

Principal Variable Universal Life Income IVSM

Offer clients protection, growth, and income

Product guide

Life is variable. So are your clients' protection and accumulation goals

Business owners, their key employees, and other high-income earners want to protect their business and family members. Life insurance is one way to help provide financial stability for the business and family at a time when it's needed most. These individuals are also commonly faced with a challenge to save enough for retirement. Contribution limits to traditional retirement saving plans make it difficult for these individuals to put away as much as they need to maintain their standard of living in retirement.

Principal Variable Universal Life Income IV (VUL Income IV) insurance can help your clients supplement their retirement income with:

- Tax-free death benefit to the beneficiary
- Tax-advantaged cash value access
- Tax-deferred growth and tax-free transfers
- Asset and tax diversification

In this guide

Introduction	2	Accessing policy values.....	17
How VUL Income IV works	4	Investment strategies and risk.....	19
General policy information	5	Tax-free transfers	21
Underwriting and issue.....	6	Investment allocations.....	23
Policy riders.....	7	Customer service.....	24
Death benefit options	13	Compliance	25
DBO changes.....	14	Suitability.....	26
Face amount adjustments	15	Completing applications.....	27
Policy charges	16		



Call the National Sales Desk today at 800-654-4278 or your life RVP.
Visit us at **advisors.principal.com**.



Ideal prospects

- Ages 30–55
- Business owners, key employees, and their family members with household income greater than \$100,000 per year
- Individuals currently or planning to max out their 401(k) plans and can no longer qualify for a Roth IRA to supplement their retirement income

Top strategies

- Supplemental retirement solutions for businesses:
 - › Bonus plans
 - › Nonqualified deferred compensation plans
 - › Individual retirement plans for business owners, key employees, or their family members

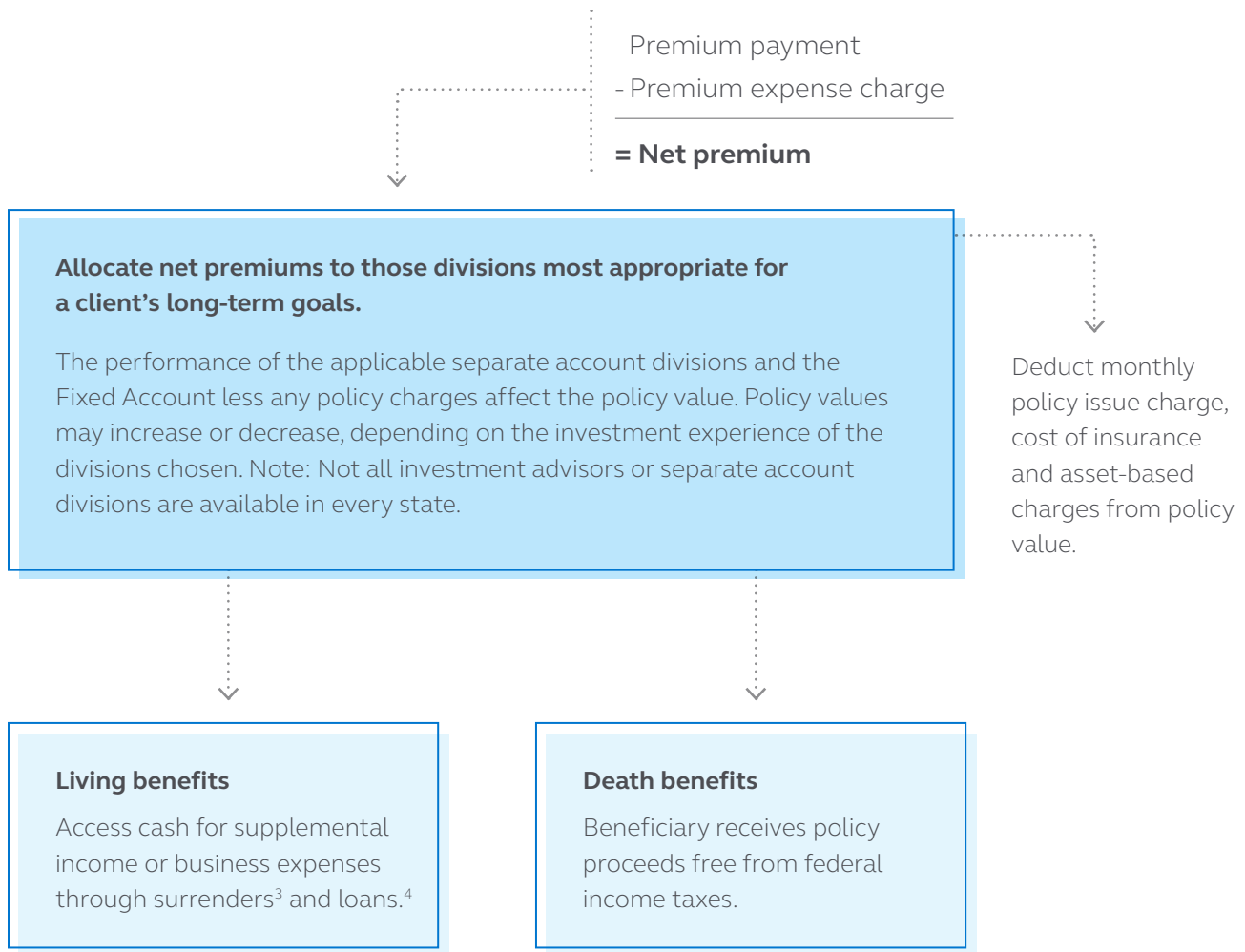
Key features

- **Automated income platform.** We've automated all of the processes involved in providing your clients with ongoing distributions, from starting payments to triggering over-loan protection, so you and your clients can focus on what really matters.
- **Account value enhancement.**¹ Rewards long-term policy ownership with non-guaranteed interest rate credit beginning in policy year 11.
- **Two Dollar Cost Averaging (DCA) accounts.** Enhanced interest rate six- and 12-month accounts allow your clients to potentially achieve a lower average share price over the DCA period.
- **Principal Accelerated UnderwritingSM.** Offers speed and convenience with no lab tests or paramed exams for those who qualify.²
- **Quality investment options.** More than 70 investment options are available featuring many well-known fund families and investment managers.
- **Death benefit guarantee.** Get guaranteed coverage to age 65 as long as the client satisfies the premium requirement.
- **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).)
- **Zero net-cost loans after year 10.** What a great way to help provide long-term income streams out of the policy. Plus, they're contractual and guaranteed.
- **Death Benefit Option 3 for added versatility.** In addition to standard options one and two, clients get a third option, which pays the policy face amount plus total premium paid less withdrawals.

¹ Not available in New York.

² Principal Accelerated Underwriting is an expedited program offered by Principal Life Insurance Company®. Applicants may qualify based on age, product, face amount, and personal history.

How VUL Income IV works



³ Surrender proceeds are reduced by any applicable surrender charges.

⁴ 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.

Fully underwritten issue information	Issue ages (Age Nearest Birthday)/underwriting classes: 0–85: Standard Non-Tobacco 18–85: Standard Tobacco 20–85: Preferred Non-Tobacco/Tobacco 20–80: Super Preferred Non-Tobacco	Minimum face amount: \$100,000
	<ul style="list-style-type: none">• Substandard ratings from Table 2–16• Table 2–16 percentage ratings apply only to Standard class, not to Preferred/Super Preferred classes.	
Underwriting programs	<ul style="list-style-type: none">• Guaranteed Issue/Simplified Issue (not available in NY)• Business Solutions Enhanced Underwriting Program	<ul style="list-style-type: none">• Principal Accelerated Underwriting• Risk Upgrade Program
Policy dating	<ul style="list-style-type: none">• Follows underwriting approval in home office• Issue dates: 1st–28th; dated the 28th if received the 29th–31st• Cash on delivery (COD) allowed	
Allocation of initial premium	<ul style="list-style-type: none">• In states that require a full refund of premium, the net premiums are allocated to the Money Market division along with any additional premium received at the home office during the examination period. Money is automatically transferred to the divisions allocated or the Fixed Account on the day following the examination period.	<ul style="list-style-type: none">• In states that don’t require a full refund, the net premium will immediately be allocated to the applicable division(s) as directed in the application, unless other directions are provided.• Effective date will follow underwriting approval.
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.• Must exchange into a new-issue Principal® policy.• 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.• The loan amount cannot exceed 90% of the net surrender value.
Maturity age	121	
Guaranteed interest rate for Fixed Account	Policies issued 12/15/2021 and later: 1%	Policies issued prior to 12/15/2021: 2%
Surrender charge duration	10 years	

Principal UnderRightSM

Our innovative team approach provides large-case and business-case expertise, competitive underwriting, and service you can count on.

- Accessible and knowledgeable underwriters who specialize in personal service for each case.
- Risk Upgrade Program — Potentially improve ratings of Table 2 or a flat extra of \$2.50 per \$1,000 to Standard on select impairments and non-medical risks
- Accelerated Underwriting—Up to \$3 million of coverage (\$2.5 million at older ages) in as little as 24 hours.
 - › Eliminates the need for lab testing and paramed exams for those who qualify.⁵
- Business Solutions Enhanced Underwriting offers streamlined underwriting for qualifying cases up to \$50 million
- A balanced approach to Preferred:
 - › Favorable factors may offset adverse factors.
 - › Tobacco/Non-Tobacco rates
 - › Cigar use of 12 or fewer cigars in previous 12 months and a negative nicotine test will qualify at Non-Tobacco rates.⁶
- TeleApp convenience
- Business underwriting programs⁷
 - › Guaranteed Issue
 - › Simplified Underwriting, Standard Decline, and TeleApp

⁵ Applicants qualify based on product, age, face amount, and personal history.

⁶ Subject to change.

⁷ Subject to state variations. May not be available in all states.

Policy riders

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

Change of Insured Rider (SN 58/SF 852 NY, SF 852 NY U)

Issue ages	20–69
Expiry	Insured's age 70
Cost	There is no charge for this rider.
Availability	<ul style="list-style-type: none">• Business cases only.• May be added at or after policy issue.• Not available in Missouri.
Benefit provided	<ul style="list-style-type: none">• Allows the insured to be changed, with evidence of insurability, assuming:<ul style="list-style-type: none">– The original and current policy owner are 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– Loan balance– Compensation• Surrender charges will be replaced with a new schedule based on the new insured's age as of the policy date. The surrender charge period does not change.• If there is a gain in the policy, changing the insured is considered a taxable event, as if the policy was surrendered.

Chronic Illness Death Benefit Advance Rider* (ICC19 SN 119/SN 119)

Issue ages	20–75
Expiry	<p>Earliest of:</p> <ul style="list-style-type: none"> Termination of policy Receiving terminal benefits Exercising the Life Paid-Up Rider 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	<ul style="list-style-type: none"> 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. A maximum of two Chronic Illness Death Benefit Advance Riders are allowed per insured. Not available in New York.
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, or the annualized per diem acceleration as defined in the rider divided by the accelerated benefit reduction factor.
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.

Cost of Living Increase Rider (SN 59/SF 853 NY)

Issue ages	20–52
Expiry	Insured's age 55
Cost	There is no charge for this rider.
Availability	<ul style="list-style-type: none"> Automatically added to policies with a risk class of Standard or better. Not available if Surrender Value Enhancement or Salary Increase riders are present. Not available with Simplified Issue or Guaranteed Issue underwriting.
Benefit provided	Offers increases in the policy's face amount every three years without requiring evidence of insurability to the insured's age 55.
Additional details	When exercised, the monthly policy charge and surrender charge will be increased to reflect the larger face amount.

* For policies issued in California, please refer to policy rider SN 119 CA for variations on Chronic Illness terms, conditions, and limitations.

Death Benefit Guarantee Rider (SN 60/SF 854 NY)

Issue ages	20–55
Expiry	End of the guarantee period
Cost	There is no charge for this rider.
Availability	<ul style="list-style-type: none">• Automatically added at policy issue for ages 20–55 if the premium at issue equals or exceeds the death benefit guarantee premium.• Cannot be added after policy issue.
Benefit provided	Guarantees the policy will not lapse prior to the guarantee age of 65 as long as the cumulative death benefit guarantee premium requirement is met.
Additional details	<p>The death benefit guarantee monthly premium may change if:</p> <ul style="list-style-type: none">• The policy face amount is increased or decreased (not due to DBO changes or partial withdrawals).• The death benefit option is changed.• A rider with a cost is added or removed.• The substandard rating is changed.• The smoker status is changed.

Life Paid-Up Rider (SN 63/SF 934 NY)

Issue ages	20–85
Expiry	Policy maturity
Cost	<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"> • Guideline Premium Test: <ul style="list-style-type: none"> – Current charge: 5.5% of the policy value – Guaranteed charge: 7.5% of the policy value • Cash Value Accumulation Test: <ul style="list-style-type: none"> – Current charge: 9.5% of the policy value – Guaranteed charge: 13.5% of the policy value
Availability	Automatically added to all policies.
Benefit provided	<p>Guarantees the policy will not lapse due to an outstanding loan, as long as certain conditions are met, by converting the policy to a reduced paid-up policy.</p> <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>
Additional details	<p>In order for the rider to activate, all of the following conditions must be met:</p> <ul style="list-style-type: none"> • Loan balance must be at least 92% of the surrender value. • Insured must be age 75 or older. • Policy must have been in force for at least 15 years. • Total partial surrenders must equal or exceed total premiums paid.
Hypothetical example	<p>Insured: Pat Smith, age 80, has a VUL Income IV insurance policy.</p> <ul style="list-style-type: none"> • Pat has been taking income from his policy using partial surrenders and loans since age 65. • Due to the low net surrender value and potential market volatility, his policy is at risk of lapsing. <p>Since all of the conditions for the Life Paid-Up Rider have been satisfied, the rider activates. Below is a summary of the effects of the rider:</p> <p>Before the Life Paid-Up Rider is exercised:</p> <ul style="list-style-type: none"> • Face amount: \$1 million • Policy value: \$500,000 • Loan balance: \$460,000 (92% of policy value) • Net surrender value: \$40,000 • DBO 1 <p>After the Life Paid-Up Rider is exercised:</p> <ul style="list-style-type: none"> • Policy value: \$500,000 • Loan balance: \$460,000 (92% of policy value) • One-time policy charge: \$27,500 (5.5% of policy value) • Remaining policy value: \$472,500 (Policy value minus one-time policy charge) • New face amount: \$496,125 (\$472,500 x 105%) • DBO 1 <p>The loan balance remains outstanding and continues to be charged interest. Any death proceeds paid are reduced by total loan indebtedness.</p>

Salary Increase Rider (SN 65)

Issue ages	20–64
Expiry	Terminates at the first of: <ul style="list-style-type: none"> • Insured's age 65 • Rejection of an increase
Cost	There is a charge if the policy is rated or if the rider benefit amount exceeds \$30,000.
Availability	<ul style="list-style-type: none"> • Business cases only. • May be added at or after issue. • Not available if Surrender Value Enhancement Rider or Cost of Living Rider is present. • Not available in New York.
Benefit provided	Offers increases in the face amount based on salary adjustments, without requiring evidence of insurability.
Additional details	<p>When exercised, the monthly policy charge and surrender charge will be increased to reflect the larger face amount.</p> <ul style="list-style-type: none"> • Minimum benefit amount is \$30,000. • Maximum benefit amount: <ul style="list-style-type: none"> – Annual—\$100,000 – Lifetime—\$1 million • Maximum annual increase is lesser of rider benefit amount or 20% of the total face amount. • Maximum increase percentage is 20%.

Surrender Value Enhancement Rider (ICC19 SN 120/SN 120/SF 993 NY)

Issue ages	20–65
Expiry	When the first of the following occurs: <ul style="list-style-type: none"> • End of the seventh policy year • Face amount increase • Change of ownership
Availability	<ul style="list-style-type: none"> • Business cases only. • At policy issue. • Not available if either the Salary Increase or Cost of Living riders are present.
Benefit provided	<ul style="list-style-type: none"> • Produces high early cash surrender value within the first seven policy years. • Enhanced values do not apply if the policy is surrendered as part of a replacement or a 1035 Exchange. • The additional surrender value is not available for loans or partial surrenders.

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

Issue ages	20–85
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	<ul style="list-style-type: none">• It is available to all policy owners and covers the insured. There are no special underwriting requirements. It may be added at any time.• Not available in New York.
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 benefit minus the benefit advance and applicable interest. The minimum amount of any payment is \$500.

Waiver of Monthly Policy Charge Rider (SN 67/SF 857 NY A)

Issue ages	20–59
Expiry	Age 65, unless a waiver period is in effect
Cost	There is a monthly charge for this rider.
Availability	<ul style="list-style-type: none">• May be added during or after issue.• Not available with Guaranteed Issue or Simplified Issue underwriting.
Benefit provided	Pays the monthly policy charges if the insured becomes disabled and loses his/her ability to earn an income.
Additional details	<ul style="list-style-type: none">• Underwritten face amount increases will not be allowed during a waiver period.• The death benefit option may not be changed while waiver benefits are being paid.

Waiver of Specified Premium Rider (SN 68/SF 858 NY A)

Issue ages	20–59
Expiry	Age 65, unless a waiver period is in effect
Cost	There is a monthly charge for this rider.
Availability	<ul style="list-style-type: none">• May be added during or after issue.• Not available with Guaranteed Issue or Simplified Issue underwriting.
Benefit provided	Pays the greater of the monthly specified premium or the monthly policy charge if the insured becomes disabled and loses his/her ability to earn an income.
Additional details	<ul style="list-style-type: none">• Underwritten face amount increases will not be allowed during a waiver period.• The death benefit option may not be changed while waiver benefits are being paid.

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	<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 are approved at a risk class determined by Principal and are allowed in the following situations:

- Insured is alive.
- Attained age is 85 or less (age 70 for business underwriting programs⁸ 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 = \$10,000⁸
- Evidence of insurability is provided by client and approved by our underwriting team, subject to underwriting 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.

⁸ Business underwriting programs are not available in New York.

Policy charges

Sales charge

Years	Current	Guaranteed
1	4.00% of all premium	5.00% of all premium (7.25% in NY)
2+	2.00% of all premium	5.00% of all premium (7.25% in NY)

Federal Tax Charge: 1.25% of premium

State and Local Taxes: 2.00% of premium

Total premium expense charge

Years	Current	Guaranteed
1	7.25% of all premium	8.25% of all premium (10.50% in NY)
2+	5.25% of all target	8.25% of all premium (10.50% in NY)

Monthly administration charge

Years	Current	Guaranteed Maximum
1	\$25 (\$10 in NY)	\$25 (\$10 in NY)
2+	\$10	\$25 (\$10 in NY)

Asset-based charge

Years	Current	Guaranteed
All	0.00% annual rate of the division value	0.15% annual rate of the division value

Monthly policy issue charge

Varies by gender, age, tobacco status, and risk class.
Rates are different for years 1-10 than for years 11+.

Cost of insurance

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

Surrender charges

There is a 10-year declining surrender charge. To calculate the actual surrender charge, refer to the prospectus.

For policies issued with the Surrender Value Enhancement Rider, the rider waives a portion of the surrender charges for a limited time. For a description of the rider, please refer to the prospectus.

Monthly policy charge

This is taken from the policy value in the proportion requested by the policy owner from the Separate Account and/or Fixed Account on each monthly date. The monthly policy charge is the sum of:

- Cost of insurance charges
- Cost of any supplemental riders
- Administration charge
- Asset-based risk charge
- The policy issue charge

Accessing policy values

Policy loans for policies issued 12/15/2021 and after (current and guaranteed)

Policy years	Interest rate charged	Interest rate credited ⁹	Net loan cost
1–10	3.50%	2.00%	1.50%
11+	2.00%	2.00%	0.00%

Policy loans for policies issued prior to 12/15/2021 (current and guaranteed)

Policy years	Interest rate charged	Interest rate credited ⁹	Net loan cost
1–10	5.50%	4.00%	1.50%
11+	4.00%	4.00%	0.00%

Loan guidelines

- Loans are available beginning in the first policy year.
- Maximum loan amount is 90% of the net policy value.
- Loan interest accrues daily.
- Loan interest is due at the end of each policy year. Any loan interest not paid when due is added to the loan principal.
- The loan rate differential in years 11+ applies to the entire loan balance regardless of when the loan was taken.

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. Preferred partial surrenders are available with DBO 1 only.

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. If this occurs in the first 15 policy years, this could be a taxable event, per IRC Section 7702. 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.

⁹ Interest rate credited is net of the asset-based risk charge. Maximum loan amount is 90% of Net Surrender Value.

Scheduled surrenders and loans

Your clients may wish to create an income stream from their policy's accumulated values. This can be accomplished through an automated process called Scheduled Surrenders & Loans (SSLs) that makes it easy for the client and for you.

SSLs:

- Need be requested only once by the policy owner.
- Are available beginning in policy year 2.
- Offer payment frequencies of annual, semi-annual, quarterly, and monthly.
- Periodic amounts will be determined on the policy anniversary. Options include:
 - › Percentage of net policy value as of the most recent (current or last) anniversary.
 - › Fixed amount (with option to designate an annual percent increase each year).
 - › Maximum amount.
- Partial surrenders will be taken first until the cost basis of the policy has reached zero, at which time scheduled loans will begin.
- If DBO 2 or DBO 3 is in effect, unless requested otherwise, the death benefit option will automatically be switched to DBO 1.

Automated event	What happens	What happens without automated event
1 Income begins.	Client completes one form to receive payments as frequently as monthly.	A new request is needed each time up to 12 times per year.
2 Death benefit switches from increasing to level.	An increasing death benefit helps build values during accumulation, then switching to a level death benefit when income starts helps maximize payments.	Client notifies the carrier when to change the option. Failure to time it correctly reduces the amount of income received.
3 Distributions switch from surrenders to loans.	After cost basis has been removed using withdrawals, policy loans begin.	Client identifies when to switch. Failure to time it correctly results in withdrawal of taxable gain.
4 Income amount is recalculated annually.	Ensures the current situation aligns with the original goal, i.e., income will last for the number of years desired.	If the policy underperforms projections, the client could be left short of meeting the goal.
5 Over-loan protection is activated.	Policy is automatically converted to a paid-up status when qualifying conditions are met, thus preventing policy lapse.	Policy lapses due to over-loan and the client receives a Form 1099 for the taxable gain.

Investment strategies and risk

Policy owners may select from a wide variety of investment options. Some clients prefer a “build my own portfolio” approach, while other clients prefer a guided strategy. Two asset allocation approaches are available to meet the needs of those who want a guided approach.

Principal LifeTime Accounts—a target-date approach

Seven target-date Principal LifeTime Accounts are available. Policy owners select the appropriate account based on their expected retirement date. The Principal LifeTime accounts, which are target date portfolios, invest in underlying Principal Funds. Each Principal LifeTime account is managed toward a particular target (retirement) date, or the approximate date an investor starts withdrawing money. As each Principal LifeTime account 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 account is regularly readjusted within a timeframe that extends 15 years beyond the target date, at which point it reaches its most conservative allocation. Principal LifeTime accounts 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 accounts are guaranteed at any time, including the target date. Investment risk remains at all times.^{10,11}

- Principal Lifetime Strategic Income
- Principal LifeTime 2010

- Principal LifeTime 2020
- Principal LifeTime 2030
- Principal LifeTime 2040

- Principal LifeTime 2050
- Principal LifeTime 2060

Principal Strategic Asset Management (SAM) Portfolios—a target-risk approach

If the policy owner wants a more customized approach, they can choose from one of five target-risk Principal SAM Portfolios. Each portfolio is diversified across 12–15 asset classes. The client's tolerance for risk and time horizon is assessed, then the portfolio is selected that best fits their needs. These portfolios are continually monitored and reallocated in response to changing economic and market conditions.

- Principal SAM Flexible Income
- Principal SAM Conservative Balanced

- Principal SAM Conservative Growth
- Principal SAM Strategic Growth

- Principal SAM Balanced

¹⁰ An account's share price and investment return will vary with market conditions, and the value of an investment when you sell it may be more or less than the original cost.

¹¹ Asset allocation does not guarantee a profit or protect against loss. See the prospectus for a full discussion of fees and expenses.

Account Value Enhancement

This is a non-guaranteed interest rate credit that rewards policy owners for long-term policy ownership.

- Begins in policy year 11 and continues for as long as the policy remains in force.
- Annual rate = 0.25%; is applied monthly.
- Applied to any Division and Fixed Account policy value (not the loan account).
- Allocation of the credit is according to most recent premium allocation instructions.
- Not available in New York.

The Fixed DCA Accounts¹²

The Fixed Dollar Cost Averaging (DCA) Accounts help take the guesswork out of investing. The program uses a process called dollar cost averaging in which the client invests at regular intervals instead of all at once. It allows clients to earn an enhanced interest rate while systematically transferring money into the investment divisions.

At issue, you and your client may select a 6-month or 12-month DCA duration:

- The **6-month Fixed DCA Account** offers an enhanced interest rate and requires the client to dollar-cost-average all assets in the account over a six-month period.
- The **12-month Fixed DCA Account** also offers an enhanced interest rate and requires the client to dollar-cost-average assets in the account over a 12-month period.

Here's how the Fixed DCA Account works:

- 1 Net premium is allocated to the Fixed DCA Account.
- 2 The account balance earns interest at an enhanced interest rate for 6 or 12 months.
- 3 Money is transferred each month to one or more divisions or the Fixed Account.

After the DCA duration, net premiums may no longer be allocated to the Fixed DCA Account. If at the end of the DCA duration, the premium allocation percentages includes the Fixed DCA Account, that portion will be allocated to the money market division until you or the client indicate otherwise.

¹² Dollar cost averaging does not assure a profit or protect against loss in declining markets. It involves continuous investing in securities regardless of fluctuating price levels. The investor should consider his or her financial ability to continue investing through periods of low price levels.

Tax-free transfers

Transfers from an investment account

Using scheduled or unscheduled transfers, clients may move money between separate account divisions or to the Fixed Account without incurring tax liabilities.

Scheduled transfer details

Who: Policy owner with investment account value equal to or exceeding \$2,500 at the time of transfer.

When: Monthly, quarterly, semiannual, or annual basis on the date the policy owner specifies (other than the 29th, 30th, or 31st). A transfer continues until the investment account value is exhausted or until the policy owner discontinues them.

Amount: The selected dollar amount or percentage of the investment account value as of the policy date or most recent anniversary date, whichever is later. Minimum: Lesser of \$100 or the value of the division.

Charge: None.

Unscheduled transfer details

Who: Policy owner.

When: Anytime.

Amount: The lesser of \$100 or 100% of the investment account value.

Charge: No charge for first unscheduled transfer. We reserve the right to charge \$25 after the first unscheduled transfer per policy year.

Transfers from the Fixed Account

Note: Both an unscheduled and a scheduled transfer from the Fixed Account cannot be made during the same policy year.

Scheduled transfer details

Who: Policy owner with Fixed Account value equal to or exceeding \$2,500 at the time of transfer.

We reserve the right to change this amount (never to exceed \$10,000).

When: Monthly on the date specified by the policy owner (other than 29th, 30th, or 31st). The transfer continues until the Fixed Account value is exhausted or until the policy owner discontinues them. Once discontinued, scheduled transfers may not resume until six months after the date of the last scheduled transfer.

Amount: The dollar amount specified by the policy owner or a percentage of the Fixed Account value as of the policy date or the most recent anniversary date, whichever is later. Or, if requested by the policy owner, the date the company receives the request. The monthly amount may not be more than 2% of the Fixed Account value as of the applicable date, as specified by the policy owner. The amount may be changed once each policy year. Minimum: \$50.

Charge: None.

Unscheduled transfer details

Who: Policy owner.

When: Anytime, except in the following cases:

- Within a six-month period after a transfer from the Fixed Account to an investment account.
- When the transfer to the Fixed Account causes the Fixed Account value to immediately exceed \$1 million.

Amount: Will not exceed 25% of the Fixed Account value as of the policy date or the last anniversary. Minimum: \$100 (if less, must be the entire amount of the Fixed Account value).

Charge: None.

Investment allocations

Premium and monthly policy charge allocations

- Allocations are selected by the policy owner at the time of purchase.
- Allocation percentage may be changed at any time at no charge.
- Premium allocation percentage must be zero or a whole number not less than one.
- Monthly policy charge allocations will be the same percentages as those for premiums prorated through the divisions and the Fixed Account, unless the client selects another allocation.

Other changes

Automatic portfolio rebalancing (APR). APR allows clients to maintain a specific 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:

- Minimum transfer: N/A
- Minimum account value to initiate: N/A
- Transaction charge: \$0
- Allocation frequency: Monthly, quarterly, semiannually, or annually

Customer service

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



Communications we send to policy owners include:

- Confirmation notices
- Annual Statement of Value
- Annual State of the Separate Account
- Semiannual Statement of the Separate Account
- New prospectus
- Proxies
- Planned periodic premium noticesw



Online access

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

- Start, stop, or change dollar cost averaging (scheduled transfers)
- Start, stop, or change Automatic Portfolio Rebalancing
- Make transfers between the variable investment options and/or the Fixed Account
- Change the allocation of future purchase payments (premiums)
- Update their mailing address
- View the balance, cash value, or benefit amount of their contracts and policies
- View the prospectus

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



Telephone access

General 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.

Compliance

VUL Income IV is a registered securities product and a life insurance contract. It is 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 VUL Income IV 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 VUL Income IV 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 do not over-emphasize 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 that you receive it. Do not 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 the client to purchase a money order or cashier's check payable to Principal National 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 VUL Income IV, 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.

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 the National Sales Desk at 800-654-4278.

Completing applications

VUL Income IV requires the completion of two applications—the life insurance application and the Flexible Variable Universal Life Insurance Supplemental Application.

Application requirements vary by state. Contact the National Sales Desk at 800-654-4278 for the correct applications, or create an application packet through our financial professional website.



advisors.principal.com

For Registered Representative information only. Not for use with the public.

Variable life products from the Principal Financial Group® are issued by Principal National Life Insurance Co. (except in NY) and Principal Life Insurance Company®. Plan administrative services offered by Principal Life. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. Securities offered through Principal Securities, Inc., Member SIPC and/or independent broker/dealers. Referenced companies are members of the Principal Financial Group®, Des Moines, IA 50392.

Not FDIC or NCUA insured

**May lose value • Not a deposit • No bank or credit union guarantee
Not insured by any Federal government agency**

Principal®, Principal Financial Group® and the Principal logo design are registered trademarks of Principal Financial Services, Inc., a Principal Financial Group company, in the United States and are trademarks and service marks of Principal Financial Services, Inc., in various countries around the world.