Principal Benefit Variable Universal Life II — COLI

Help employers recruit, reward and retain top talent

Product guide
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Let’s connect.

Go to advisors.principal.com, or contact your Regional Vice President — NQ Plans.
Good for their employees. Good for their business.

Nonqualified deferred compensation (NQDC) plans can help business owners attract and keep high-performing employees. And corporate-owned life insurance (COLI), including Principal Benefit Variable Universal Life II (Benefit VUL II), offers an attractive way to informally finance these plans. It features a valuable death benefit that can be used by the employer to recover plan costs or to provide survivor benefits, and it also offers tax-deferred cash-value buildup.

Benefit VUL II insurance can help businesses finance small-case plans of up to $250,000 in annual recurring premium, with benefits including:

- Priced and designed specifically for NQDC plans
- Quality investment options
- Full and business underwriting available
- Comprehensive plan administrative services platform

Ideal prospects

- Corporations
- Associations
- Trusts
- Similar entities

Top opportunities

- New plans
- Takeovers of existing nonqualified executive benefit plans
Key features

- **Quality investment options** — More than 100 investment options are available featuring many well-known fund families and investment managers.

- **Preferred partial surrenders (Death Benefit Option 1 only)** — This option allows a client to potentially avoid adverse tax consequences when a partial surrender occurs in the first 15 policy years. (According to Internal Revenue Code Section 7702, distributions occurring in the first 15 years accompanied with a reduction in the face amount may be subject to tax rules under Internal Revenue Code Section 72(e).)

- **Trail commissions in year six and beyond** — After year six, trail commissions are paid to maturity, so you’re compensated for long-term client support.

- **Zero net-cost loans after year 10** — What a great way to help provide strong, long-term income streams out of the policy! Plus, they’re contractual and guaranteed.

- **Death benefit guarantee to 65 or 85** — Get guaranteed coverage to age 65 or 85 as long as the client satisfies the premium requirement.

- **Life Paid-Up Rider** — Your client can rest assured that heavily loaned policies will not lapse and the policy will remain in-force to age 121 with this over-loan rider.

- **Death Benefit Option 3 for added versatility** — In addition to standard options 1 and 2, clients get a third option that pays the policy face amount plus total premium paid less withdrawals.

- **Underwriting choice** — The client may select from among full underwriting, simplified or guaranteed issue to meet their specific needs.
How Benefit VUL II works

Allocate net premiums to those divisions most appropriate for a client’s long-term goals.

The performance of the applicable separate account divisions and the Fixed Account less any policy charges affect the policy value. Policy values may increase or decrease, depending on the investment experience of the divisions chosen. Note: Not all investment advisors or separate account divisions are available in every state.

**Premium payment**
- Premium expense charge

= Net premium

Deduct monthly policy issue charge, cost of insurance and asset-based risk charges from policy value.

**Living benefits**
Access cash for supplemental income through surrenders and loans.

**Death benefits**
Beneficiary receives policy proceeds.

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1 Surrender proceeds are reduced by any applicable surrender charges.

2 Amounts borrowed do not receive the investment performance of the divisions. The death benefit and surrender proceeds are reduced by any loan balance. Loans are subject to interest charges.
General policy information

This is a summary of policy terms only. Please refer to the policy for actual terms and conditions.

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Corporate/business owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case premium requirement</td>
<td>Up to $250,000 annual recurring premium</td>
</tr>
<tr>
<td>Fully underwritten issue information</td>
<td>Issue ages (age nearest birthday)/underwriting classes: 20-75: Standard Non-Tobacco/Tobacco 20-75: Preferred Non-Tobacco/Tobacco Minimum face amount: $100,000</td>
</tr>
<tr>
<td>Ownership Programs</td>
<td></td>
</tr>
<tr>
<td>Business underwriting programs</td>
<td>• Guaranteed Issue:  – Ages 20-70; Non-Tobacco/Tobacco  – Minimum lives: 10 • Simplified Issue: (APS or Standard/Decline  – Ages 20-70; Non-Tobacco/Tobacco  – Minimum lives: 5</td>
</tr>
<tr>
<td>Policy dating</td>
<td>• Follows underwriting approval in home office  • Issue dated the 28th if received the 29th, 30th or 31st  • Cash on Delivery (COD) is allowed</td>
</tr>
<tr>
<td>Allocation of initial premium</td>
<td>• Allocated on the later of the policy date or the effective date  • Effective date will follow underwriting approval</td>
</tr>
<tr>
<td>Planned premium frequency options</td>
<td>• Annual  • Semiannual  • Quarterly  • Monthly pre-authorized withdrawal</td>
</tr>
<tr>
<td>1035 Exchanges with outstanding loans</td>
<td>• Available on external and internal 1035 Exchanges.  • Must exchange into a new-issue Principal® policy only.  • The new loan will be subject to the terms, conditions, fees and charges that apply to all loan transactions of the new policy.  • The outstanding loan must be $500 or greater.  • The 1035 Exchange proceeds, plus the loan amount, cannot exceed the guideline single premium amount.  • The loan amount cannot exceed 90% of the net surrender value.</td>
</tr>
<tr>
<td>Guaranteed interest rate for Fixed Account</td>
<td>2%</td>
</tr>
</tbody>
</table>
IRC Section 7702 compliance

- Cash Value Accumulation Test
- Guideline Premium/Cash Value Corridor Test

Note: The policy owner must select one of the testing options listed above at issue only.

IRS definition of life insurance

The policy should qualify as a life insurance contract as long as it satisfies either the guideline premium/cash value corridor test or the cash value accumulation test as defined under Section 7702 of the Code. One of these tests is chosen on the application. If a test is not chosen, the policy will comply with the guideline premium/cash value corridor test. Once a test is chosen, it cannot be changed on the policy. The guideline premium/cash value corridor test places limitations on the amount of premium payments that may be made and on policy values that can accumulate relative to the death benefit. Guideline premium limits are determined when the policy is issued and can vary by the death benefit option chosen. Guideline premium limits will likely change due to any adjustment to the policy. If at any time a premium is paid which would result in total premiums exceeding the current guideline premium limits, we accept only that portion of the premium which would make the total premiums equal the guideline premium limits.

The cash value accumulation test does not place limitations on the amount of premium payments. However, the test does limit the amount of policy values that can accumulate relative to the death benefit. Generally under both tests, as the policy value increases, the minimum death benefit may be required to increase also. The minimum death benefit is the surrender value multiplied by an applicable percentage. The applicable percentage is the minimum ratio between the policy’s death benefit and surrender value. Applicable percentages under the guideline premium/cash value corridor test are generally smaller than under the cash value accumulation test. Therefore, the minimum death benefit will generally be lower under the guideline premium/cash value corridor test than under the cash value accumulation test. To the extent that the cash value accumulation test results in a higher minimum death benefit, cost of insurance charges deducted from the policy will also likely be higher. Neither test was designed to provide an advantage over the other. If the client anticipates that the policy may have a substantial surrender value in relation to its death benefit, he/she should be aware that the cash value accumulation test may cause the policy’s death benefit to be higher than if the guideline premium/cash value corridor test had been chosen. As a result, the policy value growth may be better under the guideline premium/cash value corridor test. All transactions will be subject to the limits as defined under Section 7702 of the Code. A transaction may not be allowed, or an increase in face amount may be required, if the transaction would cause a refund of premium and/or distribution of the policy value in order to maintain compliance with the Section 7702 limits.
Policy riders

All riders are subject to state variations and availability and may have additional costs. For complete descriptions of these riders, view Benefit VUL II policy rider forms.

**Accounting Benefit Rider (SF 845)**

<table>
<thead>
<tr>
<th>Benefit provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waives surrender charges if the policy is fully surrendered. This permits</td>
</tr>
<tr>
<td>corporations to record a greater surrender value on financial statements in</td>
</tr>
<tr>
<td>early policy years to minimize the negative impact to earnings that result</td>
</tr>
<tr>
<td>under GAAP accounting for corporate-owned life insurance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional details</th>
</tr>
</thead>
<tbody>
<tr>
<td>This rider must be selected at issue and once terminated, the rider may not be</td>
</tr>
<tr>
<td>reinstated.</td>
</tr>
<tr>
<td>• This rider has an annual charge of 0.25 per $1000 of base face amount for the</td>
</tr>
<tr>
<td>first five policy years.</td>
</tr>
<tr>
<td>• The rider will terminate prior to policy maturity, if:</td>
</tr>
<tr>
<td>– The policy is surrendered as part of a replacement or Section 1035</td>
</tr>
<tr>
<td>Exchange.</td>
</tr>
<tr>
<td>– The policy is assigned or the owner changes.</td>
</tr>
<tr>
<td>• If the rider terminates, surrender charges are no longer waived.</td>
</tr>
</tbody>
</table>

**Change of Insured Rider (SF 846)**

<table>
<thead>
<tr>
<th>Benefit provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Allows the insured to be changed, with evidence of insurability, assuming:</td>
</tr>
<tr>
<td>– The original and current policy owner is the same.</td>
</tr>
<tr>
<td>– The policy is in force and is not in a grace period.</td>
</tr>
<tr>
<td>– The proposed new insured is age 69 or less on the change of insured date.</td>
</tr>
<tr>
<td>• There is no charge for this rider.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional details</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The total face amount and policy value will remain the same and the following</td>
</tr>
<tr>
<td>will be changed on a point in scale basis:</td>
</tr>
<tr>
<td>– Premium expense charge</td>
</tr>
<tr>
<td>– Monthly policy issue charge</td>
</tr>
<tr>
<td>– Asset-based charge</td>
</tr>
<tr>
<td>– Loan balance</td>
</tr>
<tr>
<td>– Compensation</td>
</tr>
<tr>
<td>– Surrender charge</td>
</tr>
<tr>
<td>• If there is a gain in the policy, changing the insured is considered a taxable</td>
</tr>
<tr>
<td>event, as if the policy was surrendered.</td>
</tr>
<tr>
<td>• This rider expires following the insured’s 70th birthday.</td>
</tr>
</tbody>
</table>
Death Benefit Guarantee Rider (SF 847)

<table>
<thead>
<tr>
<th>Benefit provided</th>
<th>Guarantees the policy will not lapse before age 65 or 85, as long as the cumulative death benefit guarantee premium requirement is met.</th>
</tr>
</thead>
</table>
| Additional details | • There is no charge for the rider.  
• The death benefit guarantee premium requirement on each monthly date is met if (1) is equal to or greater than (2) where:  
  (1) Is the sum of all premiums paid on the policy less any partial surrenders and any policy loans and unpaid loan interest; and  
  (2) Is the sum of the death benefit guarantee monthly premiums from the policy date to the most recent monthly date.  
• The death benefit guarantee monthly premium may change if:  
  – The policy face amount is increased or decreased (not due to DBO changes or partial withdrawals).  
  – The substandard rating is changed.  
  – The tobacco status is changed.  
• This rider is not available if the Supplemental Benefit Rider is present. |

Extended Coverage Rider (SF 840)

<table>
<thead>
<tr>
<th>Benefit provided</th>
<th>If the insured reaches the stated maturity age, maturity is extended to the date of their death.</th>
</tr>
</thead>
</table>
| Additional details | • The rider is automatically added to all policies in states where approved and there is no charge to have the rider.  
• There will be no policy charges during the maturity extension period. However, loan interest will continue to be charged.  
• No additional premium payments, other than loan payments, will be allowed. |
Life Paid-Up Rider (SF 841)

**Benefit provided**
Under certain circumstances, this rider can keep a policy from lapsing when there is a large loan(s) by converting the coverage to paid-up insurance. The rider is automatically added to all policies in states where it is approved. The rider activates when all of the following conditions are met:

- Loan balance must be at least 92% of the surrender value;
- Insured must be at least age 75;
- Policy must be in force for at least 15 years; and
- Total partial surrenders must equal or exceed total premiums paid.

**Additional details**
There is a one-time charge when the rider is exercised, depending on the life insurance test used:

- **Guideline Premium Test:**
  - Current charge: 3.5% of the policy value
  - Guaranteed charge: 7.5% of the policy value
- **Cash Value Accumulation Test:**
  - Current charge: 7.5% of the policy value
  - Guaranteed charge: 13.5% of the policy value

Note: The Internal Revenue Service has not taken a position on the Life Paid-Up Rider. Your client should consult their tax advisor prior to exercising this rider.

Supplemental Benefit Rider (SF 848)

**Benefit provided**
Offers funding design flexibility by allowing the total death benefit to be a blend of term and basic insurance.

**Additional details**
- Target premium is based on the basic insurance amount only.
- A blend percentage between 10 and 90 percent of the total death benefit may be selected.
- Can be added any time after policy issue with underwriting as long as there is no Death Benefit Guarantee Rider on the policy.
- Guaranteed COI charges are the same for both the term and base portions.
- The blend percentage may be changed. However, there is no corresponding change in target premium if the total face amount does not change.
- Unless otherwise requested, any scheduled or unscheduled face amount adjustment shall be applied to the base and term amounts in proportion to the existing split.
## Death benefit options (DBO)

<table>
<thead>
<tr>
<th>DBO 1</th>
<th>DBO 2</th>
<th>DBO 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Death benefit paid</td>
<td>Face amount</td>
<td>Face amount + accumulated value</td>
</tr>
</tbody>
</table>
| Description | • The accumulated value increases while the amount of pure insurance will decrease, keeping the death benefit level.  
• The death benefit will never be less than the accumulated value multiplied by the percentage the Internal Revenue Code (IRC) specifies as necessary to qualify the policy as life insurance. | • A variable death benefit, which will increase or decrease as accumulated value changes.  
• The death benefit will never be less than the face amount.  
• The death benefit will be adjusted upward as necessary to comply with IRC requirements to qualify the policy as life insurance. | • A variable death benefit, which will increase as premiums are paid and decrease as partial surrenders are taken. |

Note: Partial surrenders and policy loans decrease the accumulated value and death benefit.
DBO changes

- Changes are allowed on or after the first policy anniversary.
- DBO 3 can only be elected at the time of issue. Changes to DBO 3 are not permitted.
- Changes are limited to two per policy year.
- Changes will result in a face amount adjustment so that the net amount at risk is the same immediately before and after the change.
- Face amount after any reduction must be at least the minimum face amount as shown on the current policy data pages.
- A change in DBO requires new data pages to be provided to the client.
- Changes may require proof of insurability that satisfy us, subject to current underwriting guidelines.
- Changes after the maximum issue age are available subject to current underwriting guidelines.

<table>
<thead>
<tr>
<th>DBO change</th>
<th>Resulting face amount adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>DBO 1 to DBO 2</td>
<td>The face amount decrease will equal the accumulated value on the effective date of the change.</td>
</tr>
<tr>
<td>DBO 1 to DBO 3</td>
<td>Not permitted.</td>
</tr>
<tr>
<td>DBO 2 to DBO 1</td>
<td>The face amount increase will equal the accumulated value on the effective date of the change.</td>
</tr>
<tr>
<td>DBO 2 to DBO 3</td>
<td>Not permitted.</td>
</tr>
<tr>
<td>DBO 3 to DBO 1</td>
<td>The face amount increase will equal the amount by which the total premiums paid exceed partial surrenders up to the date of the change.</td>
</tr>
<tr>
<td>DBO 3 to DBO 2</td>
<td>The face amount will be adjusted by an amount determined by subtracting the accumulated value from the greater of, a) total premiums paid less partial surrenders, and b) zero.</td>
</tr>
</tbody>
</table>

Note: A DBO change is subject to the limits as defined in IRC Section 7702 as amended. An additional increase in face amount may be required to maintain compliance with the limits.
Face amount adjustments

Face amount increases:

- Are approved at a risk class determined by us and are allowed if:
  - Attained age is 75 or less (age 70 for business underwriting programs and DBO changes that result in a face increase).
  - The increase meets minimum face amount increase requirement: $10,000.
  - Evidence of insurability is provided by client and approved by our underwriting team, subject to underwriting guidelines then in effect.
- Fully underwritten face increases with premium increases in which full first-year commissions are paid start policy sales-load charges over again on the increased premium.
- Increases due to Preferred MEC underwriting generate first-year commissions and start policy sales-load charges over again on any increased premium. Cost of insurance rate for the increased face amount are point-in-scale, i.e., issue age, duration equal to number of years since issue.

Face amount decreases:

- Allowed on or after the first policy anniversary.
- Total face amount must remain at least $100,000.
- There is no minimum face decrease amount.
- Reduction in the total face amount is made on a last-in, first-out basis.
- If Guideline Premium Test has been elected, a decrease in total face amount will be subject to the Guideline Premium Limitation. The request for a decrease will not be allowed if the resulting guideline premium would cause a refund of premium and/or distribution of policy value in order to maintain compliance with the limitations.

Grace period

If the net accumulated value is insufficient to cover the monthly policy charge, the policy will enter the grace period. The grace period is 61 days and begins when a notice of impending policy termination is mailed to the policy owner. If sufficient payment is not received by the end of the grace period, the policy terminates.

Reinstatement

See the policy for reinstatement requirements.
Policy charges

Sales charge

<table>
<thead>
<tr>
<th>Years</th>
<th>Current</th>
<th>Guaranteed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-15</td>
<td>6.70% of premium up to target; 5.20% of premium above target</td>
<td>6.70% of premium up to target; 5.20% of premium above target</td>
</tr>
<tr>
<td>6+</td>
<td>6.70% of all premium paid</td>
<td>6.70% of all premium paid</td>
</tr>
</tbody>
</table>

State and DAC Tax: 3.25% of premium in all years

Total premium expense charge

<table>
<thead>
<tr>
<th>Years</th>
<th>Current</th>
<th>Guaranteed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-15</td>
<td>9.95% of premium up to target; 8.45% of premium above target</td>
<td>9.95% of premium up to target; 8.45% of premium above target</td>
</tr>
<tr>
<td>6+</td>
<td>9.95% of all premium paid</td>
<td>9.95% of all premium paid</td>
</tr>
</tbody>
</table>

Asset-based charge

<table>
<thead>
<tr>
<th>Years</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>70 basis points of the net policy value</td>
</tr>
<tr>
<td>11+</td>
<td>30 basis points of the net policy value</td>
</tr>
</tbody>
</table>

Monthly policy issue charge

Varies by gender, age, tobacco status and risk class for years 1-10. There is no charge in years 11+.

Cost of insurance

Rates differ by underwriting program.

Surrender charges

There is a 10-year declining surrender charge.

Monthly policy charge

The sum of the cost of insurance and cost of additional benefits provided by any rider plus the monthly policy issued charge and asset-based charge is subtracted from the policy value on each monthly date. Choices for how the monthly policy charge will be allocated are:

- The same as the allocation percentages for premium payments (default).
- Determined on a prorated basis.
- Any other allocation that is agreed upon.
Accessing policy values

Policy loans (current and guaranteed)

<table>
<thead>
<tr>
<th>Policy years</th>
<th>Interest rate charged</th>
<th>Interest rate credited</th>
<th>Net loan cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>5.00%</td>
<td>4.00%</td>
<td>1.00%</td>
</tr>
<tr>
<td>11+</td>
<td>4.00%</td>
<td>4.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Loan guidelines

- The loan rate differential in years 11+ will apply to the entire loan balance regardless of when the loan was taken.
- The maximum loan amount is 90% of net surrender value.
- A loan may be taken beginning in the first policy year.
- Loan interest accrues daily.
- Loan interest is due and payable at the end of each policy year. Any loan interest not paid when due is added to the loan principal and bears interest at the same rate.

Partial surrenders

- Allowed on or after the first policy anniversary.
- $500 minimum for an unscheduled partial surrender.
- Cannot be greater than 90% of net surrender value.
- Cannot reduce the face amount below the minimum.
- First two unscheduled partial surrenders in a policy year are free; subsequent ones are the lesser of 2% and $25.
- If DBO 1 and the death benefit equal the total face amount, the total face amount is decreased by the amount of the partial surrender that is not considered preferred. If the policy is within corridor, i.e., death benefit doesn’t equal face amount, the death benefit due to corridor decreases first.
- If DBO 3 and the death benefit equal the total face amount, the total face amount is decreased by the lesser of (a) or (b) where:
  (a) is the partial surrender amount plus any transaction fee or planned scheduled partial surrenders.
  (b) is the greater of (1) the amount that total partial surrenders exceed total premiums paid or (2) zero.

Preferred partial surrenders

Preferred partial surrenders allow a client to potentially avoid adverse tax consequences when a partial surrender occurs in the first 15 policy years. According to Internal Revenue Code (IRC) Section 7702, distributions occurring in the first 15 years accompanied with a reduction in the face amount may be subject to tax rules under IRC Section 72(e).

When a policy has DBO 1, and a partial surrender is taken, the face amount is reduced. A preferred partial surrender offers the ability to withdraw 10 percent of the net surrender value as of the end of the previous policy year without a corresponding decrease in the face amount.

Terms and conditions

- Amounts in excess of 10 percent will be considered non-preferred partial surrenders, thus the face amount must decrease or underwriting is required.
- The 10 percent does not carry over or accumulate if it is not used in any given year.
- Preferred partial surrenders in any given year may not exceed $100,000.
- Maximum lifetime preferred partial surrenders = $250,000.

1 Interest rate credited is net of the asset-based risk charge. Maximum loan amount is 90 percent of Net Surrender Value.
Investment options

This is a registered securities product and an insurance product. Its values vary according to daily market values, making Benefit VUL II subject to market risk, including potential loss of principal.

- Premium payments and other transactions purchase units in one or more divisions of the Principal Life Insurance Company Variable Life Separate Account.
- An investment account is established under each policy for each division to which net premiums or transfer amounts have been allocated.
- Balance in a division is equal to the number of units owned in that division multiplied by the current unit value.
- Policy value equals the sum of the values in the loan account and the investment account for all divisions.

Variable life separate account

Policy owners may select from a wide range of investment divisions that invest in stocks, bonds and fixed-rate investments.

- Management fees and expenses are deducted from the underlying accounts.
- Fees vary by account and apply to the average daily net asset value.
- Annual investment management fee is recalculated to a daily fee and deducted from the net asset value daily on the valuation date.

For complete details, refer to the Prospectus (LV342).

Transfers between sub-accounts

The following apply to unscheduled transfers:

- No minimum transfer amount.
- There is no charge for the first transfer in a policy month. We may charge $25 per transaction for subsequent transfer in the month.

Dollar cost averaging

- No minimum transfer amount.
- No minimum account value to initiate.
- Allocation frequency: monthly, quarterly, semiannual and annual.

Automatic portfolio rebalancing (APR)

APR allows clients to maintain a specified percentage of their policy value in each account over time. Clients may elect APR at the time of application or after the policy has been issued. The following apply to APR (scheduled) transfers:

- No minimum transfer amount.
- No minimum account value to initiate.
- No transaction charge.
- Allocation frequency: monthly, quarterly, semiannually or annually.
Compliance

Benefit VUL II is a registered securities product and a life insurance contract. It’s subject to securities and life insurance regulations, which must be followed closely in order to comply with securities and insurance laws.

The following MUST be done

Prior to discussing Benefit VUL II with your prospect, you MUST be:

• Licensed and appointed to sell variable life insurance with Principal in your resident state, in the state in which the application is taken and in your client’s state of residence (if you want to receive service fees).
• A registered representative with the Financial Industry Regulatory Authority (FINRA) Series 6 or 7 designation.
• Selling this product through Principal Securities, Inc. or another broker/dealer who has a selling agreement with Principal Securities.
• Appointed to sell this product by receiving a “Release to Sell” from Principal Securities.

Some states have other requirements for resident and non-resident agents. All states require agents to be licensed in their resident state before they can be licensed as a non-resident.

When making sales presentations, you MUST:

• Deliver the prospectus before or at the time of the presentation.
• Identify your broker/dealer.
• Properly disclose the life insurance components and not overemphasize the investment aspects of the product.
• Not project future investment performance based on past performance; however, you may show an actual track record for the divisions of the Separate Account with a history.
• Not make any guarantees of future fund performance.
• Not be misleading, deceptive or omit any material facts (especially when making comparisons).
• Balance your presentation to give equal emphasis to potential risks and potential rewards.
• Disclose all fees associated with the contract.

When handling your client’s money, you MUST:

• Send all money to the Home Office on the same day you receive it. Don’t hold money with the initial application for any reason.
• Not deposit a client’s payment into your account. If your client wants to pay in cash, direct him or her to purchase a money order or cashier’s check payable to Principal Life Insurance Company.
Suitability

In order to meet compliance regulations, prospects must be deemed suitable for the product. To purchase this contract, the prospect must possess the following:

• **A need for life insurance** — Despite the investment options of Benefit VUL II, your prospect must have a death benefit need to be suitable for this product.

• **An understanding of a variable life policy** — Your prospect must understand the changing nature and risks of investments and be able to tolerate those changes and risks in their life insurance policy.

• **An understanding of the investment options** — Your prospects must understand investment options and understand that you cannot make investment decisions for them.

• **A compatibility of investment decisions with personal goals and objectives** — Your prospect’s goals and objectives should be compatible with the nature of this product. The designated goals and objectives should be determined to be appropriate for your client’s income, age and wealth.

As a Registered Representative, you may help your clients answer which division choice(s) is best for them by:

• Explaining investment objectives and risks of the funds.

• Providing information about past performance, although past performance is not a guarantee of future results.

• Discussing investment goals and objectives uncovered in a financial strategies interview.

• Offering alternatives for your client to consider.

• Letting your client make the choice.
Producer compensation

Principal supports disclosure by agents and brokers of contingent compensation and has adopted an interim policy in this regard. Under the policy, agents and brokers are to provide the customer with written disclosure that they may receive contingent compensation (cash or otherwise) from the insurance carrier for the sale of the carrier’s product. The disclosure should take place before or at the time the customer signs the formal application. This policy applies whether the compensation is paid by Principal or another insurance carrier through Preferred Product Network, Inc. A sample disclosure form is available for use by brokers. Agents in the Principal Advisor Network are required to use the disclosure form.

The customer’s signature is required only when the agent or broker receives compensation directly from the customer in addition to the compensation the agent or broker receives from the insurance company. This does not include premium payments made payable to the insurance company by the customer.

If agents or brokers have questions about the disclosure policies, they should visit our financial professional website or call their RVP-NQ Plans.
All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. Policy guarantees and benefits are not backed by the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

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