

Could you make it on standard disability benefits?

How much would you receive if you became disabled? Here's a worksheet that will help you determine if you have enough insurance to cover your loan payments if you became disabled and were unable to work.

Do you have disability coverage through work? Y or N

List your monthly take-home income (without overtime). _____

Multiply your monthly take-home pay by the percentage of income you would receive if you became disabled. (Most employee disability plans provide benefits equal to 60 percent of take-home pay. If you do not have disability coverage through work, put zero here.)

Monthly disability income = _____

Calculate your monthly expenses.

Mortgage or rent payment _____

Car payment _____

Car insurance _____

Utilities (electricity, gas, water, etc.) _____

Credit card payment(s) _____

(use minimum payment) _____

Food & clothing _____

Other loan payments _____

Other monthly expenses _____

Minimum monthly expenses = _____

Compare the income you would receive if you became disabled with your expenses.

Monthly disability income from above _____

Monthly expenses from above - _____

Money remaining for other expenses = _____

If your expenses exceed your disability payment, you'll need to draw on backup savings to meet ongoing expenses.

Add the amounts next to the expenses highlighted in green italics above.

These are the types of expenses credit disability insurance covers. _____

See the other side for more important insurance considerations.

Whenever you take out a loan, you make a number of important decisions. You

When you take out a loan, your financial picture changes. Credit insurance is a good way to keep up with this change.

decide how much to borrow. You choose the term of the loan.

Another decision you'll make is

whether to financially protect your

loan with credit

By protecting your loan, you're also helping to protect your credit rating.

insurance (also

known as Payment Protection).



Exclusions

This information is intended to serve as a general guide to credit insurance coverage.

Depending upon your state of residence, credit life may not cover suicide that occurs within 6, 12 or 24 months of enrolling in the plan (in Idaho, within 6 months). Also, in some states, credit life insurance may not cover pre-existing medical conditions.

Depending upon your state of residence, credit disability insurance benefits are not provided if illness or injury are the result of one or more of the following: (1) self-inflicted injuries, (2) normal pregnancy, (3) war-related injury or (4) illness, or medical conditions for which the insured debtor received or had medical treatment, advice, or diagnostic tests either for that same condition or a related condition within the six-month period immediately prior to the effective date of his/her insurance under this policy. However, total disability resulting from any such condition or related condition will not be excluded if total disability commences six months or more after the effective date of the insured debtor's coverage under this policy (Item (3) not applicable in Idaho).

Note: Some exclusions are not in force in every state or may vary due to state-specific requirements. Check with your financial institution to verify state-specific exclusions and requirements.

Disclosures

Credit insurance is not a deposit or obligation of, or guaranteed by, your financial institution or its affiliates. Credit insurance is not insured or guaranteed by an agency of the federal government. Your credit approval cannot be conditioned on whether you purchase credit insurance. You may obtain insurance to protect your loan from an entity not affiliated with your financial institution.

This brochure and insert advertise the following Group Credit Insurance Policy Forms: Minnesota Mutual XX-4000 series, and Minnesota Life MHC-XX-4000 series and XX-60000 series as well as any applicable state variations.

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F. 49490 Rev. 4-2003

Payment Protection (Credit Insurance)



Important facts for your family, your plans, your future and your credit rating.

What is Payment Protection?

We offer two types of Payment Protection.

Credit life insurance is designed to pay off the insured balance on your loan if you die.

Credit disability insurance is designed to pay your loan payments (up to the contract limit) if you become ill or disabled and are unable to work.

Is Payment Protection available on all loans?

Payment Protection is optional and depending on your financial institution's loan offerings, may be available for purchase on installment loans, lines of credit, credit card loans and certain types of real estate secured loans. If both you and your spouse are named on the loan application, check with your financial institution to see if joint credit life and joint disability are available.

What are the benefits of Payment Protection?

- **Protects your family's financial security.** Payment Protection protects your credit rating by ensuring your loan will not end up in default in the event of your disability or death. This reduces the financial burden on your family.
- **Affordable.** Payment Protection rates are established by each state and generally result in reasonable, monthly premiums. Rates vary from state to state and the actual cost of your particular coverage depends on where you live, your loan amount and the coverage selected. Please contact your financial institution for specific rate information.
- **Convenient.** Application is easy and usually done at time of loan application. And, your monthly premium is included with your monthly loan payment.
- **Simplified eligibility.** You can usually obtain Payment Protection up to the age of 65 and even up to 70 in some states. Also, a medical exam is usually not required, although, general health questions may be asked.

I already have life insurance and disability insurance through my work. Why should I purchase this insurance?

Payment Protection may be an effective way to supplement the other life or disability insurance you carry. Your disability coverage through work may not be enough. Employee benefit specialists say that most long-term benefit plans only cover 60 percent of take-home pay for up to six months. (Check with your employer to determine if you have any current long-term disability benefits.)

Likewise, while Social Security provides long-term disability benefits, these benefits don't begin for six months and are capped at a portion of normal take-home pay. That's why bills could begin to pile up as you try to regain your health and earning capacity after a disability.

Additionally, many experts recommend carrying an amount of life insurance equal to five to seven times your annual salary. If you are uninsured or under insured, as many consumers are, credit insurance makes sense to ensure that your debts can be repaid.

The attached worksheet can help you determine if Payment Protection is for you.

How do I get Payment Protection?

Application is simple. You can apply for Payment Protection during the loan application process. If you apply for coverage at this time, it's likely that you won't have to go through a long approval process or take a medical exam. And, your insurance becomes effective as soon as your loan is finalized.

If you do not sign up for this insurance at the time of loan application, you can do so at any time after your loan closing. However, once your loan has been in place for 30 days, you'll have to provide evidence of good health in order to receive coverage.



No obligation for 30 days

When you apply for Payment Protection, you have 30 days to review your plan and make sure it lives up to your expectations. If you decide you don't want the coverage, you can cancel it without obligation and any premiums paid will be refunded.

Can Payment Protection be required on some loans?

Payment Protection is optional coverage and lenders generally do not require it. However, a lender may require insurance as additional security for the loan. If insurance is required, you can purchase it from any one you choose to provide coverage that is acceptable to the lender.

How would I file a claim?

Filing a Payment Protection Insurance claim is easy. Upon the occurrence of a covered event, contact your loan representative at your financial institution. Your loan representative will complete the loan information on our claim form and send it to you with instructions on how to complete the form. You can return the completed form and any supporting documents to your financial institution (we recommend this approach) or directly to Minnesota Life at the address listed on the claim form. Unless your claim is contested, we will process your claim within 5 to 7 days after receipt. When processed, the claim amount will be credited to your loan.

Underwritten by Minnesota Life Insurance Company

This insurance is underwritten by Minnesota Life Insurance Company. With more than \$342 billion of life insurance in force, Minnesota Life is one of the largest life insurance companies in America. Minnesota Life is highly rated by the major independent rating agencies that analyze the financial soundness and claims-paying ability of insurance companies. For more information about the rating agencies and to see where Minnesota Life's rating ranks relative to other ratings, please see our website at www.minnesotalife.com/about/financials.asp.

Have any other questions?

If you have additional questions about Payment Protection, talk to your loan representative or call Minnesota Life toll-free at 1-800-452-4521.

Disability insurance

If you have disability coverage through your employer, make sure you know:

1. **The waiting period.** According to employee benefits specialists, disability plans require an average waiting period of 60 days before you receive benefits.
2. **Short-term benefits.** Employee benefits specialists say that the most common employee plan benefit amount is 60 percent of take-home pay for up to six months. Some companies offer long-term disability benefits as well. Check with your employer for details.
3. **Social Security rules and regulations.** While Social Security does provide long-term disability benefits, those benefits are capped at a portion of normal take-home pay. More than 25 percent of initial requests for Social Security disability are denied.*

Life insurance

It's also important to have life insurance to financially protect your home and family if you couldn't be there for them. Enter the amount that would allow your family to:

| | |
|---|-------|
| Pay off your debts | _____ |
| Pay funeral and estate costs | _____ |
| Replace your income | _____ |
| Provide for future needs of your survivors [†] | _____ |
| Total | _____ |

Compare the total to the amount of life insurance coverage you currently have. If there's a gap, you may wish to consider adding additional insurance, such as loan protection coverage.

[†]It costs between \$125,000 to \$225,000 to raise a child to age 18, according to a year 2000 study by the U.S. Department of Agriculture. And, the college years will cost another \$150,000.

*Overview of Entitlement Programs, 2000 Green Book, Ways and Means Committee, Washington, D.C.