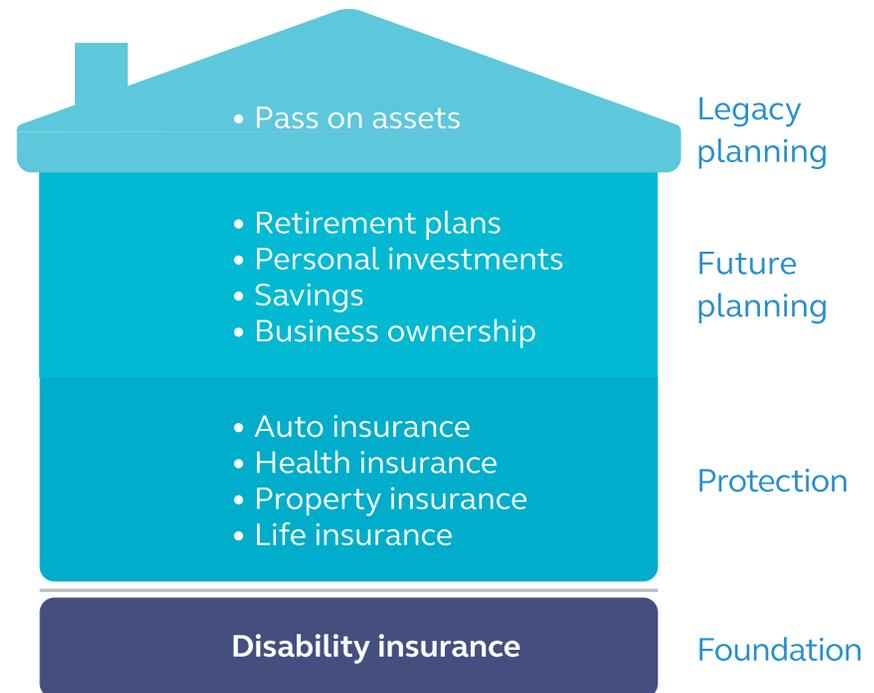
✓ How it can work with other coverage you may have



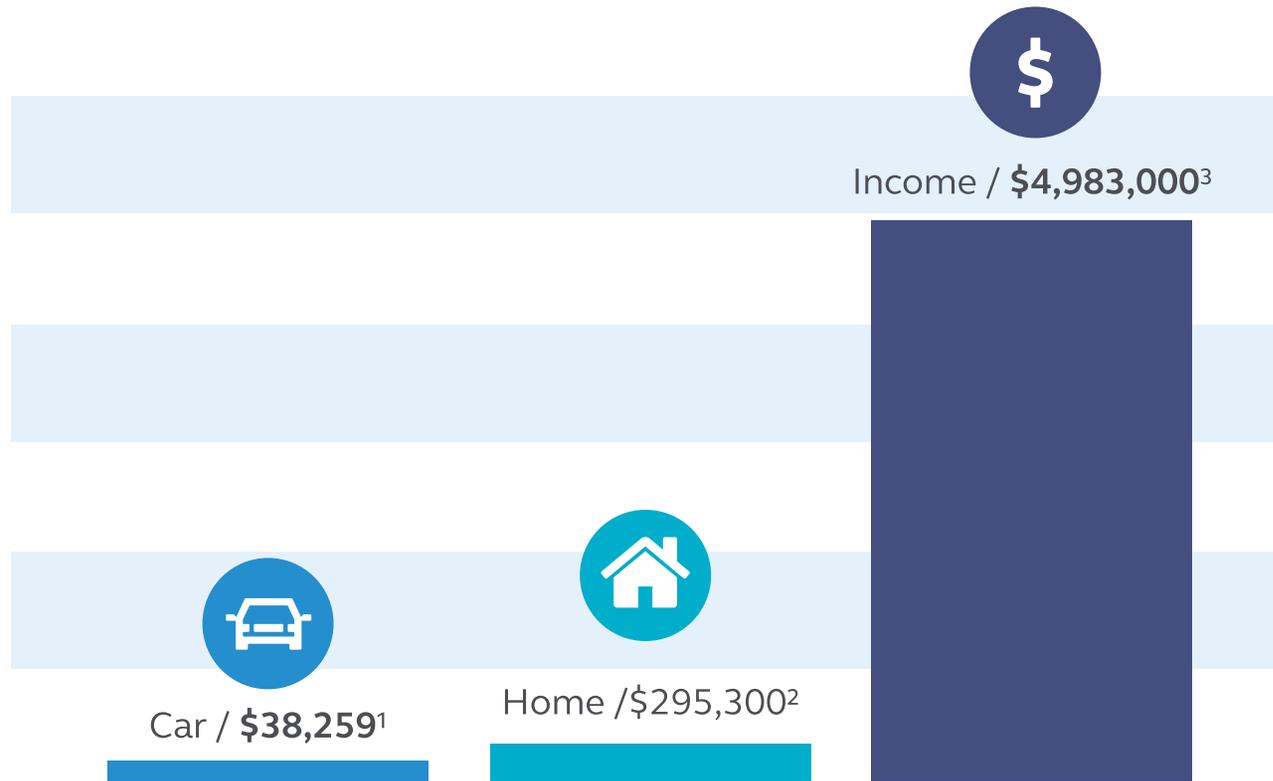
Build a solid financial foundation

Your income allows you to do the things you love today, while also planning for the future. We can 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?



¹ Average new car price, Kelley Blue Book, October 2019.

² U.S. Existing Home Median Sales Price, YCharts, https://ycharts.com/indicators/sales_price_of_existing_homes. As seen on 08/2020.

³ 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 over time?

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)

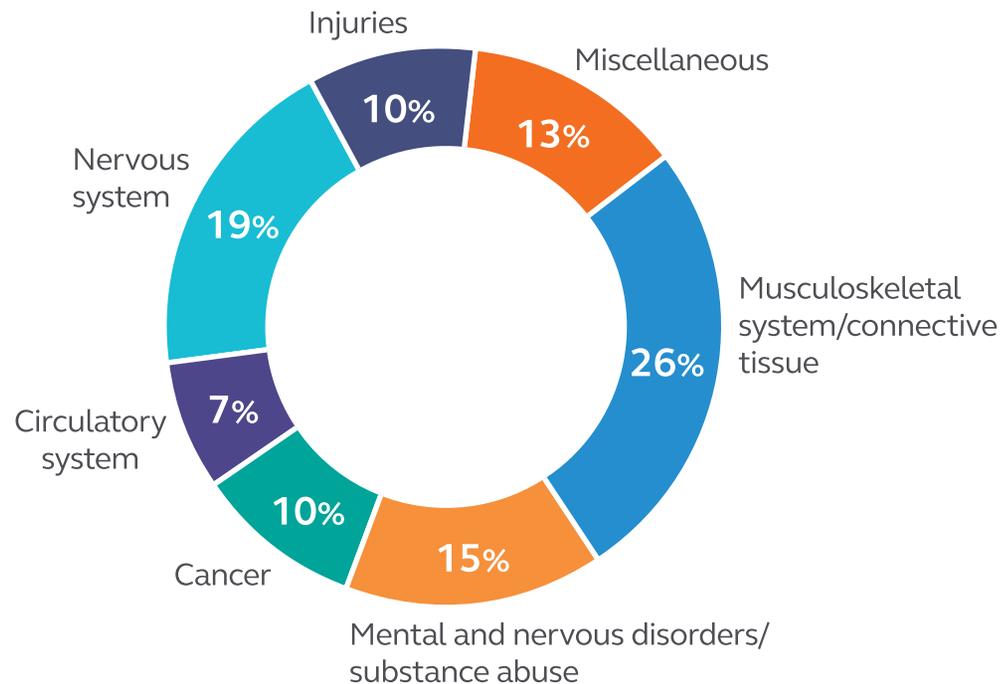
| Annual Income | | | | | |
|---------------|-------------|-------------|-------------|--------------|--------------|
| Age | \$50,000 | \$75,000 | \$100,000 | \$150,000 | \$200,000 |
| 30 | \$4,516,000 | \$6,774,000 | \$9,032,000 | \$13,548,000 | \$18,064,000 |
| 35 | \$3,322,000 | \$4,983,000 | \$6,644,000 | \$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?

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

Source: Principal Life disability insurance active claims as of July 2020. The pie chart is for illustrative purposes only and is not intended as a complete representation of the circumstances surrounding the claims, an inclusive representation of all claims, or a promise to pay any specific claims.

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



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.

Source: The Facts about Social Security's Disability Program, Social Security Administration Publication No. 05-10570, (January 2019). <socialsecurity.gov> Retrieved 08/2020.

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 | Claim amount paid | Claim duration (months) | Type of insurance |
|-------------------|------------------------|-------------------|--------------------|-------------------|-------------------------|------------------------|
| Dentist | 56 | 62 | Head/neck cancer | \$125,000 | 3 | Key Person Replacement |
| Radiologist | 30 | 36 | Bipolar disorder | \$121,725 | 4 | Disability Income |
| Business owner | 34 | 46 | Multiple sclerosis | \$62,745 | 10 | Disability Income |
| Marine engineer | 46 | 64 | Shoulder injury | \$145,200 | 24 | Disability Income |
| Dentist | 36 | 56 | Hand arthritis | \$299,623 | Lump sum | Disability Buy-Out |
| Real estate sales | 41 | 56 | Lung cancer | \$194,588 | 11 | Overhead Expense |
| Doctor | 31 | 36 | Breast cancer | \$91,650 | 5 | Disability Income |
| Graphic designer | 42 | 52 | Brain hemorrhage | \$703,689 | 60 | Disability Income |

Source: Active Principal Disability claims payments through September 2019. 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.

Consider all the things your income pays for...



Home



Food



Car



Child care



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.

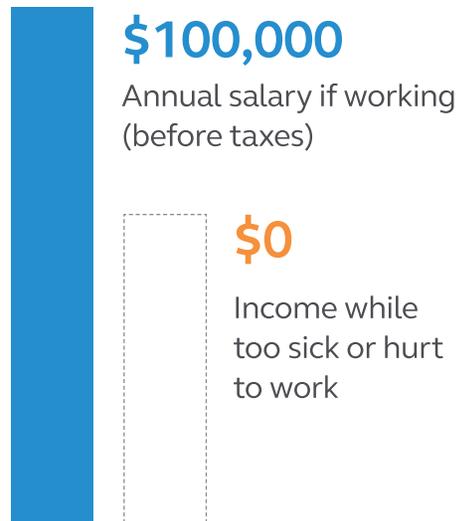
61% of
Americans couldn't cover
**an unexpected \$400
emergency expense using
cash or its equivalent.**

Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020, Board of Governors of the Federal Reserve System, May 2020. Retrieved 08/2020.

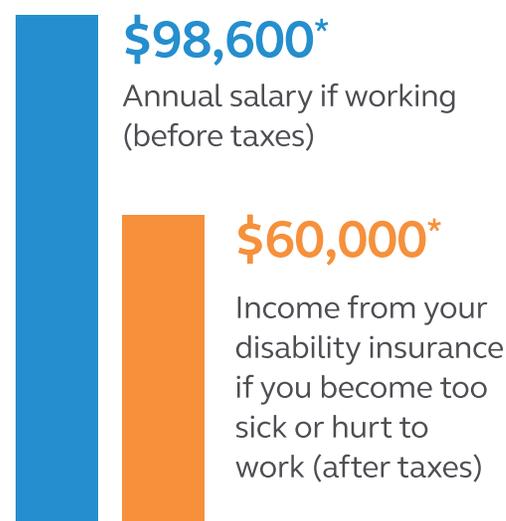
Everyone needs a "Plan B"

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. Here's an example.

Plan A



Plan B



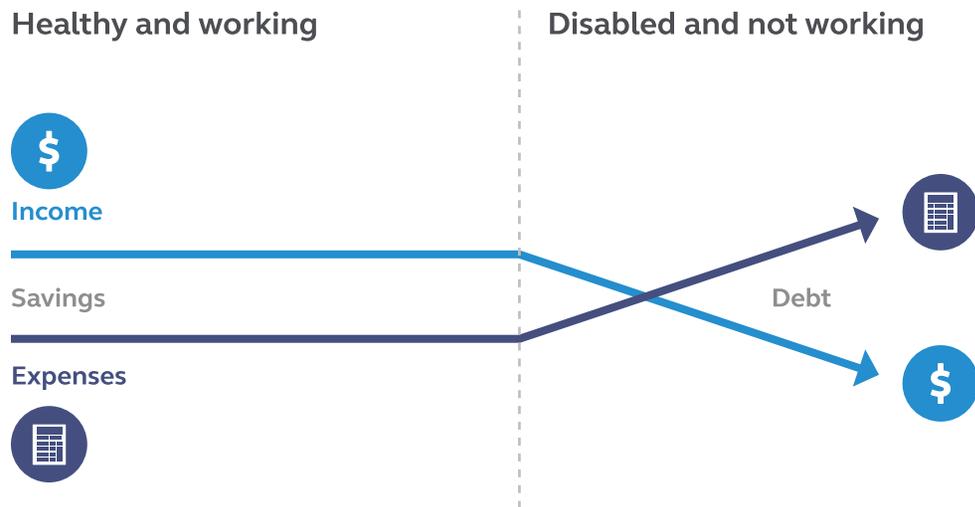
For the cost of a small percentage of your salary, disability insurance can help protect the asset you rely on most — your income.

* 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.

A disability can mean big changes in your expenses

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

- Your income decreases or stops
- Expenses increase



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!

You and your family

Are you prepared?

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

Is your “mental checklist” complete?

- ✓ Emergency contact
- ✓ Health Insurance
- ✓ Sick leave or paid time off (PTO)
- ✓ Life insurance
- ✓ Child care
- ✓ Other (pet sitter, lawncare, etc.)
- ✓ **Income Protection**

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, etc.

Sample monthly cost

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

| Age | Male | Female |
|-----|------|--------|
| 25 | \$19 | \$31 |
| 30 | \$22 | \$42 |
| 35 | \$27 | \$46 |
| 40 | \$33 | \$55 |
| 45 | \$43 | \$59 |

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

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

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.

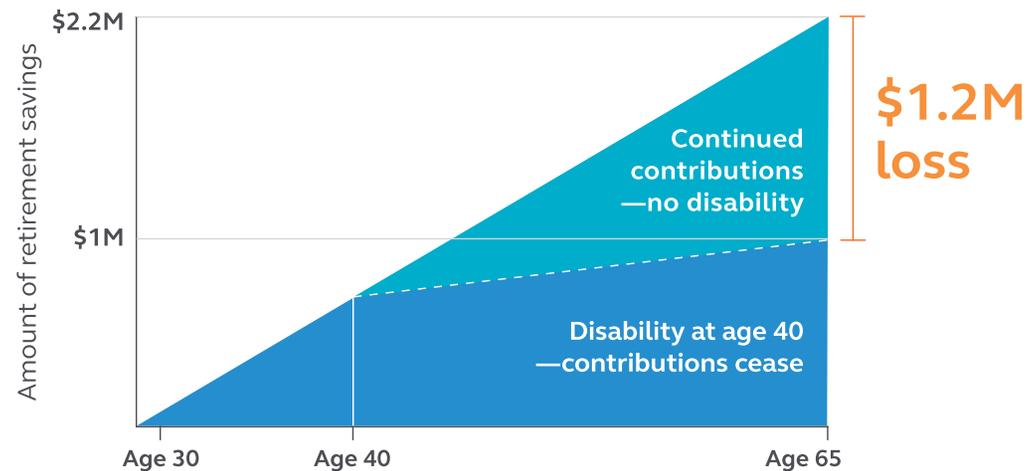
* Your specific premium depends on a variety of factors, including, but not limited to, gender, age, smoking status, benefit amount, elimination period, resident state and occupation class. These cost comparisons are for illustrative purposes only.

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 |

It only takes **one year** of benefits to outpace the cost of more than **26 years** worth of premium.

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.

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?



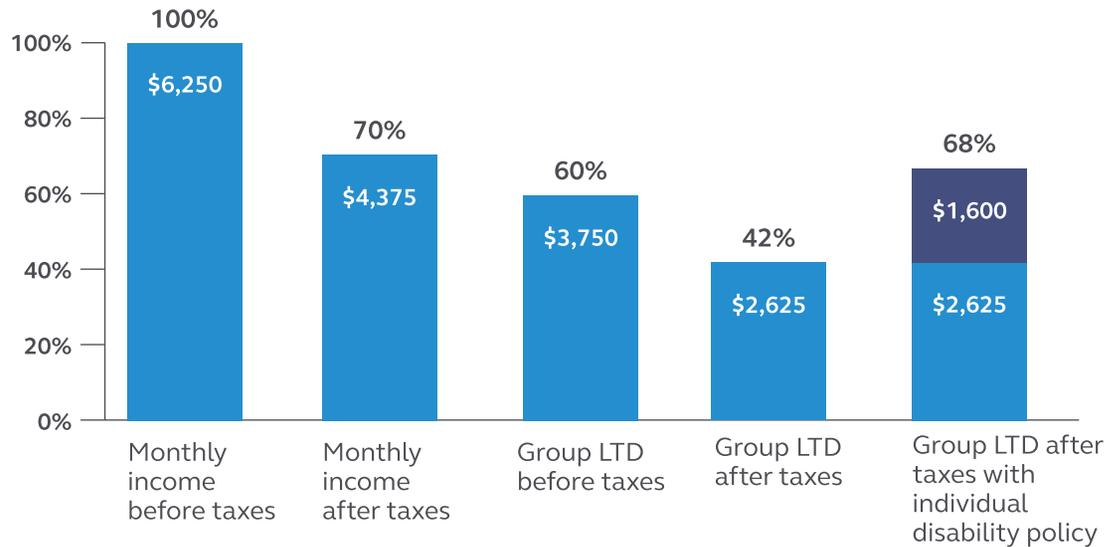
What you earn in about
10 minutes
of your work day, would
cover the daily cost of
your DI policy.*

* 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 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

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

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.

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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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