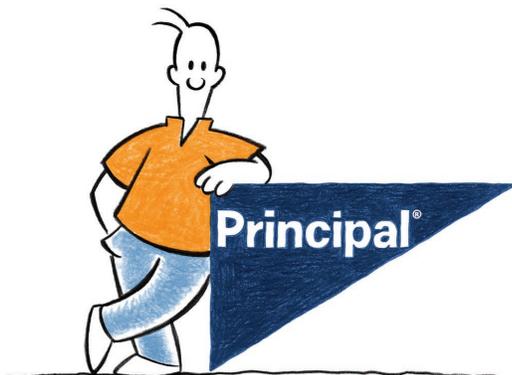


Individual Disability Income Insurance

Know the Facts

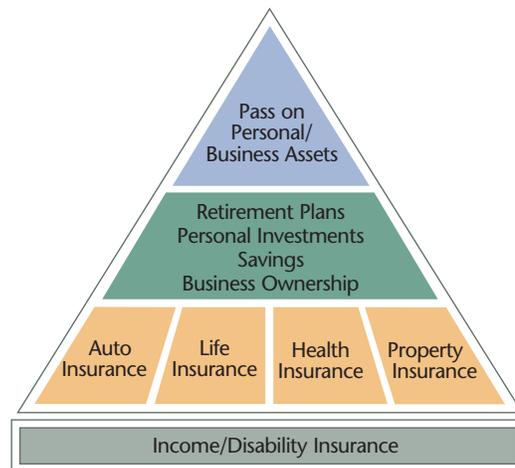


Understanding the need for disability insurance

Know the facts before you decide to purchase or not purchase individual disability income insurance.

“Why would I need individual disability income coverage?”

- There are many components to financial security, but your income makes everything else possible. Consider how much you could earn over the years and what your life would be like without that income.
- If you became too sick or hurt to work, you could lose your:
 - Standard of living
 - Home
 - Peace of mind
 - Credit rating
 - Retirement savings/other assets



How solid is your financial foundation?

“It won’t happen to me – I expect to stay healthy.”

- The reality is that premature deaths have decreased while disabilities are up dramatically. For example, the number of deaths due to hypertension has decreased 73 percent, yet disabilities due to hypertension have increased 70 percent.¹
- Do you know your chance of having a disability? Three out of 10 workers between the ages of 25 and 65 will experience an accident or illness that keeps them out of work for three months or longer.²

¹ National Underwriter, The JHA Disability Fact Book – 2003/2004 Edition – Need for Disability Insurance, May 2002

² Social Security Administration, Fact Sheet, January 21, 2007

“I can buy disability insurance later or it costs too much.”

The average annual cost of individual disability income insurance is one to three percent of what you earn. As for waiting, people usually don't get healthier as they grow older, and coverage will cost more.

“I have enough disability coverage through my employer.”

- Group long-term disability insurance is a great start. It typically covers 60 percent of your gross income and the benefits are usually taxable. Could you survive a 42 percent pay cut (after taxes) if you became disabled?
- What would happen if you lost your group disability benefits? It may make sense to purchase an individual DI insurance policy now rather than later when it can be more expensive or not an option for you due to health reasons.

“Social Security or Workers' Compensation will take care of me.”

- Only 39 percent of the 2.1 million workers who applied for Social Security Disability Insurance were approved in 2005.³ Also, the benefits may not be enough to maintain your lifestyle. For example, the maximum benefit for someone earning \$100,000 a year is only \$16,800 a year.
- Workers' Compensation benefits are limited to only occupational diseases or injuries arising out of or in the course of employment.

“I can rely on my savings or my friends/family will help me out.”

- Chances are you're not saving for a disability – you're saving for a new home, retirement, your children's college education, travel, etc.
- Even if you save 10 percent of your salary, a one-year disability could eliminate many years of savings.
- Would you want to put that burden on your family? How long could they support you?

“Would I even have a disability that would be covered?”

You'd be surprised at the many different types of illnesses and injuries that leave people disabled and unable to work. Principal Life Insurance Company's most common claims are caused by these reasons:

- Back problems
- Cancer
- Cardiac illnesses
- Injuries
- Mental and nervous disorders
- Nervous system disorders
- Orthopedic issues (excluding back)

³ Social Security Administration, Office of Disability and Income Security Programs, 2005

“My financial needs change so fast, what policy could keep up?”

Individual Disability Income insurance from Principal Life is very flexible. Principal Life offers riders that allow you to increase coverage without having to prove evidence of good health – allowing you to keep your benefits up-to-date with your changing life.

“I hear that the underwriting process is long and difficult.”

Not always. If you qualify for Principal Life’s Simplified DI Program, there is a quick and simple application process with no routine medical requirements. Plus, you get an underwriting decision within 48 hours after your application and telephone medical interview are received in good order.

FOR MORE INFORMATION



WE'LL GIVE YOU AN EDGE®

Principal Life Insurance Company, Des Moines, Iowa 50392-0001, www.principal.com

Disability insurance has limitations and exclusions. For costs and complete details, contact your Principal Life financial representative.