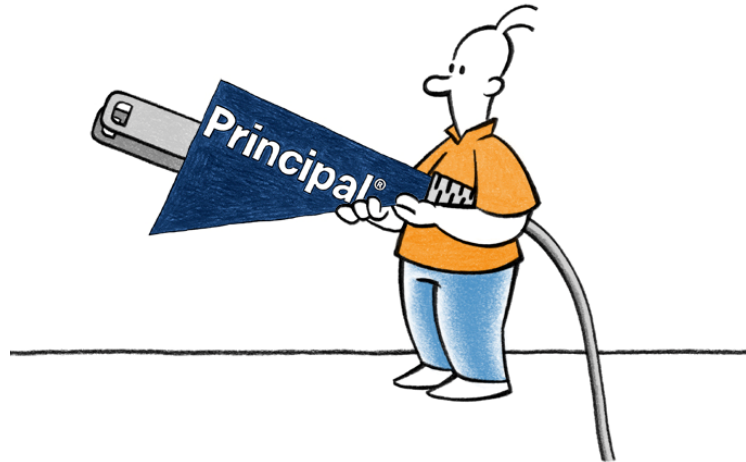


Charge up your DI sales success

About Guaranteed Standard Issue

Presented by:

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The Principal Financial Group



What is easier ...

- A) Selling one policy at a time?
- B) Selling multiple policies at a time with streamlined underwriting?

Guaranteed Standard Issue

- **NO** routine medical requirements
- **NO** APSs or EKGs
- **NO** individual financials (just employee census)
- **Flexibility** of plan design and benefit amounts
- **Cost savings** with up to 30% in discounts (100+ lives)
- **Multi-Life expertise** and sales/enrollment available
- **More lives you sell, more compensation available**

“Ideal” Case Characteristics

- A company with a strong sense of obligation to their employees
- Average employee age < 50
- Employee incomes – \$60,000 or more
- Employees receiving bonuses, commissions or other incentive Compensation (2 year history preferred)
- 1099 employees
- Group LTD plan with the following characteristics:
 - Employer Paid (non-contributory)
 - 40% to 60% income replacement
 - Monthly maximum of \$3,000 to \$10,000
 - Covers base salary only



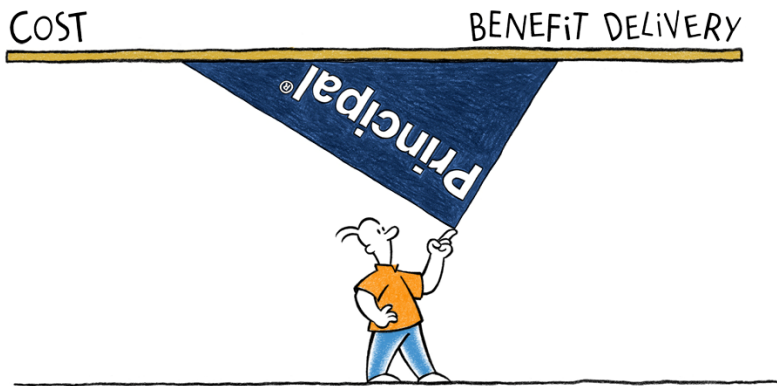
Successful Case Criteria

- A producer *and* employer who is willing to be creative
- Involvement and support from the HR Director
 - Census development
 - Handles communication
 - Helps coordinate enrollment meetings and one-on-one meetings
- You **MUST** have two things from the employer:
 - A commitment (not permission)
 - Access to employees

Why Creativity is Needed

Multiple variables to consider:

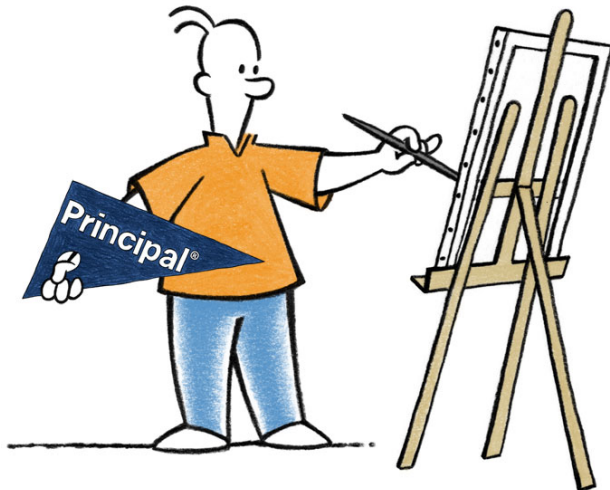
- Number of lives and anticipated participation
- Occupations involved
- Potential premium generated
- Taxability of benefits; tax-free may mean smaller benefit amounts
- Group Long-term Disability case experience
- Plan Design; must consider the impacts of cost of living, disability definition, mental/nervous limitations, elimination period, group long-term disability insurance coverage and replacement percentage



The Art of Plan Design

Flexibility and Creativity are Key:

- Employer pay
- Voluntary – employee pay
- Guaranteed Standard Issue (GSI)
- Supplemental Buy-up
- GSI Fallback
- Guaranteed to Issue
- Blends
- Combo Variations
- Simplified issue
- DI Retirement Security



GSI Program Benefits

For Employees:

- No full underwriting
- Multi-Life Discount – off unisex rates (minimum of 20% available)
- Maximum income protection – can “wrap” around Group LTD Plan
- Portability

For Employers:

- Enhanced benefits program – at little to no cost
- Flexibility in working with a carrier that can design solutions to meet their needs and the needs of their employees
- Multi-Life Discount – off unisex rates (minimum of 20% available)
- Program support

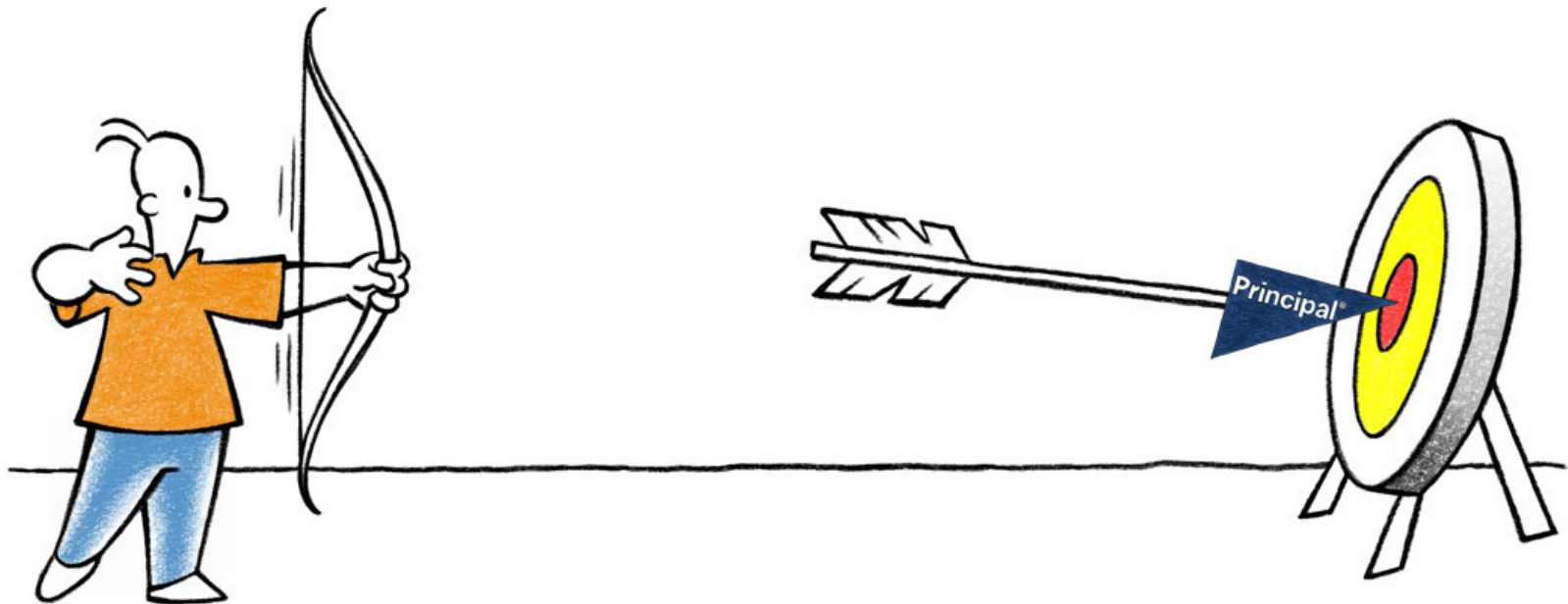
GSI Program Benefits

For You:

- Opportunity to sell to multiple people at one time
- Reduced medical and financial underwriting requirements – streamlined
- ***Increased cross-selling opportunities***
- Deflect the competition
- **Compensation potential**
- Support from your local Plus Group office and Principal Life sales partners

Case Studies and Marketing Tips

To Help You Target GSI Sales Success



Marketing Tips

- Keep the process simple and easy to understand
- TIP (taxability, incentive compensation, portability)
- Focus on what the coverage helps protect (income, home, retirement, car, furnishings, etc.)
- Share the costs of a disability



For producer information only.



The cost of disability makes itself felt in several ways

Replacement Costs	Must pay someone to cover the duties of the disabled employee.
Income Continuation	When an employee is disabled an employer may come under pressure to “do something” for that employee. This is sometimes true whether or not a formal salary continuation plan is in place.
Lost Productivity	Even in the best of circumstances there will be some productivity loss.
Morale Impact	Hard to quantify, but unavoidable. Treatment (and loss) of the disabled employee will have an impact on the morale of the remaining staff.

Case Success: Employer Pay

- Employer pay
 - Classic case design
- Global mining company
 - Covering top executives
 - Low cap on GLTD – reverse discrimination
 - GLTD covers base only – participants have in excess of 30% of compensation as bonus
 - 40 participants (\$82,000 premium)
 - 100% participation

Case Success: Voluntary

- Voluntary
 - Employee pays for the coverage
- Small, specialized investment banking firm
 - Covering all employees earning in excess of \$60,000
 - Low cap on GLTD – limited definitions and product features
 - 42 participants (53% of eligible group)
 - \$40,000 premium
 - Producer focused on product portability, product definitions, uncertain economic conditions and potential impact on job security

Case Success: Voluntary

- Growing Global Wireless Communications Company with 50+ Employees
- Producer offered a free, no-obligation *Financial Education Seminar* for employees
- Received a strong knowledge of the overall Employee Benefit Package and could recommend solutions
- Arranged Voluntary GSI offering:
 - 90 day Elimination Period,
 - Up to **\$2,500 Monthly Benefit**
 - To Age 65 Benefit Period and Your Occupation Period
 - Residual Disability Benefit Rider
- Obtained over 50% participation!
 - HR was critical to success (Guaranteed One-on-One meetings, Declination Form, Communication Support)
 - \$35,000 premium

Case Success: Excess Over Coverage

- Excess over coverage
 - Amounts given above a plan design
- Engineering firm
 - Covering all engineers
 - Employer provided up to \$3,000 on top of existing \$5,000 GLTD plan
 - Employees were able to purchase additional underwritten benefits above \$3,000
 - 28 total lives (\$31,000 premium)
 - \$16,000 premium from employer pay
 - \$15,000 premium from excess purchase

Case Success: GSI Fallback

- GSI Fallback
 - Fully underwrite employees, but a GSI offer is still available
- Healthcare – Hospitals
 - New group of employees without GLTD
 - 23 individuals went through full underwriting to maximize benefits; offered \$3,500 in the event there were any health issues
 - \$36,000 premium

Case Success: Guaranteed to Issue

- GTI (Guarantee to Issue)
 - Underwriters will issue a policy, but reserve the right to rate, rider and limit benefit period
 - Offers vary based on case size and voluntary versus employer pay
- Broker dealer group
 - 15% to 20% participation (based on some policies already written)
 - \$35,000 premium

Case Success: Blend

- Blend
 - One client with some portion or class as employer paid and another portion or class as voluntary
- Economic Consulting Firm
 - Part 1: Partners get fully underwritten maximum benefits with a portion as GSI Fallback
 - Part 2: Other economists and lawyers in the firm get a \$500 employer paid benefit
 - Maximizes potential discount
 - Gets people to the meeting, where the voluntary portion is explained
 - Part 3: Voluntary GSI above employer provided benefit
 - \$89,000 premium

Case Success: Combo - Alternative

- Sell Supplemental DI and DI Retirement Security together
 - Option A: Use either Supplemental DI or DI Retirement Security to meet voluntary participation requirements
 - Option B: Split GSI between Supplemental DI and DI Retirement Security; maximizes GSI offer
- Non-Profit – Executive Group
 - Supplemental DI GSI; up to \$3,500/month benefit
 - \$18,000 total premium for Supplemental DI
 - DI Retirement Security GSI; up to \$2,500/month benefit
 - \$7,000 total premium for DI Retirement Security
 - GSI maximum for any one participant; up to \$6,000/month benefit
 - \$25,000 premium for GSI

Case Success: Combo

- Combo
 - Group LTD and Individual DI sold together
 - Plan Design usually 75% total replacement less GLTD assuming GLTD is taxable. Individual DI can be taxable or tax-free.
 - Over 25% of 2010 cases are being sold with Principal GLTD
- Mid-Western Bank
 - GLTD 60% to \$10,000; 180 Elimination Period, covers base salary only
 - Individual DI 15% to \$5,000; covering total compensation
 - 24 lives (\$52,000 premium)

Case Success: DI Retirement Security

- DI Retirement Security
 - Helps protect the ability to continue saving for retirement in the event of a disability
 - During the sale, clearly separate the need for retirement protection versus income protection
- Health Care System
 - Top executives and physicians who are part of the management team
 - GLTD is tax-free with a high maximum so opportunity for additional supplemental coverage was limited
 - 100% participation (29 participants)
 - \$54,000 premium (more lives to be added)



How do you get started?

- Look at existing book of business and ask for referrals
 - Business owners
 - Corporate executives
 - Any client with Group LTD through their employer
- Prospecting to local companies with 25 or more employees (okay if employees are in multiple locations)
- Call your local **Plus Group office** for sales ideas!!

Questions?



For more information

Contact your local Plus Group office for more information.

Go to www.plusgroupus.com and click on the agency locator map to find an office near your client or call 800/831-1018.

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