

## PROGRAM PROFILE

# DI Retirement Security (HH750)

Learning about DI Retirement Security (DIRS) from Principal® is easy. This program profile outlines the key features you need to know about to help clients and grow your business.

## How it works

### **DIRS helps clients continue saving for retirement**

in the event of the unexpected. In a nutshell, DIRS is an individual Disability Income (DI) insurance policy that directs monthly benefit payments to an irrevocable trust upon a disability. Those benefits are then invested based on your client's risk tolerance.

Find out more about the trust at:

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

### **Target market**

- Ages 35 to 59
- Minimum annual income of \$76,000
- Occupations with little to no manual duties, like corporate executives, CPAs, attorneys, and business owners
- Individuals committed to saving for retirement and who have income protection in place

### **Features**

- Can be purchased individually or added to an employee benefits package
- No evidence of "retirement savings" or history required (unlike some other carriers)
- Available in addition to individual DI insurance limits

## Product and underwriting guidelines

- Issue ages: 18 to 60
- Occupation classes: A to 6A<sup>1</sup>
- Benefit Periods: To Age 65 or To Age 67
- Your Occupation Periods: 2-year, 5-year, To Age 65, or To Age 67
- Elimination Periods: 180 or 365 days
- Available riders:
  - › Future Benefit Increase
  - › Limitation of Benefits for Mental/Nervous and Substance Abuse Disorders (MNSA)<sup>2</sup>
  - › Cost of Living Adjustment (COLA)
- Available discounts<sup>3</sup>:
  - › 10% Affiliation<sup>1</sup>
  - › 10% Association
  - › 20% Multi-Life<sup>4</sup>
  - › Up to 10% MNSA
  - › 10% Select Occupation (eligible occupations vary by state)

## Cost for coverage

Your clients' premiums depend on their:

- Age
- Gender
- Occupation
- Tobacco status
- State of residence
- Policy structure
- Selected riders
- Discounts

### Sample costs for a \$2,000 month benefit

Age	Male	Female
30	\$35	\$64
35	\$42	\$71
40	\$53	\$84
45	\$66	\$91

These examples are for illustrative purposes only.

Assumptions: Michigan resident, 180-day Elimination Period, To Age 65 Your Occupation Period and Benefit Period, 5A occupation class, non-tobacco.

## Trust details<sup>5</sup>

The trust agreement is administered by Bankers Trust Company, Des Moines, Iowa. For information regarding the funds offered, see [principal.com/bankerstrust](http://principal.com/bankerstrust)

Upon a disability, your clients determine where the benefit payments should be allocated based on their risk tolerance and preference. Benefits are then paid at retirement (age 65 or 67).

There are ways to access trust assets under certain situations<sup>6</sup>, such as:

- Once the benefit period has been satisfied (at retirement).
- In the event of certain financial hardships.
- If the insured has not been eligible to receive benefits for 12 consecutive months.
- Death before the end of the benefit period. If the insured is unable to claim the proceeds of the trust due to death, the proceeds are directed to the insured's estate.

## Trust taxation

The chart below illustrates different ways DIRS can be funded and possible tax implications. Upon a qualifying disability, the insured receives an annual 1099-Substitute listing interest, dividends, and capital gain distribution information. The insured also receives a quarterly statement of assets and activity in the trust.

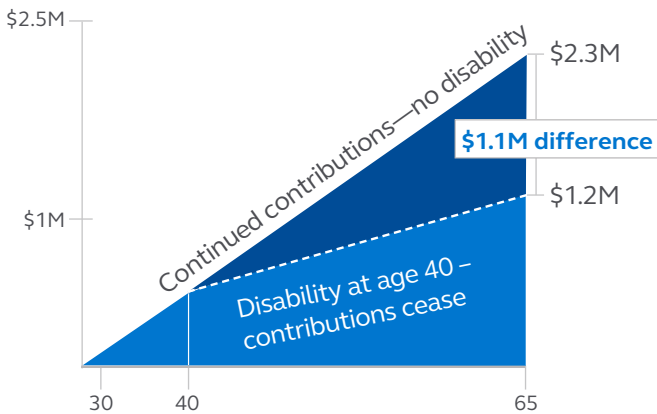
Premiums paid by	Tax considerations	Maximum benefit amount	Minimum benefit amount
Employee with after-tax dollars	Benefits received are income tax-free. Trust earnings are taxable annually and declared on the insured's tax return, unless benefits are invested in a tax-deferred annuity.	\$4,550	\$1,000
Employer, but bonused to employee		\$4,550	\$1,000
Employer	Benefits received are taxable. Trust earnings are taxable annually and declared on the insured's tax return, unless benefits are invested in a tax-deferred annuity.	\$5,850	\$1,000

Note: Benefit amount includes a \$50/month trust administration fee.

## Starting the conversation with individual clients

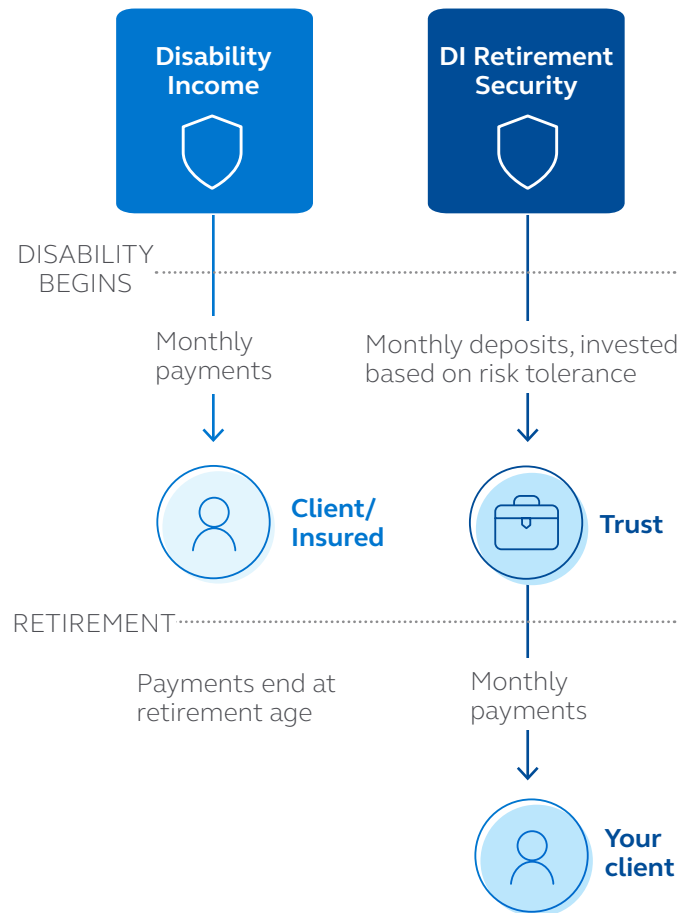
**If you lose your income today, how will you continue to save for retirement?** Everyone talks about saving for retirement and often, we wonder if we're saving enough to meet our goals. Rarely do we talk about if those plans are put on hold because of a disabling illness or injury. If your income is disrupted by a disability, your retirement goals could be in jeopardy (in addition to your savings).

### Impact of a permanent disability on retirement savings at age 40



This chart is for illustrative purposes only. Assumptions: \$1,625/month contributions beginning at age 30, 6% rate of return and age 65 retirement. Potential difference due to disability at age 40 without continued contributions to retirement savings.

**You've taken the right steps and protected your income with disability insurance. But, have you considered protecting your retirement savings, as well?** Your individual disability insurance benefits help maintain your standard of living, but how will you keep your retirement dreams on track? With both disability insurance and DI Retirement Security, you'll have benefits through your working years and into retirement.



When DI insurance and DIRS are purchased together, clients only have to go through the underwriting process once, which limits the paperwork.

**Tip:** Check out the “Alternative DI Retirement Security” report in the illustration system to help you showcase the two solutions together.

## Starting the conversation with employer clients

**How are you attracting and retaining your key talent?** Help stay ahead of the competition and offer ways to help employees keep their retirement plans on track in the event of the unexpected with DI Retirement Security. We make it easy and affordable with a variety of discounts and enrollment features.



Contact your local representative.

- <sup>1</sup> Not approved in all states. For state approval information, go to: [www.principal.com/distateapprovals](http://www.principal.com/distateapprovals).
- <sup>2</sup> The MNSA rider and discount is required on all cases in CA & NY and on the following occupations: emergency-room physicians, anesthesiologists, pain-management physicians, nurse anesthetists, pharmacists, and any resident who has declared one of these as a specialty. It is also required at an individual level for cases in FL, LA, and NV. This rider is not available in VT. 5% for 2- and 5-year benefit periods and 10% discount for all other benefit periods. In TX, the discount is not available for 2-year benefit period, is 3% for 5-year benefit period, and 5% for all other benefit periods.
- <sup>3</sup> Not all discounts available in all states; may not all be stacked together.
- <sup>4</sup> Available when three or more employees with a common employer purchase Individual Disability Insurance coverage. For dental or medical residents/fellows/interns/students, use the Residency Multi-Life Discount.
- <sup>5</sup> Upon a qualifying disability, benefits are paid to the irrevocable trust.
- <sup>6</sup> For more information about when the trust can be accessed, refer to the Principal Declaration of Trust Agreement.



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

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