

DI Retirement Security

Learning about DI Retirement Security (DIRS) from Principal® is easy. This program profile outlines the key features you need to know about to help clients and grow your business.

How it works

DIRS helps clients continue saving for retirement

in the event of the unexpected. In a nutshell, DIRS is an individual Disability Income (DI) insurance policy that directs monthly benefit payments to an irrevocable trust upon a disability. Those benefits are then invested based on your client's risk tolerance.

Find out more about the investment options of the trust at: **www.principal.com/bankerstrust**

Target market

- Ages 35 to 59
- Minimum annual income of \$76,000
- Occupations with little to no manual duties, like corporate executives, CPAs, attorneys, and business owners
- Individuals committed to saving for retirement and who have income protection in place

Features

- Can be purchased individually or added to an employee benefits package
- No evidence of "retirement savings" or history required (unlike some other carriers)
- Available in addition to individual DI insurance limits

Product and underwriting guidelines

- Issue ages: 18 to 60
- Occupation classes: All occupation classes
- Benefit Periods: To age 65 or to age 67
- Elimination Periods: 180 or 365 days
- Available riders:
 - › Annual Increase (AI) rider
 - › Limitation of Benefits for Mental/Nervous and Substance Abuse Disorders (MNSA)¹
 - › Cost of Living Adjustment (COLA)
- Available discounts²:
 - › Up to 10% Affiliation
 - › Up to 10% Association
 - › 20% Multi-Life³
 - › Up to 10% MNSA¹

Cost for coverage

Your clients' premiums depend on their:

- Age
- Gender
- Occupation
- Nicotine status
- State of residence
- Policy structure
- Selected riders
- Discounts

Sample costs for a \$2,000 month benefit

Age	Male	Female
30	\$24	\$45
35	\$29	\$50
40	\$36	\$59
45	\$46	\$64

These examples are for illustrative purposes only.

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

Trust details⁴

The trust agreement is administered by Bankers Trust Company, Des Moines, Iowa. For information regarding the investments offered, see principal.com/bankerstrust.

Upon a disability, your clients determine where the benefit payments should be allocated based on their risk tolerance and preference. Benefits are then paid at retirement (age 65 or 67).

There are ways to access trust assets under certain situations⁵, such as:

- Once the benefit period has been satisfied (at retirement).
- In the event of certain financial hardships.
- If the insured has not been eligible to receive benefits for 12 consecutive months.
- Death before the end of the benefit period. If the insured is unable to claim the proceeds of the trust due to death, the proceeds are directed to the insured's estate.
- Payment of medical insurance premiums for self, spouse, or any dependents.

Trust taxation

The chart below illustrates different ways DIRS can be funded and possible tax implications. Upon a qualifying disability, the insured receives an annual Form 1099 -Substitute listing interest, dividends, and capital gain distribution information. The insured also receives a quarterly statement of assets and activity in the trust.

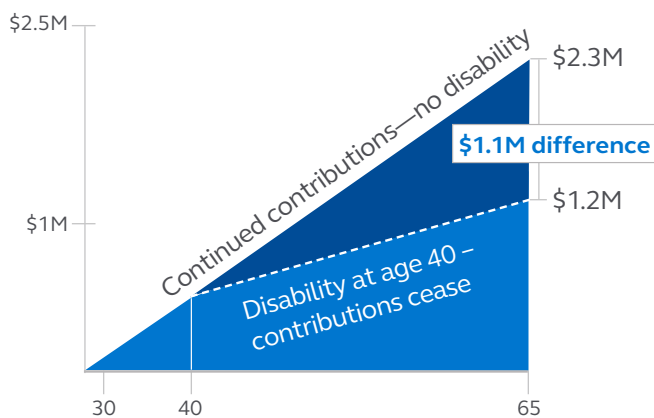
Premiums paid by	Tax considerations	Maximum benefit amount	Minimum benefit amount
Employee with after-tax dollars	Benefits received are income tax-free. Trust earnings are taxable annually and declared on the insured's tax return, unless benefits are invested in a tax-deferred annuity.	\$5,100	\$1,000
Employer, but bonused to employee		\$5,100	\$1,000
Employer	Benefits received are taxable. Trust earnings are taxable annually and declared on the insured's tax return, unless benefits are invested in a tax-deferred annuity.	\$5,100	\$1,000

Note: Benefit amount includes a \$50/month trust administration fee.

Starting the conversation with individual clients

If you lose your income today, how will you continue to save for retirement? Everyone talks about saving for retirement and often, we wonder if we're saving enough to meet our goals. Rarely do we talk about if those plans are put on hold because of a disabling illness or injury. If your income is disrupted by a disability, your retirement goals could be in jeopardy (in addition to your savings).

Impact of a permanent disability on retirement savings at age 40

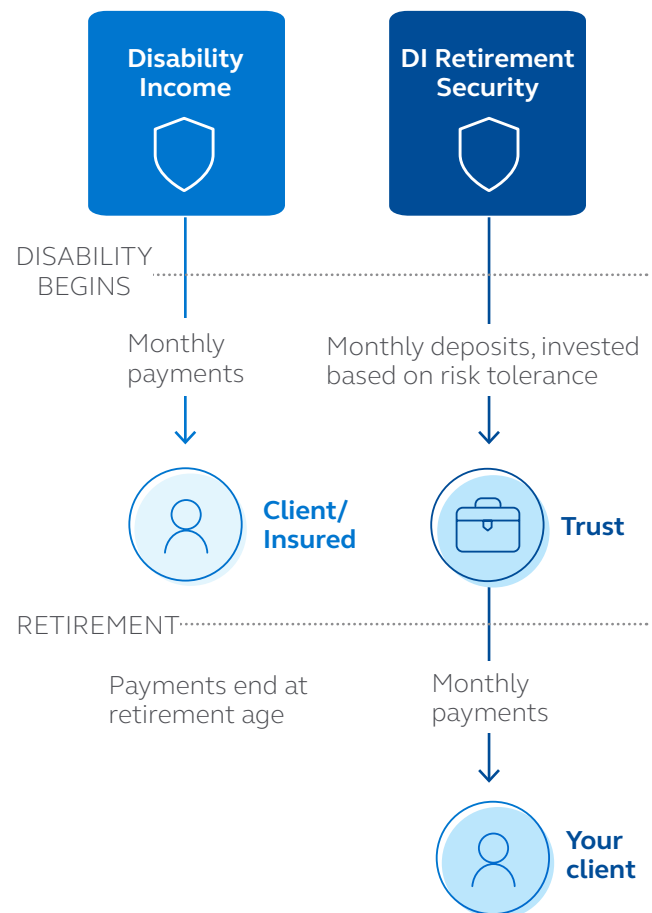


This chart is for illustrative purposes only. Assumptions: \$1,625/month contributions beginning at age 30, 6% rate of return and age 65 retirement. Potential difference due to disability at age 40 without continued contributions to retirement savings. The assumed rates of return in this chart are hypothetical and does not guarantee any future returns nor represent the returns of any particular investment. Amounts shown do not reflect the impact of taxes on pre-tax distributions. This is for illustrative purposes only.

Starting the conversation with employer clients

How are you attracting and retaining your key talent? Help stay ahead of the competition and offer ways to help employees keep their retirement plans on track in the event of the unexpected with DI Retirement Security. We make it easy and affordable with a variety of discounts and enrollment features.

You've taken the right steps and protected your income with disability insurance. But, have you considered protecting your retirement savings, as well? Your individual disability insurance benefits help maintain your standard of living, but how will you keep your retirement dreams on track? With both disability insurance and DI Retirement Security, you'll have benefits through your working years and into retirement.



When DI insurance and DIRS are purchased together, clients only have to go through the underwriting process once, which limits the paperwork.



Contact your local representative.

- ¹ The MNSA rider and discount is required on all cases in CA & NY and on the following occupations: emergency-room physicians, anesthesiologists, pain-management physicians, nurse anesthetists, pharmacists, and any resident who has declared one of these as a specialty. It is also required at an individual level for cases in FL. This rider is not available in VT. 3% for 2-year benefit period, 5% for 5-year benefit period and 10% discount for all other benefit periods. In TX, the discount is not available for 2-year benefit period, is 3% for 5-year benefit period, and 5% for all other benefit periods.
- ² Not all discounts may be stacked together.
- ³ Available when three or more employees with a common employer purchase Individual Disability Insurance coverage. For dental or medical residents/fellows/interns/students, use the Residency Multi-Life Discount.
- ⁴ Upon a qualifying disability, benefits are paid to the irrevocable trust.
- ⁵ For more information about when the trust can be accessed, refer to the Principal Declaration of Trust Agreement.



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Funds invested with Bankers Trust are investments and **involve risk, including possible loss of principal.**

Asset allocation and diversification do not ensure a profit or protect against a loss.

Insurance products issued by Principal Life Insurance Company®, a member of the Principal Financial Group®, Des Moines, IA 50392.

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