

# How your disability insurance works for you

## Benefits overview

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“The benefits made a major difference. We have two kids in college so they helped us pay tuition and our mortgage. They’ve definitely been a blessing.”

– Sherron Williams, spouse of disability insurance customer James Williams

Protecting your income using Individual Disability Income Insurance is a smart move. And to help you better understand this type of insurance, we’ve put together this general overview on how it works. To get specifics, be sure to check your policy for details.

With a Principal® individual disability insurance policy, you’re guaranteed that:

- › Your cost cannot change until age 65 (unless you request additional coverage).
- › Your policy cannot be changed or canceled, unless you stop paying for your coverage.
- › You can choose to renew your policy annually after you turn 65 if you are working and meet the requirements. At that time, your cost will change based on your age at each annual renewal.



### How your policy pays

Your Principal disability insurance provides monthly benefit payments if you become totally disabled. It’s like receiving a “paycheck” when you can’t work due to an illness or injury.

**What does it mean to be totally disabled?** It means you’re unable to work in your specific occupation due to an illness or injury for an amount of time known as “Your Occupation Period.” After this time, you must be unable to work in any occupation you are reasonably suited to by education, training and experience.

**What are my benefit payments?** The monthly benefit payments you purchase take into account your income and occupation and whether you have other disability insurance policies.

You can also add the Social Insurance Substitute (SIS) benefit to your policy. The SIS benefit reduces the cost of your coverage and if you qualify for social insurance benefits – such as Social Security Disability or Workers’ Compensation – your monthly benefit payments are reduced. If you don’t qualify for social insurance benefits, there’s no change in your monthly benefit payments.

**When do I receive my benefit payments?** If you have a qualifying total disability, you begin receiving benefit payments one month after you satisfy your policy’s elimination period, or waiting period (the number of days you must wait before benefits begin).

**How long do I receive my benefit payments?** You continue to receive benefit payments throughout your policy’s benefit period if you remain totally disabled.

## What's included in the policy

The following features are built into your Principal disability policy:

- › **Rehabilitation Benefit** – You may receive additional benefits to help pay for a rehabilitation program that supports your return to the workforce.
- › **Death Benefit** – A lump-sum benefit is paid if you die while receiving disability benefits.
- › **Waiver of Premium Benefit** – You are not required to pay for your policy after its Elimination Period (90 days or less). You may be reimbursed for premium payments made during that time if you qualify for disability.

“If I hadn’t had individual disability insurance, I would’ve faced financial difficulties.”

– Dr. Robert Maben,  
disability insurance customer

## How to further customize coverage

Eligibility for these additional features, known as riders (cost or no cost), is based on your health and occupation as well as financial requirements. Different riders help enhance your coverage in different ways. You decide how you want to customize the policy and request certain features.

A general overview of the disability offering is below; please see your policy for details.

Features that enhance your monthly benefit	
<b>Benefit Update</b> <i>No cost</i>	Your coverage can be reviewed every three years to ensure your monthly benefits are keeping up with changes in your income. There are no medical questions – just an application and in some cases financial information.  You can request an increase before your three years are up, if you: <ul style="list-style-type: none"><li>• Lose or have your employer-provided disability coverage reduced.</li><li>• Have at least a 20%<sup>1</sup> increase in your earnings since you purchased or last changed your disability coverage.</li></ul>
<b>Future Benefit Increase</b> <i>No cost</i>	Principal automatically adjusts your monthly benefit amount every year for six years to keep up with inflation. You are guaranteed a 4% compounded increase, up to 10% compounded. <sup>2</sup>  You may also request an additional increase annually, up to \$500 maximum, based on your income.
<b>Cost-of-Living Adjustment (COLA)</b> <i>Cost</i>	While you’re disabled and receiving monthly benefits, your payments are adjusted to keep up with inflation. You may select a 3% or 6% COLA compounded on an annual basis.
Features that provide additional benefit payments	
<b>Capital Sum Benefit</b> <i>No cost</i>	You receive a one-time, lump-sum benefit that is 12 times your maximum monthly benefit if you lose sight in one eye or lose the use of a hand or foot without possibility of recovery.
<b>Catastrophic Disability Benefit<sup>3</sup></b> <i>Cost</i>	If you become catastrophically disabled, you receive additional monthly benefit payments to help cover increased expenses. You receive these benefits when you lose the ability to perform two or more activities of daily living without assistance, such as eating, bathing, toileting, transferring, continence, or you become cognitively impaired or presumptively disabled.

<b>Extended Total Disability Benefit</b> <i>Cost</i>	<p>You can lengthen the amount of time you receive benefit payments beyond the policy's maximum benefit period if you have a continuous total disability that begins before age 55.</p>
<b>Supplemental Health Benefit</b> <i>No-cost</i>	<p>You receive an additional one-time, lump-sum benefit payment that is six times your maximum monthly benefit if you are disabled with one of the following for at least 90 days:</p> <ul style="list-style-type: none"> <li>• Coronary artery by-pass graft surgery to correct two or more blocked arteries of the heart.<sup>4</sup></li> <li>• Cancer, as defined by the presence of malignant cells and the invasion of tissue with uncontrolled growth.<sup>5</sup></li> <li>• A stroke that results in a neurological deficit, including bleeding in the brain or having blood flow reduced.<sup>6</sup></li> </ul>
<b>Presumptive Disability Benefit</b> <i>No-cost</i>	<p>Regardless of your ability to work or earn an income, you receive monthly benefit payments if you have a total loss of use (without the possibility of recovery) of your power of speech, hearing in both ears, sight in both eyes, or the use of both hands, both feet or one hand and one foot.</p> <p>You continue to receive these payments through the end of your benefit period. In certain cases<sup>7</sup>, you could receive benefit payments for your lifetime.</p>
<p>Features that enhance your definition of disability</p>	
<b>Residual Disability and Recovery Benefit<sup>8</sup></b> <i>Cost</i>	<p>If you are residually disabled and have a reduction of earnings (by at least 20% of your prior earnings), but are not totally disabled, you receive a disability benefit payment that is proportionate to your loss of earnings for the duration of your benefit period once you return to work. This is one of our most popular additions to policies.</p>
<b>Regular Occupation</b> <i>Cost</i>	<p>If you are totally disabled in your current occupation and choose to return to work in another occupation, you receive full benefit payments (regardless of the income you earn). This provides our most comprehensive definition of disability.</p>
<b>Short-Term Residual Disability Benefit</b> <i>Cost</i>	<p>If you are residually disabled and have a reduction of earnings (by at least 20% of your prior earnings), but are not totally disabled, you receive a disability benefit payment that is proportionate to your loss of earnings for 6 or 12 months.</p>
<b>Transitional Occupation<sup>8</sup></b> <i>Cost rider</i>	<p>If you are totally disabled in your current occupation and begin working in a new occupation, you can still receive disability benefits. You receive up to 100% of your pre-disability earnings, up to your maximum monthly benefit.</p>

“I used the benefit payments for everyday living expenses. After all, savings only go so far when you have hospital bills coming in and the other expenses of raising a family.”

— Kevin Hope, disability insurance customer



**Start building your individual disability policy today.**

Contact me for more information.

- <sup>1</sup> Based on state approval, you may need to show a 50% sustainable increase in earnings to qualify for an advance option.
- <sup>2</sup> The amount provided is based on the change in the Consumer Price Index (CPI-U). After having your coverage with us for six years, we will ask you to send us financial information to confirm you're eligible for ongoing FBI increases. If the Benefit Update rider is also on the policy, a Future Benefit Increase offer will not be made in years of Benefit Update options.
- <sup>3</sup> Catastrophic Impairment Benefit (CIB) Rider in New Hampshire.
- <sup>4</sup> Does not include angioplasty and/or any other intra-arterial procedures
- <sup>5</sup> Diagnoses not covered by the Supplemental Health Benefit rider: any non-invasive cancer in-situ, Hodgkin's disease stage I, prostate cancer stage A, papillary cancer of the bladder, all skin cancers except invasive malignant melanoma (starting with Clark Level III).
- <sup>6</sup> Neurological deficit lasting more than 24 hours and evidence of neurological deficit
- <sup>7</sup> If your benefit period is to age 65, 67 or 70 benefits are provided for a lifetime. Additional limitations may apply.
- <sup>8</sup> If your policy has both the Residual Disability and Recovery Benefit rider and the Transitional Occupation rider, benefits are not paid out under both riders at the same time. If you meet the definitions and terms of both riders, the monthly benefit you receive is the greater of the two.

Disability insurance from Principal® is issued by Principal Life Insurance Company, Des Moines, Iowa 50392, [www.principal.com](http://www.principal.com)

Testimonials may not be representative of other clients' experiences. It is not indicative of or a guarantee of future benefits. Robert Maben, Kevin Hope and James Williams have not been paid for their testimonials.

This is a general description; it is not the policy, and does not modify or change the provisions of any policy or rider. All features, provisions and riders may not be available in all states, or may be modified with all occupation classes and in conjunction with each other. They may also be subject to state variations and require an additional premium. Please read your policy carefully for exact definitions in your state.

Any reference to age in this document refers to the age at policy anniversary date.

Disability insurance has limitations and exclusions. For costs and coverage details, contact your Principal representative. Not for use in California; refer to JJ1633. Policy form HH 750; Rider forms HH 751, HH 755, HH 752, HH 753, HH 759, HH 757, HH 754, HH 767, HH 769, HH 771, HH 776, HH 784

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