

Your group short term disability benefits

Voluntary Short Term Disability for ALL MEMBERS	
Eligible Employees	All active, full-time employees (except part-time, seasonal, temporary or contract employees) who are residing in the United States, and are U.S. citizens or legally working in the United States, and who work at least 30 hours per week. An employee is considered to be residing in the United States if his or her main home or permanent address is in the United States or if the employee is in the United States for six months or more during any 12 month period.
Employer Contributions	Contributory – employer pays 0%
Employee Participation	Greater of 20% participation or five insured lives

BENEFIT QUALIFICATION

Or Definition of Disability	Zero day residual disability
Income Loss Requirement	Unable to earn more than 80%
Elimination Period	Benefits begin on: The 8th day for disability due to injury The 8th day for disability due to sickness

BENEFITS PAYABLE

Benefit Percentage	60% of predisability earnings
Definition of Earnings	Base wage
Maximum Weekly Benefit	\$500
Minimum Weekly Benefit	\$15
Work Incentive Benefit	Applies during the benefit payment period
Coordination of Benefits	Direct integration
Social Security Integration	Primary and family
Maternity	Treated the same as any other disability
Benefit Duration	12 weeks

REHABILITATION BENEFITS

Reasonable Accommodation Benefit	\$500
Rehabilitation Incentive Benefit	5% increase in the weekly benefit percentage

RE-ENROLLMENT OF COVERAGE

Re-Enrollment Of Coverage	If you have STD coverage in place today where employees contribute toward the cost of insurance and Principal has agreed to a re-enrollment of coverage, employees may be required to submit proof of good health depending on the method of re-enrollment. Please see your local sales representative for details.
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LIMITATIONS

Preexisting Conditions	3 months prior / 12 months insured - 6 week limitation
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ADDITIONAL FEATURES

- Coverage for non work-related disabilities
- Mandatory rehabilitation
- Proof of good health required if on the date the member becomes eligible for coverage there are fewer than five members insured.

Our Services

- Professional claim services
- Complete rehabilitation services
- eService capabilities
- Telephonic employee assistance services provided by Magellan Health Services

Claim Processing

Principal Life makes claim administration easy and convenient for employers and employees by offering an online disability insurance claim form. Once the form is complete, employers and employees submit the information directly over a secure, confidential Web site, expediting the claim review process. They can choose to use the online form or a printable version that can be faxed or mailed.

The policy does not provide state mandated disability benefits in CA, NY, NJ, RI or HI.

BENEFIT QUALIFICATION – ALL MEMBERS

Elimination Period. The period of time a member must be disabled before benefits begin to accrue. An elimination period starts on the date a member is disabled and must be satisfied for each period of disability. A member cannot satisfy any part of the elimination period with any period of disability that results from a cause for which The Principal does not pay benefits. Benefits begin on the 8th day for disabilities due to injury. Benefits begin on the 8th day for disabilities due to sickness. The elimination period may be satisfied with days of total or partial disability.

Or Definition of Disability. Employees qualify as disabled during the elimination period and the benefit payment period if, because of sickness, injury or pregnancy, they cannot perform the majority of the substantial and material duties of their own job or they are performing the duties of their own job on a modified basis or performing any other job and are unable to earn more than 80% of his or her predisability earnings.

Own Job. The job, as performed in the national economy, the member is routinely performing for the policyholder when his or her disability begins.

Substantial and Material Duties. The essential tasks required by employers from those engaged in a particular job which cannot be modified or omitted. Employees are considered able to perform the substantial and material duties of a job if they are working, or have the ability to work, 40 hours per week.

Modified Basis. A member will be considered working on a modified basis if he or she is working to their full medical and vocational capacity on a part-time basis.

BENEFITS PAYABLE

Disability Benefits When Not Working. For employees not working during the benefit payment period, the weekly benefit payable equals their primary weekly benefit less income from other sources.

Disability Benefits When Working. For employees working during the benefit payment period, the weekly benefit payable is the lesser of (1) 100% of predisability earnings, less income from other sources, less current earnings or (2) their primary weekly benefit, less income from other sources.

Employees must work to their full medical and vocational capacity. If they opt not to, benefits are paid as if they are working to their full capacity.

The weekly benefit payable will not be less than the minimum weekly benefit of \$15.

Primary Weekly Benefit. The primary weekly benefit equals 60% of employees' predisability earnings, up to the maximum weekly benefit of \$500.

Predisability Earnings. Predisability earnings are employees' weekly earnings prior to disability. For employees, weekly earnings are based on their basic wage, which includes earnings under a qualified deferred compensation plan and voluntary earnings reduction under a Section 125 plan. Employees' basic wage does not include commissions, bonuses,

overtime pay, tips, differential pay, and housing or car allowances.

For owners, weekly earnings are based on their share of gross revenue or income earned, in addition to any salary, benefits or other compensation payable to the owner and any contributions to a pension or profit sharing plan made on the owner's behalf. Owners' earnings are reduced by an owner's share of the customary unreimbursed business expenses. Owners' weekly earnings do not include any type of unearned income.

Income from Other Sources. We coordinate disability benefits with income disabled employees receive from other sources. These include all retirement or disability benefits that employees and their dependents receive or could have received from Social Security or other government agencies; salary continuance, personal time off or sick pay; Workers' Compensation benefits; income from state disability plans; payments from policies that provide coverage for time away from work, if paid in part by or deducted from payroll by the policyholder; income from other group disability insurance policies; disability or retirement benefits paid by pension plans sponsored by the policyholder; income received from no-fault auto laws; renewal commissions received from the policyholder; severance pay; and all payments for the month that the member receives under state unemployment laws.

Other income sources do not include individual disability insurance; profit sharing plans; thrift savings plans; nonqualified deferred compensation plans; 401(k) plans; individual retirement accounts (IRAs); stock ownership plans; Keogh (HR-10) plans; any cost of living increases paid in connection with other sources of income; Social Security or pension plan payments that were being received prior to the current disability; and any income the member receives for services rendered prior to the member's date of disability.

Benefit Duration. Employees are eligible to receive STD benefits for 12 weeks after the benefit payment period begins.

Disability benefits end when employees recover, cease to be under the regular and appropriate care of a physician, fail to provide any required proof of disability, fail to submit to a required medical examination, fail to report income from other sources or any other required earnings information, fail to pursue Social Security disability benefits or Workers' Compensation benefits, or die.

Recurring Disability. Disabled employees who recover and return to work for 30 days or less during the benefit duration are not required to complete a new elimination period if they become disabled again due to the same or related cause.

Weekly Payment Limit. Benefits paid are reduced if total income exceeds 100% of predisability earnings. Total income includes:

- The employee's normal benefit payable
- Additional benefits payable under the policy
- Return to work earnings
- Other Income Sources defined in the policy
- PTO, sick pay, and salary continuance payments (if these income sources are not considered Other Income Sources)

REHABILITATION SERVICES & BENEFITS

Rehabilitation Services. While disabled, employees may qualify to participate in a rehabilitation plan. Our rehabilitation staff works with disabled employees, their physicians and you to create individualized rehabilitation plans that assist employees in returning to work. Rehabilitation assistance may include coordination of medical services, vocational and employment assessment, adaptive equipment purchases, business or financial planning, retraining for a new occupation and education expenses. For employees who have not yet become disabled, but have a condition that could lead to eventual disability, preventive rehabilitation services may be offered.

Rehabilitation Incentive Benefit. This benefit provides financial incentive for totally disabled employees who participate in an individualized rehabilitation plan intended to help them return to work. When totally disabled employees participate and satisfy the requirements of the plan, their benefit percentage will increase by 5%.

Reasonable Accommodation Benefit. This benefit helps cover the cost of modifying the worksite to allow disabled employees to return to work. With approval, we pay up to \$500 for actual expenses incurred to modify worksites to help disabled employees return to work.

Mandatory Rehabilitation. If appropriate, we may require employees to participate in an individualized rehabilitation plan. Any expenses incurred are paid for by Principal Life. If employees do not comply with the rehabilitation plan without good cause, disability benefits may cease.

LIMITATIONS

The proposed policy contains restrictions and limitations. Before making a purchase decision, review the following limitations and resolve any questions. The following limitations and restrictions are applied as required by state law or as otherwise described in the group policy.

Limitations. No benefits will be paid to employees with disabilities resulting from: willful self injury while sane or insane / war or an act of war / participation in an assault or felony / a new or continuing disability that begins after an employee's benefit payment period has ended, but the employee has not returned to active work / a work-related sickness or injury.

Preexisting Conditions. A preexisting condition is a sickness or injury, including all related conditions and complications, or pregnancy for which employees received medical treatment, consultation, care or service; or were prescribed or took prescription medications in the three months prior to their effective date under the policy. Benefits will be payable during the preexisting investigation for up to 6 weeks following the date of disability. Benefits are not paid beyond the date six weeks following the date of disability for disabilities resulting from preexisting conditions unless, when employees become disabled, they have been actively at work for one full day after being covered under the policy for 12 consecutive months.

No benefits will be paid for any disability that is caused by, a complication of, or resulting from the same preexisting condition that the employee had previously received benefits for.

Preexisting condition limitation also applies for benefit increases due to amendments or changes in earnings of 25% or greater.

Replacement of a Prior Program. If this policy is replacing coverage under a prior program, replacement of prior plan provisions may apply. If employees are not actively at work on the day coverage would become effective, they may still qualify for benefits if they had STD coverage under a prior program, they are not receiving any benefits under the prior program but would have been entitled to these benefits if the prior program remained in force and no provision other than the actively at work provision would otherwise prohibit benefits from being paid under our policy. Any benefit payable is the lesser of the benefits under our policy or the benefits that would have been paid under the prior program, had it remained in force.