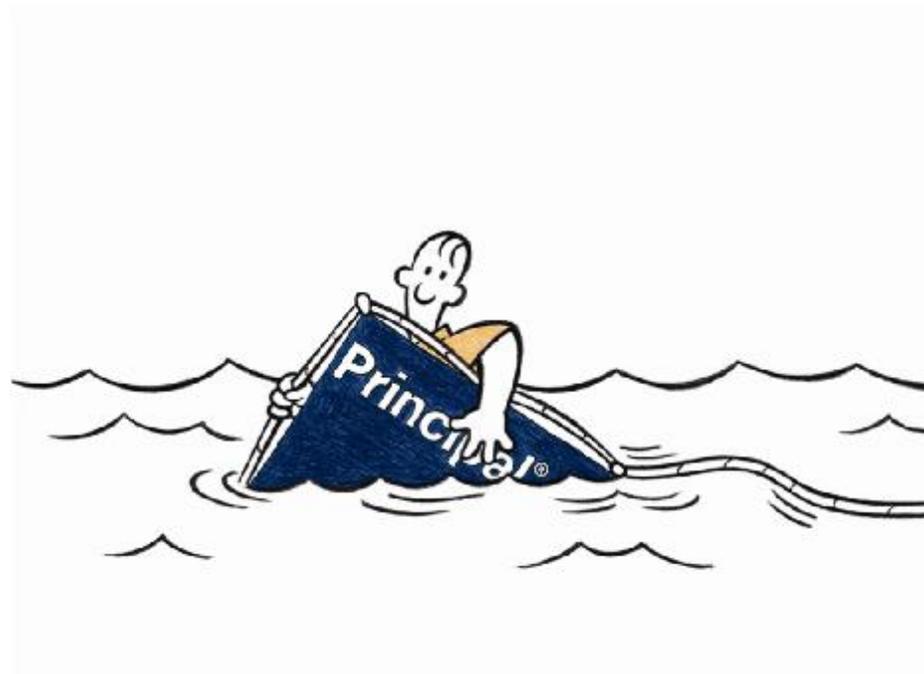


Individual Disability Income Insurance

Protection for Your Employees



The Need

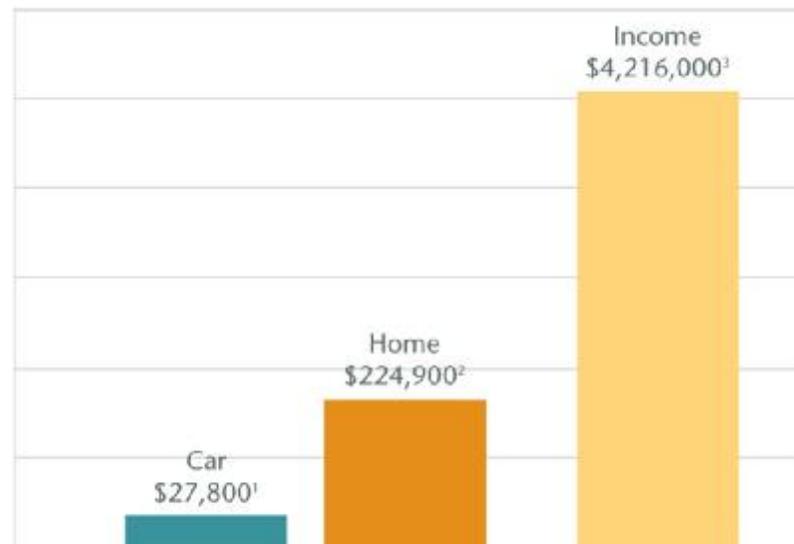
Income is the foundation of a solid financial plan



The Need

Your employees' most valuable asset

*Your employees' home may be their biggest asset, but their ability to work and earn an income is their **most valuable** asset.*



¹ caranddriver.com, August 2006

² <http://money.cnn.com>, November 20, 2006

³ Projected cumulative income of a 35-year-old earning \$6,250/month, assuming a 4% annual increase to age 65.

The Need

Your employees' earning potential

Potential earnings to age 65

(with 5% annual salary increases)

\$50,000 ANNUAL INCOME	
Age 30	\$4,516,000
Age 35	\$3,322,000
Age 40	\$2,386,000
Age 45	\$1,653,000

\$100,000 ANNUAL INCOME	
Age 30	\$9,032,000
Age 35	\$6,644,000
Age 40	\$4,773,000
Age 45	\$3,307,000

\$150,000 ANNUAL INCOME	
Age 30	\$13,548,000
Age 35	\$9,996,000
Age 40	\$7,159,000
Age 45	\$4,960,000

The Need

Are you trying to recruit, reward and retain quality employees?

Offer a well-rounded benefit package that protects your employees' most valuable asset – their ability to work and earn an income.

- **65% of employees** surveyed rated their ability to save for retirement and 43% rated their ability to protect their financial assets due to an unexpected event (i.e. death or disability) as a main concern they have regarding their financial situation.
- **66% of employees** surveyed said good employee benefits encourage them to work harder and perform better; 62% said good benefits keep them working for their current employer.

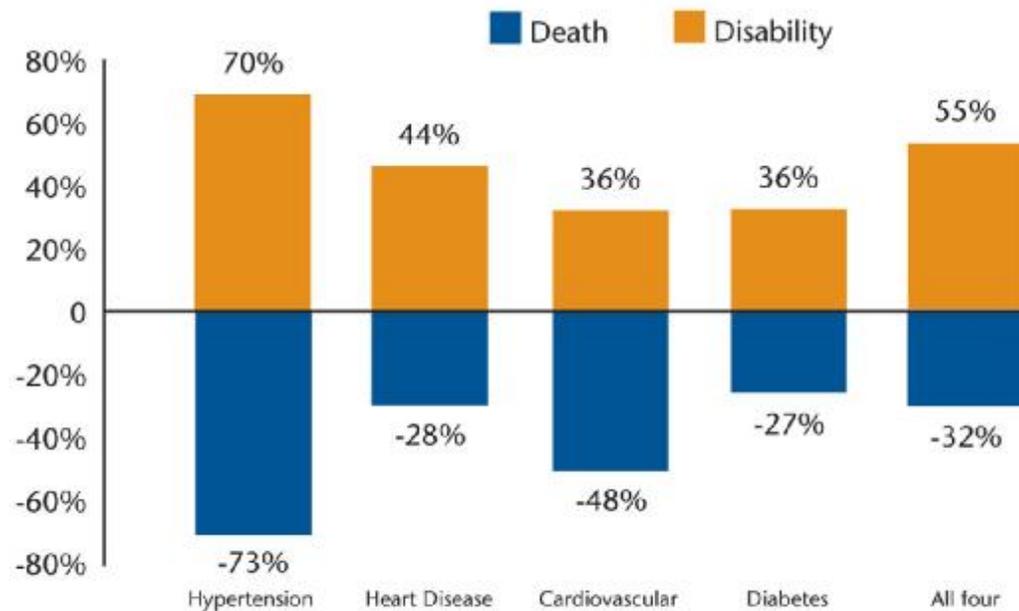
Source: *The Principal Financial Well-Being IndexSM*, 2007



The Need

Times are different now.

What used to cause death, now causes disability...



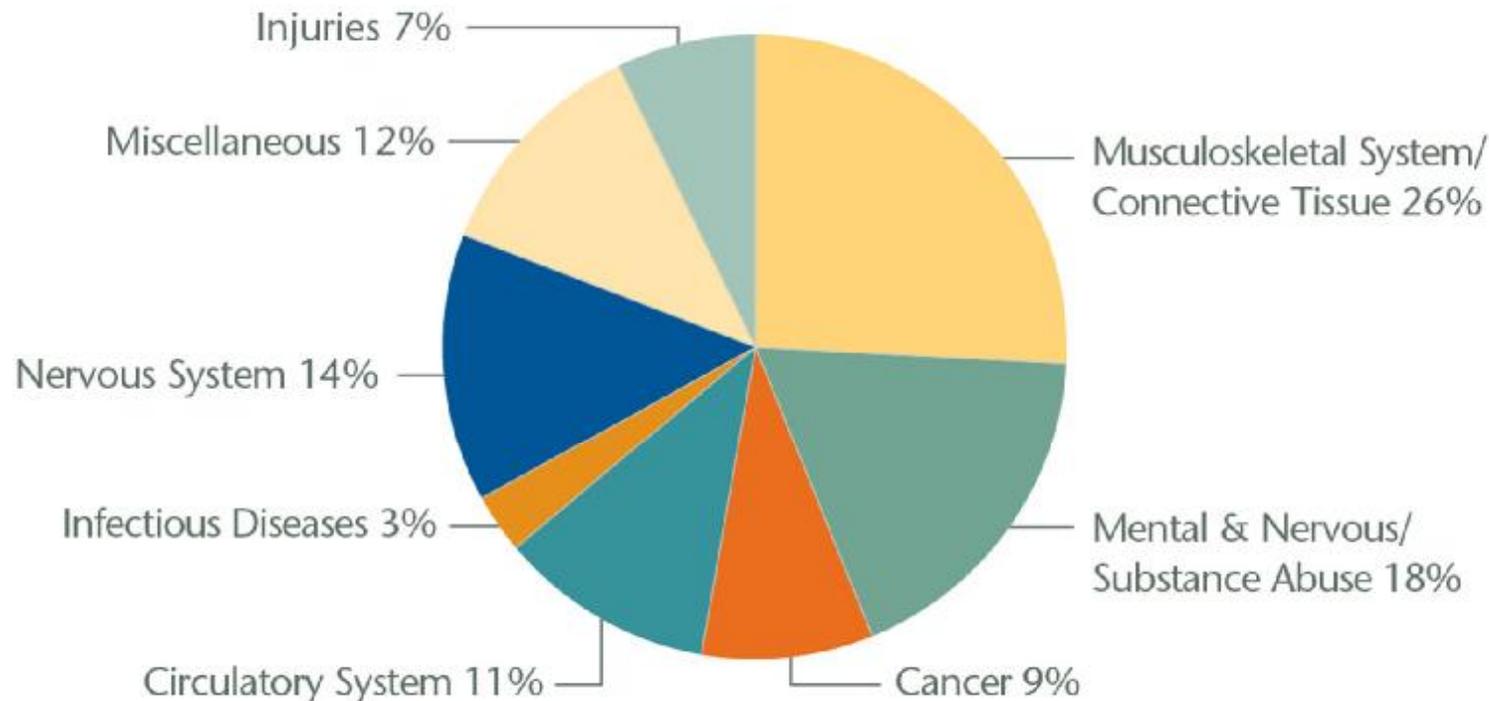
Source: National Underwriter, May 2002; The JHA Disability Fact Book - 2003/2004 Edition - Need for Disability Insurance

For example, deaths due to hypertension are down 73%, while disabilities due to hypertension have increased by 70%.

The Need

Disability plays no favorites

Here's a breakdown (by percentage of claims) of some typical reasons an individual may become disabled:



Source: Principal Life Disability insurance claims incurred as of March 2009. The above is for illustration purposes only and is not intended as an inclusive representation of all claims.

The Need

Sample disability claims

OCCUPATION	AGE	DIAGNOSIS	TOTAL PAID
Attorney	35	Back	\$47,232
Attorney	64	Cancer	\$9,997
Attorney	43	Depression	\$186,411
Business owner	47	Head injury	\$189,800
Business owner	42	Nerve disorder	\$324,307
Business owner	61	Depression	\$161,240
Computer consultant	58	Heart attack	\$173,369
Computer consultant	44	Back	\$527,583
Computer consultant	28	Cancer	\$54,867
Corporate executive	56	Heart disease	\$434,864
Corporate executive	55	Multiple Myeloma	\$70,550
Corporate executive	44	Stroke	\$25,200
CPA	51	Back	\$181,579
CPA	54	Lung disease	\$15,000
CPA	45	Heart disease	\$282,900
Dentist	59	Carpal Tunnel	\$32,968
Dentist	39	Back	\$114,400

OCCUPATION	AGE	DIAGNOSIS	TOTAL PAID
Nurse	49	Depression	\$208,244
Nurse	56	Back	\$118,816
Nurse	26	Spinal Stenosis	\$85,867
Pharmacist	55	Multiple Sclerosis	\$47,595
Pharmacist	60	Parkinson's disease	\$106,000
Physical therapist	46	Rotator cuff injury	\$21,133
Physical therapist	46	Epilepsy	\$792,066
Physical therapist	58	Back	\$223,296
Physician	50	Multiple Sclerosis	\$447,525
Physician	58	Cancer	\$190,300
Physician	55	Prostate	\$71,175
Physician	53	Back	\$74,015
Psychiatrist	47	Multiple Sclerosis	\$420,462
Psychologist	49	Depression	\$627,648
Real estate agent	44	Multiple Sclerosis	\$178,447
Real estate agent	57	Abdominal pain	\$225,400
Veterinarian	57	Shoulder	\$102,000

Source: Principal Life Disability Insurance claims incurred as of March 2007.
The above is for illustration purposes only and is not intended as an inclusive representation of all claims.



The Need

What if an employee becomes too sick or hurt to work?

Employees can lose:

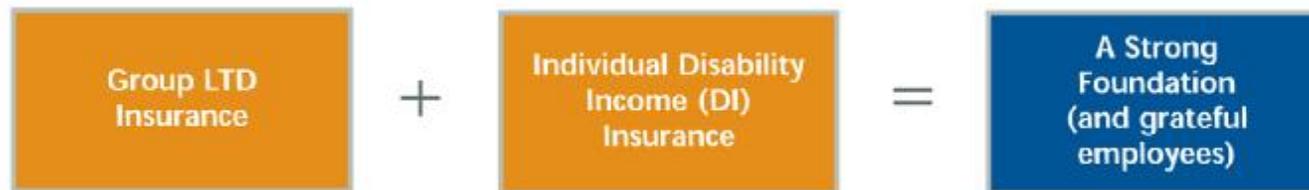
- Current standard of living
- Future earnings
- Their home
- Peace of mind
- Insurability
- Credit rating
- Retirement savings and other assets

You can lose:

- Replacement costs
- Revenue
- Productivity
- Good morale

The Solution

A combination disability insurance offering



*Working together, Group LTD
and Individual DI insurance can provide:*

- Enhanced income replacement
- Affordable cost
- Individual benefit provisions to help offset risks
- Expanded portability options
- Competitive benefit offering to help attract and retain employees

The Solution

Group Long-Term Disability (LTD) insurance benefits

Benefits

- It's easy to administer – one master policy covers all employees.
- It's guaranteed issue (with pre-existing condition clause), which means there is no hassling with medical information.
- It's cost effective. It usually only costs 1/2 to 1 percent of gross covered monthly pay.

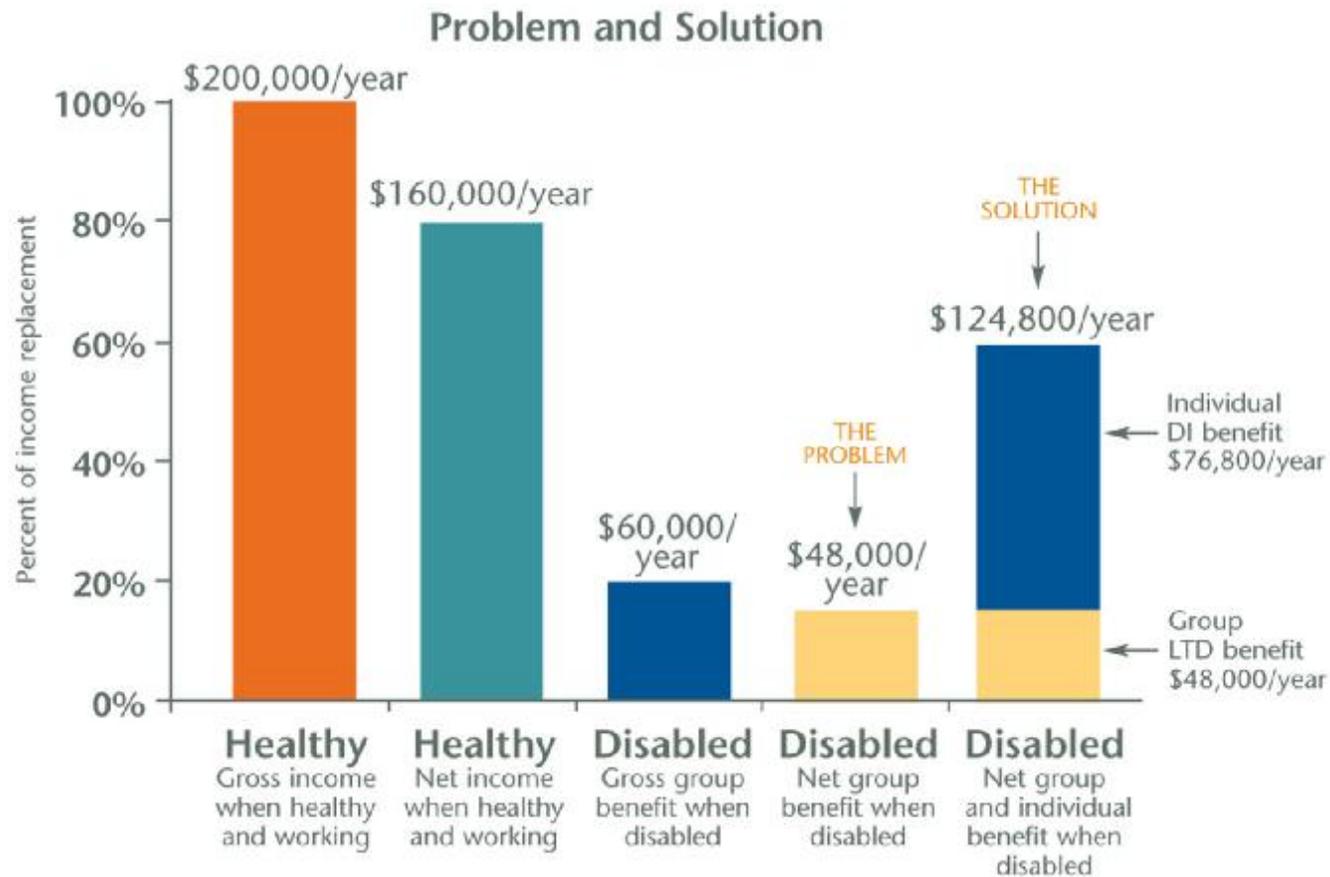
Considerations

- Benefit provisions within the policy are typically conservative.
- Cap on benefits may be too low for higher-paid employees, causing reverse discrimination.
- Bonuses and incentive pay are typically not covered.
- It typically limits disabilities considered self diagnosed.
- Benefits and premiums can be modified at renewal.
- The policy is usually not portable for the employee.



The Solution

Closing the gap on Group LTD insurance



Assumptions: Total income \$200,000/year; 20% tax bracket; Employer-provided Group LTD insurance is \$60,000/year (\$5,000/month) pre-tax

The Solution

Principal Life Individual DI insurance benefits

- Premiums and benefits are guaranteed through age 65.
- Benefits are received tax-free (when paid with after-tax dollars).
- Quality benefit provisions are available.
- Bonuses and incentive pay can be covered.
- Policy and discounts are portable for the employee.
- Payment options are available (employer-paid or employee-paid).



The Solution

Census examples

No Individual DI insurance

TITLE	BASE SALARY	BONUS	TOTAL SALARY	GROUP LTD ¹	INDIVIDUAL DI	% SALARY REPLACED
CEO	\$200,000	\$150,000	\$350,000	\$10,000	\$0	34%
Sr. VP	\$175,000	\$100,000	\$275,000	\$8,750	\$0	38%
VP	\$100,000	\$75,000	\$175,000	\$5,000	\$0	34%
Manager	\$75,000	\$50,000	\$125,000	\$3,750	\$0	36%
Manager	\$50,000	\$25,000	\$75,000	\$2,500	\$0	40%

With Individual DI insurance

TITLE	BASE SALARY	BONUS	TOTAL SALARY	GROUP LTD ¹	INDIVIDUAL DI ²	% SALARY REPLACED
CEO	\$200,000	\$150,000	\$350,000	\$10,000	\$11,875	75%
Sr. VP	\$175,000	\$100,000	\$275,000	\$8,750	\$8,425	75%
VP	\$100,000	\$75,000	\$175,000	\$5,000	\$6,000	75%
Manager	\$75,000	\$50,000	\$125,000	\$3,750	\$4,100	75%
Manager	\$50,000	\$25,000	\$75,000	\$2,500	\$2,200	75%

¹ 60% of base salary, 90-day Elimination Period, To Age 65 Benefit Period, taxable, integrated with Social Security.

² 75% replacement of total salary with taxable Individual DI insurance benefit.

The Solution

Sample rates for Principal Life Individual DI insurance

5A Occupation Class

Age	Male Rate	Female Rate	Multi-Life Discounted Rate*
30	\$19.50	\$30.56	\$16.47
40	\$28.74	\$40.25	\$23.70
50	\$42.19	\$50.43	\$33.75

Assumptions: To Age 65 Benefit Period and Your Occupation Period, 180 day Elimination Period, \$1,000/monthly benefit, 10% Select Occupation Discount, Residual Disability Benefit rider, Colorado resident, non-smoker.

* Based on unisex rates. Multi-life Discount given if three or more lives with a common employer participate.



The Solution

Sample rates for Principal Life Individual DI insurance

4A Occupation Class

Age	Male Rate	Female Rate	Multi-Life Discounted Rate*
30	\$25.33	\$39.71	\$22.57
40	\$37.33	\$52.33	\$32.27
50	\$54.78	\$65.56	\$45.63

3A Occupation Class

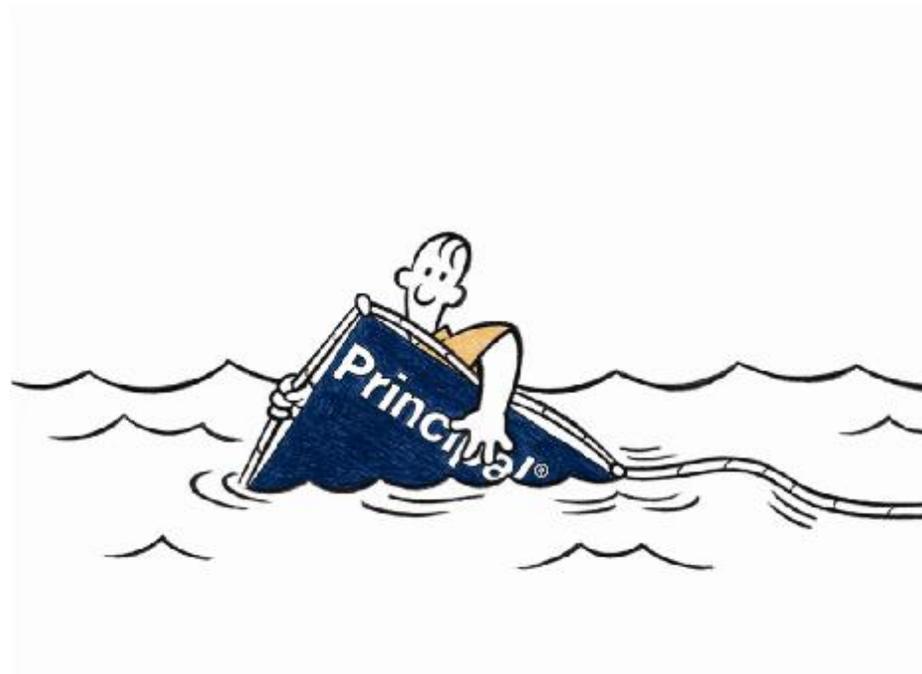
Age	Male Rate	Female Rate	Multi-Life Discounted Rate*
30	\$29.93	\$48.69	\$26.96
40	\$43.53	\$64.28	\$38.14
50	\$64.86	\$79.71	\$54.39

Assumptions: To Age 65 Benefit Period and Your Occupation Period, 180 day Elimination Period, \$1,000/monthly benefit, 10% Select Occupation Discount, Residual Disability Benefit rider, Colorado resident, non-smoker.

* Based on unisex rates. Multi-life Discount given if three or more lives with a common employer participate.



The benefits of offering Principal Life Individual DI insurance



The Benefits

Worksite enrollment made simple

Principal Life can help:

- Set up enrollment meetings at work – we'll help create a timeline that meets your needs
- Provide marketing material to communicate plan availability and enrollment meetings to employees
- Explain the program to employees, by using a customized approach



The Benefits

Worksite enrollment made simple

A sampling of available employee communication pieces...

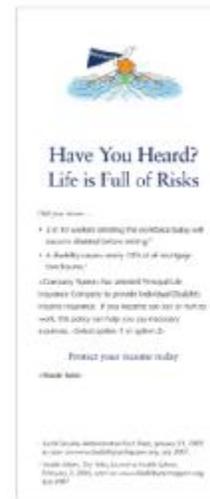


Announcement letter and e-mail



Table tent and poster announcing enrollment meetings

Paycheck stuffer announcing availability



The Benefits

Underwriting made simple

Compared to baseline industry averages,
Principal Life has:*

- One of the highest standard issue rates and lowest percentages of declined applications
- One of the shortest underwriting turnaround times in the industry

Large case underwriting offers:

- Fewer requirements
- Less underwriting time
- Dedicated billing and administration teams

Plus, you and your employees benefit from a team approach to underwriting

*Based on Principal Life industry analysis.



The Benefits

Administrative services made simple

Our process is seamless from start to finish.
Principal Life takes care of:

- Billing
- Processing claims
- Making adjustments to policy benefits
- Providing employees information about keeping their policies in force, should they leave your company



The Benefits

Financial strength and integrity

Principal Life Insurance Company:

- Has over 125 years of experience with a comprehensive product portfolio
- Is the 6th largest individual disability insurance carrier¹
- Receives high ratings from independent rating firms²
- Is a member of the FORTUNE 500[®]

¹ LIMRA International, U.S. Individual Disability Income Insurance Survey, Third Quarter, 2007.

² A high rating by a particular firm does not constitute an endorsement of the rated insurer by the ratings firm.





WE'LL GIVE YOU AN EDGE[®]

Principal Life Insurance Company, Des Moines, Iowa 50392-0002, www.principal.com

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