



Principal Increase Options – Fact Sheet and FAQ’s



<p>Acronyms</p>	<p>BU: Benefit Update Rider</p> <ul style="list-style-type: none"> No cost rider that allows the Insured to purchase increased benefits every 3 years without evidence of medical insurability <p>FBI: Future Benefit Increase Rider</p> <ul style="list-style-type: none"> No cost rider that automatically increases the base policy benefit, subject to the maximum Issue and Participation (I&P) limits, on each policy anniversary for 6 years with no evidence of insurability. Minimum Benefit: 4% compounded; Maximum Benefit 10% compounded <p>AIO: Automatic Increase Option Rider</p> <ul style="list-style-type: none"> No cost rider that automatically increases the base policy benefits, subject to the maximum I&P limits, on each policy anniversary for 6 years with no evidence of insurability. Minimum Benefit: 4% compounded; Maximum Benefit 10% compounded
<p>Quotes</p>	<p><i>Can Truluma run an Increase quote?</i></p> <ul style="list-style-type: none"> No, Truluma cannot run an increase quote but we’re happy to request this from Principal for you. <p><i>Approximately how long will it take to receive a quote?</i></p> <ul style="list-style-type: none"> It takes approximately 1 business day to receive an increase quote from the carrier. <p><i>What do I need to provide?</i></p> <ul style="list-style-type: none"> Please provide current annual income figure, the client’s current occupation, and any other Group Long Term Disability (LTD) or DI coverage inforce.
<p>How often does this option to increase occur?</p>	<p>Every 3 years</p>
<p>When is the insured/broker notified?</p>	<ul style="list-style-type: none"> The broker receives an email notification of their client’s BU option 120 days before the anniversary/option date. The broker is reminded by Truluma 60 days before the anniversary/option date. The client receives a letter detailing the BU process 90 days before the option date.
<p>When can the insured apply?</p>	<p>The client can apply any time between 120 days before their anniversary date and up to their anniversary date. Principal lists a “target date” as 30 days prior to the anniversary as a deadline for the Insured to submit their application.</p>



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<p>Normal Application Process</p>	<p>The client must sign and submit the on-page application with financials to Principal every 3 years.</p> <ul style="list-style-type: none"> • This can be done through the Inforce Coordinator at Truluma or online via Principal's agent portal. All future underwriting correspondence will be sent directly to the submitter of the application. • The action of submitting a BU application automatically renews this rider, regardless of eligibility for an actual increase in benefits. • The application can be signed using DocuSign (ask Truluma for additional information). • The eApp is also available for submission of a BU application. • Financials are required to begin underwriting. • After receiving the application, Principal conducts an initial review of the materials provided, and will reach out if additional information is needed. • If no further information is needed, underwriters review the income and current inforce coverage to determine the maximum increase in benefit the Insured qualifies for. • When underwriting makes a decision they notify the Inforce Policy Coordinator at Truluma as well as the client via a mailed letter. • The Insured must accept between 50% and 100% of the increase in order to maintain the BU rider <ul style="list-style-type: none"> ○ NOTE: the Insured may choose to accept less than 50% of the offer but doing so will automatically terminate the BU rider from the policy. ○ NOTE: if the Insured does not inform the underwriters of accepting anything less than the 100% offer, the client will be charged for the full increase amount. • The Insured must pay the difference in premium in order to place the increase inforce.
<p>Base Policy Changes</p>	<p><i>Will the policy be on a new policy or layered onto the base?</i></p> <ul style="list-style-type: none"> • The increase amount is added to the <i>same</i> policy with all definitions, provisions, rates, and discounts. <p><i>Is the broker added to the base policy?</i></p> <ul style="list-style-type: none"> • In order to service the increase, brokers must be appointed with Principal and applied to the policy before the increase application is submitted.
<p>Off-Anniversary Qualifications</p>	<ul style="list-style-type: none"> • Available once every 3 years if the Insured, within the last 90 days, had these qualifying events: <ul style="list-style-type: none"> ○ 1) loses Group LTD insurance due to changes in employment ○ 2) has realized at least a permanent 50% increase in earnings (20% in approved states) <ul style="list-style-type: none"> ▪ AND ○ 3) if the application is submitted up to 90 days after anniversary date. • Off-Anniversary option is not available to clients at or over the age of 52.



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State Application to Use	Applications and appointments must be completed in the client's <i>current resident state</i> .
Where to find an application	Click here
Financials	Most recent 1040, W2 OR paystub, OR 1099. If the Insured is a business owner, 2 years tax returns.
Minimum Benefit Available	50% of the increase offer must be accepted to maintain the rider on the policy.
Maximum Benefit Available	The maximum increase will be offered based on financial underwriting and up to current Issue and Participation (I&P) Limits.
When does the rider terminate?	<ul style="list-style-type: none"> • When applying for an increase, underwriting may determine that the Insured does not financially qualify for additional benefit based on income and inforce coverage. • If the Insured accepts less than 50% of the increase offered, the BU rider will terminate. • On the policy anniversary after the insured turns age 55.
FBI and AIO Details	<p>The FBI and AIO riders are similar. The FBI is on IDI policies and the AIO is on BOE policies.</p> <ul style="list-style-type: none"> • These riders provide an annual 4% benefit increases for a period of 6 years. • On the 6th anniversary date, these riders must be renewed and are subject to financial underwriting • The Insured may choose to decline the annual increase. <ul style="list-style-type: none"> ○ NOTE: If the Insured declines two FBI or AIO increases within one 6 year period, the rider will terminate. • The FBI and BU riders have the same application paperwork. The AIO renewal has its own application. • When an IDI policy reaches a monthly benefit of \$17,000 the FBI rider is automatically terminated.
Quirks	<ul style="list-style-type: none"> • After age 52, only one increase may be offered. The BU rider is removed if the Insured is not eligible for an increase. • The 10% FBI increase offer, as indicated on letter to client, cannot be exercised simultaneously with and Advanced BU Offer. Client must accept either the additional FBI increase OR the BU increase. • If the client has the maximum benefit on their policy, they may receive a notification to apply for their increase despite not being eligible for additional benefit. This typically signifies they need to apply for the FBI/AIO renewal. In this case the FBI/AIO rider will be terminated but the client still needs to submit an application in order to renew the BU on their policy. This would not require financials.