Principal LifeTime portfolios

Investment options that strive to keep pace with life
Most of us need a little help when it comes to saving for retirement. If you’re like many, you may not have the time or interest in finding an appropriate asset allocation. Target date accounts try to solve for that by asking a primary question: When do you plan to retire?

With Principal LifeTime portfolios, you have a series of target date accounts that may help streamline investment decisions. Managing toward the target or retirement date, the series adjusts the asset allocation over time to help balance investment and participant risks. But also know you can elect from any of the target date accounts in the series.

Principal Lifetime portfolios offer some other potential benefits:

A diversified choice

A more actively managed portfolio

A sound, structured investment process
Take a closer look

Let’s say you choose the 2040 portfolio with approximately 20 years until retirement? Today the asset allocation looks a little more aggressive. But over time, the portfolio will gradually become more conservative.

**Principal LifeTime Portfolios**

Target allocations over time¹

<table>
<thead>
<tr>
<th>Allocation</th>
<th>50%</th>
<th>45%</th>
<th>40%</th>
<th>35%</th>
<th>30%</th>
<th>25%</th>
<th>20%</th>
<th>15%</th>
<th>10%</th>
<th>5%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Years to retirement</strong></td>
<td>50%</td>
<td>45%</td>
<td>40%</td>
<td>35%</td>
<td>30%</td>
<td>25%</td>
<td>20%</td>
<td>15%</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>% of total assets</strong></td>
<td>100%</td>
<td>90%</td>
<td>80%</td>
<td>70%</td>
<td>60%</td>
<td>50%</td>
<td>40%</td>
<td>30%</td>
<td>20%</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Target date (assumed retirement)</strong></td>
<td>52.15%</td>
<td>2.50%</td>
<td>29.45%</td>
<td>15.90%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Years after retirement</strong></td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

What if you decide to work longer? We’ve got that covered too. The asset allocations of the Principal LifeTime portfolios are managed for 15 years beyond retirement, so they provide an appropriate exit point whenever you decide to retire.

<table>
<thead>
<tr>
<th>Situation</th>
<th>Allocation³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant chooses the 2040 portfolio and has approximately 20 years until retirement.</td>
<td>Fixed Income</td>
</tr>
<tr>
<td>Participant reaches target retirement date. Along the way, the portfolio has become more conservative.</td>
<td>Fixed Income</td>
</tr>
<tr>
<td>Participant has been retired for 15 years. The portfolio reaches its final allocation.</td>
<td>Fixed Income</td>
</tr>
</tbody>
</table>

¹ As of October 31, 2018.
² There is exposure to real assets and alternative investment strategies through certain underlying funds.
³ As of October 2018. Allocations based on current allocation targets.

**Asset allocation and diversification do not ensure a profit or protect against a loss.**
Principal LifeTime portfolio allocations

**Principal LifeTime Strategic Income**
Participants may wish to consider this option if they’re approximately 15 years beyond normal retirement age.

**Principal LifeTime 2010**
Participants may wish to consider this option if they retired between 2008 and 2012.

**Principal LifeTime 2020**
Participants may wish to consider this option if retiring between 2018 and 2022.

**Principal LifeTime 2030**
Participants may wish to consider this option if retiring between 2028 and 2032.

**Principal LifeTime 2040**
Participants may wish to consider this option if retiring between 2038 and 2042.

**Principal LifeTime 2050**
Participants may wish to consider this option if retiring between 2048 and 2052.

**Principal LifeTime 2060**
Participants may wish to consider this option if retiring beyond 2057.

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4 As of October 2018. Allocations based on current allocation targets. They will change over time. No investment strategy, such as asset allocation or diversification, can guarantee a profit or protect against loss in periods of declining values.

For all portfolios the retirement age is assumed to be 65 years of age.

Additional target date accounts may be added to the Principal LifeTime portfolios series to accommodate plan participants with later normal retirement dates as they enter the workforce.

Asset allocation and diversification do not ensure a profit or protect against a loss.
Helping you reach the retirement you deserve

Principal LifeTime portfolios embrace a multi-asset class and multi-managed approach to cover a broad range of needs. Each portfolio follows three basic principles:

› Broad diversification across traditional and specialty asset classes.
› Disciplined risk management at each stage of the investment process.
› Professional investment managers representing a wide range of asset classes, investment styles and firms.

Investment management process

With the goal to provide superior outcomes, we regularly monitor each manager through our quantitative and qualitative due diligence process.

The investment management process includes four steps:

1. Selecting asset classes

Every asset class selected for the Principal LifeTime portfolios must meet certain eligibility requirements and have a specific role in the strategy including:

• Capital appreciation potential
• Current income generation
• Capital preservation
• Diversification characteristics
• Risk hedging characteristics

2. Designing informed glide paths

As each portfolio approaches its target date, the investment mix adjusts to become more conservative. The asset allocation for each portfolio is regularly readjusted for 15 years beyond the target date. Principal LifeTime portfolios assume the funds will be withdrawn gradually in retirement.

3. Constructing portfolios

The investment team identifies some asset classes they believe will provide the greatest opportunities to outperform their corresponding indexes through active management. They also identify asset classes less likely to outperform their indexes, after fees are taken into account, and represent those through passively-managed investment portfolios. The goal is to minimize portfolio volatility while maintaining positive returns.

4. Implementing strategic rebalancing

Finally, each asset class has a range to strategically rebalance the portfolios while maintaining sensitivity to transaction costs and market impact. The primary focus is to control and manage systematic risks, not to forecast short-term market trends.
Multiple investment managers of underlying asset classes

**About Principal®**

Principal helps people and companies around the world build, protect and advance their financial well-being through retirement, insurance and asset management solutions that fit their lives. Our employees are passionate about helping clients of all income and portfolio sizes achieve their goals — offering innovative ideas, investment expertise and real-life solutions to help make financial progress possible. To find out more, visit us at principal.com.

The investment managers used within Principal LifeTime portfolios can change at any time. This is just a sampling.
About Principal LifeTime portfolios

The Principal LifeTime portfolios, which are target date portfolios, invest in underlying Principal Funds. Each Principal LifeTime portfolio is managed toward a particular target (retirement) date, or the approximate date an investor starts withdrawing money. As each Principal LifeTime portfolio approaches its target date, the investment mix becomes more conservative by increasing exposure to generally more conservative investment options and reducing exposure to typically more aggressive investment options. The asset allocation for each Principal LifeTime portfolio is regularly readjusted within a time frame that extends 15 years beyond the target date, at which point it reaches its most conservative allocation. Principal LifeTime portfolios assume the value of an investor’s account will be withdrawn gradually during retirement. Neither the principal nor the underlying assets of the Principal LifeTime portfolios are guaranteed at any time, including the target date. Investment risk remains at all times.
Before investing, carefully consider the investment option objectives, risks, charges, and expenses. Contact a financial professional or visit principal.com for a prospectus or, if available, a summary prospectus containing this and other information. Please read it carefully before investing.

Before directing premiums to a variable life insurance policy, investors should carefully consider the investment objectives, risks, charges and expenses of the variable life insurance policy as well as their individual risk tolerance, time horizon and goals. For additional information contact us at 1-800-247-9988.

Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options. Fixed-income investment options are subject to interest rate risk; as interest rates rise their value will decline. Asset allocation does not guarantee a profit or protect against a loss. Additionally there is no guarantee this investment option will provide adequate income at or through retirement. Investing in real estate, small-cap, international, and high-yield investment options involves additional risks. High yield investment options are subject to greater credit risk associated with high yield bonds. Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.

Specialty investment options may experience greater volatility than investment options with a broader investment strategy due to sector focus. These investment options are not intended to serve as a complete investment program.

The risks associated with derivative investments include that the underlying security, interest rate, market index, or other financial asset will not move in the direction the Investment Adviser and/or Sub-Advisor anticipated, the possibility that there may be no liquid secondary market, the risk that adverse price movements in an instrument can result in a loss substantially greater than a fund’s initial investment, the possibility that the counterparty may fail to perform its obligations, and the inability to close out certain hedged positions to avoid adverse tax consequences.

International and global investment options are subject to additional risk due to fluctuating exchange rates, foreign accounting and financial policies, and other economic and political environments.

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