

Individual Disability Income Insurance

Policy Highlights for California

An **Individual Disability Income (DI) insurance** policy from Principal Life Insurance Company helps protect your most valuable asset – your ability to work and earn an income – if you become too sick or hurt to work.

The policy is non-cancelable and has guaranteed premium rates to age 65.

- Principal Life cannot change or cancel your policy, except for nonpayment of premiums, or increase your premium before you reach age 65 (unless you request additional coverage), regardless of changes in your income, occupation or health.
- After age 65, you may conditionally renew your policy annually for the rest of your life as long as you are working full-time and meet the requirements. If you conditionally renew your policy, your premium will change based on your age at each renewal.

How your policy pays

Your policy provides a monthly benefit if you become totally disabled.

A summary definition of Total Disability – During the Your Occupation Period, you are unable to perform with reasonable continuity the substantial and material acts necessary to perform Your Occupation and you choose not to work at any occupation. After the Your Occupation Period, you are not able to engage with reasonable continuity in any occupation in which you could reasonably be expected to perform satisfactorily in light of your age, education, training, experience, station in life, and physician and mental capacity.

Benefit amount –The Maximum Monthly Disability Benefit and Social Insurance Substitute (SIS) Benefit available is based on your current income, occupation when you purchase the policy and if you have other existing disability insurance policies.

If the SIS Benefit is on your policy, it is payable in the same proportion as your policy's disability benefit. The SIS benefit is paid when no social insurance is paid. One-third of the SIS benefit is paid if only one of the following social insurances is paid: Primary Insurance Amounts under Social Security, Workers Compensation or Railroad Retirement. No SIS Benefit is paid when two or more social insurances are paid, or when you receive retirement benefits or are eligible to receive full retirement benefits from Social Security or Railroad Retirement.

Receiving your benefits

If you are disabled under the terms of the policy, you begin receiving benefits one month after the **elimination period** is satisfied. If you remain disabled, benefits are provided through your **benefit period**, which is the length of time you can receive benefits if you are disabled under the terms of the policy.



FEATURES OF YOUR POLICY

- Non-cancelable, guaranteed renewable coverage
- Premiums guaranteed to age 65
- Tax-free benefits when premium is paid with after-tax dollars

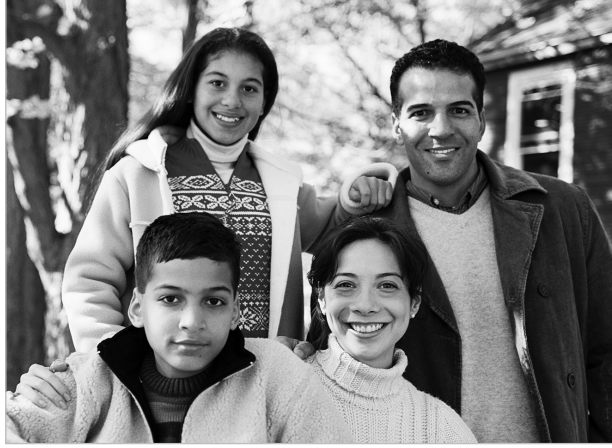
Built-in features and customization options

The following features are automatically built into your policy:

- **Rehabilitation Benefit** – If you are disabled under the terms of the policy, an extra benefit may be available to help pay for a rehabilitation program to return to work.
- **Death Benefit** – A lump-sum benefit of three times your maximum monthly benefit is paid if you die after satisfying your elimination period while receiving disability benefits. This benefit is payable in addition to any other benefit of the policy.
- **Waiver of Premium Benefit** – After you're disabled for the lesser of 90 days or the elimination period, we'll waive premiums that become due during your Continuous Disability.

You can customize your policy with a variety of riders so long as you meet the current underwriting guidelines.

| RIDERS AVAILABLE AT NO ADDITIONAL COST | |
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| RIDER | DESCRIPTION |
| <p>Benefit Update Helps your benefits grow with changes in your income or group disability benefits</p> | <p>Every three years, this rider allows you to increase your coverage to the maximum amount for which you are eligible without providing evidence of medical insurability.</p> <p>You can request an advance update in place of your next scheduled review, if you:</p> <ul style="list-style-type: none"> • Lose group long-term disability (LTD) coverage because of a change in employment or your employer discontinues or reduces the group LTD benefit amount. • Have at least a 50% increase in sustainable earnings since the later of your policy issue date or last adjustment to increase your total disability benefits. |
| <p>Capital Sum Benefit Delivers an extra benefit for serious impairments</p> | <p>If you have a total and irrecoverable loss of use, without any possibility of recovery, of the sight in one eye or the use of a hand or foot, this rider provides a one-time lump sum benefit of 12 times your maximum monthly benefit. This benefit is payable in addition to any other benefit of the policy you qualify to receive.</p> |
| <p>Future Benefit Increase Helps your benefits keep pace with inflation</p> | <p>This rider increases your coverage every year for six years¹ without requiring you to submit evidence of insurability. Increases are based on the change in the Consumer Price Index for All Urban Consumers (CPI-U), with a minimum guaranteed increase of 4% compounded and a maximum of 10% compounded.</p> <p>In addition to the CPI-U increase, you may also qualify for an additional benefit increase if you are eligible based on financial information. When combined together, the CPI-U increase and the additional benefit increase cannot be greater than \$500. This rider can be renewed at the end of six years with financial underwriting.</p> |
| <p>Limitation of Mental/Nervous Substance Abuse (MNSA) Disorders Reduces the amount you pay for coverage by limiting the benefit period for MNSA claims</p> | <p>This rider reduces premiums by up to 10% if you have a mental/nervous or substance abuse disorder. The rider limits the benefit period for MNSA claims to a 24-month lifetime benefit (including the Catastrophic Disability Benefit rider). However, benefits could be extended beyond the 24-months up to the maximum benefit period if you are continuously hospitalized on an inpatient basis.</p> |
| <p>Presumptive Disability Benefit Helps expedite benefit payments for serious disabling impairments</p> | <p>You receive your full disability benefit if you incur the total loss of use, without the possibility of recovery, of: the power of speech, hearing in both ears, sight in both eyes, both hands, both feet, or one hand and one foot.</p> <p>Benefits start to accrue when the presumptive disability occurs and continue to be paid as long as the loss continues, regardless of your ability to work or earn an income. Benefits are payable to the end of the benefit period as long as the loss continues. On certain policies², if the benefit period is To Age 65, To Age 67 or To Age 70, the benefit is extended to lifetime.</p> |



RIDERS AVAILABLE FOR AN ADDITIONAL COST

| RIDER | DESCRIPTION |
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| <p>Catastrophic Disability Benefit</p> <p>Extra benefits to help cover expenses that may arise from certain disabilities</p> | <p>This rider provides a monthly benefit in addition to your monthly disability benefit (and SIS benefit) if you become catastrophically disabled solely due to an injury or sickness and you lose the ability to perform two or more Activities of Daily Living without assistance or become cognitively impaired or presumptively disabled.</p> |
| <p>Cost of Living Adjustment (COLA)</p> <p>Increases your benefits during a disability</p> | <p>While you're disabled under the terms of the policy, your benefit is adjusted to help keep up with inflation. You may select a 3% or 6% COLA maximum.</p> |
| <p>Recovery Benefit</p> <p>Helps support you while you work to get back on your feet after a disability</p> | <p>After recovering from a residual or total disability in which you were receiving benefits, and you return to work full-time, recovery benefits are payable as long as you continue to have a loss of earnings equal to or greater than 20% of your prior earnings and the loss is directly and solely due to the injury or sickness that caused your prior disability, not to exceed the policy's recovery benefit period and not beyond the policy's Maximum Benefit Period.</p> |
| <p>Regular Occupation</p> <p>Provides the richest definition of disability</p> | <p>If you become totally disabled from your occupation and choose to work in another occupation, you'll receive full benefits, regardless of the income you earn from the other occupation.</p> |
| <p>Residual Disability Benefit³</p> <p>Provides partial benefits when you're partially disabled and have a loss of earnings</p> | <p>If you are residually disabled (under the terms of this rider) and lose at least 20% of your prior earnings, you receive a benefit that is proportionate to your loss of earnings. A residual disability is when you are not totally disabled, but as a result of injury or sickness you are unable to earn 80% or more of your prior earnings.</p> <p>If your loss of earnings exceeds 70%, then 100% of the maximum benefit is paid. If you are retired or unemployed, 50% of the maximum benefit is paid.</p> |
| <p>Short-Term Residual Disability Benefit</p> <p>Provides partial benefits for a set period of time</p> | <p>You receive a benefit proportionate to your loss of earnings if you are disabled under the terms of this rider and lose at least 20% of your prior earnings as a result of injury or sickness you are unable to earn 80% or more of your prior earnings. If your loss of earnings exceeds 70%, then 100% of the maximum monthly benefit is paid. Benefits are payable to the end of the Short-Term Residual Disability Benefit period of 6 or 12 months and no indexing of prior earnings.</p> |
| <p>Transitional Occupation³</p> <p>Provides a richer definition of disability</p> | <p>If you become totally disabled in your occupation, but are working in another occupation, you receive benefits based on replacement of you pre-disability earnings up to 100%, but not to exceed the maximum monthly benefit plus any SIS benefits. Benefits are payable until the end of the Transitional Occupation Period only.</p> |

The cost of Individual DI insurance

Your policy can be structured to meet your unique needs and budget. In most cases, you can insure your income for about the same amount you spend on:



A daily cup of premium store-bought coffee



Date night each month



Monthly cable bill



Movie rentals

FOR MORE INFORMATION

Contact your local representative.

¹ If the Benefit Update rider is also on the policy, a Future Benefit Increase offer will not be made in years of Benefit Update options.

² Does not apply to policies issued on a standard issue (GSI) basis.

³ If your policy has both the Residual Disability and Recovery Benefit rider and the Transitional Occupation rider, benefits are not paid out under both riders at the same time. If you meet the definitions and terms of both riders, the monthly benefit you receive is the greater of the two.



WE'LL GIVE YOU AN EDGE®

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The Mental/Nervous Substance Abuse Disorders Limitation rider is required on all DI policies in California.

This is a general description; it is not the policy, and does not modify or change the provisions of any policy or rider. All features, provisions and riders may not be available in all states, with all occupation classes and in conjunction with each other. They may also be subject to state variations and require an additional premium. Please read your policy carefully for exact definitions in your state.

Disability insurance has limitations and exclusions. For costs and coverage details, contact your Principal Life financial representative.

Policy form HH 750; Rider forms HH 751, HH 755, HH 752CA, HH 753, HH 755, HH 758CA, HH 759CA, HH 756CA, HH 757CA, HH 767CA, HH 769CA, HH 771CA, HH 708CA