



NORTHSHORE
FINANCIAL STRATEGIES

Individual disability insurance

Ensure your business is well protected



Carrie Turcotte, CFP[®], RICP[®]

*Wealth Management Advisor
Branch Manager*

www.nsfinancialstrategies.com

Investments and Insurance Products Are:

- Not Insured by the FDIC or Any Federal Government Agency
- Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate
- Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested

Arkansas Insurance Producer License Number 8999845
CA Insurance License Number 0H33178. Insurance Agent

Disability insurance from Principal® is issued by Principal Life Insurance Company, 711 High Street, Des Moines, IA 50392.

This is a descriptions of some of the benefits of disability insurance, but there are limitations and exclusions.

This information 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.

DI Retirement Security is issued as a non-cancelable, guaranteed renewable, individual Disability Income insurance policy. It is not a pension or retirement program or a substitute for such a program. DI Retirement Security is not available for anyone who is over insured based on Principal Life's current issue and participation guidelines. It may not be available or the benefit amount may be reduced for certain occupations if there is existing DI coverage with lifetime benefits. Additional underwriting guidelines may apply.

The testimonial of Sherron and James Williams may not be representative of other clients' experiences. It does not imply or guarantee benefits. The Williams' have not been paid for their testimonial.

No part of this presentation may be reproduced or used in any form or by any means, electronic or mechanical, including photocopying or recording, or by any information storage and retrieval system, without prior written permission from Principal®.

Not a Deposit | Not FDIC or NCUA Insured | No Bank or Credit Union Guarantee | May Lose Value | Not Insured by any Federal Government Agency

Principal, Principal and symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group.



Top priorities from business owners like you

Top priorities

1

Protecting
their business

2

Protecting
their income

The realities



36% have business protection

It's a No. 1 priority since 2010, yet just over a third have solutions in place.



33% own income protection

Ownership jumped significantly from 26% in 2015.

We can help your financial priorities align with your strategies.

Individual disability insurance

You might be thinking...



“Disabilities happen to other people, not me.”

“My business can run without me.”

“I’d rather put my money into growing my business.”

The likelihood of disability

What is the likelihood that one or more owners becomes disabled for 3 months or longer?¹

Age	1 Owner	2 Owners	3 Owners
27	24%	43%	57%
37	21%	38%	51%
47	17%	31%	43%
57	10%	20%	28%


¹ 2013 Individual Disability Income Valuation Table without margins; Non-smoker; Equally Weighted: Male/Female, Occupation Classes M and 1. Most recent available.

Solutions to meet your needs

In the event of a disability, our products can help you:

- Pay everyday living expenses and maintain your lifestyle.
- Continue to save for retirement.
- Provide a well-rounded benefit package.
- Pay business expenses, like rent and salaries.
- Ease the transition of the business to another owner.





It's kept the office running without us having to worry. The staff doesn't feel like the business is going to fail. It's just brought a sigh of relief.

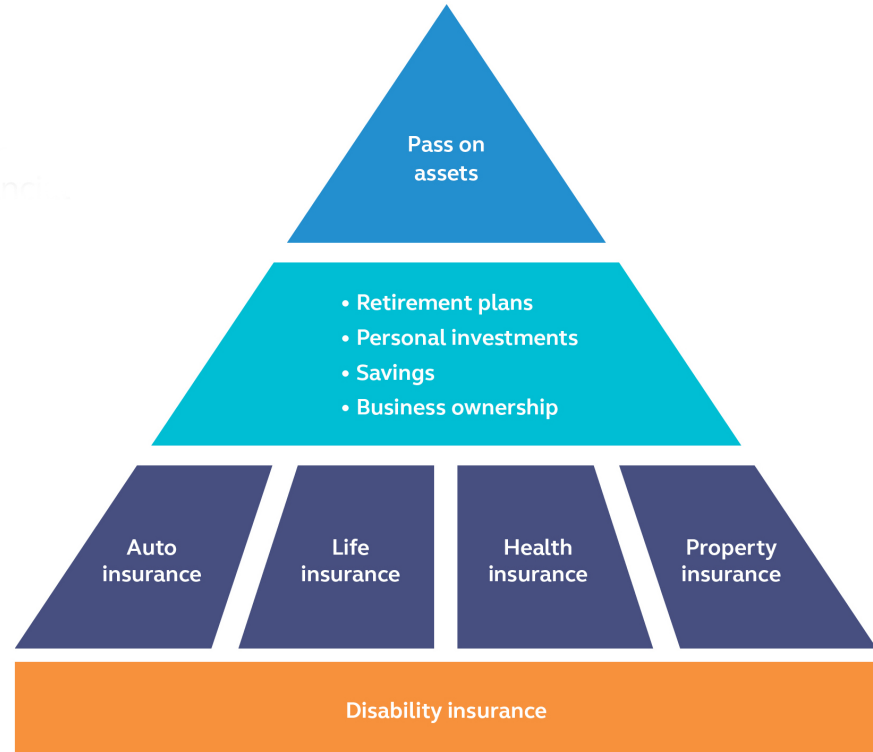
– **Sherron Williams, wife of James Williams who benefited from disability insurance**



Individual Disability Income (DI) insurance

Build a solid foundation

Your income allows you to do the things you love today and plan for the future.



What you can expect from DI

A policy from Principal®:

- Can be **customized** to fit your needs and budget.
- **Stays with you** even if you have a change in occupation or health.
- **Guarantees your cost** for coverage won't change until age 65.
- Works well on its own or with other solutions you may have in place, like group LTD coverage from your employer.



DI typically costs just 1-3% of what you earn.

How group LTD and DI work together

To help meet your risk protection needs

A 20% **Multi-Life discount** for DI may be available.¹

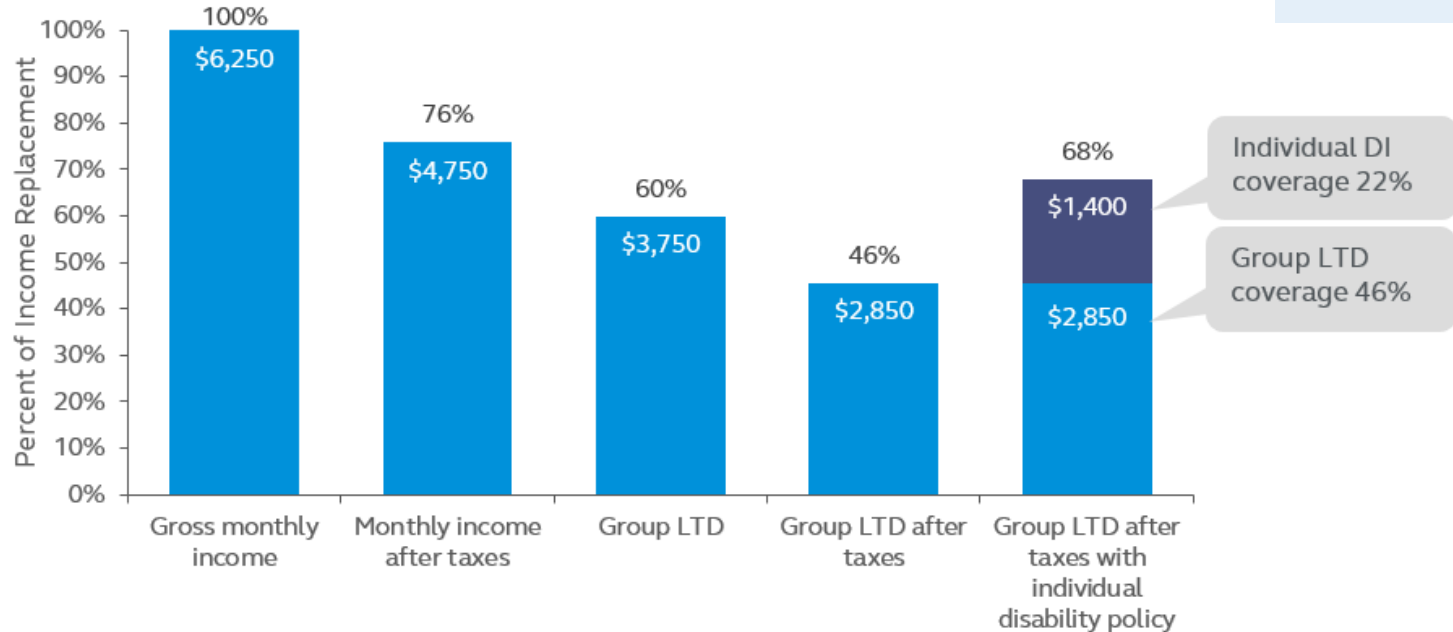


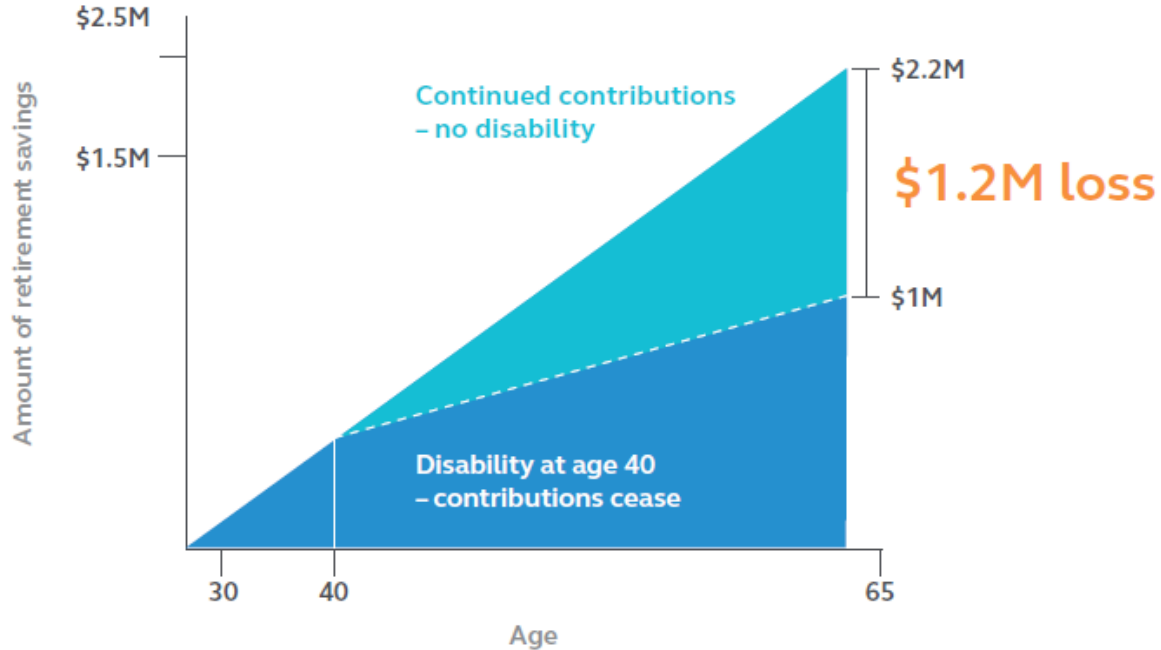
Chart based on \$6,250 gross monthly income (\$75,000 annually), with 60% group LTD program, assuming a 24% tax bracket for federal, state and FICA.

¹ Three or more employees with a common employer must purchase coverage: based on gender-neutral rates

DI Retirement Security (DIRS)

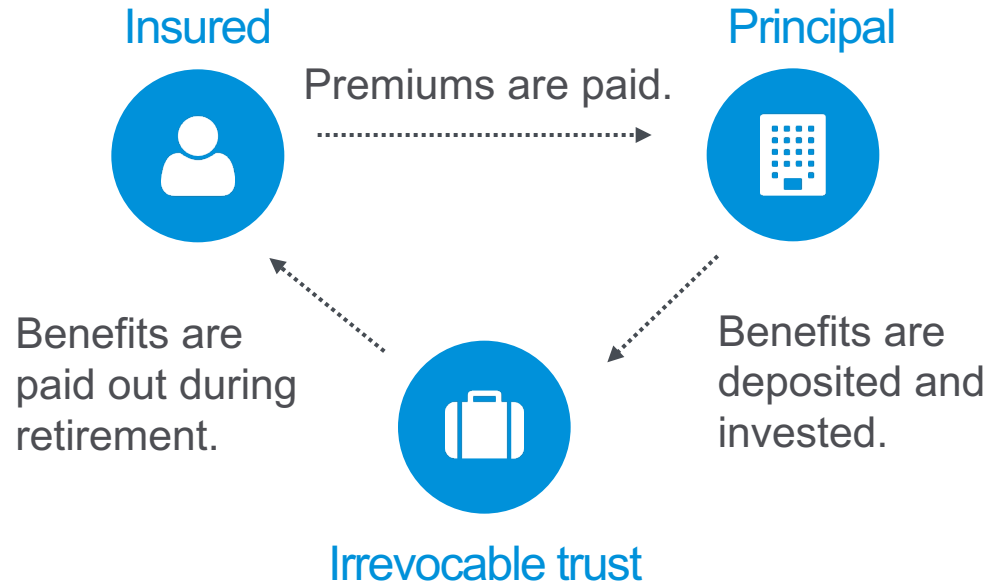
Helping protect retirement dreams

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



How DIRS works

Pays individual Disability Income benefits to a trust to be accessed as retirement income.



Overhead Expense (OE) insurance

Overhead Expense insurance



Objective – Reimburse your business expenses if you're too sick or hurt to work.

Benefits – Helps insure a business can remain open and the owner can either:

- Return to a financially sound business; or
- Sell a business that has not depreciated because of the owner's disability.

Sample covered business expenses

- Accounting, billing and collection fees
- Employee salaries and benefits - some limitations
- Janitorial, security, and maintenance
- Lease or mortgage payments
- Utilities
- Payments for leasing or purchasing furniture and equipment
- Premiums for malpractice, property, and liability insurance
- Professional trade dues and subscriptions

Business Loan Protection

Business Loan Protection

Objective

- Reimburses the owner for covered business-related loan obligations during a disability. Typically available as a rider on an OE insurance policy.

Benefits

- Protects the ability to make loan payments in the event of a total disability
- Helps keep the business open and operating
- Creates good will and helps eliminate financial hardships

What's covered with a Business Loan Protection solution

Loans that Can be covered

Term

Commercial Mortgage

Loans for Working Capital or
Increase in Inventory

Lease Financing

Loans that Cannot be covered

Lines of Credit

Credit Card

Interest only

Revolving Line of Credit

Disability Buy-Out (DBO) insurance

Disability Buy-Out insurance



Objective – Funds a buy-sell agreement; helps buy-out a disabled owner’s interest in the business in the event of a long-term disability.

Benefits – Provides a funding solution for the business.

- Benefits are tax-free¹.
- The disabled owner is taxed only on the gain from the sale of the business.

¹ Clients should contact their tax advisor for details

Complimentary services

Principal[®] can help shed light on potential business protection opportunities with:

Buy-sell review

Highlights the existing agreement provisions, including recommendations based on business needs.

Informal business valuations

Helps identify next steps for business continuation planning.

Thank you