



Business Value Increase Rider

# Help your coverage keep pace with business growth.



Life insurance can be an effective funding option for a variety of business planning needs. Adding the Business Value Increase Rider<sup>[1]</sup>, available with certain life insurance policies from Principal®, allows you to get increases in your coverage based on growth in the value of your business, with no additional underwriting.

## How does the Business Value Increase Rider work?

The policy face amount increases work in three-year cycles while the rider is active:

- **Start of year 1.** Your business is valued.
- **End of years 1 and 2.** Your coverage is automatically increased 5%, for a total of 10%.
- **End of year 3.** Your business is valued and compared to the value at the start of year 1. Any increase greater than 10% results in a matching percentage increase in the policy’s face amount, subject to maximums.<sup>[2]</sup>

### How about an example?

	SCENARIO 1: 20% business value increase at the end of year three	SCENARIO 2: 8% business value increase at the end of year three
<b>Face amount and business value at the beginning of year 1</b>	\$1,000,000	\$1,000,000
<b>Face amount at the end of year 1</b> (automatic 5% increase)	\$1,050,000	\$1,050,000
<b>Face amount at the end of year 2</b> (automatic 5% increase)	\$1,100,000	\$1,100,000
<b>Business value at the end of year 3</b>	\$1,200,000	\$1,080,000
<b>Face amount at the end of year 3</b> (calculated increase)	\$1,200,000	\$1,100,000

**Scenario one.** Automatic face amount increases were applied in years 1 and 2. At the end of year 3, the business was valued and had increased 20%. The face amount was increased the same 20% (from the starting \$1 million). The starting business value and face amount for the next three-year cycle will be \$1,200,000 and the cycle repeats.

**Scenario two.** The business value at the end of year 3 had increased 8%—less than the two automatic face amount increases made, so no adjustment to the face amount was made. The starting business value and face amount for the next three-year cycle will be \$1,080,000 and \$1,100,000, respectively, and the cycle repeats.

This hypothetical example is for illustrative purposes only.

## What else should I consider?

	Principal® Term	Principal Universal Life Provider Edge II <sup>SM</sup>
<b>Minimum face amount to have the rider</b>	\$1 million	\$1 million
<b>Cost for the rider</b>	There's no cost to have it; however, when an increase is exercised, premiums will increase to reflect the higher face amount	There's no cost to have it; however, when an increase is exercised, the monthly policy charge and surrender charge will be increased to reflect the higher face amount
<b>Automatic annual face amount increase/ maximum amount</b>	5%/\$250,000	5%/\$100,000
<b>Maximum calculated face amount increase for three-year cycle</b>	Lesser of 35% or \$750,000	Lesser of 30% or \$300,000
<b>Maximum lifetime cumulative face amount increase</b>	Lesser of 300% of initial face amount and \$7.5 million	Lesser of 300% of initial face amount and \$7.5 million

 Need a business valuation?

We can help. Ask your financial professional about a complimentary informal business valuation from Principal®.

<sup>1</sup> Policy rider descriptions are not intended to cover all restrictions, conditions, or limitations. See policy for full rider details. Riders are subject to state availability and may have additional costs.

<sup>2</sup> Calculated face amount increases are subject to minimums and maximums. See policy for full rider details.

Guarantees are based on the claims-paying ability of the issuing insurance company.

This information is intended to help clients understand the details of the Business Value Increase Rider. The primary purpose of life insurance is the death benefit and clients must have a need for the death benefit to purchase a life insurance policy.

All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. Policy guarantees and benefits are not obligations of, nor backed by, the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.



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Principal National Life Insurance Company Policy Forms: ICC23 SN 174 N/ICC23 SN 174 C, ICC20 SN 142/SN 142; Rider Forms: ICC23 SN 175, ICC20 SN 143.

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