

How Solid Is Your Financial Foundation?

This diagram shows how to make plans for your financial future. Protecting assets is the foundation of a solid financial plan. Insurance helps you prepare for the unexpected: property damage, medical expenses, loss of life, and loss of income due to disability.

Removing your income from the foundation can cause your financial plan to come tumbling down. When you fail to protect your income, your dreams for a comfortable retirement, college for the kids, or passing on assets may not become a reality.

Successful Financial Strategy



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

Principal Life Insurance Company, Des Moines, IA 50392
DI2040 - 08/05 Approval # 467862007



What are your odds of a disabling injury or illness?

You probably insure your home, your car and other personal assets. But what about the income that provides those assets? You might be surprised to learn what poses the greatest threat to most people during the course of one year. Consider these statistics:

Odds for risks	Covered by Insurance
1 out of 5	that your auto will be damaged in an accident
1 out of 21	that you will have a disabling accident
1 out of 96	that you will have a fire
1 out of 114	that you will die

Source: Field Guide 2001, National Safety Council, World Almanac

Did you know: During the course of your career, you are three and a half times more likely to be injured and need disability coverage than you are to die and need life insurance.

Source: Health Insurance Association of America, 2000

WHAT IS AT RISK?

Did you know: During a prolonged illness or injury, you could lose your income and everything it provides. Even if you save 10% of your salary, one year of disability could easily wipe out your savings.

Potential Earnings to Age 65

(Assuming 5% annual salary increase)

Age	Annual Income		
	\$50,000	\$100,000	\$150,000
30	\$4,516,000	\$9,032,000	\$13,548,000
35	\$3,322,000	\$6,644,000	\$ 9,966,000
40	\$2,386,000	\$4,773,000	\$ 7,159,000
45	\$1,653,000	\$3,307,000	\$ 4,960,000

These amounts show why you should protect your most valuable asset - **your ability to work and earn an income.**

Let's calculate how much you could earn in your lifetime:

$$\begin{array}{ccccc}
 \$ \boxed{} & \times & \boxed{} & = & \$ \boxed{} \\
 \text{Your current} & & \text{Years until} & & \text{Your future earnings} \\
 \text{earnings} & & \text{age 65} & & \text{(Not including any} \\
 & & & & \text{annual increases)}
 \end{array}$$

IS YOUR INCOME ADEQUATELY PROTECTED?

List your expenses and the possible sources of income you would have if you were unable to work due to an injury or illness. Could you make ends meet?

Monthly Disability Income and Benefits	Monthly Expenses	
Group Disability Insurance Benefit (after taxes) \$ _____	Mortgage/rent	\$ _____
Individual Disability Income Insurance Benefit \$ _____	Utilities and household expenses	\$ _____
Monthly Social Security Disability Benefit (if any) \$ _____	Groceries and household supplies	\$ _____
Additional household income (rental, spouse, investments etc.) \$ _____	Auto payments and expenses	\$ _____
	Loans, credit cards and charge account	\$ _____
	Insurance premiums	\$ _____
	Child care	\$ _____
Total \$ _____	Savings and investments	\$ _____
	Other	\$ _____
	Total	\$ _____

Subtract your expenses from the total income. Is there an income shortage? **If the answer is "yes," now is the time to get the protection you need with an individual disability income insurance policy from Principal Life Insurance Company.**

Approximately 30% of all people ages 35 to 65 will suffer a disability for at least 90 days, and about one in seven can expect to become disabled for five years or more.

Source: Health Insurance Association of America, The New York Times, February 2000

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www.principal.com

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Policy forms HH641/HH700/HH750
 DI2094 - 08/05 Approval #467962007

Are You Planning a Long Vacation?

You probably plan ahead, even for a short vacation. But, you may not have planned ahead for an unexpected "vacation"...a long-term disability. The conditions listed below could leave you unable to work for a month, six months, or even longer.

Condition Causing Limitation	Number (in thousands)	Percent of all Condition
Heart Disease	7,932	13.0
Deformities, orthopedic impairments & disorders of the spine or back	7,672	12.6
Osteoarthritis and allied disorder	5,048	8.3
Orthopedic impairment of lower extremity	2,817	4.6
Asthma	2,592	4.2
Diabetes	2,569	4.2
Mental Disorders	2,035	3.3
Cancer	1,342	2.2

* Source: "Health Conditions and Impairments Causing Disability", U.S. Department of Education, National Institute on Disability and Rehabilitation Research (NIDRR). Abstract No. 16, Table 2, September, 1996.

Most likely, you realize the need for life insurance--you know you're going to die, and planning for the well being of your family upon the event of your death is not often questioned. Planning for a disability shouldn't be any different. Especially since your chance of becoming disabled before age 65 is greater than your chance of dying.

Age	Number of Disabilities per 1000 lives*	Number of Deaths per 1000 lives*	Disability vs. Death Ratio
27	5.17	1.46	3.54 to 1
32	5.36	1.64	3.27 to 1
37	7.45	2.14	3.48 to 1
42	10.22	3.22	3.17 to 1
47	13.93	4.68	2.98 to 1
52	17.52	6.82	2.57 to 1
57	23.02	10.23	2.25 to 1

* 1985 Commissioner's Individual Disability Table B, 1980 CSO

What would it be like for you to take an unpaid "vacation" for six months...or even longer? By planning ahead with a Disability Income Insurance policy from Principal Life Insurance Company, you won't have to worry!!

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Policy forms HH641/HH700/HH750
DI1020 - 08/05 Approval # 468862007

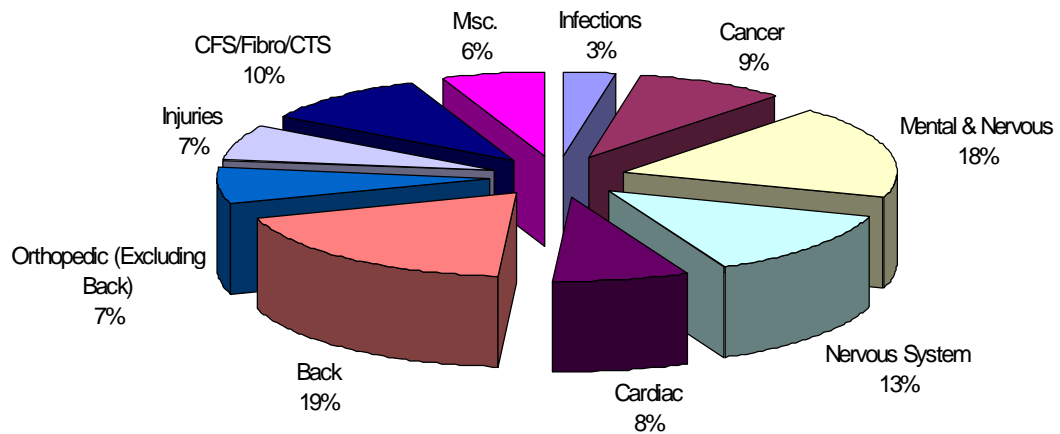


Disability Plays No Favorites...

But with Disability Income Insurance from Principal Life Insurance Company, you can feel secure in knowing that you're protecting your most valuable asset -- your ability to work and earn an income. Avoid the financial strain even a short-term disability can cause when you're too sick or hurt to work.

The causes of disability may surprise you! Here's a breakdown (by percentage of claims) of some typical reasons an individual may become disabled:

Incurred Any Year As For 2003



Sample disability claims

Adjusted Disability Insurance claims as of March 15, 2004

OCCUPATION	AGE	DIAGNOSIS	TOTAL PAID
Attorney	37	Multiple Sclerosis	\$122,500.00
Attorney	44	Breast Cancer	\$21,652.98
Attorney	46	HIV	\$301,575.66
Attorney	59	Parkinson's Disease	\$151,100.00
Computer Consultant	29	Organic Brain Disorder	\$54,730.00
Computer Consultant	36	Rheumatoid Arthritis	\$191,636.17
Computer Consultant	39	HIV	\$305,492.31
Computer Consultant	41	Bone Disease	\$50,933.33
Corporate Executive	40	Heart	\$198,600.00
Corporate Executive	47	Lyme Disease	\$399,600.00
Corporate Executive	57	Emphysema	\$720,000.00
Corporate Executive	57	Rheumatoid Arthritis	\$33,308.00
CPA	39	Lupus	\$21,881.60
CPA	45	Heart Disease	\$135,300.00
Dentist	36	Spinal Cord Injury	\$550,000.00
Dentist	41	Multiple Sclerosis	\$1,086,144.89
Dentist	46	Carpal Tunnel Syndrome	\$50,685.00
Dentist	53	Blood Clot	\$760,885.38
Physician	35	Nerve Disorder	\$1,212,800.00
Physician	49	Back	\$688,860.71
Physician	35	Hearing Loss	\$509,365.34
Physician	58	Myeloid Leukemia	\$161,373.33
Nurse	36	Ovarian Cancer	\$163,698.91
Nurse	41	Nerve Disorder	\$627,500.00
Nurse	45	Back	\$28,466.68
Nurse	58	Stroke	\$44,533.33
Business Owner	44	Liver Disease	\$1,590,527.60
Business Owner	45	Brain Tumor	\$18,105.00
Business Owner	52	Head Injury	\$140,250.00
Business Owner	54	Hip and Thigh Injury	\$116,074.34
Business Owner	55	Blind	\$222,800.00
Pharmacist	29	Back	\$68,100.80
Pharmacist	47	Osteoarthritis	\$237,649.65
Psychiatrist	58	Cancer	\$50,366.47
Psychiatrist	47	Multiple Sclerosis	\$182,421.28
Psychiatrist	60	Parkinson's Disease	\$34,000.00
Physical Therapist	38	Heart Attack	\$282,118.96
Physical Therapist	46	Epilepsy	\$487,266.84
Veterinarian	37	Cancer	\$46,655.00
Veterinarian	43	Back	\$332,218.00

The above is for illustration purposes only and is not intended as an inclusive representation of all claims.

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Principal Life Insurance Company, Des Moines, IA 50392
 Policy forms HH641/HH700/HH750
 DI1024 - 08/05 Approval # 468162007



Alone a Group LTD program may not sufficiently cover your income...

Reasons to Supplement Group Long Term Disability

- Benefit level may be too low (i.e. 60% of base salary)
- Benefits are typically taxable, reducing the actual percentage of income received in benefits
- Caps on monthly benefit amounts can reduce highly compensated individuals' protection (i.e. 60% to a cap of \$5,000 per month)
- Benefits typically are reduced by Social Security
- Bonuses, overtime pay, pension contributions or other forms of compensation may not be covered
- Rates may not be guaranteed
- Portability is not available or available only on a restricted basis

An individual disability income insurance policy from Principal Life Insurance Company allows you to customize your coverage to fit your needs. Individual disability income insurance will help you protect your income in case of a qualifying disability.

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Policy forms HH641/HH700/HH750
DI1143 - 08/05 Approval # 468262007



Do You Own Half A Health Insurance Policy?

Are your health insurance plans out of balance?

A Balanced Health Insurance Plan

Health Insurance helps cover:

- | Hospital bills
- | Doctor's bills
- | Medications
- | Other medical treatment



Disability Income Insurance helps provide funds for:

- | Food
 - | Clothing
 - | Housing
 - | Transportation
 - | Insurance premiums
 - | Continued retirement
 - | College education
- if you are unable to earn an income due to a disability.

An Unbalanced Health Insurance Plan



You have health insurance to cover medical expenses. Can you afford to self-insure your income potential of:

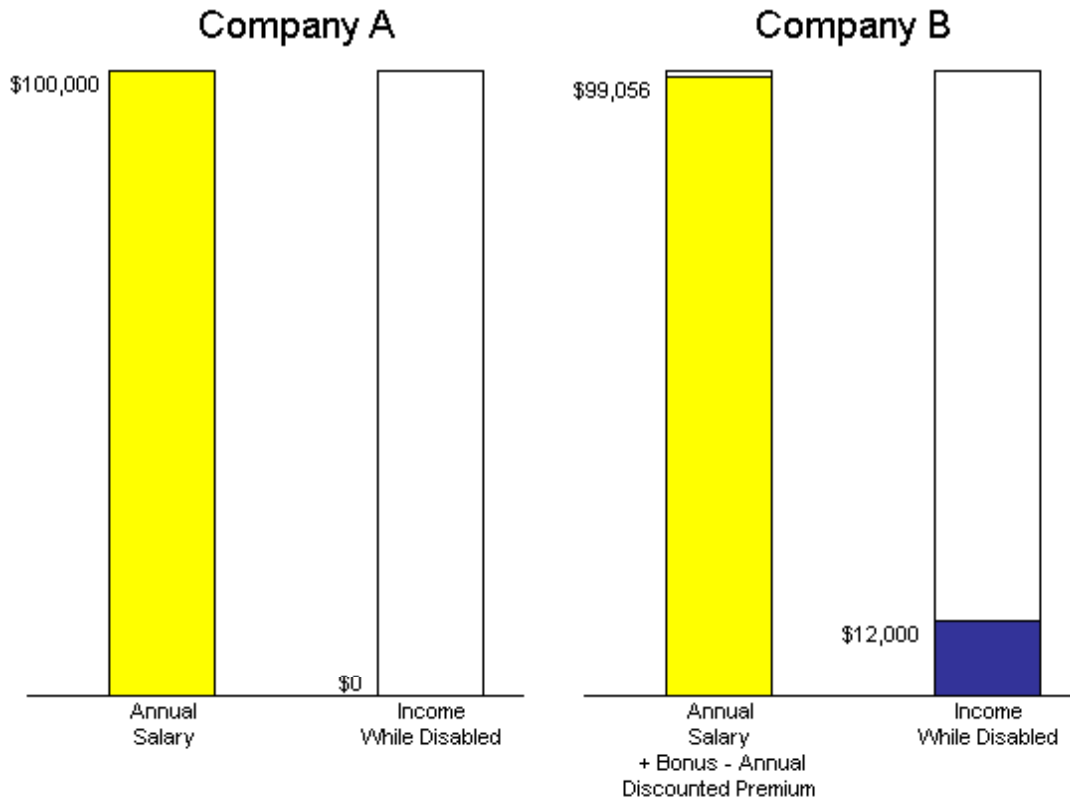
\$ _____ (annual income x years to age 65)

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Principal Life Insurance Company, Des Moines, IA 50392
DI1031 - 08/05 Approval # 468462007



Which Job Would You Rather Have?



Now's the time to make sure you are protecting your most valuable asset - your ability to work and earn an income.

At Principal Life Insurance Company, we understand the challenges you face everyday and we want to help you develop income protection solutions. Whether you need full disability coverage, or a supplement to existing coverage, a Disability Income Insurance policy from Principal Life is flexible to help meet your specific needs.






The benefit displayed does not reflect existing coverage or Catastrophic Disability Benefit if illustrated. Disability income insurance has certain limitations and exclusions. For costs and complete details of coverage, contact your Principal Life financial representative.

Principal Life Insurance Company, Des Moines, IA 50392
Policy forms HH641/HH700/HH750
DI1115 - 08/05 Approval # 486062007



Your Most Important Assets

Rank the Following in Order of Importance
#1 Being the Most Important

_____	Home	
_____	Automobile	
_____	Retirement	
_____	Health	
_____	Income	

Don't leave your most valuable assets unprotected. Take this opportunity to get the protection you need with a disability income insurance policy from Principal Life Insurance Company.

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Principal Life Insurance Company, Des Moines, IA 50392
Policy forms HH641/HH700/HH750
DI1114 - 08/05 Approval # 468362007



How disability income insurance works

Individual disability income insurance provides personal income when it's needed most:

LIVING EXPENSES

If you couldn't work, how would you pay your everyday expenses? Even if your income stops, you still have to pay for housing, utilities, food and other financial obligations. Disability income insurance can help cover personal living expenses such as mortgage or rent payments, car payments, utilities and much more during a disabling illness or injury.

OTHER FUNDING NEEDS

In addition to living expenses, disability income insurance can help keep your retirement savings on track. A sudden illness could prevent you from adding to your nest egg. And what about your child's college education? If your income stops unexpectedly, it may be difficult to assist with those educational expenses as much as you had planned.

PRODUCT HIGHLIGHTS

A Disability Income (DI) Insurance policy from Principal Life Insurance Company:

- l Replaces a portion of earned income lost due to a disability
- l Provides non-cancelable, guaranteed, renewable coverage to age 65.
This means we cannot change or cancel your policy, except for nonpayment of premiums, or increase the premiums before you reach age 65, regardless of changes in your income, occupation or health.

HOW THE POLICY PAYS

The maximum monthly disability benefit you receive is based on your current income. Benefits are payable for a "total disability" which we define as:

During the "Your Occupation Period" you are unable to perform the substantial and material duties of your occupation and are not working. After the "Your Occupation Period," you must be unable to work in any occupation you are reasonably suited to by education, training and experience.



HOW WOULD YOU REPLACE YOUR LOST INCOME?

You may think that Social Security and Worker's Compensation benefits would fill the gap. The problem with depending on these sources is that you may not be eligible for benefits. Relying on savings or even borrowing can present a whole other set of challenges.

Nobody wants to think about it, but you must take steps to protect your family and your future from what might happen if you became disabled and could not work. One of the best solutions is individual disability income insurance. An affordable personal policy could provide you with a monthly benefit that helps you protect your standard of living.

FOR MORE INFORMATION

To learn more about the benefits of disability income insurance, go to Principal Life's Web site at: www.principal.com/disabilitysecure.

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Top 5 Reasons NOT to Buy Disability Income Insurance

5. **Social Security will take care of me.**
Fact: Social Security initially denies about 65 percent of all disability claims.¹
4. **I expect to stay healthy.**
Fact: Statistics show that one in ten people age 25 to 64 will suffer a disability.²
3. **It costs too much.**
Fact: The average annual cost is typically one to three percent of what you earn.
2. **I can always do it later.**
Fact: People usually don't get healthier as they grow older, and coverage will cost more.
1. **I can rely on my savings.**
Fact: Even if you save 10 percent of your salary, a one-year disability could wipe out many years of savings.

¹Social Security Forum, Volume 21, No. 5 – May 1999 (for fiscal year 1998)

²1994 Statistical Abstract of the U.S.

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You benefit from our exceptional service

Dealing with a disability can be one of the most stressful events of your life. Principal Life Insurance Company helps ease the burden of filing a disability claim. Our team of professionals is here to help you file your claim and will work with every step of the way, while you're on the road to recovery or reconciling with your disability.

PERSONALIZED CLAIMS SUPPORT FOR YOU

Principal Life is dedicated to providing you with quality service during your disability. You'll have the peace of mind knowing that you will work with the Claims Analyst who is personally handling your claim. Your Claims Analyst will be there to answer any questions or concerns you may have.

We also have a team of specialists to help determine your needs and benefits. Resources include an on-site CPA, psychiatrist, RNs, physicians, vocational rehabilitation team and Social Security consultants.

QUICK CLAIM PROCESSING

Depending on the your claim situation, as soon as all the claim requirements needed to complete a review are received, you can expect a decision within five to seven business days. Through the review process, you will be kept fully apprised of the status of your claim. You are always encouraged to call your Claims Analyst with any questions or requests.

SUPPORT FROM AN INSURANCE LEADER

Your disability insurance policy is backed by the financial strength and support of a leading U.S. insurance company, Principal Life Insurance Company. Principal Life is a member of the Principal Financial Group® (The Principal®) and has the depth of resources and understanding to help secure financial futures.

- l A FORTUNE 500 company
- l Diverse operations including individual insurance, investments, retirement plans and group/employee benefits
- l More than 15 million individuals and their families served. More than 51,000 retirement plans with nearly 3 million participants
- l The nation's 401(k) leader



WHEN YOU'LL START TO RECEIVE BENEFITS

Once you are disabled under the terms of the policy, you'll receive benefits one month after the elimination period is satisfied. The elimination period is the "waiting period." No benefits are paid for during this period. Examples of elimination periods include 90 or 180 days.

HOW LONG BENEFITS WILL BE PAID

The benefit period is the length of time you'll receive benefits if you are disabled under the terms of the policy and have satisfied the elimination period. Examples of benefit periods include five years or to Age 65.

AUTOMATIC BENEFITS

There are several automatic benefits built into your policy, such as:

- l Rehabilitation Benefit - Helps cover the costs of a rehabilitation program to help you return to work
- l Death Benefit - You receive a lump sum of three times your maximum monthly benefit if you die while receiving disability benefits
- l Waiver of Premium Benefit - After you're disabled for the lesser of 90 days or the elimination period, your premiums are waived.

A number of policy riders also allow you to customize coverage to meet your specific needs.

PROTECT YOUR MOST VALUABLE ASSET

Whether you need full coverage or a supplement to existing coverage, a Disability Income Insurance policy from Principal Life is flexible enough to meet your needs today and in the future.

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

*Principal Life Insurance Company is not rendering legal, accounting or tax advice. Contact your legal or tax advisor for more details.

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