

Disability Income (DI) Summary

Why wouldn't you insure your most valuable asset, your ability to earn an income?

Some financial services professionals think they don't need disability coverage because:

- They can work from a hospital bed with a phone and computer.
- If they are disabled their staff can service their clients and their practice revenues will not decrease.
- They think "it won't happen to me."

These are common misconceptions that can result in bankruptcy, home foreclosure, or at the very least, dramatic and painful lifestyle changes when a disability strikes.

DSI insures over 20,000 financial services professionals. We have seen several hundred of our clients suffer disabilities, and these are the realities of being disabled our clients shared with us.

- When you have a serious medical issue, 100% of your focus is on getting better and/or managing your medical condition, not managing your business. Your doctor may refuse to let you even take a phone call because of the stress it creates. So, working from your hospital bed or from home does not happen.
- Managing chronic or life threatening conditions, like pain from back issues, arthritis, heart problems, cancer, depression, etc. saps your energy, disrupts your sleep patterns and affects your ability to focus and think clearly. Medications you take to control these types of problems make you tired, further impact your ability to think clearly, can cause you to slur your words, have blurred vision and result in your ability to drive being restricted or taken away. When you are healthy it's easy to think that you can overcome these types of problems. However, the reality of living them is very different.
- Your staff is not you. If they were, you wouldn't have to work...you'd let them run your business while you play. If you are disabled and can't take care of your clients when there are problems, you will lose them. Your staff doesn't bring in new accounts, they service existing accounts. You can't replace lost clients with new clients while you are disabled. The result is if you are disabled, your business atrophies, slowly at first and much faster as your clients find out you've been disabled and out of the office for an extended period of time.
- Bad things happen to nice people every day...even to people who eat right, who exercise, who drink in moderation and don't have risky hobbies. You can lower the odds of becoming disabled by maintaining a healthy lifestyle, but you can't make yourself immune.

The problem with playing the odds you won't get disabled is if you lose, you can lose everything, your house, your savings, your retirement plans and your business.

Many financial professionals understand the need for disability insurance and have purchased some coverage. If you are one of those individuals, the question is ...**Do you have enough and is it the right kind of coverage?**

If you don't have any disability coverage, you really need to give serious consideration to what you are putting at risk. Is it really worth putting everything you and your family have worked for at risk to save a few dollars in premium each month?

If you happen to have Group LTD through your employer or a contract with an insurance company, don't be fooled into thinking it's adequate coverage. Group LTD is much more restrictive in the way it defines disability and almost always offsets its benefits by any fee or renewal income you or your business receive while totally disabled, in addition to Workers Comp and Social Security. Click on the link "*Group LTD is not Enough*" for more details.

If you have Group LTD, you should supplement it with an individual policy, offering up to **100% income replacement** if you suffer a catastrophic disability, **upgraded definitions of disability** and **guaranteed level premiums**.

The Principal Life Disability Income program offers the following benefits:

1. Coverage may be available on a **Modified Guarantee Issue (MGI) basis** (no paramed exams or blood tests, depending on age and the amount of coverage for which you apply, and a short form app with very limited medical questions). **For more details of the MGI Program**, close this document and then click the "*What is Modified Guaranteed Issue?*" link, located under *Additional pertinent articles and/or program information*.
2. Premiums are discounted 25% and coverage is issued at **unisex rates** (same rates for men and women, saving women an additional 25% to 33% in premium). Plus, if you are a licensed life and health agent, 20% of the base first year commission will be paid directly to you by DSI. You must submit a copy of your current state life and health license and a W-9 at the time of application.
3. The definition of total disability is "Your-Own Occupation to age 65". If you are deemed totally disabled from your occupation, it is your choice, not the insurance company's, to work in another occupation.
4. If due to a partial disability you experience a loss of income, you may qualify for benefits under the **Residual rider**.
5. The policy is Guaranteed Renewable and Noncancelable (premiums and definitions are **guaranteed** until age 65).
6. If you qualify financially, you may insure up to 100% of your income using the **Catastrophic Disability Benefit (CDB)** (not available in CT).
7. If you experience a total and irrecoverable loss of use of two limbs, speech, hearing in both ears or sight in both eyes, benefits are payable under the criteria of the **Presumptive Disability Benefit**.
8. Benefits for Mental and Nervous disorders (including stress) are **payable to age 65** (except in CA).

9. Other riders available:

- a. **Future Benefit Increase (FBI):** increases your benefit by the change in the CPI but not less than 5% a year, without medical or financial underwriting. With proof of financial insurability the increase can be up to \$500 of monthly benefit. There is **NOT an extra premium** for this rider. To apply for the FBI rider, you must complete a "TeleApp" (Principal's Home office takes your complete medical history by phone). If you are declined for medical reasons, it will not affect the underwriting of your MGI benefits.
- b. **Benefit Update Rider (BUR):** allows you to increase your monthly benefit based on your earnings every 3 years, with no cap on the amount of the increase. Full medical underwriting **is required**. There is **NOT an extra premium** for this rider.
- c. **Cost of Living Adjustment (COLA):** Increases your benefit based on changes in the CPI, with a guaranteed minimum increase, after you have been disabled for 12 consecutive months. Full medical underwriting **is required**. There **IS** an extra premium charge for this rider.

For a personalized premium quote and a complete summary of the program offering (including the actual policy definitions, details of the MGI qualification requirements and underwriting rules) return to the home page and click on the **Request a Quote** button or call Disability Specialists, Inc. (DSI) at (888) 279-8348 (7:00 am – 4:00 pm Mountain Time).