



Principal® Term life insurance

Options to meet many needs

Product & sales guide



Ideal prospects

Term insurance is ideal for those who need:

- Life insurance coverage for a limited amount of time (proof of credit, business start-up, buy-sell agreement funding, key person).
- The most cost-efficient rates for the coverage needed.
- To preserve their insurability now, with conversion options¹ to permanent policies in the future (no new underwriting as long as the face amount remains the same).

Top strategies

- Key person insurance
- Buy-sell funding
- Key employee benefits
- Personal planning needs for business owners, key employees, and their family members

Competitive sweet spots

Our Term policy is known to be most competitive for:

- Ages 35–55, non-tobacco rates
- Standard and better rates
- \$2 million or greater death benefit
- Ages 65–75 for 10- and 15-year Term above \$1 million

¹ Principal Term has convertible and nonconvertible term options.

What makes Principal Term attractive for business and personal planning?

- Choice of convertible and nonconvertible policy options.
- Competitive rates at many ages and risk classes.
- Two optional face amount increase riders designed specifically for business use.
- Fast and easy underwriting and new business programs, including Principal Accelerated UnderwritingSM, Principal Life Online, Healthy Lifestyle Credits, Business Solutions Enhanced Underwriting, and more.

Choose a conversion option that works for your client

Term insurance can be the first step in helping clients protect their financial futures. Offering temporary coverage today locks in their insurability, allowing them to potentially convert to a permanent policy in the future. But future conversion isn't always important or applicable, for example an employer-owned key person policy wouldn't need conversion rights. That's why we offer your clients a choice of a convertible or nonconvertible policy.

Policy options

No conversion. The nonconvertible policy has no conversion rights and is the lowest premium option.

Limited conversion period. The convertible policy allows the policy owner to convert to a permanent policy for a portion of the initial level premium period:

- 10YT: first seven policy years*
- 15YT: first 12 policy years*
- 20YT: first 15 policy years*
- 30YT: first 20 policy years*

* Or until the policy anniversary nearest the insured's attained age 70, whichever is earlier.

Full level term conversion. The convertible policy with Conversion Extension Rider extends the option to convert to the earlier of completion of the initial level premium period or the insured's attained age 70. The rider is only available at issue and there is a charge to add it.

Additional details

- Minimum policy amounts at the time of conversion apply.
- The permanent policy will be issued at the same or most comparable underwriting risk class of the original Term policy.
- The policy will be issued based on age nearest birthday guidelines.
- Partial Term conversions are allowed, provided the remaining Term policy and the new policy both meet their respective minimum face amount guidelines.
- Two term policies can be converted to one Survivorship Universal Life policy. Conversion is allowed up to twice the face amount of the smaller of the two term policies.
- The Chronic Illness Death Benefit Advance Rider² is available on several of our permanent policies. It may be added at time of conversion with no additional underwriting. If the Term policy is beyond its first five years at conversion, additional underwriting is required.

² The Chronic Illness Death Benefit Advance Rider is an additional coverage option that allows you to access part of your policy's death benefit if you're diagnosed with a chronic illness. The policy has specific details for the rider. There is no premium charge for the rider. The maximum lifetime accelerated death benefit amount is the lesser of 75% of the Initial Eligible Amount or \$2 million. Not available in all states.

General policy information

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

Products available	10-, 15-, 20-, and 30-Year Term			
Issue ages (age nearest birthday)		Non-Tobacco	Tobacco	N = Nonconvertible policy C = Convertible policy
	10-Year Term	N - 20-80, C - 20-65	N - 20-75, C - 20-65	
	15-Year Term	N - 20-75, C - 20-65	N - 20-70, C - 20-65	
	20-Year Term	N - 20-65, C - 20-65		
	30-Year Term	N - 20-55, C - 20-55	N - 20-50, C - 20-50	
Underwriting classes	<ul style="list-style-type: none"> • Super Preferred Non-Tobacco • Preferred Non-Tobacco/Tobacco • Tables 2-6, plus flat extras 		<ul style="list-style-type: none"> • Super Standard Non-Tobacco • Standard Non-Tobacco/Tobacco 	
Minimum face amount	\$200,000			
Face amount changes	Face decreases: <ul style="list-style-type: none"> • Allowed after policy year 1 • Policy years 2-5: up to cumulative 35% of the original face amount • Policy years 6+: no restrictions; must meet \$200,000 face amount minimum 		Face increases: <ul style="list-style-type: none"> • Allowed on or after first policy anniversary • Not allowed beginning at the earlier of the end of the Initial Level Premium Period or the max. issue age for the Term duration 	
Annual policy fee	\$75 (non commissionable)			
Policy bands	<ul style="list-style-type: none"> • Mid-band = \$200,000 to \$999,999 		<ul style="list-style-type: none"> • High band = \$1,000,000 and up 	
Underwriting programs	<ul style="list-style-type: none"> • Principal Accelerated Underwriting • Healthy Lifestyle Credits (HLCs) 		<ul style="list-style-type: none"> • Business Solutions Enhanced Underwriting 	
Available riders	<ul style="list-style-type: none"> • Accelerated Benefits • Business Value Increase • Waiver of Premium 		<ul style="list-style-type: none"> • Conversion Extension • Salary Increase 	

Key person sales idea

Objective: Help protect businesses in the event of the death of a key person or owner allowing the company to continue operating despite possible loss of revenue and increased expenses from recruiting and training new employees.

Challenge: Obtaining a policy that can provide affordable coverage and help provide financial support to the business in the event of loss of top talent

Why term insurance? Can effectively cover loss of revenue and increased expenses with cost-effective coverage and a generally income tax-free death benefit.¹

- Allows the business owner to tailor the length of coverage based on the employee's estimated employment time.
- Offers an affordable insurance solution for situations that may change in the future.
- Provides fast and convenient application and underwriting process for busy professionals.

Take action: Review the Term key person sales idea (BB12372). Then, get a customized quote by using our calculator: principal.com/keypersoncalc.

⁴ If the requirements of Internal Revenue Code Section 101(j) are not met, death proceeds from employer-owned life insurance contracts may be taxable as ordinary income in excess of cost basis.

As needs increase, coverage can, too.

The Business Value Increase Rider and Salary Increase Rider are optional features designed specifically for business use.

Business Value Increase Rider

This rider allows business owners to get increases in their coverage based on growth in the value of their business, without additional underwriting. The increases work in three-year cycles, like this:

- Your business is valued at the start of the three-year period.
- Your coverage is increased 5% after years one and two, for a total increase of 10% after two years.
- After the third year your business is valued again. Any increase in value above 10% results in a matching percentage increase in the policy's face amount.

Hypothetical example: If a business value increased 22% over the three-year period measured, the policy face amount would be increased an additional 12% at the end of the third year.

- (5% after year 1 + 5% after year 2 + 12% after year 3)

Salary Increase Rider

This rider helps an employee's coverage keep pace with rising income. It offers increases in the policy face amount based on salary adjustments, without additional underwriting.

Hypothetical example: A \$1 million term policy is issued for an individual whose annual salary is \$100,000. After the first policy year, the individual's employer lets Principal know their salary has increased to \$105,000. Their new policy face amount would be \$1,050,000.

- (Salary increase: $(\$105,000 - 100,000)/100,000 = 5\%$; Corresponding face amount increase: $\$1,000,000 \times 5\% = \$1,050,000$).

Informal business valuations

You can help your clients better understand the value of their business. As a complimentary service, Principal offers informal business valuations using five commonly used valuation methods. This valuation can be used to determine the value for purposes of the Business Value Increase Rider. Speak to your wholesaler about getting an informal business valuation.

Policy riders

Policy rider descriptions are not intended to cover all restrictions, conditions, or limitations. See policy for full rider details. Product and riders are subject to state availability. Additional costs may apply to some riders.

Accelerated Benefits Rider

Issue ages	20–80
Expiry age	Maturity
Cost	There is no cost to have the rider on the policy. A one-time administrative charge of up to \$150 may be assessed when the rider is exercised.
Availability	All policies are eligible. There are no special underwriting requirements, and it may be added at any time.
Benefit provided	<p>Pays an accelerated benefit when the insured is diagnosed with a terminal illness. The benefit received is the lesser of the accelerated benefits cap shown on the policy data pages or 75% of the eligible face amount not to exceed \$1 million.</p> <ul style="list-style-type: none">• The accelerated benefit is considered a lien against the policy and accrues with interest.• The minimum payment amount is \$500.• At the time of death, the beneficiary receives the policy death benefit less the benefit advance and applicable interest.

Conversion Extension Rider

Issue ages	<p>10-Year Term Age at issue must be 20–62.</p> <p>15-Year Term Age at issue must be 20–57.</p> <p>20-Year Term Age at issue must be 20–54.</p> <p>30-Year Term Age at issue must be 20–49.</p>
Expiry	End of the full level premium period or the insured's attained age 70, whichever occurs first.
Cost	There is a charge for the rider.
Availability	At issue; only available with a Convertible policy
Benefit provided	The Conversion Extension Rider extends the standard conversion option, allowing a longer period of time in which the insured may convert their Term policy to a permanent policy.
How the conversion provisions work	<ul style="list-style-type: none">• Minimum policy amounts at the time of conversion apply.• The underwriting class of the permanent policy will be issued at the same or most comparable risk class of the original Term policy. If the insured is rated (up to table 6 on Term), the rating will carry over to the permanent policy.• The policy will be issued based on age nearest birthday guidelines.• Partial Term conversions are allowed, provided the remaining Term policy and the new policy both meet their respective minimum face amount guidelines.• If the Chronic Illness Death Benefit Advance Rider is desired at the time of conversion, it may be added without additional underwriting if the Term policy is within the first five policy years. If the Term policy is more than five years old at the time of conversion, additional underwriting may be required to add the rider. This rider is not available on some permanent products.

Business Value Increase Rider

Issue ages	20–64
Expiry age	<p>The earliest of:</p> <ul style="list-style-type: none"> • The earlier of the end of the initial level premium period or the insured’s attained age: 75 (10YT), 70, (15YT), 65 (20YT) • Rejection of an increase offer • Termination of the policy • Any decrease in the face amount • Failure to provide business valuation on the third year of each cycle • The date we receive a request to cancel it • The date the total of all automatic and calculated increases exceed the lesser of 300% of the face amount at issue or \$7.5 million
Cost	There is no cost to have this rider. However, when an increase is exercised, the premium will increase to reflect the higher face amount.
Availability	<p>Policy must be business-owned or -sponsored</p> <ul style="list-style-type: none"> • Rider is available only at issue • Increases are allowed only on the policy anniversary and only if the rider and policy are in force • Not available in conjunction with the Salary Increase Rider • Policy face amount must be \$1 million or greater • Not available with Principal 30-Year Term
Benefit provided	Rider offers face amount increases on three year cycles based on increases in the value of the business.
Increase option	<p>Provides the right to purchase additional insurance on three-year cycles, without evidence of insurability:</p> <ul style="list-style-type: none"> • The first two years, automatic increases of 5% are offered. • In the third year, a calculated increase may be offered. <p>Minimums/maximums:</p> <ul style="list-style-type: none"> • Automatic increase percent: 5% • Minimum annual increase amount: \$1,000 • Maximum automatic increase amount: \$250,000 • Maximum calculated increase percent: 35% • Maximum calculated increase amount: \$750,000 • Maximum lifetime increase percent: 300% of initial face amount • Maximum lifetime increase amount: \$7.5 million

Salary Increase Rider

Issue ages	20–64
Expiry age	The earliest of: <ul style="list-style-type: none">• The end of the initial level premium period• Termination of the policy• Insured's attained age 65• Rejection of an increase• Any decrease in insurance which 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 employment of the employer• Failure to provide updated salary information as required
Cost	When an increase is exercised, the premium will increase to reflect the higher face amount. There is a cost to have the rider if the policy benefit amount exceeds \$50,000
Availability	<ul style="list-style-type: none">• Policy must be business-owned or -sponsored• Not available in conjunction with the Business Value Increase Rider• Policy face amount must be \$1 million or greater• Not available with Principal 30-Year Term
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. <ul style="list-style-type: none">• 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.<ul style="list-style-type: none">› Maximum annual: \$150,000› Maximum lifetime: \$1.5 million

Waiver of Premium Rider

Issue ages	20–59
Expiry age	Age 65 (unless on waiver claim)
Cost	There is a charge to have this rider on the policy.
Availability	At issue
Benefit provided	Maximum total policy face amount (all policies covering the insured) is \$7,500,000. If the insured becomes totally disabled as described in the rider, the monthly premium will be waived. <ul style="list-style-type: none">• If total disability begins prior to the policy anniversary nearest insured's age 60 and continues uninterrupted to the policy anniversary nearest insured's age 65, the waiver period will continue until the earlier of the policy expiration date (insured's attained age 95) or death of the insured.• Benefits are limited for disability occurring on or after the insured's policy anniversary nearest insured's age 60.
Policy conversion	This rider will terminate upon conversion. A similar rider may be issued with the new policy without evidence of insurability provided <ul style="list-style-type: none">• the rider is included on the Term policy, and• the rider is available at the attained age of the insured on the new policy's date.



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