

Program Profile

DI RETIREMENT SECURITY



OVERVIEW

DI Retirement Security from Principal Life Insurance Company helps individuals continue saving for retirement if they become too sick or hurt to work.

It is ideal for individuals who are:

- Committed to saving for retirement, and
- Currently have group long-term disability (LTD) and/or Individual Disability Income (DI) insurance.

In the event of a disability, Principal Life pays insurance benefits to an irrevocable trust,¹ where the funds are invested. Several investment options are available, including trust options, an annuity and mutual funds.

The insured may begin receiving the trust assets at three points:

- Once the benefit period has been satisfied
- In the event of certain financial hardships
- If the insured has not been eligible to receive benefits for 12 consecutive months

DI Retirement Security can be purchased individually or added to an employee benefit package. It may be offered in addition to Individual DI insurance issue limits. Monthly benefit amounts do not need to match clients' current retirement contributions.

PROFILE OF RECENT PURCHASERS

- Ages 35 to 59
- Majority of policies sold to 3A and above occupations
- Often sold to corporate executives, accountants/CPAs, attorneys, business owners, engineers and medical professionals

Did you know?

- **61% OF WORKERS** are very concerned about their long-term financial future.²
- The **NUMBER 1 REASON** (61%) for taking unexpected early retirement is health problems.³

PRODUCT AND UNDERWRITING GUIDELINES

DI Retirement Security is issued as a non-cancelable, guaranteed renewable Individual DI insurance policy (HH 750). It is available in all states.

- Minimum annual income to qualify: \$76,000
- Issue ages: 18-60
- Occupation classes: 6A*, 5A/5A-M, 4A/4A-M, 3A/3A-M, 2A, A
- Benefit Periods: To Age 65 or To Age 67
- Your Occupation Periods: 2-year, 5-year, To Age 65 or To Age 67
- Elimination Periods: 180 or 365 days
- Monthly benefit amounts (includes \$50 monthly trust administrative fee; maximum amount adjusts with IRS contribution guidelines)
 - Minimum: \$1,000
 - Maximum (individual paid): \$4,470
 - Maximum (employer paid): \$5,750

NOTE: DI Retirement Security is not available to anyone who is over-insured based on Principal Life's current Issue and Participation guidelines.

* The 6A occupation class is not approved in all states; not available in California. For state approval information, visit www.principal.com/distateapprovals.

PREMIUMS

Premium rates depend on a variety of factors, including: age, gender, occupation class, smoking status, state of residence, Benefit Period, Elimination Period, Your Occupation Period and selected riders. When DI Retirement Security is offered as an employee benefit, premiums can be paid by the employer or the employee. Plus, a 20% Multi-Life Discount⁴ is available when three or more employees with a common employer purchase any combination of Individual Disability Insurance.

Sample Monthly Rates for a \$2,000 Monthly Benefit

AGE	MALE	FEMALE
25	\$30	\$48
30	\$35	\$64
35	\$42	\$71
40	\$53	\$84
45	\$66	\$91

Assumptions: Michigan resident, 180-day Elimination Period, To Age 65 Your Occupation Period and Benefit Period, 5A occupation class, non-tobacco.

AVAILABLE FEATURES

Riders

- Future Benefit Increase
- Limitation of Benefits for Mental/Nervous and Substance Abuse Disorders (MNSA)⁵
- Cost of Living Adjustment

Sales programs & discounts

Certain discounts can be used together, providing even greater savings:

- Affiliation:⁶ 10%
- MNSA rider:⁵ Up to 10%
- Association: 10%
- Select Occupation:⁷ 10%
- Multi-Life:⁴ 20%

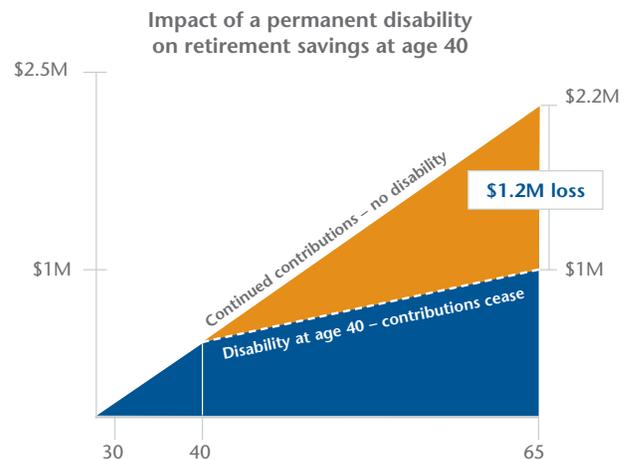
“DI Retirement Security is an easy sell and it covers the important need of continuing retirement contributions even when one can’t work. DI Retirement Security is a great fit and an economical solution in many situations.”

– Bob G., Colorado producer

POINTS TO DISCUSS WITH CLIENTS

Protect your plans for retirement

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.



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.

POINTS TO DISCUSS WITH CLIENTS *(continued)*

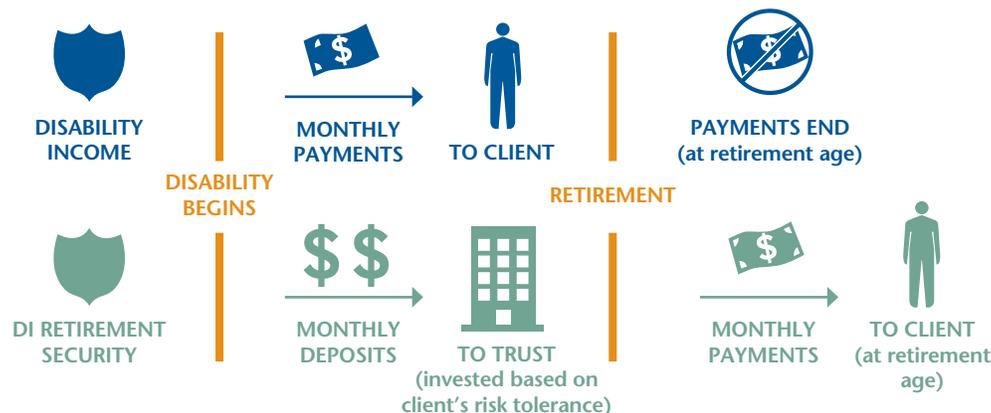
- **Your retirement funds and dreams could be at risk.** If you became disabled, most likely you wouldn't be able to: contribute to your 401(k) plan or other retirement plans, receive your employer match or contribute to Social Security. You may even need to dip into your retirement savings to cover everyday expenses.
- **Even if you have group and/or Individual DI insurance** and become disabled, after paying everyday expenses, there may not be money left to save for retirement. And, most of the benefit periods on those policies end just as your retirement years are beginning.
- **Trust assets are yours.** Any trust assets accumulated, but not paid out during your lifetime will go to your estate, where they may be passed on to your beneficiaries.

Taxation

- When premiums are paid by:
 - An employer, benefits paid to the trust are taxable as income.
 - An individual/employee with after-tax dollars or an employer (and bonused to the employee), benefits paid to the trust are not taxable as income.
- Trust earnings are taxable annually and declared on the insured's tax return unless benefits are invested in a tax-deferred annuity.
- Upon a qualifying disability, the insured receives an annual 1099 form listing interest, dividends and capital gain distribution information. The insured also receives a quarterly statement of assets and activity in the trust.

SALES IDEAS

- **Sell DI insurance and DI Retirement Security together.** Pairing Individual DI insurance with DI Retirement Security provides clients with ongoing benefits throughout their working years and into retirement.



- **Talk with employers about providing an additional employee benefit.** If you've sold a company a 401(k) plan or other retirement plan, suggest they offer another valued benefit — DI Retirement Security. Discuss Principal Life's 20% Multi-Life Discount (based on unisex rates), available when three or more employees with a common employer purchase coverage.

Tip:

Use the Alternate DI Retirement Security report from Principal Life's illustration system to showcase both DI and DI Retirement Security. Clients only need to go through underwriting once, with limited additional paperwork, to obtain both coverages.

- **Approach clients who are contributing the maximum to their 401(k)s.** They find saving — and protecting their ability to save — for retirement very important.
- **Approach clients who are at their maximum issue limits for Individual DI insurance.** They may obtain additional protection by purchasing DI Retirement Security.
- **During investment reviews, discuss the importance of DI Retirement Security.** With market ups and downs, clients may pay closer attention to their retirement investment mix. As you review their plans, discuss the importance of protecting their ability to save for retirement.

FOR MORE INFORMATION

Contact your local representative.

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

¹ To learn more about the trust, visit www.principal.com/bankerstrust.

² The Principal Financial Well-Being IndexSM, 1st Quarter 2014.

³ Employee Benefit Research Institute 2014 Retirement Confidence Survey underwritten by the Principal Financial Group[®].

⁴ Available when three or more individuals with a common employer purchase Individual Disability Insurance coverage. Discount is based on unisex rates.

⁵ 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 in place 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. MNSA discount varies in TX; provides up to a 5% discount.

⁶ Not approved in all states; not available in California. For state approval information, visit www.principal.com/distateapprovals.

⁷ Eligible occupations vary by state.



WE'LL GIVE YOU AN EDGE[®]

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DI Retirement Security is issued as a 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 to anyone who is over insured based on Principal Life's current Issue and Participation guidelines. It may not be available or the benefit amount may be reduced for certain occupations if there is existing DI coverage with lifetime benefits. Additional underwriting guidelines may apply.

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