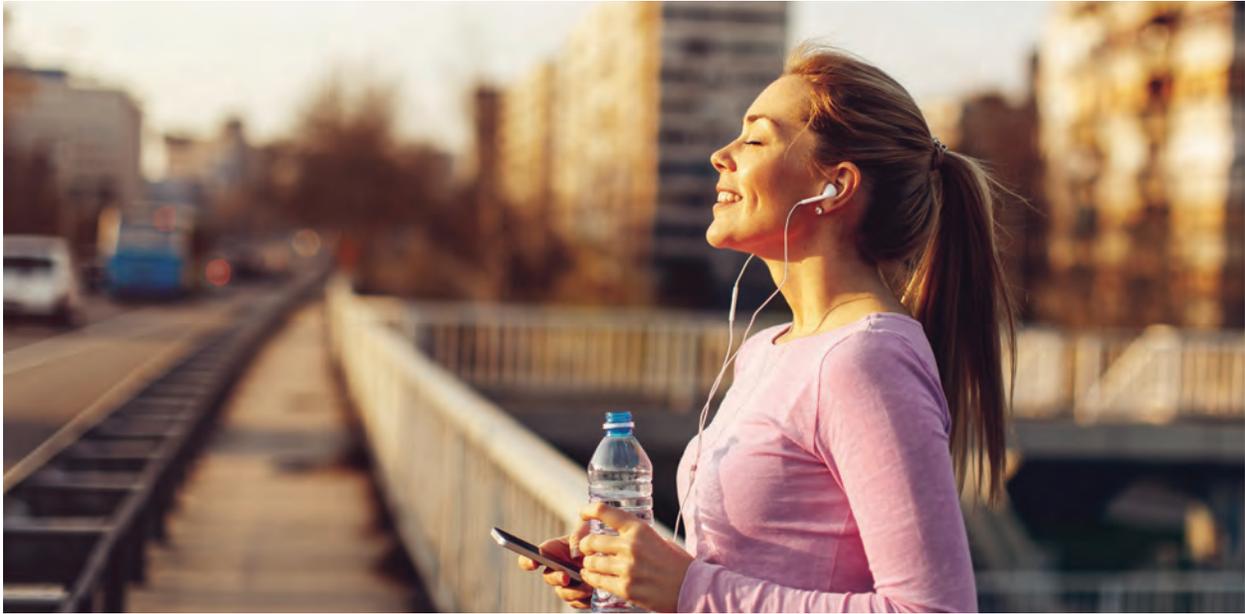




Chronic Illness Death Benefit Advance Rider

Plan for tomorrow. Live for today.

The living benefits of life insurance



Live fully, with living benefits

When you purchase a permanent life insurance policy, you're planning for your family's future.

You're not only protecting your life's work—you're also making sure your family can live comfortably, even if you're no longer there to provide.

But did you know the Principal® life insurance policy you've selected provides living benefits, as well?

The Chronic Illness Death Benefit Advance Rider is an additional coverage option that allows you to access part of your policy's death benefit if you're diagnosed with a chronic illness.¹ There's no cost to add the rider to your policy. Should you need to use it, funds are generally received income tax-free and can help you:

- Pay for quality care.
- Protect your retirement savings.
- Stay more financially secure.
- Live the best life possible.

When you plan for tomorrow, you can live for today.

¹ See the policy rider for specific details. The maximum lifetime accelerated death benefit amount is the lesser of 75% of the Initial Eligible Amount or \$2 million.

When the unexpected happens, you'll be ready

Accidents and illnesses are part of life. And those that lead to chronic illnesses can greatly impact your life and your family. In addition to the physical challenges that come with managing the illness, families often feel the emotional and financial strain as well. Living with a chronic illness may:

- Reduce your household income
- Increase your living expenses
- Drain your retirement savings

The costs of living with a chronic illness



About **80%** of older adults have one chronic disease; nearly **70%** of Medicare beneficiaries have two or more²



\$4,195 per month for a home health aide⁴



\$7,441 per month for a semi-private room in a nursing home⁴



\$280,000 average couple is expected to pay for medical expenses during retirement³



\$4,004 per month for homemaker services⁴

With the Chronic Illness Rider, you're taking more control over your financial future. And you and your family can make the most of each day.

² NCOA Healthy Aging Fact Sheet, July 10, 2018

³ Fidelity 2018 Health Care Cost Estimate

⁴ Genworth Cost of Care Survey 2018

You can help yourself and your family. And we can help you.



You can get what you need to help you through tough times with the rider.

By accessing the policy death benefit early, you can:

- Afford top-quality care.
- Make necessary changes to your home to accommodate your needs.
- Offset increased living expenses.
- Pay assisted living or nursing home fees.
- Help with medical expenses not covered by insurance.
- Assist with family or professional caregiving costs.
- Avoid using retirement savings for medical expenses.

Most Americans turning **age 65** will need long-term care services at some point in their lives.⁵

⁵ LongTermCare.gov, The Basics: Who Needs Care?, as of February 2020

It's your family and your life. You decide how and when to use your money.



When life gets difficult, we help you simplify

Understanding complicated medical terms and insurance requirements should be the least of your worries when managing a chronic illness. So we've made qualifying simple.

A chronic illness means:

- Being unable to perform two of the six Activities of Daily Living for at least 90 consecutive days, and your condition must be permanent.
- Requiring substantial supervision by another person, for at least 90 consecutive days (in all states except in California), to protect against threats to health and safety due to a permanent severe cognitive impairment.

Activities of Daily Living



Bathing



Dressing



Toileting



Transferring (from bed to wheelchair, or sitting to standing)



Eating



Continence

Once you've qualified and your claim has been submitted and reviewed, your financial professional will work with you to determine the amount of funds available to you now and in the future. Then, you can get back to living for today.



It's there when you need it, with exactly what you need

We've made the rider easy to use so you can keep living on your terms, and in control of your funds.

- The rider is automatically included on your life insurance policy if you qualify, and it costs you nothing unless you use it.
- If you're diagnosed with a chronic illness, there's no waiting period before requesting benefits. The funds are available to you when you need them most and to cover whatever you feel your family needs.
- There are no limitations on how you spend any benefit you receive.

Meet the Johanson family

Shortly after his 62nd birthday, Dan Johanson suffered a severe stroke. After months of intensive medical care and physical therapy, his condition left him unable to bathe or eat without assistance. Dan's wife knew he would need professional care and that major modifications would need to be made to the house.

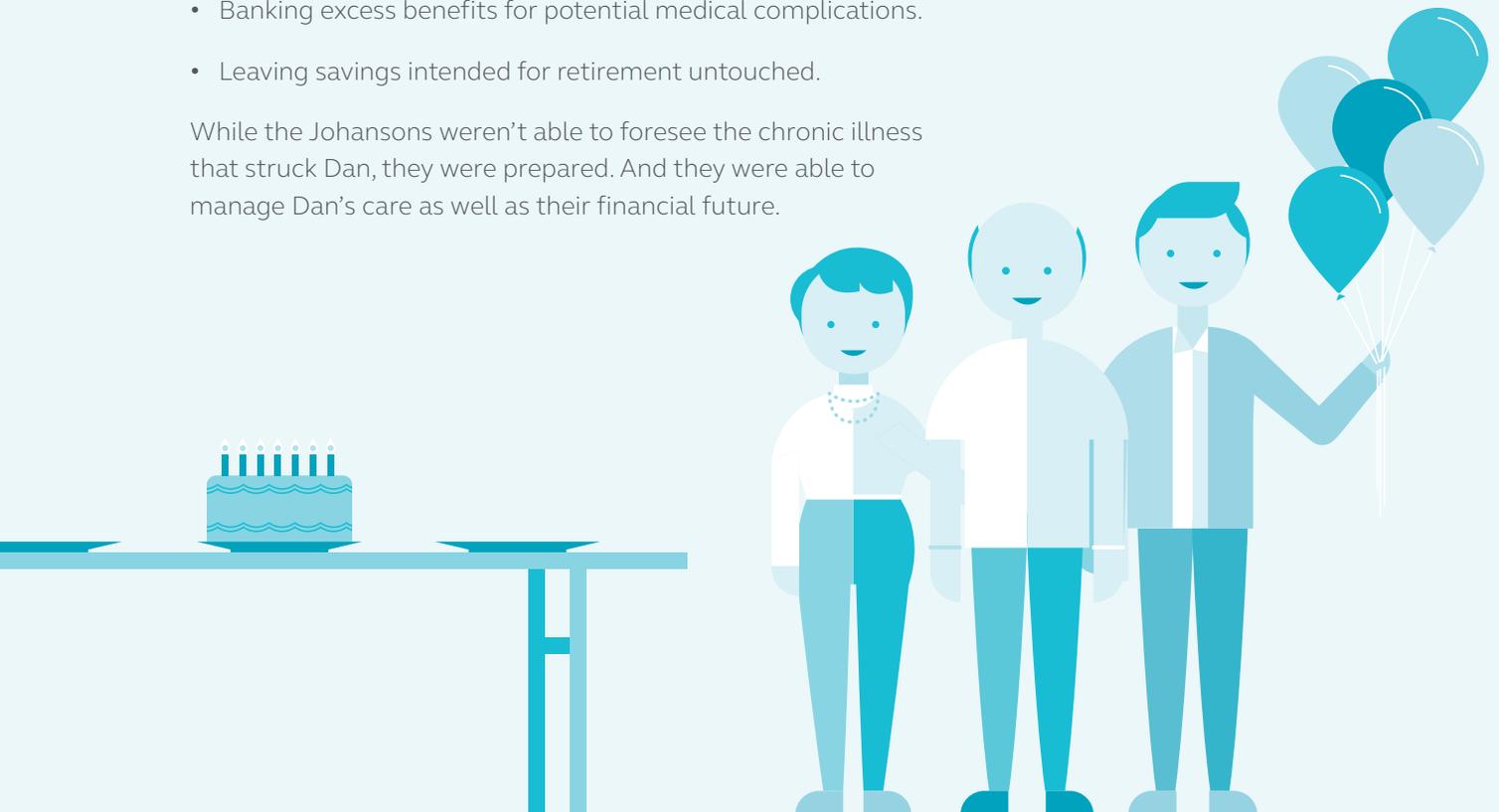
Ten years before his stroke, Dan purchased a \$500,000 Principal universal life insurance policy. He also qualified for the Chronic Illness Rider. Knowing they would need money to get them through the next few years, Dan and his wife talked to their financial professional and decided to get an advance on their death benefit through this living benefits rider.



Accessing their benefits early made life a little easier for Dan and his wife because they were able to receive their eligible benefits up-front. And they knew they could use the money for anything they needed. **For the Johansons this included:**

- Purchasing home medical equipment.
- Making modifications to the house.
- Paying for home visits from a local home health care agency.
- Providing a salary to a relative who provided part-time care.
- Banking excess benefits for potential medical complications.
- Leaving savings intended for retirement untouched.

While the Johansons weren't able to foresee the chronic illness that struck Dan, they were prepared. And they were able to manage Dan's care as well as their financial future.





1 After consulting with his doctor about the extent of his illness, Dan and his wife met with their financial professional to make sure he had the right claim forms.

2 Their financial professional submitted the forms that showed Dan qualified for benefits.

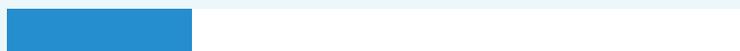


3 Now Dan can receive up to 25% of his death benefit for three years.⁶

4 Because there's no charge up-front, Dan's accelerated death benefit from the rider is discounted to reflect early access.



For example, year one looks like this:



$25\% \times 500,000 = \$125,000$ of accelerated death benefit



$\$125,000$ is reduced by 15% to reflect the early access discount



Dan's family has approximately **\$106,000 of tax-free funds to help provide for his care.**

⁶ Accelerated benefit percentage differs in California. See policy rider form for details.

Today is a new day.

When you've planned for the future, you're free to live for today. Don't let a chronic illness drain your retirement funds and put a strain on your family's future. You can have control over your care, your finances, and your life.



Ask your financial professional for more details and find out how the Chronic Illness Rider could work for you





principal.com

Must be preceded or accompanied by the complete product brochure for the product being presented.

This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy does not provide long-term care insurance subject to California long-term care insurance law. This policy is not a California Partnership for Long-Term Care program policy. This policy or certificate is not a Medicare supplement (policy).

This information is intended to help clients understand the details of the Chronic Illness Death Benefit Advance Rider. The primary purpose of life insurance is the death benefit and clients must have a need for the death benefit to purchase a life insurance policy.

The subject matter in this communication is provided with the understanding that Principal is not rendering legal, accounting, or tax advice. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements.

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