

Principal Executive Variable Universal Life IIISM



Offer solutions for businesses and their employees.

Product guide



Good for their **business**. Good for their **employees**.

Principal Executive Variable Universal Life IIISM (Executive VUL III) is designed to help your business clients finance solutions that can help the business recruit and retain top talent and prepare for planned and unplanned ownership transition events. The product is priced and built specifically for business use, and in addition to the death benefit it provides, it can also help with:

- Supplemental income
- Cash-flow management
- Deferring or minimizing taxes
- Liquidity

In this guide

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Ideal prospects

- Small and midsize businesses
- All business entity types

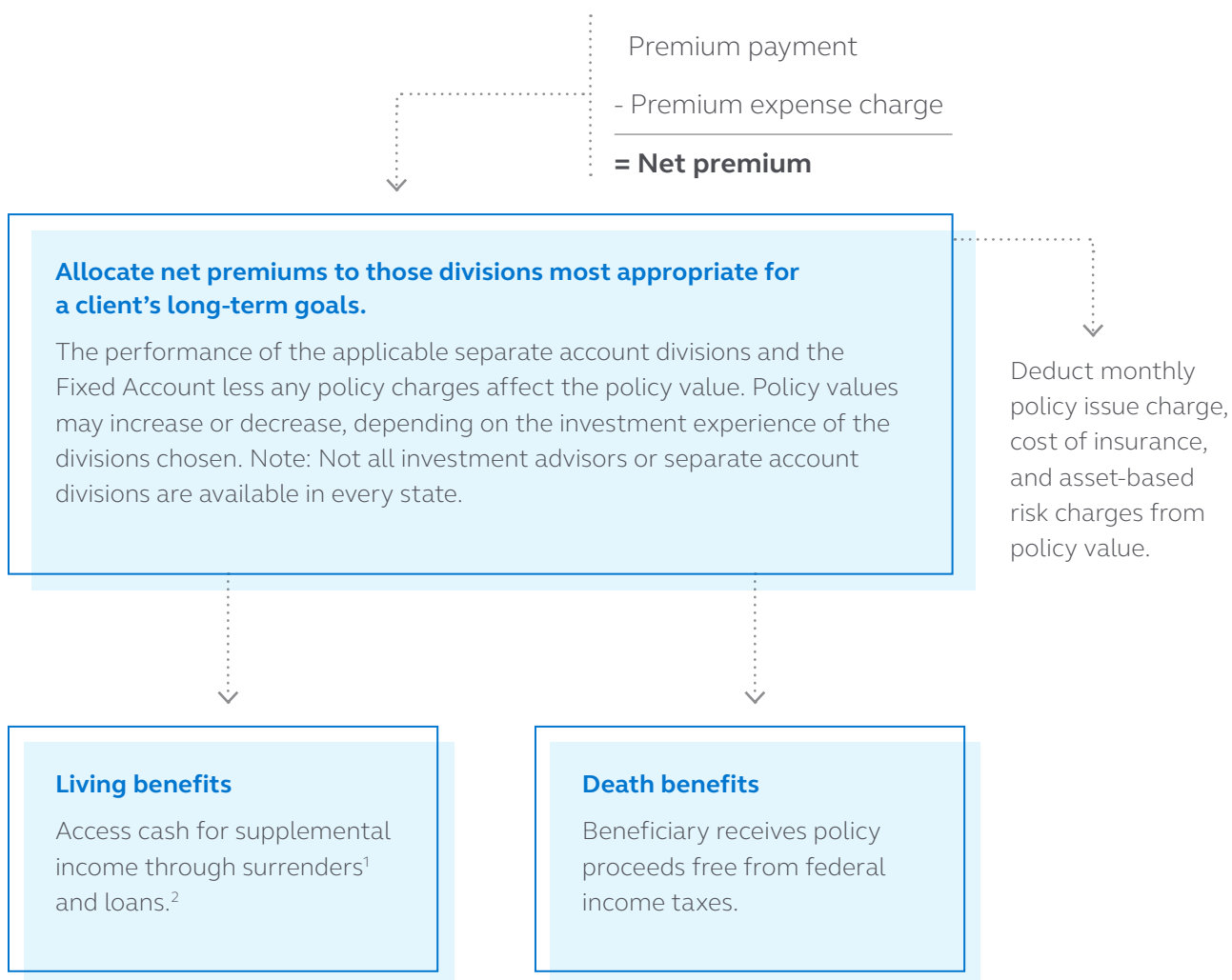
Top opportunities

- Key employee retention and retirement
- Business succession
- Business protection

Key features

- **Quality investment options.** Approximately 125 options are available featuring many well-known fund families and investment managers.
- **High early cash value flexibility.** The Enhanced Cash Surrender Value Rider boosts values in early policy years, based on an enhancement percentage the client chooses.
- **Zero net-cost loans after year 10.** What a great way to help provide attractive, long-term income streams out of the policy! Plus, they're contractual and guaranteed.
- **Death benefit guarantee to age 85.** Get guaranteed coverage to age 85 as long as the client satisfies the premium requirement.
- **Automated income.** Recurring distributions can be received by completing one form, one time. Distributions automatically switch from partial surrenders to loans when cost basis is exhausted and the Life Paid-Up Rider provides over-loan protection.
- **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.** Select from Principal Accelerated UnderwritingSM, full underwriting, and Simplified Issue/ Guaranteed Issue.

How Executive VUL III works



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.

Case requirements	<ul style="list-style-type: none"> • Business-owned or business-sponsored • Business use only • Minimum annual premium: \$10,000/case 	
Availability	Available in all states. In New York, the product is for nonqualified deferred compensation use only. It is not available for other business-owned/-sponsored sales situations. For specific variations between the NY and non-NY version, contact your Principal wholesaler, or review the sample policy form.	
Fully underwritten issue information	<ul style="list-style-type: none"> • Issue ages (age nearest birthday)/underwriting classes: <ul style="list-style-type: none"> • 20-75: Standard Non-Tobacco/Tobacco • 20-75: Preferred Non-Tobacco/Tobacco • Minimum face amount: \$100,000 (combined base + Supplemental Benefit amount) • Substandard ratings from Table 2-16 • Flat extras up to \$999.99 per thousand of total face amount 	
Principal Accelerated Underwriting	Issue ages/underwriting class: 20-60: Preferred Non-Tobacco/Tobacco	Maximum face amount: \$1 million
Business underwriting programs	<ul style="list-style-type: none"> • Guaranteed Issue: <ul style="list-style-type: none"> › Ages 20-70; Standard Non-Tobacco/Tobacco › Minimum lives: 10 	<ul style="list-style-type: none"> • Simplified Issue - Standard/Decline <ul style="list-style-type: none"> › Ages 20-70; Standard Non-Tobacco/Tobacco › Minimum lives: 5
Policy dating	<ul style="list-style-type: none"> • Follows underwriting approval in home office • Issue dated the 28th if received the 29th, 30th, or 31st • Cash on Delivery (COD) is allowed 	
Planned premium frequency options	<ul style="list-style-type: none"> • Annual • Semiannual 	<ul style="list-style-type: none"> • Quarterly • Monthly pre-authorized withdrawal
1035 Exchanges with outstanding loans	<ul style="list-style-type: none"> • Available on external and internal 1035 Exchanges. • The new loan will be subject to the terms, conditions, fees, and charges that apply to all loan transactions of the new policy. 	<ul style="list-style-type: none"> • The outstanding loan must be \$500 or greater. • The 1035 Exchange proceeds, plus the loan amount, cannot exceed the guideline single premium amount.
Guaranteed interest rate for Fixed Account	Policies issued on or after 12/15/21: 1%	Policies issued prior to 12/15/21: 2%
Maturity age	Insured's age 121	

Policy riders

All riders are subject to state variations and availability. For complete descriptions of these riders, view Executive VUL III policy rider forms.

Change of Insured Rider (ICC18 SN 112/SN 112, SF 995 NY)

Benefit provided	<ul style="list-style-type: none">• Allows the insured to be changed, with evidence of insurability, assuming the following:<ul style="list-style-type: none">› The original and current policy owner is the same.› The policy is in force and is not in a grace period.› The proposed new insured is age 69 or less on the change of insured date.
Additional details	<ul style="list-style-type: none">• The total face amount and policy value will remain the same and the following will be changed on a point-in-scale basis:<ul style="list-style-type: none">› Premium expense charge› Monthly policy issue charge› Asset-based charge› Enhanced cash surrender value rider› Loan balance• Changing the insured could create a taxable event. Clients should consult with their tax advisor prior to making a change.• This rider expires following the insured's 70th birthday.

Death Benefit Guarantee Rider (ICC18 SN 113/SN 113, SF 986 NY)

Benefit provided	Guarantees the policy will not lapse before age 85, as long as the cumulative death benefit guarantee premium requirement is met.
Additional details	<ul style="list-style-type: none">• There is no charge for the rider, and it's automatically added at issue.• The death benefit guarantee premium requirement on each monthly date is met if (1) is equal to or greater than (2) where:<ul style="list-style-type: none">(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 following occurs:<ul style="list-style-type: none">› 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.• Rider premium rates vary by gender, age, tobacco status, and any substandard rating.• This rider terminates when the policy terminates and may not be reinstated.• This rider cannot be added after policy issue.

Enhanced Cash Surrender Value Rider (ICC18 SN 116/SN 116, SF 988 NY)

Benefit provided	This rider provides high, early-year cash surrender values. It pays the Net Policy Value plus an additional amount if the policy is surrendered in full.		
Additional details	<ul style="list-style-type: none">• The additional amount is only available upon full cash surrender not associated with replacement or 1035 Exchange.• If the policy is assigned or if the owner changes, this rider terminates (some exceptions apply).• The additional amount is calculated based on two factors:<ul style="list-style-type: none">‣ First, the applicable additional payment percentage for a given year is found in the schedule below.‣ Then, the additional payment percentage is multiplied by the Enhanced Cash Surrender Value Rider (ECSVR) enhancement factor selected at policy issue.• ECSVR enhancement factor options available for all Executive VUL III policies are: 50%, 25%, and 0%.• For cases with at least \$250,000 annual premium AND that are corporate-owned, two additional ECSVR enhancement factor options are available: 75% and 100%.		
	<div><div>Additional payment percentage (Percentage of the sum of premium received less partial surrenders)</div><div><table><tr><td><ul style="list-style-type: none">• <i>Policy year 1:</i> 8.15%• <i>Policy year 2:</i> 9.50%• <i>Policy year 3:</i> 9.40%• <i>Policy year 4:</i> 9.00%• <i>Policy year 5:</i> 8.40%• <i>Policy year 6:</i> 7.50%• <i>Policy year 7:</i> 6.50%</td><td><ul style="list-style-type: none">• <i>Policy year 8:</i> 5.50%• <i>Policy year 9:</i> 4.75%• <i>Policy year 10:</i> 4.00%• <i>Policy year 11:</i> 3.00%• <i>Policy year 12:</i> 2.00%• <i>Policy year 13:</i> 0.90%• <i>Policy year 14+:</i> 0.00%</td></tr></table></div></div>		<ul style="list-style-type: none">• <i>Policy year 1:</i> 8.15%• <i>Policy year 2:</i> 9.50%• <i>Policy year 3:</i> 9.40%• <i>Policy year 4:</i> 9.00%• <i>Policy year 5:</i> 8.40%• <i>Policy year 6:</i> 7.50%• <i>Policy year 7:</i> 6.50%
<ul style="list-style-type: none">• <i>Policy year 1:</i> 8.15%• <i>Policy year 2:</i> 9.50%• <i>Policy year 3:</i> 9.40%• <i>Policy year 4:</i> 9.00%• <i>Policy year 5:</i> 8.40%• <i>Policy year 6:</i> 7.50%• <i>Policy year 7:</i> 6.50%	<ul style="list-style-type: none">• <i>Policy year 8:</i> 5.50%• <i>Policy year 9:</i> 4.75%• <i>Policy year 10:</i> 4.00%• <i>Policy year 11:</i> 3.00%• <i>Policy year 12:</i> 2.00%• <i>Policy year 13:</i> 0.90%• <i>Policy year 14+:</i> 0.00%		

Life Paid-Up Rider (ICC18 SN 114/SN 114, SF 934 NY)

Benefit provided	<p>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:</p> <ul style="list-style-type: none"> • Loan balance requirement must be met. • Insured must be at least age 75. • Policy must be in force for at least 15 years. • Total partial surrenders must equal or exceed total premiums paid.
Additional details	<p>There is a one-time charge when the rider is exercised, depending on the life insurance test used:</p> <ul style="list-style-type: none"> • Current: <ul style="list-style-type: none"> › 5.5% charge against policy value when loan balance is 92% of surrender value (Guideline Premium Test) › 7.5% charge against policy value when loan balance is 90% of surrender value (Cash Value Accumulation Test) • Guaranteed: <ul style="list-style-type: none"> › 7.5% charge against policy value when loan balance is 92% of surrender value (Guideline Premium Test) › 13.5% charge against policy value when loan balance is 90% of surrender value (Cash Value Accumulation Test) <p>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.</p>

Supplemental Benefit Rider (ICC18 SN 115/SN 115, SF 987 NY)

Benefit provided	Offers funding design flexibility by allowing the total death benefit to be a blend of term and basic insurance.
Additional details	<ul style="list-style-type: none"> • Target premium is based on the base insurance amount only. • Can be added only at policy issue. • Premium sales charges are deducted from the premium up to target. • Premium charge for federal and state taxes are deducted from the entire premium in all years and is unaffected by adding the term rider. • Term can account for between 10% and 90% of total death benefit. • 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)

	Death benefit option 1	Death benefit option 2	Death benefit option 3
Death benefit paid	<ul style="list-style-type: none"> • Face amount 	<ul style="list-style-type: none"> • Face amount + accumulated value 	<ul style="list-style-type: none"> • Face amount + cumulative premiums paid – surrenders
Description	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.

DBO change	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, and 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

- Approved at a risk class determined by us and are allowed based on the following:
 - › 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.
- If the Supplemental Benefit Rider is present, the total face amount adjustment will be prorated between the base policy face amount and the Supplemental Benefit Rider amount.
- 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 the Supplemental Benefit Rider is present, the total face amount adjustment will be prorated between the base policy face amount and the Supplemental Benefit Rider amount.
- 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 for policies issued on or after 12/15/21

Charge	Policy year	Current	Guaranteed
Sales load (% of premium up to target 1*)	1	3.50%	7.75%
	2-7	7.50%	7.75%
	8+	3.75%	3.75%
Sales load (% of premium in excess of target 1 to target 2**)	1-2	3.50%	3.75%
	3+	0.50%	3.75%
Sales load (% of premium in excess of target 2**)	1	3.50%	3.75%
	2+	0.50%	3.75%
State and DAC tax	All	3.25%	3.25%
Asset-based charge***	1-5	0.35%	0.35%
	6-15	0.35%	0.35%
	16+	0.35%	0.35%

Policy charges for policies issued prior to 12/15/21

Charge	Policy year	Current	Guaranteed
Sales load (% of premium up to target 1*)	1	3.00%	6.50%
	2-7	6.50%	6.50%
	8+	2.50%	3.00%
Sales load (% of premium in excess of target 1 to target 2**)	1-2	3.00%	3.00%
	3+	0.50%	3.00%
Sales load (% of premium in excess of target 2**)	1	3.00%	3.00%
	2+	0.50%	3.00%
State and DAC tax	All	3.25%	3.25%
Asset-based charge***	1-5	0.35%	0.35%
	6-15	0.30%	0.35%
	16+	0.25%	0.35%

* Target 1 = Target with Supplemental Benefit Rider (base face amount per 1,000 x commission target premium rate).

** Target 2 = Target without Supplemental Benefit Rider (total face amount per 1,000 x commission target premium rate).

*** Applied to the net policy value (i.e., value in divisions). Applicable asset-based charge = asset-based charge - (1 - ECSVR enhancement factor) * asset-based charge. The ECSVR enhancement factor doesn't impact the guaranteed asset-based charge.

Monthly policy issue charge

Varies by gender, age, tobacco status, risk class, business underwriting program, and presence of Supplemental Benefit Rider.

Cost of insurance

2017 CSO rates are based on gender, issue age, duration since issue, tobacco status, and insured's risk class.

Surrender charges

There are no surrender charges.

Monthly policy charge

The sum of the cost of insurance, monthly policy issue 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 as follows:

- 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 for policies issued on or after 12/15/21 (current and guaranteed)

Policy years	Interest rate charged	Interest rate credited ³	Net loan cost
1–10	3.00%	2.00%	1.00%
11+	2.00%	2.00%	0.00%

Policy loans for policies issued prior to 12/15/21 (current and guaranteed)

Policy years	Interest rate charged	Interest rate credited ³	Net loan cost
1–10	5.00%	4.00%	1.00%
11+	4.00%	4.00%	0.00%

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.

³ Interest rate credited is net of the asset-based risk charge. Maximum loan amount is 90% of Net Surrender Value.

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 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% 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% will be considered non-preferred partial surrenders, thus the face amount must decrease or underwriting is required.
- The 10% 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.

Scheduled surrenders and loans (SSLs)

- Need only be requested once by the owner.
- Not allowed in the first policy year.
- There is no minimum amount.
- Payout options include monthly, quarterly, semi-annual, and annual.
- Periodic amounts will be determined on the policy anniversary. Options include the following:
 - › Percentage of net policy value as of the most recent policy anniversary
 - › Fixed amount
 - › Maximum amount
- Partial surrenders are taken first until policy cost basis has reached zero, then policy loans begin.
- If DBO 2 or DBO 3 is in effect, unless requested otherwise, we will switch the policy to DBO 1 prior to the start of SSLs.
- The scheduled partial surrender may not be greater than 90% of the net policy value upon the effective date of the partial surrender.

- Scheduled partial surrenders may not reduce the face amount below the minimum.
- If the policy has DBO 1 and the total death benefit equals the face amount, the face amount is reduced on the first monthly date a scheduled partial surrender is effective on each subsequent policy anniversary. The total face amount may also be reduced on the monthly date any change to a scheduled partial surrender is effective. The total face amount is reduced by the amount of total scheduled partial surrenders planned in each policy year that are not considered preferred partial surrenders.
- If the policy has DBO 2, the total face amount is not reduced by partial surrenders.
- If the policy has DBO 3 and the death benefit equals the total face amount, the total face amount is reduced on the first monthly date a scheduled partial surrender is effective and on each subsequent policy anniversary. The total face amount may also be reduced on the monthly date any increase to a scheduled partial surrender is effective. The total face amount is reduced by the lesser of (a) or (b) where:
 (a) is the scheduled partial surrender amounts planned for that policy year; and
 (b) is the greater of (1) the amount that total partial surrenders exceed total premiums paid, or (2) zero.
- If the death benefit does not equal the total face amount because the policy is within corridor, the death benefit due to corridor decreases first, meaning the total face amount reduction will be less than the scheduled partial surrender amount.

Investment options

Policy values

This product is subject to market risk, including potential loss of principal. Its policy values vary according to daily market values.

- 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, Fixed 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.

Tax-free transfers

Transfers from an investment account

Using scheduled or unscheduled transfers, policy owners may move money from one separate account division to another or to the Fixed Accounts without incurring tax liability.

Unscheduled transfer details

- May be made from one division to another division and/or Fixed Account.
- We have the right to impose a \$25 transfer fee for each one after the first one in a policy month.
- There is no charge for the first transfer in a policy month. We may charge \$25 per transaction for subsequent transfer in the month.

Scheduled transfer details

- May be made from one division to one or more other divisions.
- May not be made from a division to the Fixed Account.
- The policy owner chooses the investment divisions, dollar amount, and timing of the transfers.
- There is no transfer fee or charge for participation in the scheduled transfer program.
- Automatic transfers may be made on a recurring basis, where:
 - › The transfer amount is:
 - An amount selected by the policy owner; or
 - A percentage of the division value as of the date specified.
 - › Transfers continue until the division has a zero balance or we receive notice to stop them.
 - › We reserve the right to limit the number of divisions from which simultaneous transfers are made.

Transfers from the Fixed Account

Transfers from the Fixed Account to divisions may be made using either scheduled or unscheduled transfers (with some limitations). The policy owner may not make both an unscheduled and scheduled transfer in the same calendar year.

Unscheduled transfer details

- One transfer from the Fixed Account to a division(s) may be made during the first 30 days of each calendar quarter.
- In each calendar year, transfers may not exceed:
 - › Fixed Account value as of Dec. 31 of the previous year if \$5,000 or less;
 - › \$5,000 if the Fixed Account value as of Dec. 31 of the previous year is \$5,000-20,000; or
 - › 25% of the Fixed Account value as of Dec. 31 of the previous year if value is greater than \$20,000.
- The dollar amount or percentage to be transferred must be specified.

Scheduled transfer details

- Election of transfers may be made any time following the end of the examination offer period. Once made, election is irrevocable.
- Fixed Account value must be at least \$20,000 when transfers begin.
- Transfers to divisions will be made in the proportions used for premium payment allocation.
- During the transfer period, the policy owner may not:
 - › Make unscheduled transfers out of the Fixed Account; or
 - › Make transfers and premium payment to the Fixed Account.
- Transfers will be effective as of the valuation period during which we receive the request. They will be made according to the following schedule:
 - › First transfer will be 25% of Fixed Account value.
 - › 12 months from the first transfer, 33% of Fixed Account value.
 - › 24 months from the first transfer, 50% of Fixed Account value.
 - › 36 months from the first transfer, the balance of Fixed Account value.
- If on any transfer date, Fixed Account value prior to the transfer is \$5,000 or less, the entire value will be transferred.

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

Executive VUL III 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 Executive VUL III with your prospect, you MUST meet these requirements:

- 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 meet these requirements:

- Deliver the prospectus before or at the time of the presentation.
- Identify your broker/dealer.
- Properly disclose the life insurance components and do not overemphasize the investment aspects of the product.
- Don't 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.
- Don't make any guarantees of future fund performance.
- Don't 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 do the following:

- 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.
- Don't 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

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 Executive VUL III, 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 doing the following:

- 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



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

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