



Group disability insurance

# Let employees choose their benefit amount

Incremental benefits offer something for everyone. The benefit choices are available in pre-set dollar amounts employees can choose from when they enroll.

When you're ready to offer employees group disability insurance, you can select the way they receive benefits—as a percentage of their salary or from set benefit amounts.

## Why offer incremental benefits

Incremental benefits give employees the power to purchase the amount of coverage they need and can afford.

- **Short-term disability (STD)** amounts can range from as little as \$100/week, to as much as \$1,500/week.
- **Long-term disability (LTD)** amounts can range from \$500/month, to \$6,000/month.

Some employees might choose enough to cover a big ticket item like their mortgage. Others might select more coverage to also include everyday expenses like groceries, car payment, and phone plans.

With incremental benefits from Principal®, **employees can choose the benefit amount** they'd like to receive if they became too sick or hurt to work. This employee-paid solution offers incredible flexibility. After all, no two employees' needs are the same.

## Incremental benefits

Quick facts	Short-term disability (weekly)	Long-term disability (monthly)
<b>Benefit amount increments</b>	\$50	\$100 or \$250
<b>Minimum election</b>	\$100/week	\$500/month
<b>Maximum election</b>	\$1,500/week	\$6,000/month

**One thing to keep in mind:** employees cannot choose a benefit amount that's more than 60% of their pre-disability income.

# How increments work

Let's take a look at a few examples:

## Short-term disability



Emerson is single, earns \$55,000 per year, and has several expenses that need to be paid—even if a disability prevents them from working. Rent is the biggest expense, \$400/month, followed by a car loan, and daily living expenses.

Weekly coverage amounts are available from \$100 (minimum election) to \$600 (maximum election based on salary) in \$50 increments. Emerson chooses \$250/week. With this amount, Emerson could cover rent and other expenses if a short-term disability prevented them from working.

### Determining Emerson's maximum election

$$\begin{array}{rcl} \$1,057 & < & \text{weekly income} \\ & < & (\$55,000 \div 52) \\ \times 60\% & < & \text{maximum benefit} \\ \hline & < & \text{percentage} \\ \$634 & < & \text{per week} \\ & < & \text{maximum election} \end{array}$$

Because STD benefits are available in \$50 increments, \$600 is the maximum benefit amount Emerson can purchase.

## Long-term disability



Quinn is married, has two young children, and earns \$75,000. Their big expenses include a mortgage, daycare, and student loans. The couple is living paycheck to paycheck. Quinn is worried how their family would manage if they became too sick or hurt to work.

Quinn's employer chose the \$100 increment option. Quinn can choose a monthly coverage amount from \$500 (minimum election) to \$3,700 (maximum election based on salary) in \$100 increments. Quinn chooses the maximum—\$3,700/month. Having this income would cover most of the family's major expenses, and their spouse's part-time salary would cover the rest.

### Determining Quinn's maximum election

$$\begin{array}{rcl} \$6,250 & < & \text{monthly income} \\ & < & (\$75,000 \div 12) \\ \times 60\% & < & \text{maximum benefit} \\ \hline & < & \text{percentage} \\ \$3,750 & < & \text{per month} \\ & < & \text{maximum election} \end{array}$$

Because Quinn's LTD benefits are available in \$100 increments, \$3,700 is the maximum benefit amount they can purchase.

## Round out your benefits package

Let your employees take charge of protecting their income. Make sure they have the option to insure their income—just as they do their house and car. Our incremental benefits help provide a level of protection that works for most everyone.



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