

A woman with long dark hair and glasses is sitting in an office chair, gesturing with her hands while talking to a man. The man is partially visible on the right side of the frame, also gesturing. They are in a bright office with large windows in the background. A large blue circle is overlaid on the left side of the image, containing text.

Individual disability insurance

Make protecting  
your business a  
priority.

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## Protect your business from a disability

You've worked hard to start and grow your business. It provides for your livelihood, offers employment to others, and is an asset to your community. Take steps to help protect your business, employees, and income from a disabling illness or injury.

### Learn more about:

Why it's important to protect your business.

1

The need

The impact and value to your business.

2

Keeping your business open

How to protect your income and employees' income.

3

Income protection and employee benefits

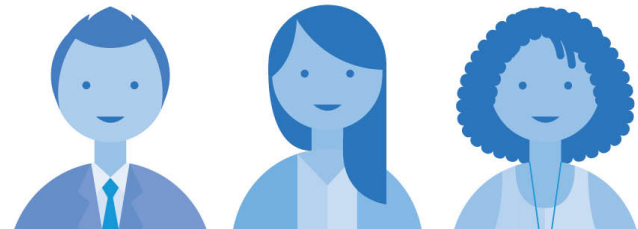
## What are the chances of becoming disabled?

A disability is more than just an accident. It can happen to anyone, anywhere, anytime.<sup>1</sup>



<sup>1</sup> Calculated with data from the “Annual Statistical Report on the Social Security Disability Insurance Program, 2019.” U.S. Social Security Administration, Office of Retirement and Disability Policy, Office of Research, Evaluation, and Statistics, October 2020. [www.ssa.gov](http://www.ssa.gov)

<sup>2</sup> 2013 Individual Disability Income Valuation Table without margins; Non-smoker; Equally Weighted: Male/Female, Occupation Classes M and 1. Assumes owners are age 37, disability occurs before age 65.



The need .....

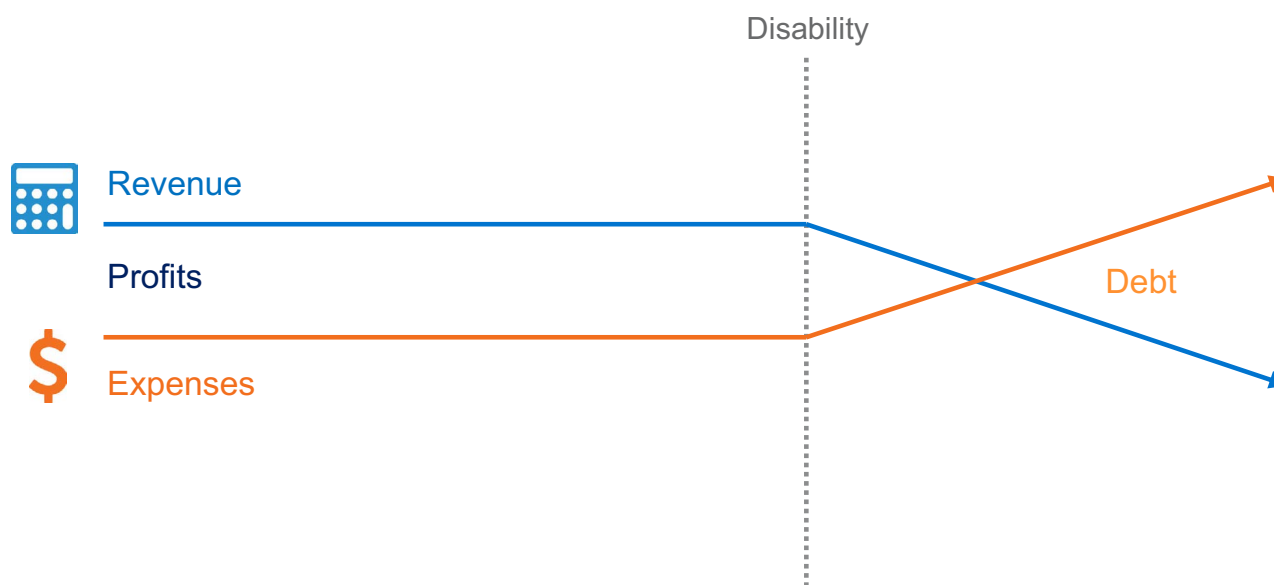
## People like you benefit from business and income protection

Occupation	Condition	Total monthly benefit	Months received benefit payments	Age at policy purchase	Age at disability	Disability solution
<b>Business protection</b>						
Dentist	Heart condition	\$4,826	5	28	33	Business Loan Protection rider
Business owners	Depression	\$31,000	2	37	53	Disability Buy Out
Engineer	Brain bleed	\$16,670	3	45	47	Disability Buy Out
Attorney	Lupus	\$14,895	14	30	41	Overhead Expense
Veterinarian	Neck injury	\$9,145	4	34	42	Overhead Expense
Physician	Spine injury	\$50,000	4	38	45	Overhead Expense
Real estate sales management	Lung cancer	\$5,000	11	41	56	Overhead Expense
CPA	Knee injury	\$3,085	2	37	46	Overhead Expense
<b>Income protection</b>						
Financial planner	Lou Gehrig's disease	\$15,050	16	32	40	Disability Income
Attorney	Huntington's disease	\$4,223	12	29	35	Disability Income
Corporate executive	Prostate cancer	\$15,695	8	39	42	Disability income

Source: Active Principal Disability claims payments through June 2019. The above is for illustrative purposes only and is not intended as a comprehensive representation of circumstances surrounding the claims displayed, an inclusive representation of all claims, or a promise to pay specific claims.

## How can a disability affect your business revenue and profits?

When an illness or injury prevents you, another owner, or a key employee from working, a few things can happen to your business. Don't worry, we can help you and them prepare for the unexpected.



### During a disability ...

Regular expenses continue, like:

- Business loan payments
- Employee salaries and benefits
- Utilities

Also consider:

- Lost revenue and profits
- New expenses, like replacement costs or temporary staffing

## Business expenses to consider during a disability

If you were unable to work, how would you continue to pay these monthly expenses?



### Building expenses

- Rent or mortgage (interest and principal)
- Property tax
- Equipment leasing
- Security and maintenance



### Utilities

- Electricity
- Telephone



### Other expenses

- Business-related loans
- Insurance premiums (property, malpractice, fire, etc.)
- Accounting, billing and collection fees
- Subscriptions and membership dues
- Salary for your replacement

## What key employees are critical to your business success?

If you or any of your top talent become too sick or hurt to work, it could impact the future of your business, as well as your or their financial future without an income.



Tom, co-owner



Jerrod, sales representative



Jill, office manager

## Does your buy-sell agreement protect you during these planned and unplanned events?

A solid blue circle.

Death

What is the plan if you or another owner dies?

A solid light blue circle.

Disability

What would happen to your business if you or another owner becomes too sick or hurt to work?

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Divorce

If you or another owner becomes divorced, would the spouse be able to be a partial owner?

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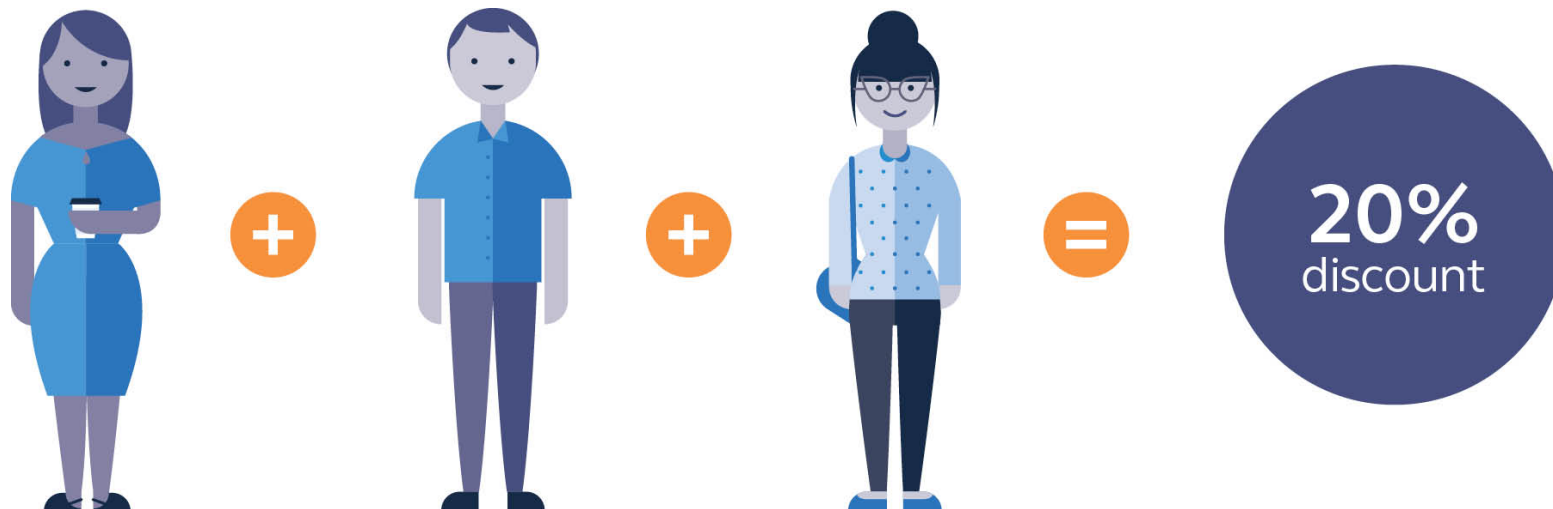
Departure

What is the plan if you or another owner decides to leave the business? What would the sale price be? Who would buy it?



## Offer your employees income protection at a discount

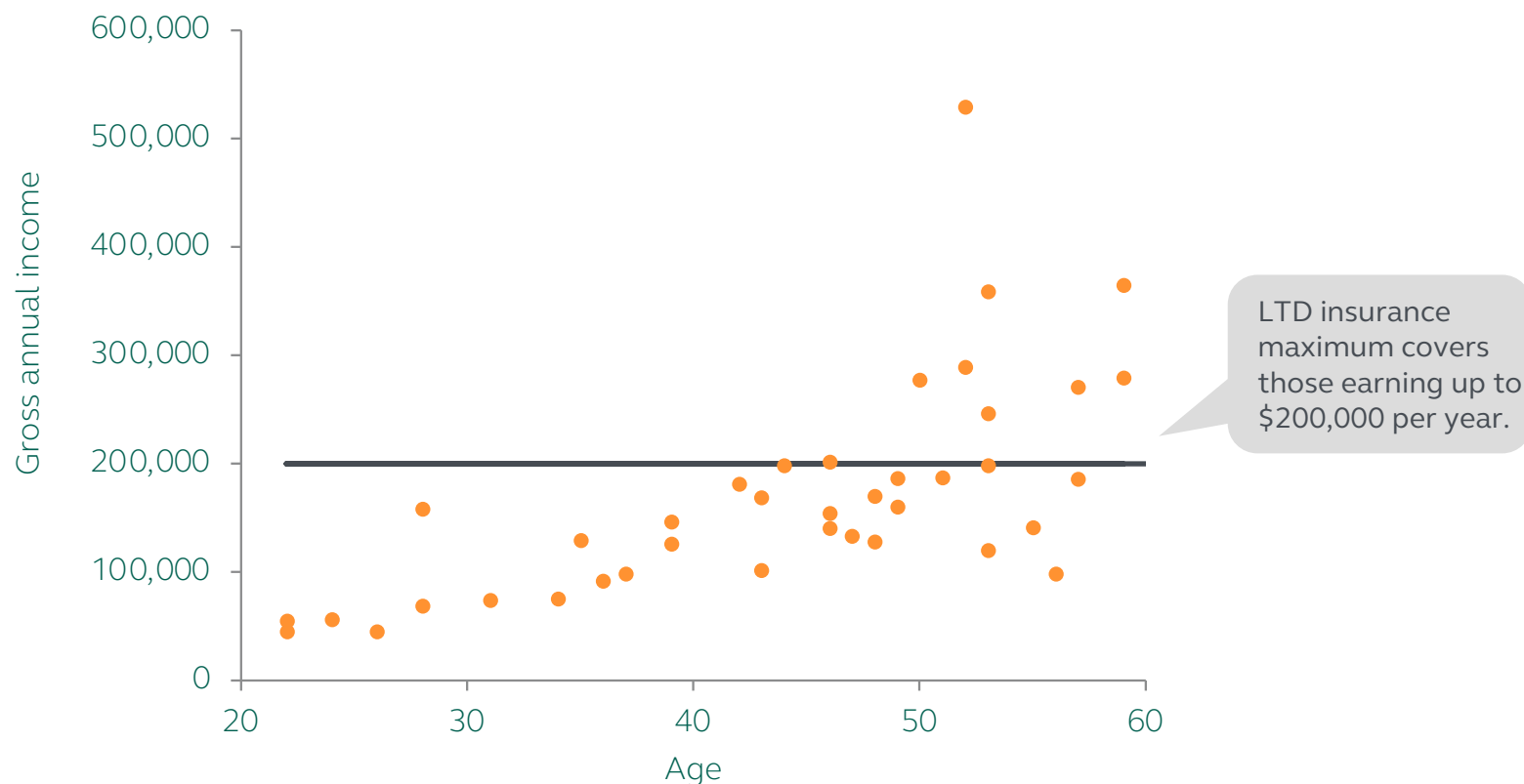
When 3 or more of your employees purchase individual Disability Income insurance, they each receive a 20% discount.<sup>3</sup> This coverage can be used as an employee benefit and paid for by you (as the employer), your employees, or a combination of both.



<sup>3</sup> A 20% Multi-Life discount requires at least three employees with a common employer to purchase individual Disability Income insurance from Principal. Additional requirements may apply.

## Provide more income protection to your key employees

Group short-term (STD) or long-term disability (LTD) insurance is a great start to providing income protection for your employees, but it may not be enough – especially for your highly compensated employees.



Assumptions: Group long-term disability insurance up to \$10,000/month (up to \$120,000/year) and 60% income replacement. Taxes are not taken into consideration. This is a hypothetical example and for illustrative purposes only.

# Group & individual disability insurance work well together

Adding individual Disability Income (DI) insurance to a group long-term disability (LTD) insurance policy helps ensure your employees can replace more of their income if they become too sick or hurt to work. And that goes a long way in helping them pay everyday living expenses if the unexpected happens.

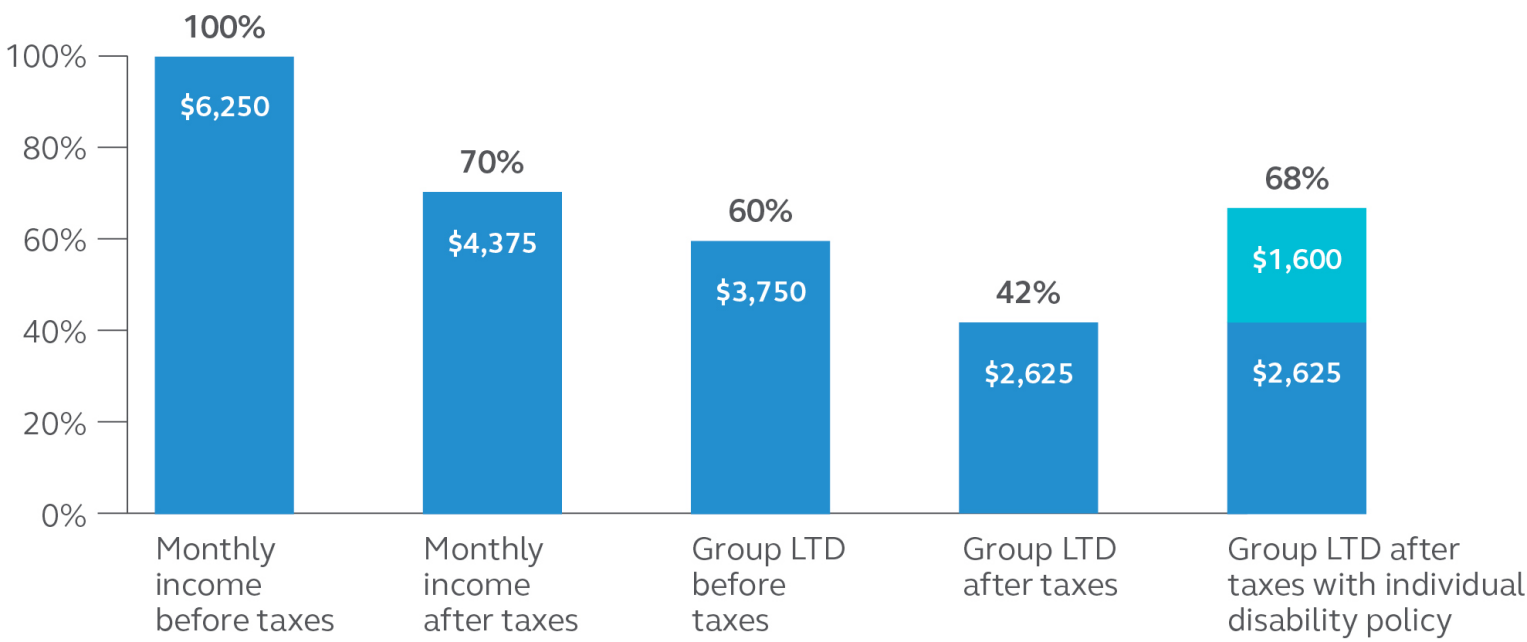


Chart based on \$6,250 gross monthly income (\$75,000 annual), with 60% group long-term disability program, assuming a 30% tax bracket for federal, state, and FICA. This is a hypothetical example and for illustration purposes only.

 **Let's connect** | Contact your local Principal representative.



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

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