Principal®

Principal Indexed Universal Life Flex II℠

Help protect your future and save for the unexpected.

BB12042-03

What financial goals do you have?

Protecting your family or business

- Replacing your income?
- Paying off the mortgage and other debts?
- Transferring wealth to your family or protecting your business?

Saving for the unexpected

- Accessing a liquid source of cash that can be used for unplanned expenses?
- Gaining access to benefits if health changes?
- Safeguarding life insurance with optional guarantees?

Turn your financial goals into reality.

Life is often busy and always changing. One typical constant, though, is your desire to provide a more secure financial future for your family, or perhaps for your business. Maybe you've already started preparing. Don't worry if you haven't. It's not too late and we can help. Indexed universal life (IUL) insurance can help you build financial security for your family or business with the opportunity for financial growth to help plan for the unexpected.

In this brochure:

First, we'll look at how IUL insurance can help protect your family or business and help you save for the unexpected.

Next, we'll look at a hypothetical story and how IUL insurance helped a family achieve its financial goals.

Then we'll review some policy details, including how you can access income for a chronic illness, select among death benefit options for your beneficiaries, and customize your policy to meet unique needs.

Help protect your family or business.

The death benefit[1] provided through life insurance provides reassurance that when you pass away, the people who depend on you may still have some financial security. As long as you make regular payments to keep the policy active, it will provide protection for your lifetime.

Any benefit paid to beneficiaries is generally free of income and estate taxes. This provides tax-advantaged financial support to help them with the following:

- Remain in their current home where they're most comfortable.
- Pay off debts that could create a financial burden.
- Maintain their day-to-day lifestyle.
- Get the care they deserve if they're unable to care for themselves.

Safeguard your policy with an optional feature.

Your policy is designed to provide protection for as long as you need it and will remain in effect so long as there is enough value to cover the cost of the coverage. If you want to protect against the policy lapsing for any reason, you can add the **Extended No-Lapse Guarantee Rider[2]** to your policy. As long as you make sufficient payments, your coverage is guaranteed to remain in effect for a specific period of time regardless of the policy's performance.

[1] In exchange for the death benefit, life insurance products charge fees such as mortality and expense risk charges and surrender fees.

[2] Availability varies by state.

Save for the unexpected.

People buy life insurance with different objectives in mind:

Price focus. Some are interested in maximum protection within their budgeted payment amount without regard for any cash value.

Cash value focus. Others seek to gain not only protection, but also cash value for emergency expenses or to help reduce the amount of future payments for the policy.

Principal Indexed Universal Life Flex II℠ (IUL Flex II) helps you meet both objectives:

- **Valuable coverage** at a **reasonable cost**
- **Cash value that grows** based on upward movement of a stock market index giving you the power of market-linked growth potential
- A guaranteed minimum interest rate of 0% that helps **protect you from losses** (since the market index can go down as well as up).[3]

To learn more about how IUL insurance works, ask your financial professional for the **Introduction to Indexed Universal Life Insurance** brochure.

As your policy accumulates cash value on a tax-deferred basis, it's available to you should the need arise—possibly to help the kids pay college tuition or fund that kitchen upgrade you've been planning to do. Money withdrawn using either partial surrenders or policy loans is generally received income-tax free[4], so you'll get the full benefit of your cash value savings.

THE IUL INSURANCE ADVANTAGE:
Upside interest rate growth potential with downside interest rate protection

Note: IUL Flex II is not an investment in the stock market and does not participate in any index fund or equity investment. The index is strictly a measurement tool for interest.

[3] Policy charges are still assessed so your policy value can still decrease.

[4] Surrender charges and other policy charges may apply to distributions taken from the policy. If the policy is a Modified Endowment Contract, distributions may be subject to current income taxes.

Choose how the policy earns cash value.

Your cash value growth is driven by the interest-earning account(s) you direct premium payments to. You can allocate money to one or more of the accounts—the choice is yours.

Index-Linked Accounts. Interest is earned in part based on the movement of the linked stock market index. We offer two index-linked account options.

S&P 500® Price Return Index (excludes dividends). During a 12-month period, the beginning index value is compared to the ending index value, and the percentage change (subject to a cap and floor) is credited to your policy. This account can produce interest in many types of positive index movements.

S&P 500® Total Return Index (includes the value of reinvested dividends). During a 12-month period, the beginning index value is compared to the average of the ensuing 12 monthly index values, and the percentage change (subject to a cap and floor) is credited to your policy. This account can help smooth the impact of index volatility through averaging and reinvested dividends.

Consider indexed-linked accounts if you desire the following:

- Want a little greater growth potential than a fixed rate provides
- Are okay with an interest rate that will likely vary more than a fixed rate

The **S&P 500® Index** is widely considered one of the leading indicators of the U.S. stock market. It comprises many of the largest and well-respected companies in the U.S.

Fixed Account. Values held in this account earn a fixed rate of interest set by Principal. This rate can change occasionally but is guaranteed to never go below a minimum level.

Consider the Fixed Account if you like the security of having some portion of your cash value in an account earning a consistent, predictable rate of return.

A young family's story

A husband and his wife have two children.

He has life insurance through work—a death benefit of two times his salary. His wife works part-time with some benefits but no additional life insurance.

Their financial professional reviews the company-sponsored Term policy with him, which provides inexpensive short-term coverage. But the protection will increase in cost as he gets older, eventually expire, and doesn't build cash value.

He and his wife would like to supplement his Term insurance coverage. They realize they don't have enough life insurance coverage to take care of their family, and they would like the opportunity to reduce or stop his policy payments as he reaches retirement.

Their financial professional explains that IUL Flex can provide cost-effective protection for their family, and cash value growth potential may allow them to reduce their payments later.

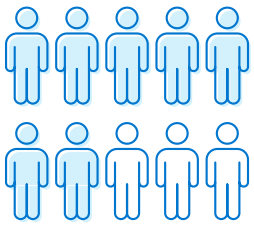
Hypothetical example only to demonstrate how IUL Flex II can work in practical situations. The example is for educational purposes and is not intended to be taken as a recommendation.

Gain access to resources in a time of uncertainty.

Your policy offers benefits to help you deal with some of the curveballs life throws at us.

Americans are living longer than ever before, but with this comes an increase in the chances of a chronic medical condition. While none of us like thinking about the possibility, being unprepared could cause financial hardship for you and your family.

Your policy can help offset the financial impact of a chronic illness through the **Chronic Illness Death Benefit Advance Rider.**[5] This benefit allows you, under certain conditions, to take an advance against your policy's death benefit (an accelerated benefit) and use it for your own needs.There's nothing extra you have to do to get the rider. It's automatically added to your policy as long as you qualify.



7 in 10 people age 65 and older will need **chronic illness care** later in life

Source: http://longtermcare.gov/the-basics/who-needs-care

What you should know about the Chronic Illness Death Benefit Advance Rider

- Each accelerated benefit payment reduces your policy's death benefit by the amount requested. An administrative fee is also applied.
- The accumulated value and policy surrender charges are reduced proportionately.
- Any outstanding loan is proportionately repaid from the proceeds of the accelerated benefit payment.
- Taking an accelerated benefit could be taxable, so consult with your personal tax advisor before making a claim.

[5] Availability varies by state. This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy does not provide long-term care insurance subject to California long-term care insurance law. This policy is not a California Partnership for Long-Term Care program policy. This policy or certificate is not a Medicare supplement (policy).

Choose your death benefit.

When you purchase your policy, you'll work with your financial professional to decide some key things:

- The amount of insurance that's right for you
- The amount and frequency of your payments
- Whether you want the death benefit to remain level or increase over time

We offer three death benefit options. The one you choose determines what your beneficiary will receive[6] and the cost of your policy.

Death benefit options

OPTION 1: The face amount plus premiums you've paid less withdrawals you've taken

OPTION 2: The face amount plus any accumulated cash value

OPTION 3: The face amount (the initial amount of your coverage)

If your situation changes over time, you'll have flexibility to raise or lower your death benefit amount[7] or premium payment amounts, within limits.

[6] The death benefit paid to your beneficiary would be reduced by any partial withdrawals, policy loans, or accelerated benefits taken.

[7] Increasing the face amount after policy issue may be subject to additional underwriting and surrender charges.

Customize your policy.

A package of base riders is automatically included on the policy as well as some optional riders.[8] A rider is an additional benefit added to the policy to expand or enhance your coverage. Your financial professional can help you identify the right mix for your unique needs.

BASE RIDERS: Automatically included on the policy, subject to state availability and qualification requirements, at no additional charge unless used.

Chronic Illness Death Benefit Advance Rider. Allows you to receive some of the death benefit early if diagnosed with a chronic illness.

Cost of Living Increase Rider. Helps you keep pace with inflation by allowing you to increase your insurance coverage with no additional underwriting.

Life Paid-Up Rider. Helps protect your policy from lapsing if you have a large policy loan, subject to the conditions of the policy.

Terminal Illness Death Benefit Advance Rider. Allows you to receive some of the death benefit early if diagnosed with a terminal illness.[9]

OPTIONAL RIDERS: May be added to your policy, subject to state availability, at a cost.

Extended No-Lapse Guarantee Rider. Ensures your policy will stay in effect for a certain time period, as long as sufficient premiums are paid. There's no explicit charge for this rider; however, electing the rider results in an increased policy charge to compensate for a longer guaranteed coverage period.

Salary Increase Rider. Provides you with the option to increase your insurance coverage to keep up with your rising salary. It's only available for business cases.

Waiver of Monthly Policy Charge Rider. Waives the monthly charges for your policy (not the full premium amount) if you become disabled.

What you should know about the Extended No-Lapse Guarantee Rider

After your lapse protection guarantee period has ended, it may be necessary to pay much higher premiums to keep your policy in force. And paying no more than the lapse protection guarantee premium amount may not allow you to take full advantage of your policy's potential cash value accumulation.

Policy changes can affect the length or existence of the extended no-lapse protection period, including the following:

- Changing the frequency, duration, and/or timing of payment
- Any planned unscheduled payment (known as Planned Additional Premium in Massachusetts) within the first policy year
- Receiving a loan or taking a partial surrender
- An outstanding loan exceeding accumulated value on any monthly date
- Making changes in face amount, death benefit option, or risk class
- Adding, deleting, or modifying a rider with a cost
- Exercising the right(s) under any rider
- Termination and/or reinstatement of the policy

Prior to making a payment or policy change, contact your financial professional.

A quick review

This type of insurance product may be a good fit if you have the following needs:

- Cost-effective life insurance with a balance of protection and cash value growth
- Desire a back-up plan to help with additional expenses in the event of a long-term medical condition
- Are comfortable with interest rates that likely will fluctuate more widely than those of a fixed interest rate product
- Value a policy that allows you to vary premium payment amounts or adjust the level of coverage, within limits, to adapt to changes in your financial situation

What happens next if I decide to purchase?

If IUL Flex II is the right choice for you, your financial professional will work with you to get started. Below is what you can expect next.

- You'll review an illustration to see how your policy might perform in different hypothetical scenarios based on the level of premium payment you're comfortable with.
- You'll complete an application.
- You'll begin the underwriting process. It may sound scary, but it's really not.
  - It's simply a way to determine an appropriate risk class for you based on factors such as your age, gender, current physical condition and medical history, financial background, personal habits, occupation, and relevant hobbies (such as aviation or scuba diving). Your risk class determines the cost of your insurance.
  - Depending on your personal situation, you may qualify for a faster underwriting process known as Principal Accelerated Underwriting℠, which means we gather less information from you, and the process is usually quicker.
- After you've been approved and we've received your initial payment, you'll receive your policy. It contains all the detailed information—kind of like the owner's manual for your car. Keep it somewhere safe.
- As a courtesy at the end of each policy year, you'll receive an annual statement.

Let's connect

Contact your financial professional today to learn more about IUL Flex II.

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 experience, and real-life solutions to help make financial progress possible. To find out more, visit us at **principal.com**.

[8] The policy rider description is not intended to cover all restrictions, conditions, or limitations that may apply. See the rider for full details. Riders are subject to state variations. Some riders may not be available in all states. Some riders may require additional premium. Riders issued by Principal Life Insurance Company are available in New York only.

[9] There is no charge to have the rider. However, the benefit is considered a lien against the policy and accrues interest, which will reduce the amount of death benefit paid to your beneficiary.

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Not for use in California.

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 obligations of, nor 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.

Principal National Life Insurance Company and Principal Life Insurance Company®, Des Moines, Iowa 50392

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The subject matter in this communication is educational only and provided with the understanding that Principal® is not rendering legal, accounting, investment, or tax advice. You should consult with appropriate counsel, financial professionals, and other advisors on all matters pertaining to legal, tax, investment, or accounting obligations and requirements.

Principal National Life Insurance Company Policy Form: ICC21 SN 166/SN 166, Rider Forms: SN 10, SN 11, SN 25, SN 38, SN 50, SN 54, ICC14 SN 92/SN 92, ICC14 SN 93/SN 93 and ICC14 SN 94/SN 94

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Not insured by any Federal government agency

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