

*A Tool for your*  
***Success***

# **Disability Insurance**

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## **Sales Kit**

*1-Page Sales Ideas | Underwriting Case Studies  
Carrier Program Profile | Target Market Spotlight  
Statistics | Free Consumer Checklist*



## Sales Idea: Disability Planning with Annuities

### The Problem:

Disability insurance is a vital part of income planning. However, one of the limitations of disability insurance is the amount of income that can be replaced is typically around 60% of the client's gross income.

- Disability insurance is coordinated
- Multiple policies will still only result in 60% replacement of income

### Made Simple:

Immediate income annuities may be purchased and are not part of the coordination of benefits that is associated with disability income policies.

Not only does this strategy allow clients to receive income that is closer to their total gross income, but the income from the immediate income annuity is guaranteed for as long as the client lives.



### What are the benefits?

- Immediate annuity provides guaranteed income
- Does not count towards coordination of benefits
- Option to have increasing income with immediate annuity to keep pace with inflation

### Benefit for the Agent:

- Can offer a plan to replace a large majority of a client's income
- Potential for multiple policies in the sale
- Great cross-sell opportunity

**If you're interested in learning more and making this part of your sales process, call (800) 823-4852 to speak to your Pinney Brokerage Director.**



## Sales Idea: Short-Term Disability Planning

### The Problem:

Your client has no current disability insurance in place and needs a policy that can fit into a limited budget...OR your client needs a way to supplement a current group disability policy that doesn't offer enough coverage to meet their needs.

### The Solution:

Talk to these clients about short-term disability policies. These policies can offer:

- Affordable income protection that covers illness and injury. While long-term coverage is ideal, it's not affordable for all your clients. Short-term coverage offers protection for up to 24 months, which is a lot better than no coverage at all.
- An individually-owned solution that complements any employer-sponsored disability group plan to pay benefits during the group plan's elimination period.
- Coverage that fills the "tax gap." The benefits from an employer-sponsored plan will be taxed when paid to your client. An individually-owned plan can help bring the total monthly benefit payments up to the maximum 60% of income allowed.
- Portable coverage that follows your client from job to job.

### Your Target Market:

- Middle income earners (\$40,000 to \$125,000). They're the most underserved market segment when it comes to having any DI coverage or adequate coverage through a group plan.
- Self-employed clients: sole proprietors, independent contractors, in a partnership or closely held corporation and who have a 20 percent or more ownership in a business.
- Clients with occupations including small business employees (white and blue collar industries), administrative assistants, nurses, medical office staff, chiropractors, retail employees, trade industry employees, service industry employees, computer programmers, etc.

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## Sales Idea: Return of Premium

### The Problem:

Some clients may understand the need for disability income insurance, but still resist purchasing because they don't want to "lose" those premium dollars if they never use the coverage.

### The Solution:

Offer a way your client can get back a percentage of their premium dollars (less any claims paid). The Return of Premium (ROP) Rider on a short- or long-term policy may be the deciding factor.

- Affordable income protection that covers illness and injury. While long-term coverage is ideal, it's not affordable for all your clients. Short-term coverage offers protection for up to 24 months, which is a lot better than no coverage at all.
- An individually-owned solution that complements any employer-sponsored disability group plan to pay benefits during the group plan's elimination period.
- Coverage that fills the "tax gap." The benefits from an employer-sponsored plan will be taxed when paid to your client. An individually-owned plan can help bring the total monthly benefit payments up to the maximum 60% of income allowed.
- Portable coverage that follows your client from job to job.



### Your Target Market:

- Full-time employed individuals, ages 30-50
- Individuals who want the value of disability income protection, but also a return on their dollars if they don't use the policy
- Target occupations include, but are not limited to: executives, managers, attorneys, physicians, computer programmers

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## Sales Idea: Income Protection Check-Up

### The Problem:

Many clients don't know they need disability income protection - simply because they've never been asked about it.

### The Solution:

Use your annual policy review meeting to bring up the idea of income protection and offer a free "check-up" to pique their interest.

- Print and have on hand copies of the consumer-facing materials included in this sales kit (brochure + checklist).
- Set an appointment with your client to review their insurance policy.
- Ask them to bring information on any disability insurance they may have through their employer. Important features to cover include monthly benefit, waiting (elimination) period, and benefit period.
- Discuss your client's income protection plan. Prepare quotes beforehand or pull them during the meeting so your client has something to take away.



### Your Target Market:

- Current clients age 30-50 who work full time
- Current clients who own a home
- Current clients who are the primary breadwinners for their household

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DISABILITY INCOME CHOICE PORTFOLIO

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**UNDERWRITING  
CASE STUDY**

**“Pregnancy”  
Occupation: Ultrasound Technician**

Our goal is to provide the best possible offer of disability insurance to help protect your client’s income. We carefully evaluate each case based on occupation, health and income and work with you to find solutions to fit your client’s need and budget.

**CLIENT**

Female, age 31  
Ultrasound Technician at a  
physician’s clinic  
Occupation class: 4a  
Annual Income: \$55,000

**APPLIED FOR**

Short-Term Disability (STD)  
\$3,000 monthly benefit  
14-day elimination period  
6-month benefit period  
Hospital Confinement Rider: \$500

**REQUIREMENTS**

Simplified underwriting

**HEALTH**

Health disclosure on application:  
currently pregnant

**OFFER**

Due to current pregnancy, client is  
declined for short-term disability.

**ALTERNATE OFFER**

Accident Only (AO) with benefits as  
applied for

**KEY POINTS**

- Applicants who are currently pregnant are not eligible for our accident and sickness policies: Short-Term Disability (STD), Long-Term Disability (LTD) or Business Overhead Expense (BOE). We can offer a level of income protection with an Accident Only Disability policy
- Applicants can reapply for accident and sickness coverage after delivery and when they are back to work full-time with no restrictions for at least 30 days

**As always, you can talk directly  
to our underwriters.**

**(800) 715-4376**

Disability income insurance is underwritten by Mutual of Omaha Insurance Company,  
Mutual of Omaha Plaza, Omaha, NE 68175.

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DISABILITY INCOME CHOICE PORTFOLIO

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UNDERWRITING  
CASE STUDY

“Weight”  
Occupation: Veterinary Assistant

Our goal is to provide the best possible offer of disability insurance to help protect your client’s income. We carefully evaluate each case based on occupation, health and income and work with you to find solutions to fit your client’s need and budget.

**CLIENT**

Male, age 45  
Height: 6' 0" Weight: 270  
Veterinary assistant at a  
small animal clinic  
Occupation class: 3a  
Annual Income: \$35,000

**APPLIED FOR**

Long-Term Disability  
\$2,000 monthly benefit  
(\$1,100 base and \$900 SIS)  
90-day elimination period  
5-year benefit period

**REQUIREMENTS**

Full underwriting  
Telephone interview

**HEALTH**

Surgery 6 years ago for  
Achilles tendon rupture –  
full recovery, no limitations

**OFFER** • Issued as applied for with 50% increase in premium due to height/weight ratio

**CONSIDERATIONS** • Client has started a new exercise and diet program and inquires about reducing the rate increase in the future. In order for a rate increase to be reduced or removed:

- The client must lose the necessary weight and maintain the weight loss for a minimum of one year
- Weight loss and stability must be documented by the client’s physician in order to be considered
- Weight loss achieved by surgery and/or medication will be handled as an individual consideration and is not subject to the same underwriting outcome

**KEY POINTS** • Be upfront with the client when you know their height/weight ratio means they may pay a higher premium. (Refer to the Build Chart in the underwriting guide.)

Be sure to factor in the increased premium when determining a DI policy that will fit the client’s budget.

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DISABILITY INCOME CHOICE PORTFOLIO

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UNDERWRITING  
CASE STUDY

Injuries

Our goal is to provide the best possible offer of disability insurance to help protect your client's income. We carefully evaluate each case based on occupation, health and income and work with you to find solutions to fit your client's need and budget.

**CLIENT**

Male, age 38  
Plumber  
Occupation class: 2a  
Annual Income: \$45,000

**APPLIED FOR**

Short-Term Disability  
\$2,500 monthly benefit  
90-day elimination period  
24-month benefit period

**HEALTH**

Torn ligament in left knee  
one year ago  
Surgery performed to  
correct six months ago

**REQUIREMENTS**

Attending Physician's  
Statement (APS) due to  
history of knee surgery  
within two years

**OFFER**

Issued as applied for with exclusion for disease of or injury to the left knee and no rate up is required in this situation.

**CONSIDERATIONS**

Client had surgical repair with no complications or residuals. We are able to review for removal of the rider in one year. The review requires an APS from the treating physician detailing treatment of the knee since the surgery and current status.

**KEY POINTS**

- An injury with no complications or residual health issues may still result in a policy exclusion for one year or longer depending on the situation
- Explain to your client that he or she can request the exclusion be removed at that time
- Use these situations to provide good service. Contact your client at the end of the exclusion period to help them initiate the review

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DISABILITY INCOME CHOICE PORTFOLIO

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**UNDERWRITING  
CASE STUDY**

**“Diabetes”  
Occupation: Contractor**

Our goal is to provide the best possible offer of disability insurance to help protect your client’s income. We carefully evaluate each case based on occupation, health and income and work with you to find solutions to fit your client’s need and budget.

**CLIENT**

Male, age 51  
Construction Contractor  
90% supervisory duties  
Occupation class: 4a  
Annual Income: \$55,000

**APPLIED FOR**

Long-Term Disability  
\$3,100 monthly benefit  
60-day elimination period  
To-age-67 benefit period

**HEALTH**

Diabetes – diagnosis in 2010  
Metformin – 500 mg 2xday  
since 2011  
Height: 5'10" Weight: 200

**REQUIREMENTS**

Telephone interview  
Blood, urine, physical data  
2013 taxes including  
Schedule C (*last two years  
for self-employed discount*)  
Medical records

**OFFER**

\$3,100 monthly benefit  
90-day elimination period  
5-year benefit period  
50% increase in premium  
and exclusion for Diabetes Mellitus  
and/or complications

**CONSIDERATIONS**

Tax return proved income met guidelines for monthly benefit. Medical records showed well-controlled diabetes (A1c less than 7.0), one oral medication, no high blood pressure, renal concerns and weight within normal limits

**KEY POINTS**

Diabetes is a common condition and clients can be issued DI depending on the specifics of each case. Detailed information is key. Help clients prepare for the interview with “The Importance of An Accurate Health History” consumer flyer (M20958\_0611).

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DISABILITY INCOME CHOICE PORTFOLIO

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**UNDERWRITING  
CASE STUDY**

**“Mental/Nervous”  
Occupation: Physical Therapist**

Our goal is to provide the best possible offer of disability insurance to help protect your client’s income. We carefully evaluate each case based on occupation, health and income and work with you to find solutions to fit your client’s need and budget.

**CLIENT**

Female, age 47  
Physical Therapist  
Occupation class: 4a  
Annual Income: \$80,000

**APPLIED FOR**

\$3,500 monthly benefit  
(base \$2,000, SIS \$1,500)  
90-day elimination period  
To-age-67 benefit period

**HEALTH**

Anxiety – diagnosis in 2000  
Cymbalta – 20 mg daily,  
Xanax .5 mg as needed

**REQUIREMENTS**

Interview  
Blood, urine, physical data  
Medical records for anxiety  
treatment

**OFFER**

\$3,500 (base \$2,000, SIS \$1,500)  
90-day elimination period  
10-year benefit period  
25 percent increase in premium, exclusion for  
neurosis, psychoneurosis, mental or emotional,  
personality or psychotic disorder of any kind

**CONSIDERATIONS**

Medical records indicate well-controlled chronic  
anxiety diagnosed in 2000, no medication changes in  
last four years, no history of prior hospitalizations,  
no work stressors indicated.

**KEY POINTS**

For these cases, perform thorough field underwriting by  
obtaining specific diagnosis, date of the original diagnosis,  
medications, dosages, date of last change of medications,  
any hospitalizations, current physician’s name, address  
and phone number. This information is also key should  
you request a pre-quote.

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DISABILITY INCOME CHOICE PORTFOLIO

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**UNDERWRITING  
CASE STUDY**

**“Hypothyroid”  
Occupation: Graphic Artist**

Our goal is to provide the best possible offer of disability insurance to help protect your client’s income. We carefully evaluate each case based on occupation, health and income and work with you to find solutions to fit your client’s need and budget.

**CLIENT**

Female, age 31  
Graphic Artist  
Occupation class: 2a  
Annual Income: \$65,000

**APPLIED FOR**

Short-Term Disability  
\$3,000 monthly benefit  
30-day elimination period  
24-month benefit period  
Accident Medical Expense and  
Hospital Confinement Riders

**HEALTH**

Hypothyroid (underactive)  
Diagnosed five years ago  
Synthroid - 50 mcg daily

**REQUIREMENTS**

Simplified underwriting

**OFFER**

Standard

**CONSIDERATIONS**

Hypothyroid that is well-controlled can be issued as Standard. Medical records may be ordered if diagnosis occurred within the past year, or if there were complications, recent medication changes or your client was diagnosed under the age of 20.

**KEY POINTS**

There are multiple diagnoses regarding thyroids. Be proactive with your client and ask the actual diagnosed condition name. This will help you with field underwriting as you locate the exact condition in the health underwriting manual. The specific diagnosis is also essential should you request a case pre-quote from the underwriter.

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DISABILITY INCOME CHOICE PORTFOLIO

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UNDERWRITING  
CASE STUDY

**“Alcohol and Drug Addiction”**  
Occupation:  
Registered Nurse

Our goal is to provide the best possible offer of disability insurance to help protect your client's income. We carefully evaluate each case based on occupation, health and income and work with you to find solutions to fit your client's need and budget.

**CLIENT**

Female, age 43  
Registered Nurse, Physician's Office  
Occupation class: 3a  
Annual income: \$50,000

**APPLIED FOR**

Long-Term Disability  
\$3,000 monthly benefit  
(base \$1,200, SIS \$1,800)  
90-day elimination period  
5-year benefit period

**HEALTH**

Client had 30-day inpatient alcohol treatment ending in June 2013. While inpatient, also treated for prescription drug addiction/misuse.

Inpatient treatment was court-ordered after second DUI arrest in December 2012. Client currently attends AA & NA meetings. No problems at work, no reprimands from nursing board.

**OUTCOME**

Case cannot be reviewed for consideration until client is five years post treatment and use. After five years, case will be considered based on current situation.

**KEY POINTS:**

The same outcome would be applied if the client had received outpatient treatment, rather than inpatient. To be considered for disability insurance after a diagnosis of alcohol and/or drug addiction, client must remain alcohol and drug free for the entire five years. No current use of any kind is allowed, no further arrests or treatment, no new related problems or health conditions.

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DISABILITY INCOME CHOICE PORTFOLIO

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**UNDERWRITING  
CASE STUDY**

**“Degenerative Spine”  
Occupation:  
Electrician**

Our goal is to provide the best possible offer of disability insurance to help protect your client’s income. We carefully evaluate each case based on occupation, health and income and work with you to find solutions to fit your client’s need and budget.

**CLIENT**

Male, age 55  
Electrician  
Occupation class: 3a  
Annual income: \$75,000

**APPLIED FOR**

Short-Term Disability  
\$4,000 monthly benefit  
30-day elimination period  
24-month benefit period  
\$5,000 Accident Medical  
Expense Rider

**HEALTH**

Mild degenerative disc disease  
Meloxicam – taken daily for relief

**REQUIREMENTS**

Medical records

**OFFER**

Based on health history, policy will be issued as applied for with exclusion for injury, disease, disorder or complications of the spine, its muscles,

ligaments, discs, or nerve roots, except for burn, laceration or fracture.  
25% increase in premium

**KEY POINTS**

The short elimination period applied for will increase risk, and manual occupations such as electrician increases stress on the spine. Therefore the premium increase and exclusion were required. The exclusion also applies to the Accident Medical Expense rider. Additional consideration regarding rate and exclusion could be an option with an elimination period of 180 days or greater. However, each case would be given independent consideration by an underwriter.

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to our underwriters.**

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DISABILITY INCOME CHOICE PORTFOLIO

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**UNDERWRITING  
CASE STUDY**

**“Hypertension”  
Occupation: Chiropractor**

Our goal is to provide the best possible offer of disability insurance to help protect your client’s income. We carefully evaluate each case based on occupation, health and income and work with you to find solutions to fit your client’s need and budget.

**CLIENT**

Male, age 41  
Chiropractor (W-2 employee)  
Occupation class: 2A  
Annual income: \$126,000

**APPLIED FOR**

Long-Term Disability  
\$6,000 monthly benefit  
(Base \$3,500, SIS \$2,500)  
90-day elimination period  
10-year benefit period

**HEALTH**

Hypertension with medical treatment

**REQUIREMENTS**

Interview, blood, urine, long-form paramed exam, first two pages 1040 tax returns and W-2 forms for last two years, medical records from treating physician for high blood pressure.

**INTERVIEW**

Hypertension treatment for five years, well controlled with medication. Last physician visit was six months ago. No other health conditions disclosed.

**FINANCIAL AND MEDICAL REVIEWS**

2012 W-2 income: \$95,000  
2013 W-2 income: \$126,000  
Client qualifies for benefits applied for.

Normal blood, urine and paramed results. Medical records reveal well-controlled hypertension, medication compliance and average readings of 128/82.

**OFFER**

Standard rating – based on well-controlled hypertension, no other health conditions

**KEY POINTS**

Hypertension will always require medical records review. If well-controlled with treatment and follow-up compliant, no rating or exclusion required. If not stable or other health conditions exist, underwriting outcome is based on all risk factors combined. Could increase benefit period offered “to-age-67” due to client’s income of over \$60,000 for the past two years.

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DISABILITY INCOME CHOICE PORTFOLIO

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**UNDERWRITING  
CASE STUDY**

**“Asthma”  
Occupation: Sales Agent**

Our goal is to provide the best possible offer of disability insurance to help protect your client’s income. We carefully evaluate each case based on occupation, health and income and work with you to find solutions to fit your client’s need and budget.

**CLIENT**

Female, age 35  
Sales Agent – Real Estate  
Occupation class: 4A  
Annual income: \$51,500

**APPLIED FOR**

Short-Term Disability  
\$3,000 monthly benefit  
60-day elimination period  
12-month benefit period

**HEALTH**

Asthma for 20 years, treated with one inhaler medication daily. Well-controlled, no hospitalizations or asthma attacks.

**FINANCIAL AND MEDICAL REVIEWS**

Self-employed, five years  
2012 Income: \$61,000  
2013 Income: \$51,500

Due to thorough information on application regarding asthma history, no further medical records required.

**REQUIREMENTS**

None — Simplified Underwriting

**OFFER**

Benefits as applied for with exclusion rider for disease or disorder of the lungs and bronchial tubes due to history of well-controlled asthma with one medication daily.

**KEY POINTS**

- Complete details regarding health condition can help avoid need for medical records on certain conditions
- Asthma can be moderate to severe. Medical records can often be requested to determine severity. There may be additional rate increases or declinations for those who have more than a mild asthma diagnosis
- Client could have applied for the self-employed discount, saving 15% on premiums. To qualify, the last two years of tax forms would be reviewed to confirm net income of at least \$32,000 for each year

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# 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,<sup>1</sup> 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.<sup>2</sup>
- The **NUMBER 1 REASON** (61%) for taking unexpected early retirement is health problems.<sup>3</sup>

### 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](http://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 Discount<sup>4</sup> 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)<sup>5</sup>
- Cost of Living Adjustment

### Sales programs & discounts

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

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

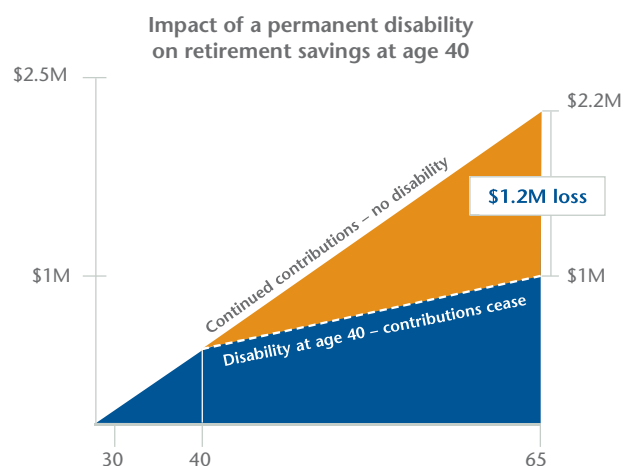
*"DI Retirement Security is an easy sell and it covers the important need of continuing retirement contributions even when one can't work. DI Retirement Security is a great fit and an economical solution in many situations."*

– 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)*

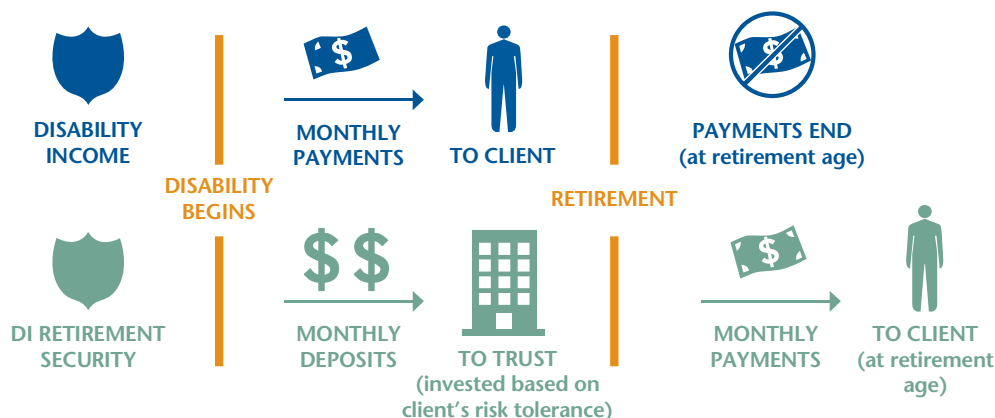
- **Your retirement funds and dreams could be at risk.** If you became disabled, most likely you wouldn't be able to: contribute to your 401(k) plan or other retirement plans, receive your employer match or contribute to Social Security. You may even need to dip into your retirement savings to cover 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.

<sup>1</sup> To learn more about the trust, visit [www.principal.com/bankerstrust](http://www.principal.com/bankerstrust).

<sup>2</sup> The Principal Financial Well-Being Index<sup>SM</sup>, 1st Quarter 2014.

<sup>3</sup> Employee Benefit Research Institute 2014 Retirement Confidence Survey underwritten by the Principal Financial Group<sup>®</sup>.

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

<sup>5</sup> 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.

<sup>6</sup> Not approved in all states; not available in California. For state approval information, visit [www.principal.com/distateapprovals](http://www.principal.com/distateapprovals).

<sup>7</sup> Eligible occupations vary by state.



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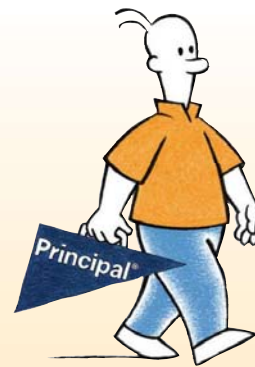
DI Retirement Security is issued as a non-cancelable, guaranteed renewable, individual disability income insurance policy. It is not a pension or retirement program or a substitute for such a program. DI Retirement Security is not available to anyone who is over insured based on Principal Life's current 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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# Market Profile

## Part-Time Employees



### OVERVIEW

Workplace trends show more employers are allowing flexible work arrangements to attract and retain key talent.

Working part-time allows these individuals to keep their professional skills current, while providing needed flexibility.

Part-time work, however, doesn't come without challenges. Many of these employees don't qualify for employer-sponsored group benefit programs, so they need individual protection solutions, such as income protection from Principal Life Insurance Company.

### WHY PROFESSIONALS SEEK PART-TIME WORK

- Work/life balance
- Raising families
- Winding down a long career
- Seeking career changes
- Acquiring additional education
- Helping with eldercare or balancing the healthcare needs of children or loved ones

### GUIDELINES FOR PART-TIME EMPLOYEES<sup>3</sup>

Principal Life Insurance Company is one of a few carriers to offer income protection to part-time employees.

- Up to \$5,000 a month in benefits are available for Individual Disability Income insurance, DI Retirement Security and Core Value Income Protection<sup>SM</sup>.
- It's available in all states for 3A/3A-M and above occupation classes.
- This coverage is for clients working 20 to 29 hours per week and earning over \$40,000 annually.

## Did you know?

- There are over **27 million part-time workers** in the United States.<sup>1</sup>
- **94%** of part-time workers do not have access to long-term disability insurance.<sup>2</sup>

### KEY INDUSTRIES TO TARGET

- Management/professional
- Banking/finance
- Legal
- Technology-related
- Healthcare
- Education
- Engineering
- Pharmacy

**TIP:** Visit [principal.com/marketniches](https://principal.com/marketniches) for targeted resources and tools to help you:

- Search for prospects in key industries
- Approach prospects
- Discuss the need for income protection



**SET YOURSELF APART** | Not many other advisors are able to offer income protection to part-time employees.

## MULTI-LIFE SALES OPPORTUNITY

Offering income protection to part-time employees is a great way to reach the three-life requirement for Principal Life's 20 percent Multi-Life Discount.<sup>4,5</sup>

- Ask existing clients for referrals to their full- or part-time co-workers.
- Approach employers about offering income protection as a valuable employee benefit for both full- and part-time employees.
- Help business owners qualify for the 20% discount on their policies by proposing coverage on key part-time employees.

### ADVANTAGES

- **Employees** can protect their incomes without having to modify their work arrangements.
- **Employers** can reward and retain key part-time employees by offering quality, affordable income protection
- **You** can open up new markets, letting you offer protection to a wider group of clients – regardless of the hours they work.

### DON'T FORGET

Principal Life also offers a **10% Affiliation Discount**<sup>6,7</sup> when selling to three or more:

- 1099 contractors from the same business entity/firm or
- Franchise owners and key employees actively working under the same franchisor<sup>8</sup>

### FOR MORE INFORMATION

Contact your local representative or visit [principal.com/marketniches](http://principal.com/marketniches).

<sup>1</sup> U.S. Bureau of Labor Statistics, Table A-9, Selected Employment Indicators, December 2014.

<sup>2</sup> U.S. Department of Labor, National Compensation Survey: Employee Benefits in the United States, March 2014.

<sup>3</sup> The Residual Disability and Recovery Benefit/Residual Disability rider(s) is the only feature not available.

<sup>4</sup> Available when three or more employees with a common employer purchase Individual Disability Insurance from Principal Life.

<sup>5</sup> Part-time workers are not eligible for coverage under a Standard Issue (GSI) or Fallback GSI program.

<sup>6</sup> Requires three or more individuals with a common affiliation working with the same producer; not available to doctors (M.D., D.O.), physician assistants, psychiatrists, nurses (RN or LPN), nurse practitioners, CRNAs, nurse anesthetists, medical residents/students or other hospital/medical workers.

<sup>7</sup> Unisex in Montana; stackable with the Mental Nervous/Substance Abuse Disorder Limitation rider discount and Select Occupation Discount (for 5A occupations).

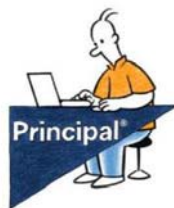
<sup>8</sup> Not available to owners and key employees of home-based franchises, route sales franchises or investors.



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## Individual Disability Insurance

# Disability Insurance Statistics

Individual Disability Insurance from Principal Life Insurance Company helps clients protect their most valuable asset - their ability to work and earn an income. The following statistics support and describe the need for disability insurance protection.

The statistics were gathered from credible third-party sources. Any materials that are created using the statistics (with the full source clearly identified) must be compliance approved by Principal Life.

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### Need for Protection

Visit [www.principal.com/wellbeing](http://www.principal.com/wellbeing) to see the latest results.

*A disability can happen to anyone...at any time.*

- 1 in 4 of today's 20 year olds will become disabled before reaching age 67.  
- Social Security Administration, Fact Sheet, February 2013.
- According to economists who have analyzed Labor Department data, 6.6 million people exited the workforce from 2010 and 2013. About 28% of those left due to a disability, up significantly from 2007-2010.  
- "U.S. jobs market dropouts increasingly likely to stay out", Reuters, March 2014.
- In 2010 there were 3.6 million injuries caused by motor vehicle accidents; there were 35,500 fatal motor vehicle accidents  
- National Safety Council®, Injury Facts® 2012 Ed
- In the U.S., a disabling injury occurs every second, a fatal injury occurs every 4 minutes.  
- National Safety Council®, Injury Facts® 2012 Ed
- In the home a fatal injury occurs every 8 minutes and a disabling injury occurs every 2 seconds.  
- National Safety Council®, Injury Facts® 2012 Ed.
- There is a death caused by motor vehicle crash every 15 minutes; there is a disabling injury every 9 seconds.  
- National Safety Council®, Injury Facts® 2012 Ed.

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### Retirement Protection and American Savings Patterns

*Most Americans can't afford to become disabled.*

- Despite having year-round insurance coverage, 10million insured Americans ages 19-64 will face bills they are unable to pay.  
- "NerdWallet Health finds Medical Bankruptcy accounts for majority of personal bankruptcies", nerdwallet.com, March 2014.

- **56M Americans under age 65 will have trouble paying medical bills**  
- "NerdWallet Health finds Medical Bankruptcy accounts for majority of personal bankruptcies", [nerdwallet.com](#), March 2014.
- **One in five American adults will struggle to pay medical bills this year.**  
- "NerdWallet Health finds Medical Bankruptcy accounts for majority of personal bankruptcies", [nerdwallet.com](#), March 2014.
- **Over 35million American adults (ages 19-64) will be contacted by collections agencies for unpaid medical bills**  
- "NerdWallet Health finds Medical Bankruptcy accounts for majority of personal bankruptcies", [nerdwallet.com](#), March 2014.
- **Nearly 17 million American adults (ages 19-64) will receive a lower credit rating on account of their high medical bills**  
- "NerdWallet Health finds Medical Bankruptcy accounts for majority of personal bankruptcies", [nerdwallet.com](#), March 2014.
- **Over 15 million American adults (ages 19-64) will use up all their savings to pay medical bills**  
- "NerdWallet Health finds Medical Bankruptcy accounts for majority of personal bankruptcies", [nerdwallet.com](#), March 2014.
- **Over 11 million American adults (ages 19-64) will take on credit card debt to pay off their hospital bills**  
- "NerdWallet Health finds Medical Bankruptcy accounts for majority of personal bankruptcies", [nerdwallet.com](#), March 2014.
- **Nearly 10 million American adults (ages 19-64) will be unable to pay for basic necessities like rent, food, and heat due to their medical bills**  
- "NerdWallet Health finds Medical Bankruptcy accounts for majority of personal bankruptcies", [nerdwallet.com](#), March 2014.
- **The average age at which American retirees leave the work force has risen to 62.**  
- "Average retirement age rises to 62", [BenefitsPro](#), April 2014
- **The average age at which non-retired Americans expect to retire is 66.**  
- "Average retirement age rises to 62", [BenefitsPro](#), April 2014
- **The number one cause (61%) for people taking early retirement is health problems.**  
- [Employee Benefits Research Institute 2014 Retirement Confidence Survey](#) underwritten by the Principal Financial Group.
- **Only about a third (35%) of baby boomers say they feel stressed about their current financial situation compared to half (51%) of Gen Y'ers.**  
- [The Principal Financial Well Being Index](#), 1st Quarter 2014
- **Employees who work with a financial professional (33%) are less likely to feel stressed about their current financial situation than those who do not work with a financial professional (51%).**  
- [The Principal Financial Well Being Index](#), 1st Quarter 2014
- **Just over half (57%) have an emergency fund to tap into in the event of a job loss or other unanticipated major expense.**  
- [The Principal Financial Well Being Index](#), 1st Quarter 2014
- **Employees who work with a financial professional (78%) are more likely to have an emergency fund than employees who do not work with a financial professional (49%).**  
- [The Principal Financial Well Being Index](#), 1st Quarter 2014
- **Nearly one in five employees (17%) have tapped into their emergency fund recently to cover monthly expenses.**  
- [The Principal Financial Well Being Index](#), 1st Quarter 2014
- **28% of employees have not yet planned for retirement savings/security.**  
- [The Principal Financial Well Being Index](#), 1st Quarter 2014
- **About two-thirds (67%) of employees could spend \$4,000 - \$6,000 of their savings per year in retirement and still be confident they would not run out of money.**  
- [The Principal Financial Well Being Index](#), 1st Quarter 2014
- **Less than half of employees (46%) say it would be difficult, very difficult or extremely difficult for them to pay an extra \$1,000 in a given month for an unexpected expense, such as a medical bill or car repair.**  
- [The Principal Financial Well Being Index](#), 1st Quarter 2014
- **38% say they have enough money put aside that they can tap into at any time in case of job loss or other unanticipated major expense as opposed to 43% who do not have enough money set aside.**  
- [The Principal Financial Well Being Index](#), 1st Quarter 2014
- **48% of employees are very or somewhat confident that they would have enough money to live comfortably in retirement if they or their spouse became too sick or injured to work.**  
- [The Principal Financial Well Being Index](#), 1st Quarter 2014
- **About two-thirds (67%) of employees could pay for basic expenses, before tapping into their retirement savings, for one year or less if they were no longer working.**
  - 3 months or less (29%)
  - 4 to 6 months (22%)
  - 7 months to 1 year (16%)

- [The Principal Financial Well Being Index](#), 1st Quarter 2014



- Nearly half (48%) of employees could pay less than \$1,000 for out-of-pocket medical and living expenses after an accident.
  - \$500 - \$999 (20%)
  - Less than \$500 (28%)

*- The Principal Financial Well Being Index, 1st Quarter 2014*
- Generation Y:
  - 2 out of 3 have an emergency savings fund
  - 2 out of 3 have started saving for retirement before at 25
  - 1 out of 3 have met with a financial advisor
  - 80% follow a monthly budget
  - 63% plan to retire after age 65
  - 58% think social security will no longer exist when they retire

*- "Generation Y Workers" The Principal Financial Group Retirement Plan Participant Study, September 2013.*
- Nearly half of all workers have less than \$10,000 in savings and investments.
 

*- Employee Benefits Research Institute and Matthew Greenwald and Associates, in. 2013 Retirement Confidence Survey.*
- One in five employees (21%) say it is either very or extremely difficult for them to plan and save for retirement.
 

*- The Principal Financial Well Being Index<sup>SM</sup>, 1st Quarter 2013*
- Just over a third of employees (37%) believe they will be financially prepared for a comfortable retirement.
 

*- The Principal Financial Well Being Index<sup>SM</sup>, 1st Quarter 2013*
- Nearly half of employees (49%) say it would be difficult, very difficult or extremely difficult for them to pay an extra \$1,000 in any given month for an unexpected expense.
 

*- The Principal Financial Well Being Index<sup>SM</sup>, 1st Quarter 2013*
- Almost half (45%) of retirees say they left the workforce earlier than planned, typically because of a health problem or disability (63%).
 

*- The Principal Financial Well Being Index<sup>SM</sup>, 1st Quarter 2013*
- Over half of employees view insufficient retirement savings (55%) or reductions in Social Security (53%) as threats to their retirement.
 

*- The Principal Financial Well Being Index<sup>SM</sup>, 3rd Quarter 2012*
- 68% of Americans live paycheck to paycheck and would find it difficult to meet their financial obligations if their paychecks were delayed for a week.
 

*- American Payroll Association, "Getting Paid in America" Survey, 2012*
- The average SSDI monthly benefit at the beginning of 2013 was \$1,191.
 

*- Social Security Administration, January 2013*
- Over 36 million Americans are classified as disabled; about 12% of the total population.
 

*- U.S. Census Bureau 2012*
- 152 million workers were covered for disability insurance under the SSDI program at the conclusion of 2012; a 0.5 percent increase over 2011
 

*- 2013 Long Term Disability Claims Review, Council for Disability Awareness*
- Over 2.5 million workers in their 20s, 30s and 40s were receiving SSDI payments at the end of 2012. This is about 29 percent of all workers receiving SSDI payments.
 

*- 2013 Long Term Disability Claims Review, Council for Disability Awareness*
- Nearly 65% of initial SSDI claim applications were denied in 2012.
 

*- Social Security Administration*
- Nearly one in four working Americans say they would have trouble supporting themselves financially "immediately" following a disability that keeps them out of work. Half would find themselves in financial trouble in one month or less.
 

*- The Life and Health Foundation for Education (LIFE) survey conducted by Kelton, April 2012.*
- Nearly three in four Americans (74 percent) say they are concerned about being able to support themselves should they become disabled and unable to work.
 

*- The Life and Health Foundation for Education (LIFE) survey conducted by Kelton, April 2012.*
- More than half of all working Americans (54 percent) agree that their home is one of the things they appreciate most in life, compared to 42 percent who appreciate their paycheck and 32 percent appreciate their car.
 

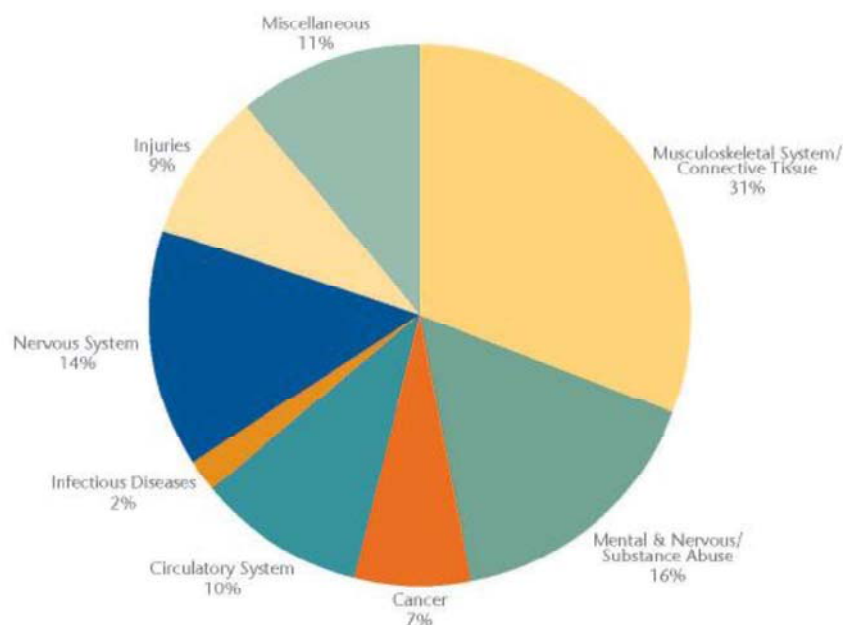
*- The Life and Health Foundation for Education (LIFE) survey conducted by Kelton, April 2012.*

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## Causes of Disability

*Illnesses generally cause disabilities, not accidents.*

- Nearly three in 10 new long term disability claims in 2012 were caused by musculoskeletal system and connective tissue disorders, which continue to be the leading cause of new disability claims by a large margin.  
- 2013 Long Term Disability Claims Review, Council for Disability Awareness
- Injuries, typically perceived as the cause of many disabilities, represent less than five percent of diagnoses for new SSDI awards.  
- 2013 Long Term Disability Claims Review, Council for Disability Awareness
- According to Council for Disability Awareness research, the most common causes of existing long term disability claims in 2012 include: musculoskeletal/connective tissue (30.7% of all existing claims), nervous system related (14.2% of all existing claims), cardiovascular/circulatory (12.1% of all existing claims), and cancer (9.0% of all existing claims).  
- 2013 Long Term Disability Claims Review, Council for Disability Awareness
- New long-term disability claims resulting from pregnancy and childbirth increased sharply by 24 percent in 2012 following a smaller increase in 2011. In 2012 pregnancy and child birth caused 12.3 percent of claims, compared to 9.6 percent in 2011.  
- 2013 Long Term Disability Claims Review, Council for Disability Awareness
- Common causes of individual disability insurance claims are:



Source: Principal Life Disability Insurance claim payments issued in 2012. The above is for illustrative purposes only and is not intended as an inclusive representation of all claims.

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## Disability Duration

- Disability claims are lasting longer than in the past. Most companies continue to believe the weak economic environment remains a factor.  
- 2013 Long-Term Disability Claims Review, Council for Disability Awareness
  - The average long-term disability absence lasts 31.6 months.  
- Gen Re, U.S. Individual DI Risk Management Survey 2011, based on claims closed in 2010
  - One in eight workers will be disabled for five years or more during their working careers.  
- Commissioner's Disability Insurance Tables A and C, assuming equal weights by gender and occupation class
- 

## Disability Costs

*Indirect and direct costs of a disability take financial tolls on everyone.*

- The typical cost to replace an employee is about 21% of the employee's salary. For an executive or top performer, the replacement cost can be as much as two times the employee's salary.  
- Center for American Progress, "There Are Significant Business Costs To Replace Employees", November 2012.
  - One work-related injury costs an employer on average \$37,000  
- National Safety Council®, Injury Facts® 2012 Ed.
  - On the job injuries cost \$176.0 billion in 2010 and 100 million days of production time.  
- National Safety Council®, Injury Facts® 2012 Ed.
- 

## Misconceptions

*Common back-up plans to loss of income may not be an option.*

- The most common reason employees cite for not using a financial professional is not wanting to pay a fee (27%), followed by thinking they do not have enough savings or investments (19%).  
- The Principal Financial Well Being Index, 1st Quarter 2014
  - 43% of the new claims approved during 2012 were for individuals younger than 50.  
- 2013 Long Term Disability Claims Review, Council for Disability Awareness
  - Fewer than 5% of CDA member company disability claims were work-related.  
- 2013 Long Term Disability Claims Review, Council for Disability Awareness
  - The ratio of new SSDI awards to applications received decreased slightly from 35.6 percent in 2011 to 34.7 percent in 2012. In 2012 this ratio was at the lowest point since 1982.  
- 2013 Long Term Disability Claims Review, Council for Disability Awareness
  - Approximately 36 percent of disabled men and 58 percent of disabled women in 2012 received SSDI benefits of less than \$1,000 per month  
- 2013 Long Term Disability Claims Review, Council for Disability Awareness
  - The disabled worker population continues to steadily grow: the number of disabled workers receiving SSDI claim payments increased by 2.9 percent from year end 2010 to year end 2011, continuing to outpace growth in the overall covered worker population, which grew at just 0.8 percent.  
- 2013 Long Term Disability Claims Review, Council for Disability Awareness
  - 69% of the private sector workforce has no long-term disability insurance.  
- Social Security Administration, Fact Sheet, February 2013
- 

## Market Opportunity

*There is a need for disability insurance.*

- There are more than 21 million U.S. households with earnings between \$100,000 and \$200,000 annually, and more than 48 million households with earnings between \$35,000 and \$100,000.  
- 2012 U.S. Census Data
- Nearly half of the people who look into income protection, after being approached about it, buy some type of policy.  
- LIMRA MarketFacts Quarterly, 2012
- About two-thirds of employees (64%) agree to some extent that having a good employee benefits plan encourages them to work harder and perform better.  
- The Principal Financial Well Being Index<sup>SM</sup>, 3rd Quarter 2012
- Three out of five employees (61%) agree to some extent that having a good employee benefits plan keeps them working for their current company.  
- The Principal Financial Well Being Index<sup>SM</sup>, 3rd Quarter 2012
- Nearly three-fourths of employees (72%) rated the emotional impact of becoming disabled and not being able to work for a living as at least an 8 on a 10 point scale in which a 10 means "devastated."  
- The Principal Financial Well-Being Index<sup>SM</sup>, First Quarter 2012
- Consistent with fourth quarter 2011, two-thirds of employees (67%) are very concerned about their long-term financial future. Yet, only 22% have disability insurance.  
- The Principal Financial Well-Being Index<sup>SM</sup>, First Quarter 2012

- Just over a quarter of employees (28%) have not yet planned for retirement savings/security.  
- *The Principal Financial Well-Being Index<sup>SM</sup>, First Quarter 2012*
- 48% of HR professionals said that they believe their company has a responsibility to help employees protect their incomes from the risk of a disability.  
- *Employer Disability Awareness Study, Counsel for Disability Awareness, 2013.*
- Employees' top financial dreams include financial security (23%), financial security in retirement (20%) and being debt-free (12%).  
- *The Principal Financial Well-Being Index<sup>SM</sup>, First Quarter 2012*

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## Education-Related

*There is a clear need for more information and education about solutions that are available to help during a disability.*

### Knowledge by Generation



- LIMRA's *Market Facts*, 4<sup>th</sup> Quarter 2013.

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## Business-Related

*There is a need for disability insurance solutions for businesses.*

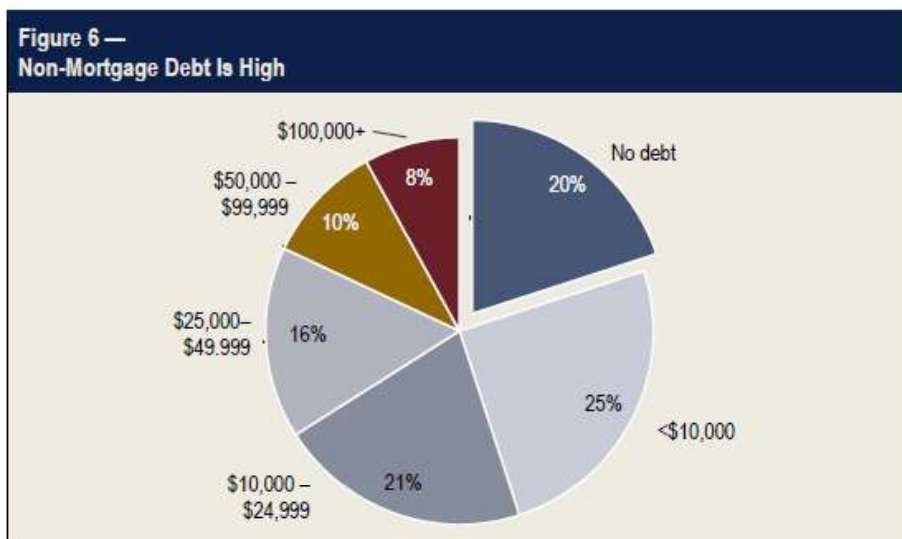
- As of 2013, it is estimated that there are over 8.6 million women-owned businesses in the United States, generating over \$1.3 trillion in revenues and employing nearly 7.8 million people.  
- *The 2013 State of Women-Owned Business Report. Commissioned by American Express Open.*
- There are over 23 million small businesses, which provide for 55% of all jobs.  
- *U.S. Small Business Administration Office of Advocacy, September 2013. (www.sba.gov).*
- Nationally, the number of women-owned firms has increased by 59% since 1997.  
- *The 2013 State of Women-Owned Business Report. Commissioned by American Express Open.*
- Women-owned firms have added an estimated 175,000 jobs to the U.S. economy since 2007.  
- *The 2013 State of Women-Owned Business Report. Commissioned by American Express Open.*
- Fewer than 1 in 4 small firms carry business life insurance and/or business disability insurance coverage.  
- *"Small World: Trends in the U.S. Small Business Market", LIMRA, January 2013.*
- 32% of business owners offer employees disability insurance.  
- *The Principal Financial Well-Being Index<sup>SM</sup>: Business Owners, 2012.*
- Nearly eight out of ten business owners (79%) agree to some extent that having a good employee benefits plan is part of their responsibility as a business owner.  
- *The Principal Financial Well-Being Index<sup>SM</sup>: Business Owners, 2012.*

- More than three-fourths of business owners (76%) agree to some extent that having a good employee benefits plan keeps employees working for their company.  
- *The Principal Financial Well-Being Index<sup>SM</sup>: Business Owners, 2012.*
- Almost seven out of ten business owners (68%) agree that having a good employee benefits plan encourages their employees to work harder and perform better.  
- *The Principal Financial Well-Being Index<sup>SM</sup>: Business Owners, 2012.*
- In 2011, outstanding small business loans (under \$1 million) were valued at over \$685.4 billion for more than 21.3 million loans.  
- *Small Business Administration Office of Advocacy, Small Business Lending in the United States 2010-2011, July 2012.*

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## Middle-Market Related

- 40 million middle-market households (ages 25 to 64 with household incomes of \$35,000 to \$99,999).  
- *"U.S Consumers Today: The Middle Market", LIMRA, 2014.*
- One third have nonmortgage debt of \$25,000 or more.  
- *"U.S Consumers Today: The Middle Market", LIMRA, 2014.*
- 57 percent say their families would need to make significant or drastic financial changes if they couldn't work for at least six months due to a disability.  
- *"U.S Consumers Today: The Middle Market", LIMRA, 2014.*
- Seven in 10 middle-market consumers consider a company's reputation for service and for claims payment to be extremely or very important.  
- *"U.S Consumers Today: The Middle Market", LIMRA, 2014.*
- Forty-three percent of U.S. households are middle market, with incomes between \$35,000 and \$99,999.  
- *"U.S Consumers Today: The Middle Market", LIMRA, 2014.*
- Three in 4 middle-market households are between ages 25 to 64.  
- *"U.S Consumers Today: The Middle Market", LIMRA, 2014.*
- There are children under age 18 in 37 percent of middle-market households between ages 25 to 64, making this a prime market for protection products.  
- *"U.S Consumers Today: The Middle Market", LIMRA, 2014.*
- Heads of middle-market households with the lowest incomes are the most likely to be single, suggesting only one income. One fourth of them have never been married, and their incomes have the potential to rise in the future if they become a dual-income household.  
- *"U.S Consumers Today: The Middle Market", LIMRA, 2014.*
- Over half of the middle market has at least \$10,000 of non-mortgage debt, and one third owe \$25,000 or more. While 1 in 5 middle-market households have no debt, an almost equal percentage have \$50,000 or more in non-mortgage debt (Figure 6).  
- *"U.S Consumers Today: The Middle Market", LIMRA, 2014.*





- Fifty-seven percent of low-middle-market households would need to borrow to cover a \$5,000 financial emergency, while 41 percent of high-middle-market households would need to do so (Figure 7).

-“U.S Consumers Today: The Middle Market”, LIMRA, 2014.



- After saving enough for retirement, top financial concerns are: the ability to maintain their living standard if they are unable to work for at least six months, if a wage earner were to die, or if they had to pay for a major medical crisis out-of-pocket (Table 4).

-“U.S Consumers Today: The Middle Market”, LIMRA, 2014.

**Table 4 —  
Financial Concerns**  
(Percent who rate each item as “extremely,” “very” or “somewhat” concerned)\*

	All Middle Market**	\$35k – \$49.9k	\$50k – \$74.9k	\$75k – \$99.9k
<b>Retirement related</b>				
Save enough for retirement	80%	82%	80%	80%
Carry debt into retirement	60	61	61	56
<b>Current living standards</b>				
Maintain if wage-earner is injured, ill	70%	67%	71%	70%
Pay for a major medical crisis	65	71	66	60
Maintain if wage-earner dies	60	57	60	60
Pay everyday living expenses	58	65	59	49
<b>Education related</b>				
Pay for child's education	42%	38%	42%	44%
Pay own college loans	22	23	23	19
<b>Adult child or parent needs financial help</b>				
	48%	47%	49%	47%
*Based on a 7-point scale				
**Ages 25 to 64				

- Only 2 in 10 middle-market consumers have a formal financial plan prepared by a professional or one they wrote themselves.  
*-“U.S Consumers Today: The Middle Market”, LIMRA, 2014.*
- Only 1 in 6 if they become disabled or critically ill.  
*-“U.S Consumers Today: The Middle Market”, LIMRA, 2014.*
- Middle-market consumers are twice as likely to prefer permanent insurance over term insurance when given an explanation that balances the higher initial cost of permanent insurance with the guaranteed premium for the life of the policy.  
*-“U.S Consumers Today: The Middle Market”, LIMRA, 2014.*
- However, middle-market life insurance buyers are more likely to buy term life insurance (62 percent) than permanent life insurance (44 percent). Term life insurance tends to make sense for the middle market as it offers the simplicity and affordability that consumer's desire.  
*-“U.S Consumers Today: The Middle Market”, LIMRA, 2014.*



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Principal Life Insurance Company, Des Moines, Iowa 50392-0002, [www.principal.com](http://www.principal.com)

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# MAJOR ILLNESS / LONG-TERM DISABILITY CHECKLIST

## PRE-ONSET

- ☐ Review health care coverage and assure continuation of adequate coverage on an affordable basis
- ☐ Obtain Social Security earnings records to determine eligibility status and amount of Social Security disability benefits
- ☐ Review potential effect on individual and family income and expenses. If sufficient continuing income will not be available, consider purchase of disability income insurance.
- ☐ Evaluate need for long-term care insurance
- ☐ Execute or review living will, durable power of attorney, and appointment of health care representative

## POST-ONSET

- ☐ Consider whether the home needs to be made handicapped-accessible
- ☐ If full-time assistance will be needed, arrange separate living quarters for such personnel, or evaluate assisted-living facilities. If part-time assistance is required, arrange for visiting nurse or other home health care
- ☐ Review effect on life insurance premium obligations. Will a waiver of premium or other policy provision or rider apply?
- ☐ Review household budget to eliminate or reduce unnecessary cash outflows

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