



Principal Universal Life Flex IIISM

Deliver cost-effective protection with steady growth potential.

Product guide



Help clients turn their financial goals into reality.

Principal Universal Life Flex III (UL Flex III) offers individuals and business owners flexible coverage at a reasonable cost. Plus, the opportunity for cash-value growth can help clients prepare for the unexpected.

BENEFITS:

- Death benefit guarantees that offer protection to life expectancy and beyond.
- A liquid source of cash to use for unplanned expenses.
- Access to benefits for health issues.

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Ideal prospects

- Ages 45-75
- Have coverage needs of \$1 million or greater
- Seek long-term coverage without requiring lifetime guarantees

Top strategies

- Personal planning
- Key person protection
- Buy-sell strategies

What sets UL Flex III apart from other products?

UL Flex III features a lower policy charge structure that enables efficient cash-value accumulation—especially in policy years 10 through 30. It also offers:

- Premium and death benefit flexibility to meet evolving needs.
- Added protection with optional Extended No-Lapse Guarantee (ENLG) Rider offering coverage to the lesser of 35 years or age 95.
- Access to cash in the event of a chronic illness with an accelerated benefits rider automatically added to qualifying policies at no additional cost.
- Time-saving Principal Accelerated UnderwritingSM.

General policy information

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

Policy form number	ICC20 SN 146/SN 146; SF 1017 NY	
Issue ages	0-85, age nearest birthday rates. Principal® reserves the right to change the issue ages at any time in the future.	
Maturity age	Insured's attained age 121: • Charges continue to be deducted to attained age 121. • The maturity age is extended to the date of death with the maturity date extension provision.	
Surrender charge duration	• 19 years for issue ages up to age 60 • 18 years for issue age 61 • 17 years for issue age 62	• 16 years for issue age 63 • 15 years for issue age 64 • 14 years for issue ages 65 and older
Interest crediting method/guaranteed minimum rate	Portfolio; 1%	
No-lapse guarantee provision	• 10 years for ages 0-75 • 9 years for age 76 • 8 years for age 77	• 7 years for age 78 • 6 years for age 79 • 5 years for ages 80+
Policy loans	• The maximum loan amount is formula-driven. State variations may apply. • Loan charge rates (current and guaranteed): › Policy years 1-10: 2.5% › Policy years 11+: 1.5% › Extended coverage period: 1% • Loan crediting rate (current and guaranteed): › 1% in all years	
Unscheduled partial surrenders	• Available after the first policy anniversary. • \$500 minimum. • Up to two unscheduled partial surrenders are allowed per year. • The sum of the two partial surrenders is limited to 75% of the net surrender value as of the date of the first partial surrender.	
Preferred partial surrenders	• In policy years 2-15, preferred partial surrenders offer the ability to withdraw 10% of the net surrender value as of the end of the previous policy year without a subsequent decrease in face amount. Any excess amount withdrawn (which includes the transaction fee, if applicable) will be treated as a non-preferred partial surrender and will cause a reduction in the face amount for the excess amount.	

Preferred partial surrenders
(continued)

- The 10% does not carry over or accumulate if it is not used in any given year.
- Available only for Death Benefit Option 1.
- Preferred partial surrenders in any given year may not exceed \$100,000.
- Maximum lifetime preferred partial surrenders = \$250,000.

Scheduled surrenders and loans

- Surrenders are available beginning in the second policy year.
- Frequency payout options include monthly, quarterly, semi-annual, and annual.
- Surrenders are taken first until the cost basis of the policy has reached zero at which time scheduled loans will automatically begin.

Internal Revenue Code (IRC) Section 7702 testing

- Guideline Premium Test (GPT) is the illustrative default.
- Cash Value Accumulation Test (CVAT) is also available.

Key underwriting and policy issue information

Minimum fully underwritten issue amounts

Issue age	Underwriting class	Minimum face amount
0-17	Standard Non-Tobacco	\$25,000
18-19	Standard Tobacco & Non-Tobacco	\$25,000
20-85	Preferred/Standard Tobacco & Preferred/ Super Standard/ Standard Non-Tobacco	\$50,000
20-80	Super Preferred Non-Tobacco	\$50,000

- Gender-distinct and unisex rates are available.
- Term conversions: Minimum face of \$1,000 (conversions from Principal Life Term).

Minimum business underwritten issue amount:\$100,000 for all programs^[1]

Issue age	Business underwriting program	Minimum # of lives
18-70	Simplified Issue	5
18-70	Guaranteed Issue	10

¹ Business underwriting programs do not have surcharges. Cost of Insurance rates will reflect the full mortality for a case. There will not be any compensation reductions associated with business underwriting programs. All business underwriting programs require pre-approval.

Substandard ratings from Tables 2-16

Table 2 through Table 16 percentage ratings apply only to Standard class, not Super Preferred or Preferred.

Issue age	Substandard rating available
0-75	Table 2-16, plus flat extras
76-80	Table 2-6, plus flat extras
81-85	Table 2-3, plus flat extras

Policy dating	• Follows underwriting approval in the home office. • Issue date range: 1st -28th; if received on the 29th, 30th, or 31st, then date on the first of the following month. • Backdating is allowed for up to six months before the application date or the exam date, whichever is later. Fixed interest will be applied to backdated premium. Policies may not be backdated beyond the state approval date. State variations apply. • Cash upon delivery allowed.
Planned premium frequency options	• Annual • Semi-annual • Quarterly • Monthly pre-authorized withdrawal. The draw date is the same as the policy date. Flex draws are not available.

Accessing account values

Do your clients have a one-time cash need? Or maybe they want to receive income on a more regular basis. Their insurance policy can help.

Partial surrenders and/or policy loans can be used to withdraw values from the policy. Withdrawals are generally received free of income tax, so policy owners keep more of what they've earned.^[2] Plus, unlike other types of tax-deferred assets, there's no penalty for withdrawals prior to age 59½.^[3]

Taking a policy loan

This policy offers a fixed policy loan option. When a loan is taken, an account in the amount of the loan is established as collateral. Values are moved from the accumulated value to the loan account, where it is credited with a declared rate of interest.

Easy access for convenience

If receiving regular income payments is a client's objective, these three steps make it easy for them to get started and keep payments going:

- 1 | Decide** how often to receive payments.
- 2 | Complete** one short form, and send it to us.
- 3 | Forget about it.** Payments continue until either the client tells us to stop, or they've received all available policy value.



Tax-advantaged
income from
surrenders and loans

Note: Taking loans from the policy and not repaying them may result in the policy terminating by lapse. This would end coverage and could result in a tax liability. Clients should consult their personal tax advisor prior to requesting a loan.

² Distributions are generally tax-free as long as the cost basis is withdrawn first, and then loans are taken and the policy is in force at death.

³ As long as the policy is not a modified endowment contract (MEC).

Principal UnderRightSM

Our underwriters live by a simple philosophy—underwrite and over-perform.

We combine experience, service, and accessibility to help you deliver results that make a difference in your clients' lives every day:

- Competitive turnaround times and top-tier service
- Better insurance solutions for key employees with the Multi-Life Business Underwriting Program
- Faster and easier policy issue through Principal Accelerated Underwriting, with no lab testing or exams for applicants who qualify^[4]
- Ready access to your underwriter, plus dedicated case managers
- Reduction or elimination of ratings for healthy applicants through Healthy Lifestyle Credits^[5]
- More underwriting convenience for higher face amounts with Principal Business Solutions Enhanced Underwriting
- Elimination of low substandard ratings through the Risk Upgrade Program

Death benefit options (DBO)

	DBO 1	DBO 2	DBO 3 [*]
Death benefit paid	Face amount	Face amount + accumulated value	Face amount + cumulative premiums paid – surrenders
Description	• The accumulated value increases while the amount of pure insurance decreases, 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.

⁴ Applicants may qualify based on age, product, face amount, and personal history.

⁵ Earn up to two tables of credit that offset table ratings that have been assessed. To improve cases that are Standard risk or better, the insured must have only one knockout for build, blood pressure, or cholesterol, and have enough favorable factors for improvement. Ratings for cardiovascular disease, diabetes, and flat extras are excluded from the HLC. There are no limitations due to age, plan, or face amount.

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 satisfies us, subject to current underwriting guidelines.
- Changes after the maximum issue age are available, subject to current underwriting guidelines.

Death benefit option	Resulting face amount adjustment
DBO 1 to DBO 2	The face amount decrease will equal the accumulated value on the effective date of the change.
DBO 1 to DBO 3	Not permitted.
DBO 2 to DBO 1	The face amount increase will equal the accumulated value on the effective date of the change.
DBO 2 to DBO 3	Not permitted.
DBO 3 to DBO 1	The face amount increase will equal the amount by which the total premiums paid exceed partial surrenders up to the date of the change.
DBO 3 to DBO 2	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, or b) zero.

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 we determine and are allowed based on the following:

- Request is made on or after the first policy anniversary.
- Insured's age is 85 or less (age 70 for business underwriting programs and DBO changes that result in a face increase).
- The increase meets minimum face amount increase requirements shown on current data pages:
 - › Non-Guaranteed Issue minimum face amount increase = \$50,000.
 - › Guaranteed Issue, Batch, and Simplified Issue minimum face amount increase = \$10,000.
- Evidence of insurability is approved by our underwriting team, subject to guidelines then in effect.

Face amount decreases:

- Allowed on or after the first policy anniversary.
- Limited in years 2-5 to a cumulative 35% of original face amount at issue.
 - › The 35% limitation does not apply to DBO changes that reduce the face amount, or face amount increases resulting from partial surrenders.
- May not cause the face amount to fall below the required minimum face amount at issue.

Grace period

Without Extended No-Lapse Guarantee Rider (ENLG). If planned periodic premiums or additional premium payments are not made, you have not met the no-lapse guarantee test, and the net surrender 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.

With ENLG. When the net surrender value is insufficient to cover the monthly policy charge and the ENLG is not in effect, the policy will enter a 61-day grace period. If by the end of the grace period the minimum payment has not been received, the policy terminates. During the first policy year, the minimum payment is equal to three ENLG monthly premiums. After the first policy year, the minimum payment is equal to the lesser of the shortfall for the monthly policy charge test or the shortfall for the ENLG test.

If the insured dies during a grace period, we'll pay the death proceeds to the beneficiary(ies) subject to the death benefit of the policy.

Reinstatement

See the policy for reinstatement requirements.

Policy and surrender charges

Premium loads	• Current: 7% of premium in all years • Guaranteed: 10% of premium in all years
Monthly administration charges	Low band • Current: \$15 per month in all years • Guaranteed: \$20 per month in all years Mid- and high-band • Current: \$7.50 per month in all years • Guaranteed: \$10 per month in all years Monthly policy issue charge • Current: Per \$1,000 of face amount; varies by face amount band, age, gender, risk class, tobacco status in years 1-15 and existence or not of ENLG • Guaranteed: 125% of the current charge in all years
Rider charges	• Children Term Insurance • Chronic Illness Death Benefit Advance (discount at time of claim) • Life Paid-Up (applied at the time of rider activation) • Salary Increase (for rated insureds or if the benefit exceeds \$30,000) • Waiver of Monthly Policy Charge
Cost of insurance rates	Current • Low band: Up to and including \$100,000 • Middle band: \$100,001 through \$1 million • High band: \$1,000,001 or greater 2017 CSO, age nearest birthday, varies by age, gender, and risk class, tobacco/non-tobacco distinct
Surrender charges	• 19 years for issue ages 20-60; grades down to 14 years for issue ages 65 and older. • Applied to accumulated value upon full surrender or policy termination as described in the policy's grace period provision. • No surrender charge is deducted from death or maturity proceeds. • Table of maximum surrender charges is listed per policy year in the policy data pages. • Surrender charges vary based upon face amount, age at issue or adjustment, smoking status, and gender. • Any face amount increase carries its own surrender charge and surrender charge period.

Policy riders

The following riders may not all be available in all states, and the terms of each rider may differ by state. Please refer to state-specific rider forms.

Chronic Illness Death Benefit Advance Rider (ICC14 SN 92/SN 92)

Issue ages	20-75
Expiry age	Earliest of termination of policy, a requested face amount decrease occurring after accelerated benefits have been paid, exercising the Life Paid-Up Rider, receiving terminal benefits, or receipt of notification to cancel the policy.
Cost	There is no cost for this rider at issue. If the rider is exercised, a reduction factor is applied to the requested accelerated benefit amount. A \$150 administrative fee per claim is also applied.
Availability	Automatically added at issue for fully underwritten cases with issue ages 20-75. Not allowed on Table ratings 4 and higher, or permanent/temporary flat extras of \$7.51 or higher per \$1,000 and group or individual conversions. A maximum of two Chronic Illness Death Benefit Advance Riders are allowed per insured.
Benefit provided	Pays an accelerated death benefit upon the insured showing proof of chronic illness defined as either being unable to perform at least two of six Activities of Daily Living or having a cognitive impairment. - Each accelerated benefit reduces the policy's death benefit by the amount of the benefit. - Each of the following is reduced proportionately, as applicable: accumulated value, surrender charge, loan balance, no-lapse guarantee.
Lifetime maximum accelerated benefit	Lesser of 75% of the death benefit on initial election or \$2 million
Annual maximum accelerated benefit	Lesser of 25% of the death benefit on initial election, the annualized per diem acceleration, or the death benefit
Annual minimum accelerated benefit	Lesser of 10% of the death benefit on initial election, or \$10,000
Minimum residual death benefit	Greater of 25% of the death benefit on initial election, or \$10,000 face amount or death benefit

Extended No-Lapse Guarantee Rider (ICC17 SN 109/SF 979 NY)

Issue ages	20-80
Expiry age	This rider terminates on the first of exercising the Life Paid-Up Rider (over-loan protection), termination of the policy, or the maximum ENLG date.
Cost	There is no explicit cost for this rider; however, adding it will impact accumulated values.
Availability	At issue only. Once added, it cannot be removed. Not available with DBO 3.
Benefit provided	The ENLG Rider guarantees the policy will not enter a grace period on any monthly date prior to the lesser of 35 years or age 95 as long as the rider is in force and the ENLG is in effect. If elected on a policy, the ENLG Rider replaces the NLG provision.

Life Paid-Up Rider (over-loan protection) (SN 25/SF 933 NY)

Issue ages	0-85
Expiry age	Maturity (age 121)
Cost	If activated, there is a one-time charge applied to the policy's account value.
Availability	Added automatically at issue (not available in NY when policy is a MEC at issue).
Benefit provided	By making the policy paid up, this rider prevents the policy from lapsing due to a large loan. For the rider to be activated, loan indebtedness must be at least 92% of the surrender value (GPT) or 8% of the surrender value (CVAT), the insured must be age 75 or older, the policy must be in force for at least 15 years, and cumulative partial surrenders must equal or exceed total premiums paid.

Salary Increase Rider (SN 50/SF 893 NY)

Issue ages	20-64
Expiry age	Earliest of termination of the owner's policy, insured's attained age 65 , rejection of an increase, any decrease in insurance that causes the face amount to be less than the (insured's salary multiplied by the SIR multiplier) less other employer-purchased insurance, insured's leaving the employer, failure to provide updated salary information, or accelerated benefits being taken
Cost	There is a charge for the rider if the policy is rated or the rider benefit amount exceeds \$30,000.
Availability	Business cases only
Maximum lifetime	\$100,000
Maximum lifetime	\$1 million
Benefit provided	Allows the purchase of additional insurance without evidence of insurability as long as the policy and rider are in force and not in the grace period. - Increases are available annually while the insured is actively at work according to the rider terms. - Increases are only offered if the insured's salary has increased during the policy year. - The amount of the increase is a function of the insured's salary subject to the rider's maximum increase.

Terminal Illness Death Benefit Advance Rider (ICC14 SN 93/SN 93)

Issue ages	0-85
Expiry age	Maturity (age 121)
Cost	There is no cost to have this rider on the policy. A one-time administrative charge of up to \$150 may be imposed when the rider is exercised.
Availability	It is available to all policy owners and covers the insured. There are no special underwriting requirements. It may be added at any time.
Benefit provided	Pays an accelerated benefit upon insured showing proof of a terminal illness as defined in the policy rider form. • The accelerated benefit that may be received is the lesser of the Accelerated Benefits Cap shown on the current data pages, or 75% of the eligible face amount minus any outstanding policy loans, unpaid loan interest, and previously paid accelerated benefit, not to exceed \$1 million. • The accelerated benefit is considered a lien against the policy and accrues with interest. • At the time of death, the beneficiary receives the policy death benefit minus the benefit advance and applicable interest. • The minimum amount of any payment is \$500.

Waiver of Monthly Policy Charge Rider (SN 54/SF 898 NY)

Issue ages	0-59
Expiry age	Age 65 (unless on waiver claim)
Cost	There is a charge to have this rider on the policy. The cost of the rider is deducted on each monthly date.
Availability	It is available at issue or as an underwritten adjustment. A separate rating may additionally apply to the rider.
Benefit provided	If the insured is disabled as stated in the rider policy form, monthly policy charges for the policy benefits will be waived (or credited to the accumulated value if already deducted). • Benefits are limited for disability occurring after age 59. • A policy loan has the potential to lapse a policy during the waiver period even when monthly policy charges are being waived.

Underwriting riders

- Aviation Exclusion (SN 10/SF 612 NY)
- Hazardous Sports Exclusion (SN 11)

Customer service

We make it easy for policy owners to manage their policies.



Communications we send to policy owners include:

- Annual statements
- Premium notices



Online access

Policy owners have access to their policy information at **principal.com**. Using a personal login, they can:

- Update their mailing address
- Get policy values

A Personal Identification Number (PIN) is required to log on. A PIN may be obtained by calling 800-247-9988.



Telephone access

Policy information is also available to policy owners using our automated telephone system. They may call 800-247-9988 between 7 a.m. and midnight (Central Time) Sunday through Friday and 7 a.m. to 9 p.m. on Saturday to gain access.



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

Insurance products issued by Principal National Life Insurance Co. (except in NY) and Principal Life Insurance Company®, and the companies available through the Preferred Product Network, Inc., Plan administrative services offered by Principal Life. Referenced companies are members of the Principal Financial Group®, Des Moines, IA 50392.

Universal life insurance has fees and expenses that can impact its cost and cash value growth. If policy performance is less than expected, an increase in premium payments may be needed. This product may require more active management by the policyowner due to its flexibility and cash value component.

Guarantees are based upon the claims-paying ability of the issuing insurance company.

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