

# Create a disability solution just for you and your employees

You already know how important it is to help employees protect their income if they become too sick or hurt to work. Now it's time to build a disability solution that meets their needs **and** your bottom line.

## Flexible options make customization easy

You can make choices when building your short-term and long-term disability insurance solutions from Principal® that fit your budget. Create a foundation with our flexible disability policy, then add extra features to create just the right mix—whether that's employer-paid, employee-paid or a combination of both.

### Product features

The most common contract features are highlighted.

	Short-term disability (STD)	Long-term disability (LTD)
<b>Elimination period</b> How long do you want employees on disability to wait before they're eligible to receive benefit payments? Think about how this ties in with your existing personal time off or sick leave programs.	8th day accident/8th day sickness 1st day accident/8th day sickness 15th day accident/15th day sickness 30th day accident/30th day sickness	90 days 180 days Other _____ <b>Note:</b> An employee's LTD benefits should begin when the STD coverage ends. Elimination periods of 90 or 180 days help control the overall cost of LTD coverage. Longer elimination periods promote rehabilitation and return to work.
<b>Benefit duration</b> How long do you want employees eligible to receive benefits?	13 weeks 26 weeks	To age 65 To Social Security Normal Retirement Age (SSNRA) 2 years 5 years
<b>Benefit percentage</b> What percentage of their pre-disability income do you want employees to receive? This works in conjunction with the maximum benefit.	40% 50% 60% 66 ⅔%	40% 50% 60% 66 ⅔%*
<b>Maximum benefit</b> What's the maximum benefit you want to offer? Consider the amount that meets the needs of most of your employees.	<b>Weekly</b> \$250      \$500 \$1,000    \$1,500 \$2,000*   \$2,500*	<b>Monthly</b> \$2,000    \$4,000 \$6,000    \$10,000*

	Short-term disability (STD)	Long-term disability (LTD)
<p><b>Own occupation period</b> An employee's own occupation is the occupation the employee was performing when the disability began. The period of time employees are considered disabled and unable to perform their own occupations is called the own occupation period. Once the own occupation period has ended, they're considered disabled if they're unable to perform any occupation.</p>	Own job for full duration	1 year      2 years 3 years      5 years* End of benefit duration (available to professional, white collar groups)
		* Employer-paid disability only

### Put your employees in charge with incremental benefits

These benefits offer something for everyone since they're available in pre-set dollar amounts employees choose from when they enroll. They purchase a specific benefit amount they can afford.

- **Short-term disability** amounts range from \$100 - \$1500 per week in increments of \$50
- **Long-term disability** amounts range from \$500 - \$6000 per month in increments of \$100 or \$250

Employees cannot choose a benefit amount that's more than 60% of their pre-disability income.

### Additional long-term disability coverage choices

Additional benefits are available that can increase the attractiveness of your benefit offering. Your contract offers the flexibility to choose the options that best meet the needs of your employees.

#### Standard benefits

These benefits are standard with your long-term disability policy, but you may choose not to offer them.

**Rehabilitation incentive benefit** – provides a financial incentive for totally disabled employees to participate in a rehabilitation plan. The employee's benefit percentage increases by 5% when he/she satisfies the requirements of a rehabilitation plan.

**Reasonable accommodation benefit** – helps you cover the cost of modifying the worksite to allow disabled employees to return to work. You'll receive up to \$2,000 for expenses used to modify the worksite.

**Survivor benefit** – pays the survivors of employees who die while receiving disability benefits three times the monthly benefit payable.

**Accelerated survivor benefit** – offers employees who are diagnosed with a terminal illness, and have a life expectancy of 12 months or less, an opportunity to receive their survivor benefit sooner.<sup>1</sup>

<sup>1</sup> Receiving an accelerated benefit payment may have tax consequences and could also affect eligibility for public assistance. Employees should consult with their tax advisor.

## Optional benefits

You can enhance your long-term disability design with these additional features.

**Return-to-work childcare benefit** – helps partially disabled employees cover childcare costs for dependent children while they remain on the job or return to work.

Childcare reimbursement (up to a maximum monthly benefit of \$100-\$800) percentages:

- 50%
- 100%

**Medical premium supplement<sup>2</sup>** – pays an additional benefit to help decrease employees' out-of-pocket costs for COBRA medical coverage on either individual or family premiums. This benefit is paid separately from the employee's disability benefit.

Benefit durations:

- 12 months<sup>3</sup>
- 24 months
- End of COBRA period

Monthly payments:

- \$100<sup>3</sup>
- \$200<sup>3</sup>
- \$400
- \$500
- \$750<sup>3</sup>
- \$1,000

<sup>2</sup> Minimum of 20 employees or COBRA eligible.

<sup>3</sup> Not available in all states.

**Cost-of-Living Adjustment (COLA)** – protects disabled employees from inflation by increasing benefit payments yearly. Benefits increase for a specified period of time.

COLA benefits:

- 1%
- 2%
- 3%
- 4%
- Equal to the increase in the Consumer Price Index (CPI)
- 50% of the increase in the CPI

Benefit durations:

- 5 years
- 10 years
- End of the benefit duration

**Activities of Daily Living (ADL) benefit** – provides an additional benefit to employees who suffer from a catastrophic disability. Employees who can't perform two or more daily living activities qualify. The ADL benefit percentage is determined by subtracting the elected benefit percentage from the ADL income replacement percentage.

Income replacement percentages of pre-disability earnings:

- 80%
- 90%
- 100%

**Dependent education benefit** – assists disabled employees with education expenses of eligible dependent children who attend a post-secondary school full-time.

Monthly payment options per child:

- \$100
- \$150
- \$200
- \$250


**Conversion privilege** – allows former employees to convert their group long-term disability insurance to a personal long-term disability policy without having to prove good health. Eligible former employees include those who had group coverage for 12 consecutive months and aren't employed because of a resignation, termination for cause, lay-off or leave of absence.

**Employee Assistance Program<sup>4</sup>** – resources for life’s challenges. Life can be unpredictable. And it’s not always easy. So it’s a big deal to know there’s help available when we need it. That’s what the Employee Assistance Program (EAP) is all about. With an EAP, your employees have access to resources to help them handle life’s everyday—and not so everyday—challenges.

You automatically receive Core EAP services with your short-term or long-term disability coverage. And if you want more services, consider moving to the Enhanced or Premier program.

Core	Enhanced	Premier
24/7 phone consultation with licensed mental health professionals	All Core-level services	All Core-level services
Online information and services	Legal services	EAP training – onsite and online
Referrals to community resources for more help	Financial consultation	EAP reporting
Private self-screening		Consultation and resource opportunities Optional services – online or virtual face-to-face visits; legal and financial services; work-life services

<sup>4</sup> Not all services available to group policies issued in New York.

 **Let's connect** | Contact your local sales representative. Visit us at [principal.com](http://principal.com).



[principal.com](http://principal.com)

Disability insurance from Principal<sup>®</sup> is issued by Principal Life Insurance Company, 711 High Street, Des Moines, Iowa 50392.

Principal has arranged with Magellan Healthcare to make its Employee Assistance Program available to employees and/or their dependents with group disability coverage provided by Principal Life. The EAP is not part of the insurance contract and may be changed or cancelled at any time. Magellan is responsible for all EAP services provided through this program. EAP services in California are provided through Magellan Health Services of California, Inc. - Employer Services. Magellan is not a member of the Principal Financial Group<sup>®</sup>.

This is an overview of disability insurance, but there are limitations and exclusions. For cost and coverage details, contact your Principal representative.

OR Policy form numbers GC 3000-2 (1114), GC 4000-2 (0415).

Principal, Principal and symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group.