

# Protect your business

Incentives for your key employees can help you with recruiting and retention

## Sample Company

Your key employees are the backbone of your company - their leadership and expertise keep it on the right path. So how can you show them you value their hard work, while also giving them an incentive to stay with your company?

The good news is you have options.

### Increase compensation now

Simply increase the base salary or bonuses of select employees. This amount will generally be paid annually for as long as they remain employed.

- Employee recognizes the benefit when the bonus or salary is paid, and no agreements are needed.
- Increased compensation or bonuses may not motivate your key employee to stay and help you achieve your future business goals.
- You give up potential retention features of a key employee benefit plan.

### Contribute pay increases to a deferred comp benefit - with a focus on retention

You and each key employee enter into an agreement, and you decide how much you want to contribute to the plan for each key employee. Upon a triggering event (separation from service, retirement, disability, or death), a payout may begin for the employee.

- Payouts can be made as lump sum, or in annual installments over varying periods.
- If you choose to finance the benefit, your company would own a life insurance policy and be the beneficiary in the event of death.

Let's take a closer look at each of these options.

# Increase compensation now

## How it works

One of the most common ways to recruit, reward, and retain top talent is to increase compensation. Although paying your key employee a higher salary or an additional bonus may seem like the easiest option, it may not have the long-term retention impact you expect.

### What's the financial impact of this option?

- Additional wages are taxable each year to the employee.
- You may receive a current tax deduction for the wages paid.
- Increasing salary or bonus may imply the reward you give today is permanent.

### Key assumptions

#### Employee

45 years old  
25.0% individual tax rate  
\$50,000 annual bonus

#### Employer

C-Corp corporate structure  
30.0% employer tax rate  
\$50,000 annual budget  
20 year service period

	Employee			Employer		
	1	2	3	4	5	6
	Bonus	Tax on	After-tax	Bonus	Tax	After-tax
Year	received	bonus	impact	payments	benefit	impact
	(cash in)	(cash out)		(cash out)	(cash in)	
1	\$50,000	\$12,500	\$37,500	(\$50,000)	\$15,000	(\$35,000)
2	50,000	12,500	37,500	(50,000)	15,000	(35,000)
3	50,000	12,500	37,500	(50,000)	15,000	(35,000)
⋮	⋮	⋮	⋮	⋮	⋮	⋮
19	50,000	12,500	37,500	(50,000)	15,000	(35,000)
20	50,000	12,500	37,500	(50,000)	15,000	(35,000)
21	0	0	0	0	0	0
⋮	⋮	⋮	⋮	⋮	⋮	⋮
28	0	0	0	0	0	0
29	0	0	0	0	0	0
30	0	0	0	0	0	0
Total	\$1,000,000	\$250,000	\$750,000	(\$1,000,000)	\$300,000	(\$700,000)

**\$750,000**  
after-tax benefit

**(\$700,000)**  
total cash flow

Let's look at an alternative approach for retaining and rewarding key employees.

# Contribute pay increases to a deferred comp benefit

## How it works

In this option, you implement a Principal<sup>®</sup> Deferred Compensation - SERP. To set up this selective executive retirement plan, you enter into a deferred comp agreement with each key employee you choose to participate. You decide how much you want to contribute for each participant, as well as who to insure, what life insurance products, vesting schedules and payout options you will allow.

### Vesting options

- Immediate
- 100% cliff in any year (up to year 10)
- 20% graded each year, until 100% vested after 5 years

### Payout options

- Lump-sum
- Annual installments over a 3-, 5-, or 10-year period

## What's the financial impact of this option?

- You receive a tax deduction when benefits are paid.
- During the service period, the key employee may have no income tax impact.
- The key employee pays income tax, as compensation, when the benefit is paid.
- If the key employee leaves before being fully vested, a portion of the benefit is paid.

The employee's benefits are a plan liability to you. Take a look at the cash flow implications below.

### Plan assumptions

- \$50,000 of annual employer contributions
- 4.0% earnings rate compounded annually
- Benefit is paid in 10 annual installments
- 30.0% employer tax rate

Year	1 Employer contribution	2 Plan balance at 4.0%	3 Future tax benefit	4 Benefit payments (cash out)	5 Current tax benefit (cash effect)
1	\$50,000	\$52,000	\$15,600	\$0	\$0
2	\$50,000	\$106,080	\$31,824	\$0	\$0
3	\$50,000	\$162,323	\$48,697	\$0	\$0
⋮	⋮	⋮	⋮	⋮	⋮
19	\$50,000	\$1,438,904	\$431,671	\$0	\$0
20	\$50,000	\$1,548,460	\$464,538	\$0	\$0
21	\$0	\$1,419,487	\$425,846	(\$183,568)	\$55,070
⋮	⋮	⋮	⋮	⋮	⋮
28	\$0	\$360,076	\$108,023	(\$183,568)	\$55,070
29	\$0	\$183,568	\$55,071	(\$183,568)	\$55,070
30	\$0	\$0	\$0	(\$183,568)	\$55,070
<b>Total</b>				<b>(\$1,835,680)</b>	<b>\$550,700</b>

Cash flow from columns 4 & 5

**(\$1,284,980)**

# Corporate-owned life insurance

## How it works

You purchase key person life insurance on some or all participants to informally finance the plan. Your company is the owner and beneficiary of the key person life insurance policy(ies).

Upon a triggering event (separation from service, retirement, disability, or death), a payout may begin for the key employee. You choose how the benefit will be paid.

- **Cash** through normal course of business.
- **Withdrawal** of cash value from a key person life insurance policy that informally finances the plan.

## Corporate-owned life insurance assumptions

- Variable universal life insurance
- 6.0% long-term earnings rate
- Initial death benefit is \$744,884

Year	1 Premium payments (cash out)	2 Benefit payments (cash out)	3 Current tax benefit (cash effect)	4 Asset withdrawal (cash in)	5 Policy surrender value	6 Key person death benefit
1	(\$50,000)	\$0	\$0	\$0	\$25,551	\$790,450
2	(\$50,000)	\$0	\$0	\$0	\$75,361	\$839,800
3	(\$50,000)	\$0	\$0	\$0	\$128,071	\$892,049
⋮	⋮	⋮	⋮	⋮	⋮	⋮
19	(\$50,000)	\$0	\$0	\$0	1,601,485	2,346,369
20	(\$50,000)	\$0	\$0	\$0	1,747,221	2,346,703
21	\$0	(\$183,568)	\$55,070	\$128,498	1,715,548	2,218,205
⋮	⋮	⋮	⋮	⋮	⋮	⋮
28	\$0	(\$183,568)	\$55,070	\$128,498	1,441,376	1,603,067
29	\$0	(\$183,568)	\$55,070	\$128,498	1,392,428	1,532,163
30	\$0	(\$183,568)	\$55,070	\$128,498	1,340,582	1,455,035
<b>Total</b>	<b>(\$1,000,000)</b>	<b>(\$1,835,680)</b>	<b>\$550,700</b>	<b>\$1,284,980</b>		

Cash flow from columns 1-4	(\$1,000,000)
Remaining assets	\$2,538,575
<b>Total cash flow</b>	<b>\$1,538,575</b>

By keeping the policy in-force until death, you may receive a projected tax-free death benefit of \$2,538,575 at the insured's age 85

# Strategy summary: retaining talent

Once you find the right top talent, keeping them is a priority. Increasing compensation may be an important element in your strategy to recruit and retain key employees. Or, you may prefer to implement a deferred comp plan that can lead to increased key employee retention and allows you to retain control over when, or if, compensation is paid. Below is a recap of two employee retention and reward strategies to help you determine which might be a good fit for you.

	Increase compensation	Implement deferred compensation plan
<b>Key features</b>	<p>It's simple, employee recognizes the benefit when the salary or bonus is paid</p> <p>No agreements are needed</p>	<p>Motivate key employee to stay by promising a future benefit</p> <p>Enter into a deferred comp agreement with the key employee</p> <p>Purchase one or more key person life insurance policies to informally finance the plan and provide business protection</p>
<b>Key numbers for employee</b>	<p><b>\$1,000,000</b> total benefit payments</p> <p><b>\$750,000</b> after-tax benefit</p>	<p><b>\$1,835,680</b> total benefit payments</p> <p><b>\$1,376,760</b> after-tax benefit</p>
<b>Key numbers for employer</b>	<p><b>\$1,000,000</b> total employer contributions</p> <p>\$1,000,000 total benefit to key employee</p> <p>\$300,000 total tax benefits</p> <p>\$0 projected key person insurance</p>	<p><b>\$1,000,000</b> total premium payments</p> <p>\$1,835,680 total benefit to key employee</p> <p>\$550,700 total tax benefits</p> <p>\$2,538,575 projected key person insurance</p>
<b>Total cash flow for employer</b>	<b>(\$700,000)</b> total cash flow	<b>\$1,538,575</b> total cash flow

By implementing the Principal<sup>®</sup> Deferred Compensation – SERP plan, your business owns a life insurance policy on key employees. Premiums paid into these policies can provide death benefit protection which can cover the cost of replacing, hiring, and training new key employees, should a death occur.





# Principal Deferred Compensation - SERP

An exclusive benefit for you

## Projected deferred compensation benefit

Your employer has elected to establish a deferred compensation plan that provides a benefit in annual installments over 10 years. In this demonstration, the benefit would begin in year 21. At that time, you are projected to receive benefit payments of \$183,568 for 10 years. Income taxes will be due in any year a benefit payment is received.

<b>\$1,835,680</b>	Projected taxable value of the benefit
<b>458,920</b>	Projected taxes assuming a 25.0% individual tax rate
<b>\$1,376,760</b>	<b>Projected after-tax benefit received</b>

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# Additional information

This demonstration is hypothetical and shows a simplified example to provide you the basic principles. Your actual plan, assets, and taxes will be different from these assumptions.

We know the investment markets will have ups and downs and unexpected events will happen. So, it's important for you to monitor your investments as well as the events that could have an impact on your plan. The assumed rates of return in the demonstration are hypothetical and do not guarantee any future returns nor do they represent the returns of any particular investment. This is for illustrative purposes only.

You may have many participants in different stages of life. This means contributions and distributions could happen in the same year.

## About this demonstration: corporate-owned life insurance

This demonstration assumes upon a triggering event (separation from service, retirement, or disability), systematic withdrawals are taken from the life insurance policy.

Withdrawals are generally tax-free until cost basis has been recovered. Thereafter, policy loans are generally tax-free unless the policy lapses. Withdrawals and loans will reduce the policy cash surrender value and net death benefit and may cause the policy to lapse. Lapse of a modified endowment contract (MEC) will have less favorable tax treatment during the life of the insured compared to other life insurance (non-MEC policies). Such tax treatment would be similar to the tax treatment of a deferred annuity.

Alternate term rates are used to measure economic benefit.

This illustration is designed to provide insurance protection to age 121. Death is an uncertain event. Under certain circumstances, the life paid-up rider can prevent the policy from lapsing when there is a large policy loan(s) outstanding. This helps you avoid its potential tax consequences.

The illustration may reflect future policy changes. Principal will not automatically make policy changes based on future illustrated changes. Actual changes to your policy require your written request.

The insurance product in this demonstration is a variable universal life policy. You may invest policy's cash value in several investment subdivisions that fit your risk preferences. A deduction is made from the insurance policies' cash value to pay for the insurance costs. These costs are deducted every month that the policy stays in force. The attached illustration demonstrates the policy costs used in this analysis.





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**Before investing, carefully consider the investment option objectives, risks, charges, and expenses. Contact a financial professional or visit [principal.com](https://principal.com) for a prospectus or, if available, a summary prospectus containing this and other information. Please read it carefully before investing.**

The information in this demonstration is as of 06/12/2023

This demonstration is not valid without an attached Variable Universal Life illustration based on the same assumptions.

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# Key assumptions

Here are the assumptions we've used to create this demonstration.

## **Your company**

- Your corporate structure is a C-Corp
- 30.0% business tax bracket (Federal & State)

## **Plan**

- \$50,000 of employer contributions each year
- 20 year horizon until retirement
- 4.00% annual earnings rate compounded annually
- Benefit payments to key employees are made over 10 years

## **Corporate-owned life insurance**

- 6.00% long-term net investment earnings rate
- The insured person is age 45
- Initial death benefit \$744,884

# Employer cash flow

## Employer liability and tax benefit

Column 1 - **Employer contributions** - The assumed annual employer contributions made to the key employee's plan balance. These contribution credits are at the employer's discretion as outlined in the plan document.

Column 2 - **Payment to key employee** - Employer makes benefit payments to the key employee. The start and duration of the annual payment(s) are outlined in the plan document and the adoption agreement.

Column 3 - **Account balance at 4.00% interest** - The account balance is based on the annual employer contributions (Column 1) less benefit payments to the key employee (Column 2) accumulated at an assumed growth rate of 4.00% annually. **Note:** The actual account balance will be measured by the fixed interest rate compounded daily (which will be higher than compounded annually) or another hypothetical account as selected by the employer at implementation.

Column 4 - **Current tax benefit** - Employer receives a tax deduction and resulting tax savings when benefits are paid to the key employee.

## Life insurance values using current (non-guaranteed) rates

Column 5 - **Net policy outlay** - Employer contributes cash into an employer-owned life insurance policy with the intent of accumulating funds to informally finance future benefit payments to the key employee. Distributions from the employer-owned life insurance (i.e. partial surrenders or policy loans) may provide cash for making the benefit payments to the key employee. Generally, the amount withdrawn from the policy is net of the difference between the benefit payment and the current tax benefit.

Column 6 - **Net surrender value** - The total net surrender value of the insurance policy (refer to life insurance illustration). Surrender charges vary based on the life insurance product. This amount is generally recorded as the value of the life insurance on the balance sheet.

Column 7 - **Net policy/accumulated value** - The total accumulated value of the insurance policy disregarding surrender charges (refer to life insurance illustration).

Column 8 - **Employer net death benefit** - The net life insurance death benefit received by the employer in the event of the key employee/insured's death. This will be the entire policy death benefit unless an endorsement split dollar agreement is implemented as part of the plan. Life insurance death benefits aren't subject to income tax if rules regarding selection of insureds and consent requirements are followed.

## Employer assets

Column 9 - **Future tax benefit** - The future tax benefit is determined by multiplying the account balance (column 3) by the employer/owner's tax bracket. The future benefit payment(s) is deductible by the employer when paid to the key employee. **Note:** Since the benefit payment is deductible when paid (e.g. in the future) a deferred tax asset is recognized for C corporations. However, there is no deferred tax asset account for flow through type entities (S corporations, LLCs and partnerships).

Column 10 - **Total value** - The sum of the future tax benefit (Column 9) and net surrender value (column 6).

# Key employee benefit analysis

## Deferred comp - SERP benefit

Column 1 - **Employer contributions** - The assumed annual employer contributions made to the key employee's plan balance. These contribution credits are at the employer's discretion as outlined in the plan document.

Column 2 - **Account balance at 4.00% interest** - The account balance is based on the annual employer contributions (Column 1) less taxable SERP benefit payment to the key employee (Column 3) accumulated at an assumed growth rate of 4.00% annually. **Note:** The actual account balance will be measured by the fixed interest rate compounded daily (which will be higher than compounded annually) or another hypothetical account as selected by the employer at implementation.

Column 3 - **Taxable SERP benefit payment** - Employer makes benefit payments to the key employee. The start and duration of the annual payment(s) are outlined in the plan document and the adoption agreement. This amount is included in the key employee's income at the time it is paid.

## Endorsement Split Dollar (if applicable)

Column 4 - **Reportable economic benefit** - The reportable economic benefit is based on the pure insurance protection that would be paid to the key employee's beneficiary at death, if applicable. This amount must be reported annually as income to the key employee.

Column 5 - **Key employee cost** - This amount is determined by multiplying the reportable economic benefit (column 4) by the key employee's tax bracket.

Column 6 - **Key employee net death benefit** - The life insurance policy is owned by the employer. If an endorsement split dollar agreement is in place, it will specify the portion of the income tax-free death benefit endorsed to the key employee.



## Deferred Compensation - SERP Employer Cash Flow

June 12, 2023

VUL Income IV (12/2021)

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Year	Age	Employer Liability and Tax Benefit				Current Charges & Assumed Net Rate of 6.00%				Employer Assets	
		1	2	3	4	5	6	7	8	9	10
		Employer Contributions	Payment to Key Employee	Account Balance at 4.00% Interest	Current Tax Benefit	Net Policy Outlay	Net Surrender Value	Net Policy Value	Employer Net Death Benefit	Future Tax Benefit	Total Value
1	46	50,000	0	52,000	0	50,000	25,551	45,566	790,450	15,600	41,151
2	47	50,000	0	106,080	0	50,000	75,361	94,916	839,800	31,824	107,185
3	48	50,000	0	162,323	0	50,000	128,071	147,165	892,049	48,697	176,767
4	49	50,000	0	220,816	0	50,000	183,915	202,549	947,433	66,245	250,160
5	50	50,000	0	281,649	0	50,000	243,082	261,256	1,006,140	84,495	327,577
6	51	50,000	0	344,915	0	50,000	308,434	323,486	1,068,370	103,474	411,909
7	52	50,000	0	410,711	0	50,000	377,380	389,449	1,134,333	123,213	500,593
8	53	50,000	0	479,140	0	50,000	450,143	459,370	1,204,254	143,742	593,885
9	54	50,000	0	550,305	0	50,000	527,623	533,487	1,278,371	165,092	692,714
10	55	50,000	0	624,318	0	50,000	610,342	612,003	1,356,887	187,295	797,637
11	56	50,000	0	701,290	0	50,000	698,001	698,001	1,442,885	210,387	908,388
12	57	50,000	0	781,342	0	50,000	789,241	789,241	1,534,125	234,403	1,023,644
13	58	50,000	0	864,596	0	50,000	886,025	886,025	1,630,909	259,379	1,145,403
14	59	50,000	0	951,179	0	50,000	988,654	988,654	1,733,538	285,354	1,274,008
15	60	50,000	0	1,041,227	0	50,000	1,097,449	1,097,449	1,842,333	312,368	1,409,817
16	61	50,000	0	1,134,876	0	50,000	1,212,744	1,212,744	1,957,628	340,463	1,553,207
17	62	50,000	0	1,232,271	0	50,000	1,334,921	1,334,921	2,079,805	369,681	1,704,602
18	63	50,000	0	1,333,561	0	50,000	1,464,370	1,464,370	2,209,254	400,068	1,864,438
19	64	50,000	0	1,438,904	0	50,000	1,601,485	1,601,485	2,346,369	431,671	2,033,157
20	65	50,000	0	1,548,460	0	50,000	1,747,221	1,747,221	2,346,703	464,538	2,211,759
21	66	0	183,568	1,419,487	55,071	-128,498	1,715,548	1,715,548	2,218,205	425,846	2,141,395
22	67	0	183,568	1,285,356	55,071	-128,498	1,682,261	1,682,261	2,089,707	385,607	2,067,868
23	68	0	183,568	1,145,859	55,071	-128,498	1,647,382	1,647,382	1,961,209	343,758	1,991,140
24	69	0	183,568	1,000,782	55,071	-128,498	1,610,856	1,610,856	1,884,702	300,235	1,911,091
25	70	0	183,568	849,902	55,071	-128,498	1,572,167	1,572,167	1,823,714	254,971	1,827,138
26	71	0	183,568	692,988	55,071	-128,498	1,531,011	1,531,011	1,760,663	207,896	1,738,907
27	72	0	183,568	529,796	55,071	-128,498	1,487,490	1,487,490	1,680,863	158,939	1,646,428
28	73	0	183,568	360,077	55,071	-128,498	1,441,376	1,441,376	1,603,067	108,023	1,549,399
29	74	0	183,568	183,569	55,071	-128,498	1,392,428	1,392,428	1,532,163	55,071	1,447,499
30	75	0	183,568	0	55,071	-128,498	1,340,582	1,340,582	1,455,035	0	1,340,582
Total		1,000,000	1,835,683								

Principal National Life Insurance Company. Valid for presentation in IA provided the VUL Income IV (12/2021) illustration is included. Illustration values are not guaranteed and are based on assumptions that are subject to change by the insurer at any time. Withdrawals and loans will decrease the amount of death benefit and cash accumulation value and potentially cause the policy to lapse. Actual results may be more or less favorable. This proposal is based on a 30.0% employer tax rate and a 25.0% employee tax rate. The employer's tax counsel is responsible for determining actual tax consequences.

All guarantees are subject to the claims paying ability of Principal National Life Insurance Company.

Must be accompanied by the basic policy illustration. This document is not a recommendation and is not intended to be taken as a recommendation.

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## Deferred Compensation - SERP Employer Cash Flow

June 12, 2023

VUL Income IV (12/2021)

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Year	Age	Employer Liability and Tax Benefit				Current Charges & Assumed Net Rate of 6.00%				Employer Assets	
		1	2	3	4	5	6	7	8	9	10
		Employer Contributions	Payment to Key Employee	Account Balance at 4.00% Interest	Current Tax Benefit	Net Policy Outlay	Net Surrender Value	Net Policy Value	Employer Net Death Benefit	Future Tax Benefit	Total Value
31	76	0	0	0	0	0	1,422,375	1,422,375	1,508,511	0	1,422,375
32	77	0	0	0	0	0	1,508,929	1,508,929	1,599,693	0	1,508,929
33	78	0	0	0	0	0	1,600,498	1,600,498	1,696,146	0	1,600,498
34	79	0	0	0	0	0	1,697,313	1,697,313	1,798,114	0	1,697,313
35	80	0	0	0	0	0	1,799,605	1,799,605	1,905,840	0	1,799,605
36	81	0	0	0	0	0	1,907,598	1,907,598	2,019,558	0	1,907,598
37	82	0	0	0	0	0	2,021,499	2,021,499	2,139,486	0	2,021,499
38	83	0	0	0	0	0	2,141,510	2,141,510	2,265,835	0	2,141,510
39	84	0	0	0	0	0	2,267,820	2,267,820	2,398,806	0	2,267,820
40	85	0	0	0	0	0	2,400,598	2,400,598	2,538,575	0	2,400,598
41	86	0	0	0	0	0	2,540,030	2,540,030	2,685,337	0	2,540,030
42	87	0	0	0	0	0	2,686,245	2,686,245	2,839,229	0	2,686,245
43	88	0	0	0	0	0	2,839,352	2,839,352	3,000,365	0	2,839,352
44	89	0	0	0	0	0	2,999,551	2,999,551	3,168,955	0	2,999,551
45	90	0	0	0	0	0	3,166,958	3,166,958	3,345,121	0	3,166,958
46	91	0	0	0	0	0	3,341,913	3,341,913	3,529,220	0	3,341,913
47	92	0	0	0	0	0	3,529,760	3,529,760	3,687,442	0	3,529,760
48	93	0	0	0	0	0	3,732,388	3,732,388	3,856,977	0	3,732,388
49	94	0	0	0	0	0	3,952,195	3,952,195	4,039,818	0	3,952,195
50	95	0	0	0	0	0	4,192,020	4,192,020	4,238,315	0	4,192,020
51	96	0	0	0	0	0	4,445,697	4,445,697	4,494,617	0	4,445,697
52	97	0	0	0	0	0	4,713,920	4,713,920	4,765,611	0	4,713,920
53	98	0	0	0	0	0	4,997,403	4,997,403	5,052,020	0	4,997,403
54	99	0	0	0	0	0	5,296,905	5,296,905	5,354,610	0	5,296,905
55	100	0	0	0	0	0	5,613,219	5,613,219	5,674,182	0	5,613,219
56	101	0	0	0	0	0	5,947,321	5,947,321	6,011,722	0	5,947,321
57	102	0	0	0	0	0	6,300,114	6,300,114	6,368,141	0	6,300,114
58	103	0	0	0	0	0	6,672,446	6,672,446	6,744,297	0	6,672,446
59	104	0	0	0	0	0	7,065,269	7,065,269	7,141,151	0	7,065,269
60	105	0	0	0	0	0	7,479,382	7,479,382	7,559,509	0	7,479,382
Total		1,000,000	1,835,683								

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## Deferred Compensation - SERP Employer Cash Flow

June 12, 2023

VUL Income IV (12/2021)

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

		Employer Liability and Tax Benefit				Current Charges & Assumed Net Rate of 6.00%				Employer Assets	
		1	2	3	4	5	6	7	8	9	10
Year	Age	Employer Contributions	Payment to Key Employee	Account Balance at 4.00% Interest	Current Tax Benefit	Net Policy Outlay	Net Surrender Value	Net Policy Value	Employer Net Death Benefit	Future Tax Benefit	Total Value
61	106	0	0	0	0	0	7,915,863	7,915,863	8,000,462	0	7,915,863
62	107	0	0	0	0	0	8,375,768	8,375,768	8,465,074	0	8,375,768
63	108	0	0	0	0	0	8,860,255	8,860,255	8,954,518	0	8,860,255
64	109	0	0	0	0	0	9,370,628	9,370,628	9,470,107	0	9,370,628
65	110	0	0	0	0	0	9,909,003	9,909,003	10,013,982	0	9,909,003
66	111	0	0	0	0	0	10,477,106	10,477,106	10,587,883	0	10,477,106
67	112	0	0	0	0	0	11,076,543	11,076,543	11,193,436	0	11,076,543
68	113	0	0	0	0	0	11,709,199	11,709,199	11,832,540	0	11,709,199
69	114	0	0	0	0	0	12,377,100	12,377,100	12,507,246	0	12,377,100
70	115	0	0	0	0	0	13,082,226	13,082,226	13,219,549	0	13,082,226
71	116	0	0	0	0	0	13,826,969	13,826,969	13,971,870	0	13,826,969
72	117	0	0	0	0	0	14,613,767	14,613,767	14,766,669	0	14,613,767
73	118	0	0	0	0	0	15,445,068	15,445,068	15,606,418	0	15,445,068
74	119	0	0	0	0	0	16,323,487	16,323,487	16,493,759	0	16,323,487
75	120	0	0	0	0	0	17,251,583	17,251,583	17,431,277	0	17,251,583
76	121	0	0	0	0	0	18,158,168	18,158,168	18,347,071	0	18,158,168
<b>Total</b>		<b>1,000,000</b>	<b>1,835,683</b>								

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# Deferred Compensation - SERP Key Employee Benefit Analysis

June 12, 2023

VUL Income IV (12/2021)

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

		Deferred Compensation - SERP Benefit			Endorsement Split Dollar		
		1	2	3	4	5	6
Year	Age	Employer Contributions	Account Balance at 4.00% Interest	Taxable SERP Benefit Payment	Reportable Economic Benefit	Key Employee Cost	Key Employee Net Death Benefit
1	46	50,000	52,000	0	0	0	0
2	47	50,000	106,080	0	0	0	0
3	48	50,000	162,323	0	0	0	0
4	49	50,000	220,816	0	0	0	0
5	50	50,000	281,649	0	0	0	0
6	51	50,000	344,915	0	0	0	0
7	52	50,000	410,711	0	0	0	0
8	53	50,000	479,140	0	0	0	0
9	54	50,000	550,305	0	0	0	0
10	55	50,000	624,318	0	0	0	0
11	56	50,000	701,290	0	0	0	0
12	57	50,000	781,342	0	0	0	0
13	58	50,000	864,596	0	0	0	0
14	59	50,000	951,179	0	0	0	0
15	60	50,000	1,041,227	0	0	0	0
16	61	50,000	1,134,876	0	0	0	0
17	62	50,000	1,232,271	0	0	0	0
18	63	50,000	1,333,561	0	0	0	0
19	64	50,000	1,438,904	0	0	0	0
20	65	50,000	1,548,460	0	0	0	0
21	66	0	1,419,487	183,568	0	0	0
22	67	0	1,285,356	183,568	0	0	0
23	68	0	1,145,859	183,568	0	0	0
24	69	0	1,000,782	183,568	0	0	0
25	70	0	849,902	183,568	0	0	0
26	71	0	692,988	183,568	0	0	0
27	72	0	529,796	183,568	0	0	0
28	73	0	360,077	183,568	0	0	0
29	74	0	183,569	183,568	0	0	0
30	75	0	0	183,568	0	0	0
<b>Total</b>		<b>1,000,000</b>		<b>1,835,683</b>	<b>0</b>	<b>0</b>	

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## Introduction

June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

### Table of Contents

This illustration demonstrates how VUL Income IV (12/2021) works using varying assumptions. Actual performance may be more or less favorable than shown here. You should monitor the performance of your policy periodically to determine if any adjustments might be needed.

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### Ready to Serve You

When you work with Principal®, you can rest easier knowing we've been around for more than 135 years serving customers just like you.

### Financial Ratings

Year after year we receive strong financial ratings from the four major rating agencies. As of 6/1/2023:

Rating Agency	Financial Strength	Meaning of Category
A.M. Best & Company	A+(2nd highest of 13)	Superior
Fitch	AA-(4th highest of 19)	Very Strong
Standard & Poor's	A+(5th highest of 20)	Strong
Moody's	A1(5th highest of 21)	Good

The ratings reflect each rating agency's opinion of our life insurance companies' financial strength, operating performance and ability to meet our obligations to policyholders and are not evaluations directed toward the protection of investors. The ratings are neither a rating of securities nor a recommendation to buy, hold or sell any security, including our common stock. A high rating by a particular ratings firm does not constitute an endorsement of the rated insurer by the ratings firm. Visit our Investor Relations site on [principal.com](http://principal.com) for our most current ratings and financial information.

#### Principal National Life Insurance Company

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# Life Insurance Policy Illustration Summary of Benefits

June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

*The purpose of the illustration is to show how the performance of the underlying investment accounts could affect the policy cash value and death benefit. The illustration is hypothetical and may not be used to project or predict investment results.*

*This page is intended to give you a snapshot of the initial coverage being illustrated. For an explanation of the product features listed on this page, please refer to the Features and Benefits section of this illustration.*

## Summary of Initial Basic Benefit

Insured	Age	Sex	Class	Initial Death Benefit	Initial Annualized Premium
Valued Client	45	Male	Standard Nontobacco	\$744,884	

## Additional Insurance Benefits

Cost of Living Rider  
Death Benefit Guarantee (DBG) Rider  
Life Paid-Up Rider  
Chronic Illness Death Benefit Advance Rider  
Terminal Illness Death Benefit Advance Rider  
(See Features and Benefits for a detailed explanation of Riders)

Total Annualized Premium	\$50,000.00
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## Assumptions

- In policy years 11 and later and provided your policy is not terminated, we credit an Account Value Enhancement to your policy on each monthly date (current annual rate is 0.25%). The Account Value Enhancement is not guaranteed, and we reserve the right to change or discontinue it at any time and in accordance with applicable law. The Account Value Enhancement, if any, is based on reduced costs in later policy years. The Account Value Enhancement percentage, if any, will be determined on a uniform basis for all policies eligible for an Account Value Enhancement, and any such percentage will be multiplied by your Account Value (the policy value excluding any values your policy has in the loan account). The annual policy statement we provide to you once each year will indicate the amount of any Account Value Enhancement credited to your policy.
- Year 20, Death Benefit Option changed to Face Amount.

This illustration may reflect current and/or future policy changes you are considering. But, Principal will not automatically make these policy or premium changes, or provide a Premium Reminder, based on changes noted here. Actual changes to your policy require a written request. Premiums are applied to your policy when received in our home office.

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## Summary of Benefits

June 12, 2023

**VUL Income IV (12/2021)**  
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### Length of Coverage

Changes in any of the illustrated benefits, premiums or assumptions will result in different illustrated values. We reserve the right to limit premium payments or restrict policy adjustments if the net amount at risk grows beyond our maximum limits. Evidence of insurability may also be required.

The following summarizes the length of coverage provided by the assumed rates of return and current and maximum charges:

Maximum charges at 0%	25 Years
Maximum charges at 6.64%	76 Years
Current charges at 0%	26 Years
Current charges at 6.64%	76 Years

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**Initial Death Benefit Option: 2 (Face + Policy Value)**

**What is VUL Income IV (12/2021)?**

VUL Income IV (12/2021) is a variable universal life policy that provides flexible benefits, premiums, a variety of investment divisions and a fixed account. Clients purchasing VUL Income IV (12/2021) receive death benefit protection along with the opportunity to put their premiums to work through the investment divisions and the fixed account.

**How can the coverage be adjusted?**

As the need arises, you can:

- Increase the death benefit (subject to underwriting)
- Decrease the death benefit (after the first policy year)
- Change the premium amount and change when premiums are paid. Unlike traditional life insurance policies that require a regular premium payment, VUL Income IV (12/2021) does not. Policy values may be used to pay the cost of insurance and administrative charges as long as there is sufficient net surrender value in the policy to do so. However, additional out-of-pocket premium payments may be required in the future.

**What is a hypothetical illustration?**

A hypothetical illustration demonstrates how the policy may operate based upon current policy charges and an assumed gross rate of return. The gross rate of return assumption may be up to 12%. This illustration is not a projection or predictor of investment results.

**What expenses are deducted from my policy?**

This illustration reflects all policy charges and expenses. At any time, the company can change the charges and expenses up to the guaranteed maximum stated in the policy. The following deductions are subtracted from the policy:

- Monthly Cost of Insurance (COI) Charge - Charge taken monthly from the policy value. Based on gender, issue age, policy year and risk class of the insured.
- Premium Expense Charge - Charge deducted from premiums when received by the company. This charge offsets distribution expenses as well as state, local & federal taxes.
- Monthly Administration Charge - A charge per month from the policy value for administration expenses of the policy.
- Asset Based Charge - Applied to the policy value for expenses assumed by the company.
- Monthly Policy Issue Charge - A monthly charge per \$1,000 of face amount applied from policy issue or from an increase in the policy face amount to cover expenses associated with issue and underwriting.

The balance remaining after monthly deductions (if any) is contributed to the policy value and grows tax-deferred.

Surrender charges are payable only upon termination or total surrender made during the first ten policy years (and ten years after an increase in the policy face amount).

The illustrated values reflect the net rate of return shown in parentheses. This net rate assumes an annual charge of 0.64% for investment management fee (IMF). This is a hypothetical fee based on a weighted average of the current investment management expenses for all of the investment divisions shown below. Actual charges will vary with the investment division(s) selected.

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## Features and Benefits

June 12, 2023

**VUL Income IV (12/2021)**  
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<b>Investment Divisions</b>	<b>Current IMF</b>	<b>% of Total Premium</b>	<b>Assigned Weighting</b>
AllianceBernstein VPS International Value Portfolio	0.88%	0.292%	0.003%
AllianceBernstein VPS Discovery Cap Value Portfolio	0.80%	0.642%	0.005%
American Century VP Capital Appreciation	1.07%	0.192%	0.002%
American Century VP Disciplined Core Value	0.96%	0.374%	0.004%
American Century VP Inflation Protection	0.77%	0.184%	0.001%
American Century VP Mid Cap Value	1.01%	1.232%	0.012%
American Century VP Value	0.88%	0.459%	0.004%
American Funds IS Washington Mutual Investors Fund	0.50%	1.085%	0.005%
American Funds IS Global Balanced Fund	0.75%	0.088%	0.001%
American Funds IS Growth Fund	0.59%	2.169%	0.013%
American Funds IS International Fund	0.78%	0.601%	0.005%
American Funds IS New World Fund	0.82%	0.896%	0.007%
Calvert VP Investment Grade Bond Index	0.32%	0.249%	0.001%
Calvert VP Russell 2000 Small Cap Index	0.60%	1.136%	0.007%
Calvert VP S&P MidCap 400 Index	0.53%	0.655%	0.003%
ClearBridge Variable Mid Cap Portfolio	0.83%	0.166%	0.001%
Delaware VIP Small Cap Value	1.08%	0.482%	0.005%
DWS Small Mid Cap Value VIP	1.18%	0.099%	0.001%
BNY Mellon IP MidCap Stock	1.05%	0.084%	0.001%
Fidelity VIP Contrafund	0.85%	2.568%	0.022%
Fidelity VIP Equity-Income	0.76%	0.563%	0.004%
Fidelity VIP Extended Market Index	0.38%	0.169%	0.001%
Fidelity VIP Government Money Market	0.34%	7.203%	0.024%
Fidelity VIP High Income	0.97%	0.617%	0.006%
Fidelity VIP International Index	0.42%	0.462%	0.002%
Fidelity VIP Mid Cap	0.86%	1.225%	0.011%
Fidelity VIP Total Market Index	0.37%	0.711%	0.003%
Franklin Templeton VIP Trust Franklin Mutual Global Discovery VIP	1.18%	0.472%	0.006%
Franklin Templeton VIP Trust Franklin Rising Dividends VIP	0.90%	0.865%	0.008%
Franklin Templeton VIP Trust Franklin Small Cap Value VIP	0.91%	0.368%	0.003%
Franklin Templeton VIP Trust Templeton Global Bond VIP	0.77%	0.343%	0.003%
Invesco V.I. American Franchise	1.11%	0.078%	0.001%
Invesco V.I. American Value	0.89%	0.098%	0.001%
Invesco V.I. Core Equity	1.05%	0.088%	0.001%
Invesco V.I. Health Care	0.96%	0.838%	0.008%
Invesco V.I. Main Street Mid Cap	1.18%	0.150%	0.002%
Invesco V.I. Main Street Small Cap	1.12%	0.201%	0.002%
Janus Henderson Global Sustainable Equity Portfolio	1.12%	0.001%	0.000%
Janus Henderson Series Enterprise	0.96%	1.438%	0.014%
Janus Henderson Series Forty	0.80%	0.955%	0.008%

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## Features and Benefits

June 12, 2023

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Investment Divisions	Current IMF	% of Total Premium	Assigned Weighting
Janus Henderson Series Global Technology and Innovation	0.97%	0.551%	0.005%
Lord Abbett Series Fund Developing Growth	1.04%	0.351%	0.004%
MFS Blended Research Small Cap Equity	0.79%	0.160%	0.001%
MFS Mid Cap Value	1.04%	0.522%	0.005%
MFS New Discovery	1.12%	0.284%	0.003%
MFS New Discovery Value	1.13%	0.224%	0.003%
MFS Utilities	1.03%	0.705%	0.007%
Neuberger Berman AMT Sustainable Equity	0.93%	0.078%	0.001%
Principal VCF Core Plus Bond	0.50%	1.496%	0.007%
Principal VCF Diversified International	0.92%	1.289%	0.012%
Principal VCF Equity Income	0.48%	3.174%	0.015%
Principal VCF Gov & High Quality Bond	0.51%	0.402%	0.002%
Principal VCF Global Emerging Markets Account	1.11%	0.752%	0.008%
Principal VCF LargeCap Growth I	0.69%	4.148%	0.029%
Principal VCF LargeCap S&P 500 Index	0.20%	11.055%	0.022%
Principal VCF MidCap Account	0.54%	1.538%	0.008%
Principal VCF Principal Capital Appreciation Account	0.63%	0.587%	0.004%
Principal VCF Principal LifeTime 2020	0.54%	1.686%	0.009%
Principal VCF Principal LifeTime 2030	0.57%	5.539%	0.032%
Principal VCF Principal LifeTime 2040	0.64%	3.490%	0.022%
Principal VCF Principal LifeTime 2050	0.68%	1.499%	0.010%
Principal VCF Principal LifeTime 2060	0.70%	0.902%	0.006%
Principal VCF Principal LifeTime Strat Income	0.54%	0.641%	0.003%
Principal VCF Real Estate Securities	0.79%	1.876%	0.015%
Principal VCF SAM Balanced Portfolio	0.76%	4.010%	0.030%
Principal VCF SAM Conservative Balanced Portfolio	0.75%	1.323%	0.010%
Principal VCF SAM Conservative Growth Portfolio	0.78%	5.575%	0.043%
Principal VCF SAM Flexible Income Portfolio	0.70%	1.030%	0.007%
Principal VCF SAM Strategic Growth Portfolio	0.79%	9.220%	0.073%
Principal VCF Short-Term Income	0.41%	2.749%	0.011%
Principal VCF SmallCap	0.84%	0.991%	0.008%
Putnam VT Large Cap Growth Fund	0.91%	0.497%	0.005%
TOPS Managed Risk Balanced ETF Portfolio	0.76%	0.358%	0.003%
TOPS Managed Risk Growth ETF Portfolio	0.74%	0.097%	0.001%
TOPS Managed Risk Moderate Growth ETF Portfolio	0.75%	0.249%	0.002%
VanEck VIP Global Resources	1.33%	0.259%	0.003%
Wanger International	1.20%	0.194%	0.002%

This illustration was run with a weighted average investment management fee. This weighted average was based upon the investment option and investment management fees of each available investment options as of 05/18/2023. Each investment option was "weighted" based upon the total amount of assets under management for that option across all variable life insurance products issued by Principal. Depending upon the investment options you choose, your investment management fee may be higher or lower than the weighted investment management fee shown.

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## Features and Benefits

June 12, 2023

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**What are my investment options?**

You determine how your premiums are invested by selecting from a variety of alternatives. You can choose from several investment divisions and transfer amounts among divisions and the fixed account as needs change.

**Is my coverage guaranteed?**

This policy offers a no-lapse guarantee of ten years if the No Lapse Guarantee (NLG) premium is paid. As long as the premium paid each year (net of withdrawals and loans) is equal to or greater than the NLG premium, the policy will not lapse in the first ten policy years. Assuming no policy adjustments, the annual NLG premium is \$5,847.34. Based on the illustrated premiums, the NLG premium test is met through policy year 10. If the NLG premium is not met during the NLG period, additional premiums may be paid on an inforce policy to restore the guarantees provided by the NLG provision. (If the Death Benefit Guarantee rider is attached, coverage may last longer - See Rider Descriptions. Riders are not available in all states and are subject to variation)

**Non-guaranteed elements**

This illustration assumes that the currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur, the actual results may be more or less favorable than those shown.

**Can I access my money?**

As your VUL Income IV (12/2021) premiums are invested, you may access all or some of your net surrender value at any time.

- You may surrender your policy values - similar to a withdrawal - or take a loan from your policy.
- You may make partial surrenders only after the first policy anniversary.

If you choose to surrender, be aware of these considerations:

- Loans or Partial Surrenders may have a negative impact on your cash value and death benefit.
- Loan interest charges may apply.
- Surrender charges will limit the amount of policy value available for any loans, partial surrenders, or full policy surrenders made during the first ten policy years (and ten years after an increase in the policy face amount as to the incremental increase). See Partial Surrenders and Loans below.

In general, amounts withdrawn (not including loans) from a policy which is not a modified endowment contract are not taxable until the amount withdrawn exceeds the total of the premiums paid (investment). Once the amount of the withdrawal exceeds the investment, further withdrawals are taxable. However, if there is a withdrawal accompanied by a death benefit decrease within the first fifteen years of the policy, a portion of the withdrawn amount may be taxable even if the amount withdrawn does not exceed the investment. For complete information on how actual policy changes and withdrawals could affect your personal tax situation, always consult your personal tax advisor.

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**Principal National Life Insurance Company**

711 High Street, Des Moines, Iowa 50392-0290

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June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

## What happens at policy maturity?

If your policy is in force at attained age 121 and not in a grace period, the Maturity Date Extension provision extends the death benefit coverage beyond Attained Age 121 and the new maturity date will be the date of the insured's death. The policy will continue in force, subject to applicable state laws in force at the time of the Policy Maturity Date shown on the Data Pages. When the maturity date is extended, the following will apply:

1. Your policy will automatically change to death benefit option 1.
2. On the Policy Maturity Date, all Division and Fixed Account values will be transferred to the Money Market Division and no further transfer rights between Divisions and/or the Fixed Account will be allowed.
3. The monthly policy charge will be zero.
4. Interest will continue to be credited.
5. No additional premium payments will be allowed.
6. No adjustment options will be available.
7. Loan repayments and loan interest will continue to accrue.
8. New loans and partial surrenders will be permitted.
9. We will pay the beneficiary(ies) the death benefit as of the date of the Insured's death.

## What if I experience adverse investment results?

Adverse investment results affect the policy value and ultimately the net surrender value. When the net surrender value is not sufficient to cover monthly policy charges and the necessary premiums are not paid, the policy will lapse. The Death Benefit Guarantee rider helps guard against this occurrence. The rider guarantees the death benefit, provided cumulative minimum premiums are paid, regardless of the underlying fund performance. (Refer to the rider descriptions for more details. Riders are not available in all states and are subject to variation.)

## What if the policy's actual rate of return is less than illustrated?

If actual performance is less than illustrated or mortality or expense rates are higher than illustrated, policy values may be insufficient and premium payments may be required for additional years - or at a higher level - to maintain the illustrated death benefit coverage for the planned number of years. Values illustrated at any assumed rate cannot be considered guaranteed or an estimate of future values or a projection of investment results.

**The purpose of presenting Policy Illustrations with different assumed rates of return is to demonstrate how differing investment returns result in differing policy values and death benefits, and differing lengths of protection.**

## Rider Descriptions

*The following descriptions are summaries only. Please refer to the riders themselves for complete information. There may be options available that are not illustrated in your proposal. For additional information about these or any other options and what they can do for you, ask your Principal representative. **Riders are subject to variation and availability by state and may have additional costs.***

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**Initial Death Benefit Option: 2 (Face + Policy Value)**

## **Death Benefit Guarantee Rider to Age 65**

An annual premium of \$5,847.34 is needed to keep the Death Benefit Guarantee Rider in force to age 65. As long as the premium paid each year is equal to or greater than this amount, the rider will guarantee the death benefit regardless of investment performance. The premium requirement will be affected by loans, partial surrenders, face amount adjustments and changes in rider coverage. You will be notified of any change in the rider premium. Once the death benefit guarantee rider is added to the policy, it can not be changed to another guarantee period.

Based on this illustration, including any policy changes or adjustments shown, the Death Benefit Guarantee Rider to Age 65 is calculated to terminate at age 65.

## **Cost of Living**

Allows for guaranteed coverage increases every three years to age 55 without evidence of insurability. If you choose to accept a death benefit increase under this rider, it likely will require a premium increase in order to support the new death benefit and policy values. If the additional premium is not paid, your policy may lapse.

## **Life Paid-Up Rider**

Under certain circumstances, the Life Paid-Up Rider can prevent the policy from lapsing when there is a large policy loan(s) outstanding.

- If certain conditions are met, the policy will become paid-up on the monthly date where the loan balance is at least 92% of the surrender value.
- The paid-up face amount will be 105% of the policy value.
- There is a one-time policy charge, dependent upon the loan value taken from the policy value on the date the rider is exercised.
- Adjustments or changes to the policy are not allowed once the policy becomes paid-up (See your policy prospectus for details).

This rider was not illustrated due to required conditions not being met.

## **Chronic Illness Death Benefit Advance Rider**

This rider provides the option of receiving a portion of the death benefit subject to terms and conditions including minimum and maximum amounts paid before death if the insured becomes chronically ill. Refer to the policy for details.

The death benefit, reduction factor, policy value, any loan amount and administrative fee are factors in determining the amount payable to the policy owner. The death benefit is reduced by the total of accelerated benefits. This rider is available on no more than two policies per insured.

## **Terminal Illness Death Benefit Advance Rider**

This rider provides the option of receiving a portion of the death benefit subject to terms and conditions including minimum and maximum amounts paid before death if the insured becomes terminally ill. Refer to the policy for details.

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## Additional Information

### Modified Endowment Contract (MEC)

The death benefit advance is considered a lien against the policy and is charged interest. There is a one-time administrative fee. At the time of the insured's death, the death benefit is reduced by any death benefit advance plus any accrued interest charges.

A life insurance policy is classified as a Modified Endowment Contract (MEC) if total policy premiums exceed specified IRS limits. Partial surrenders, policy loans, assignments, pledges and other forms of cash distributions from MEC policies may be subject to adverse tax consequences.

The illustrated premium in the first policy year does not exceed the MEC limit of \$56,414.55. Policy adjustments can cause the MEC premium to change. The policy as illustrated does not exceed MEC limits in future years based on current assumptions.

This analysis of the MEC status is based on our understanding of current tax law. Consult your tax advisor to determine actual tax consequences.

### Guideline Premium

Per the Internal Revenue Code, premiums must not exceed Guideline Premium Limitations if the policy is to be considered life insurance. There are two guideline premiums for the illustrated policy:

The current single premium limit for the illustrated policy is estimated to be \$244,066.24  
The current annual premium limit for the illustrated policy is estimated to be \$50,000.01

Policy adjustments can cause the guideline premiums to change. A return of past premium may be required at the time of the policy adjustment or in the future. Withdrawals, due to force out of past premium, may be taxable. The illustrated premium amounts in the Maximum Guaranteed Charges report match those illustrated in the Current Charges report. The illustrated premium amounts may have been adjusted to maintain the life insurance status. Any premium overpayment will be refunded.

If this illustration shows a death benefit option change, then the premium amounts shown in Maximum Guaranteed Charges report may be greater than the premium amounts we actually would allow you to pay. Premiums must not exceed Guideline Premium limitations if the policy is to be considered life insurance.

### Partial Surrenders

A partial surrender allows you to remove a portion of your policy value, subject to the policy's provisions, and still keep the policy in force. The face amount may be reduced by the amount of the partial surrender. A partial surrender will impact your policy's protection period and potential policy value growth, and may require additional premiums to keep the policy in force so it doesn't lapse.

This illustration assumes that loans/surrenders are distributed in annual payments each year, beginning on the policy anniversary of the year which loans/surrenders begin.

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**VUL Income IV (12/2021)**  
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**Male, Age: 45 Standard Nontobacco**  
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**Initial Death Benefit Option: 2 (Face + Policy Value)**

## Loans

The policy owner may borrow against the net surrender value of the policy. Loans in policy years 1-10 are charged at an annual rate of 3.5% and interest is credited on the loaned amount at 2.0%. Loans in policy years 11+ are charged at 2.0% and the interest is credited at 2.0%.

Loan interest that accrues will increase the unpaid balance of the policy loan. A loan will impact your policy's protection period, potential cash value growth and death benefit. A loan may also require additional premiums to keep the policy in force so it doesn't lapse.

At death, total policy surrender or maturity, the loan balance is subtracted from the proceeds payable before a claim is paid. Outstanding loans can create adverse tax consequences if the policy matures, is surrendered or lapses. Please consult your tax advisor regarding the use of loans inside a life insurance policy.

## Prospectus Information

Please refer to the VUL Income IV (12/2021) prospectus for a complete description of these items. This illustration must be accompanied or preceded by a current prospectus.

VUL Income IV (12/2021) is issued by Principal National Life Insurance Company and distributed by Principal Securities, Inc. (Member SIPC), Des Moines, IA 50392-0200, 1-800-247-1737. Principal Securities and Principal National Life are members of the Principal Financial Group®. Other broker/dealers may be appointed to distribute this policy.

## Contingent Compensation Disclosure

As a result of this sale, your Principal representative (or his/her firm) may receive compensation (cash or otherwise) that is based in part on factors such as total deposits, assets or premium volume and persistency or profitability of the business he/she sells. The cost of this compensation may be directly or indirectly reflected in the premium or fee for this product. The representative may receive this compensation from the insurer and/or entities through which he/she places business. Please contact your Principal representative if you have any questions about this compensation.

## Employer-Sponsored Plan Disclosure

If this policy is part of an employer-sponsored plan, policy-related information may be released to your employer as part of our consolidated list billing and reporting services.

If tax rules regarding selection of insured and consent requirements are not met, then death proceeds in excess of cost basis from employer-owned life insurance contracts may be taxable as ordinary income.

## Additional Disclosures

All guarantees are subject to the claims paying ability of the issuing insurance company.

Investing involves risk, including possible loss of principal.

**Before investing, carefully consider the investment option objectives, risks, charges, and expenses. Contact a financial professional or visit [principal.com](http://principal.com) for a prospectus or, if available, a summary prospectus containing this and other information. Please read it carefully before investing.**

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## Features and Benefits

June 12, 2023

**VUL Income IV (12/2021)**  
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Insurance products issued by Principal National Life Insurance Co. (except in NY), Principal Life Insurance Company®, and the companies available through the Preferred Product Network, Inc. Plan administrative services offered by Principal Life. 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, no bank or credit union guarantee. Not a deposit. Not insured by any federal government entity.**

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**Principal National Life Insurance Company**

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# Plan Summary

June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

**Annualized Premium Outlay**  
Sum of the premiums due during the policy year.

**Net Surrender Value**  
The policy value less surrender charges, policy loans, and loan interest. Amount of cash you would receive if you were to surrender the policy.

**Net Policy Value**  
The sum of all premiums and investment gain/loss less expenses, cost of insurance, surrenders, loans and loan interest.

**Net Death Benefit**  
The amount paid to the policyowner's beneficiary upon the death of the insured.

**Maximum Guaranteed Charges**  
Values are based on the illustrated assumed investment returns, guaranteed maximum cost of insurance rates, and guaranteed maximum expense charges.

**Current Charges**  
Values are based on the illustrated assumed investment returns, current cost of insurance rates and current expense charges.

**Partial Surrenders and Loans**  
Any partial surrenders, loans and loan repayments. (See Policy Illustration)

**Net Outlay**  
Your total annual out-of-pocket expense. (See Policy Illustration)

Assumed Investment Return:	Maximum Guaranteed Charges @ 0%	Current Charges	
		@ 0%	@ 6.64%
<b>Year 5, Age 50</b>			
Annualized Premium Outlay	\$50,000.00	\$50,000.00	\$50,000.00
Net Surrender Value	\$181,909	\$195,891	\$243,082
Net Policy Value	\$200,083	\$214,064	\$261,256
Net Death Benefit	\$944,967	\$958,948	\$1,006,140
<b>Year 10, Age 55</b>			
Annualized Premium Outlay	\$50,000.00	\$50,000.00	\$50,000.00
Net Surrender Value	\$388,381	\$420,501	\$610,342
Net Policy Value	\$390,043	\$422,163	\$612,003
Net Death Benefit	\$1,134,927	\$1,167,047	\$1,356,887
<b>Year 20, Age 65</b>			
Annualized Premium Outlay	\$50,000.00	\$50,000.00	\$50,000.00
Net Surrender Value	\$726,323	\$833,529	\$1,747,221
Net Policy Value	\$726,323	\$833,529	\$1,747,221
Net Death Benefit	\$1,440,851	\$1,539,544	\$2,346,703
<b>Age 70</b>			
Annualized Premium Outlay	\$0.00	\$0.00	\$0.00
Net Surrender Value	\$14,843	\$148,820	\$1,572,167
Net Policy Value	\$14,843	\$148,820	\$1,572,167
Net Death Benefit	\$798,137	\$897,054	\$1,823,714

## Acknowledgements

- I have received a copy of the illustration and the Prospectus and understand the illustration is not a contract and does not project actual future values or investment results. Any non guaranteed elements illustrated are not guaranteed, are subject to change, and could be either higher or lower.
- If actual investment performance is less than illustrated, actual death benefits and policy values will also be less than illustrated. I may need to increase the length and/or amount of premium payments.
- If this illustration does not match the application, I understand an illustration matching the policy as issued will be provided to me no later than policy delivery.
- I understand if I terminate this policy, there may be a cost (surrender charge) incurred that reduces the amount of money, if any, I receive by giving up my life insurance protection.
- I have received the applicable disclosure form for any Chronic Illness Death Benefit Advance rider that may be available under this policy.
- I understand while zero premium outlays may be illustrated above, the policy continues to accrue charges that, depending on actual results, may require the payer to continue or resume premium outlays. Illustrating zero premium outlays does not indicate that the policy is paid-up.

Signature of ALL Owners/Applicants

Date

I certify this illustration was presented to the applicant and I have explained that any non-guaranteed elements illustrated are subject to change. I made no statements inconsistent with the illustration. Any applicable Chronic Illness Death Benefit Advance rider disclosure forms have been given to all owners/applicants.

Signature of Registered Representative

Date

**Principal National Life Insurance Company**  
711 High Street, Des Moines, Iowa 50392-0290

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# Policy Illustration

June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

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**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Values Assuming Current Charges Assumed Gross Annual Return of 0.00% (-0.64% Net)				Values Assuming Current Charges Assumed Gross Annual Return of 6.64% (6.00% Net)			
				Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit	Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit
1	46	50,000.00	0	50,000.00	22,596	42,611	787,495	50,000.00	25,551	45,566	790,450
2	47	50,000.00	0	50,000.00	66,378	85,933	830,817	50,000.00	75,361	94,916	839,800
3	48	50,000.00	0	50,000.00	109,824	128,918	873,802	50,000.00	128,071	147,165	892,049
4	49	50,000.00	0	50,000.00	152,994	171,628	916,512	50,000.00	183,915	202,549	947,433
5	50	50,000.00	0	50,000.00	195,891	214,064	958,948	50,000.00	243,082	261,256	1,006,140
		<b>250,000.00</b>		<b>250,000.00</b>				<b>250,000.00</b>			
6	51	50,000.00	0	50,000.00	241,178	256,229	1,001,113	50,000.00	308,434	323,486	1,068,370
7	52	50,000.00	0	50,000.00	286,056	298,125	1,043,009	50,000.00	377,380	389,449	1,134,333
8	53	50,000.00	0	50,000.00	330,525	339,752	1,084,636	50,000.00	450,143	459,370	1,204,254
9	54	50,000.00	0	50,000.00	375,248	381,113	1,125,997	50,000.00	527,623	533,487	1,278,371
10	55	50,000.00	0	50,000.00	420,501	422,163	1,167,047	50,000.00	610,342	612,003	1,356,887
		<b>500,000.00</b>		<b>500,000.00</b>				<b>500,000.00</b>			
11	56	50,000.00	0	50,000.00	465,104	465,104	1,209,988	50,000.00	698,001	698,001	1,442,885
12	57	50,000.00	0	50,000.00	507,738	507,738	1,252,622	50,000.00	789,241	789,241	1,534,125
13	58	50,000.00	0	50,000.00	550,037	550,037	1,294,921	50,000.00	886,025	886,025	1,630,909
14	59	50,000.00	0	50,000.00	591,961	591,961	1,336,845	50,000.00	988,654	988,654	1,733,538
15	60	50,000.00	0	50,000.00	633,465	633,465	1,378,349	50,000.00	1,097,449	1,097,449	1,842,333
		<b>750,000.00</b>		<b>750,000.00</b>				<b>750,000.00</b>			
16	61	50,000.00	0	50,000.00	674,501	674,501	1,419,385	50,000.00	1,212,744	1,212,744	1,957,628
17	62	50,000.00	0	50,000.00	715,046	715,046	1,459,930	50,000.00	1,334,921	1,334,921	2,079,805
18	63	50,000.00	0	50,000.00	755,062	755,062	1,499,946	50,000.00	1,464,370	1,464,370	2,209,254
19	64	50,000.00	0	50,000.00	794,494	794,494	1,539,378	50,000.00	1,601,485	1,601,485	2,346,369
20	65	50,000.00	0	50,000.00	833,529	833,529	1,539,544	50,000.00	1,747,221	1,747,221	2,346,703
		<b>1,000,000.00</b>		<b>1,000,000.00</b>				<b>1,000,000.00</b>			
21	66	0.00	128,498	-128,497.84	696,851	696,851	1,411,046	-128,497.84	1,715,548	1,715,548	2,218,205
22	67	0.00	128,498	-128,497.84	560,158	560,158	1,282,548	-128,497.84	1,682,261	1,682,261	2,089,707
23	68	0.00	128,498	-128,497.84	423,349	423,349	1,154,050	-128,497.84	1,647,382	1,647,382	1,961,209
24	69	0.00	128,498	-128,497.84	286,288	286,288	1,025,552	-128,497.84	1,610,856	1,610,856	1,884,702
25	70	0.00	128,498	-128,497.84	148,820	148,820	897,054	-128,497.84	1,572,167	1,572,167	1,823,714
		<b>1,000,000.00</b>		<b>357,510.80</b>				<b>357,510.80</b>			

† - Note the difference in the Net Surrender Value and Net Policy Value columns above. The definition of these values can be found on the Plan Summary, page 20

## Principal National Life Insurance Company

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Actual results may be more or less favorable. Annualized Premium Outlay, and Net Outlay are shown as of the beginning of the policy year. Net Surrender Value, Net Policy Value, and Net Death Benefit are shown as of the end of the policy year. Values shown reflect policy loan(s) at the current variable loan interest rate.

**Withdrawals and loans will decrease the amount of death benefit and cash accumulation value and potentially cause the policy to lapse.** Any future increases in the variable loan interest rate will reduce values shown.

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# Policy Illustration

June 12, 2023

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**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Values Assuming Current Charges Assumed Gross Annual Return of 0.00% (-0.64% Net)				Values Assuming Current Charges Assumed Gross Annual Return of 6.64% (6.00% Net)			
				Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit	Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit
26	71	0.00	128,498	-128,497.84	10,734	10,734	768,219	-128,497.84	1,531,011	1,531,011	1,760,663
27	72	0.00	128,498	-10,467.41	0	0	0	-128,497.84	1,487,490	1,487,490	1,680,863
28	73	0.00	129,058					-128,497.84	1,441,376	1,441,376	1,603,067
29	74	0.00	131,639					-128,497.84	1,392,428	1,392,428	1,532,163
30	75	0.00	134,271					-128,497.84	1,340,582	1,340,582	1,455,035
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			
31	76	0.00	5,889					0.00	1,422,375	1,422,375	1,508,511
32	77	0.00	6,007					0.00	1,508,929	1,508,929	1,599,693
33	78	0.00	6,127					0.00	1,600,498	1,600,498	1,696,146
34	79	0.00	6,250					0.00	1,697,313	1,697,313	1,798,114
35	80	0.00	6,375					0.00	1,799,605	1,799,605	1,905,840
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			
36	81	0.00	6,502					0.00	1,907,598	1,907,598	2,019,558
37	82	0.00	6,632					0.00	2,021,499	2,021,499	2,139,486
38	83	0.00	6,765					0.00	2,141,510	2,141,510	2,265,835
39	84	0.00	6,900					0.00	2,267,820	2,267,820	2,398,806
40	85	0.00	7,038					0.00	2,400,598	2,400,598	2,538,575
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			
41	86	0.00	7,179					0.00	2,540,030	2,540,030	2,685,337
42	87	0.00	7,322					0.00	2,686,245	2,686,245	2,839,229
43	88	0.00	7,469					0.00	2,839,352	2,839,352	3,000,365
44	89	0.00	7,618					0.00	2,999,551	2,999,551	3,168,955
45	90	0.00	7,770					0.00	3,166,958	3,166,958	3,345,121
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			
46	91	0.00	7,926					0.00	3,341,913	3,341,913	3,529,220
47	92	0.00	8,084					0.00	3,529,760	3,529,760	3,687,442
48	93	0.00	8,246					0.00	3,732,388	3,732,388	3,856,977
49	94	0.00	8,411					0.00	3,952,195	3,952,195	4,039,818
50	95	0.00	8,579					0.00	4,192,020	4,192,020	4,238,315
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			

† - Note the difference in the Net Surrender Value and Net Policy Value columns above. The definition of these values can be found on the Plan Summary, page 20

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# Policy Illustration

June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Values Assuming Current Charges Assumed Gross Annual Return of 0.00% (-0.64% Net)				Values Assuming Current Charges Assumed Gross Annual Return of 6.64% (6.00% Net)			
				Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit	Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit
51	96	0.00	8,751					0.00	4,445,697	4,445,697	4,494,617
52	97	0.00	8,926					0.00	4,713,920	4,713,920	4,765,611
53	98	0.00	9,104					0.00	4,997,403	4,997,403	5,052,020
54	99	0.00	9,286					0.00	5,296,905	5,296,905	5,354,610
55	100	0.00	9,472					0.00	5,613,219	5,613,219	5,674,182
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			
56	101	0.00	9,662					0.00	5,947,321	5,947,321	6,011,722
57	102	0.00	9,855					0.00	6,300,114	6,300,114	6,368,141
58	103	0.00	10,052					0.00	6,672,446	6,672,446	6,744,297
59	104	0.00	10,253					0.00	7,065,269	7,065,269	7,141,151
60	105	0.00	10,458					0.00	7,479,382	7,479,382	7,559,509
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			
61	106	0.00	10,667					0.00	7,915,863	7,915,863	8,000,462
62	107	0.00	10,881					0.00	8,375,768	8,375,768	8,465,074
63	108	0.00	11,098					0.00	8,860,255	8,860,255	8,954,518
64	109	0.00	11,320					0.00	9,370,628	9,370,628	9,470,107
65	110	0.00	11,547					0.00	9,909,003	9,909,003	10,013,982
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			
66	111	0.00	11,777					0.00	10,477,106	10,477,106	10,587,883
67	112	0.00	12,013					0.00	11,076,543	11,076,543	11,193,436
68	113	0.00	12,253					0.00	11,709,199	11,709,199	11,832,540
69	114	0.00	12,498					0.00	12,377,100	12,377,100	12,507,246
70	115	0.00	12,748					0.00	13,082,226	13,082,226	13,219,549
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			
71	116	0.00	13,003					0.00	13,826,969	13,826,969	13,971,870
72	117	0.00	13,263					0.00	14,613,767	14,613,767	14,766,669
73	118	0.00	13,529					0.00	15,445,068	15,445,068	15,606,418
74	119	0.00	13,799					0.00	16,323,487	16,323,487	16,493,759
75	120	0.00	14,075					0.00	17,251,583	17,251,583	17,431,277
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			
76	121	0.00	14,357					0.00	18,158,168	18,158,168	18,347,071
		<b>1,000,000.00</b>		<b>218,545.55</b>				<b>-284,978.40</b>			

† - Note the difference in the Net Surrender Value and Net Policy Value columns above. The definition of these values can be found on the Plan Summary, page 20

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# Policy Illustration

June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Values Assuming Maximum Guaranteed Charges Assumed Gross Annual Return of 0.00% (-0.64% Net)				Values Assuming Maximum Guaranteed Charges Assumed Gross Annual Return of 6.64% (6.00% Net)			
				Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit	Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit
1	46	50,000.00	0	50,000.00	20,738	40,753	785,637	50,000.00	23,609	43,624	788,508
2	47	50,000.00	0	50,000.00	61,578	81,133	826,017	50,000.00	70,188	89,743	834,627
3	48	50,000.00	0	50,000.00	102,055	121,149	866,033	50,000.00	119,415	138,510	883,394
4	49	50,000.00	0	50,000.00	142,164	160,798	905,682	50,000.00	171,437	190,071	934,955
5	50	50,000.00	0	50,000.00	181,909	200,083	944,967	50,000.00	226,417	244,591	989,475
		<b>250,000.00</b>		<b>250,000.00</b>				<b>250,000.00</b>			
6	51	50,000.00	0	50,000.00	223,917	238,969	983,853	50,000.00	287,152	302,203	1,047,087
7	52	50,000.00	0	50,000.00	265,353	277,422	1,022,306	50,000.00	350,981	363,051	1,107,935
8	53	50,000.00	0	50,000.00	306,204	315,431	1,060,315	50,000.00	418,079	427,306	1,172,190
9	54	50,000.00	0	50,000.00	347,113	352,977	1,097,861	50,000.00	489,282	495,147	1,240,031
10	55	50,000.00	0	50,000.00	388,381	390,043	1,134,927	50,000.00	565,097	566,758	1,311,642
		<b>500,000.00</b>		<b>500,000.00</b>				<b>500,000.00</b>			
11	56	50,000.00	0	50,000.00	426,593	426,593	1,171,477	50,000.00	642,322	642,322	1,387,206
12	57	50,000.00	0	50,000.00	462,603	462,603	1,207,487	50,000.00	722,040	722,040	1,466,924
13	58	50,000.00	0	50,000.00	498,041	498,041	1,242,925	50,000.00	806,115	806,115	1,550,999
14	59	50,000.00	0	50,000.00	532,873	532,873	1,277,757	50,000.00	894,764	894,764	1,639,648
15	60	50,000.00	0	50,000.00	567,038	567,038	1,311,922	50,000.00	988,185	988,185	1,733,069
		<b>750,000.00</b>		<b>750,000.00</b>				<b>750,000.00</b>			
16	61	50,000.00	0	50,000.00	600,497	600,497	1,345,381	50,000.00	1,086,611	1,086,611	1,831,495
17	62	50,000.00	0	50,000.00	633,173	633,173	1,378,057	50,000.00	1,190,250	1,190,250	1,935,134
18	63	50,000.00	0	50,000.00	665,021	665,021	1,409,905	50,000.00	1,299,353	1,299,353	2,044,237
19	64	50,000.00	0	50,000.00	695,967	695,967	1,440,851	50,000.00	1,414,155	1,414,155	2,159,039
20	65	50,000.00	0	50,000.00	726,323	726,323	1,440,851	50,000.00	1,535,715	1,535,715	2,159,039
		<b>1,000,000.00</b>		<b>1,000,000.00</b>				<b>1,000,000.00</b>			
21	66	0.00	128,498	-128,497.84	582,997	582,997	1,312,353	-128,497.84	1,480,391	1,480,391	2,030,541
22	67	0.00	128,498	-128,497.84	440,279	440,279	1,183,855	-128,497.84	1,422,498	1,422,498	1,902,043
23	68	0.00	128,498	-128,497.84	298,102	298,102	1,055,357	-128,497.84	1,361,995	1,361,995	1,773,545
24	69	0.00	128,498	-128,497.84	156,352	156,352	926,859	-128,497.84	1,298,812	1,298,812	1,645,047
25	70	0.00	128,498	-128,497.84	14,843	14,843	798,137	-128,497.84	1,232,876	1,232,876	1,516,549
		<b>1,000,000.00</b>		<b>357,510.80</b>				<b>357,510.80</b>			

† - Note the difference in the Net Surrender Value and Net Policy Value columns above. The definition of these values can be found on the Plan Summary, page 20

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# Policy Illustration

June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Values Assuming Maximum Guaranteed Charges Assumed Gross Annual Return of 0.00% (-0.64% Net)				Values Assuming Maximum Guaranteed Charges Assumed Gross Annual Return of 6.64% (6.00% Net)			
				Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit	Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit
26	71	0.00	128,498	-14,471.98	0	0	0	-128,497.84	1,164,006	1,164,006	1,388,051
27	72	0.00	128,498					-128,497.84	1,091,747	1,091,747	1,259,553
28	73	0.00	129,058					-128,497.84	1,016,016	1,016,016	1,130,918
29	74	0.00	131,639					-128,497.84	936,532	936,532	1,035,236
30	75	0.00	134,271					-128,497.84	852,731	852,731	933,034
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			
31	76	0.00	5,889					0.00	900,416	900,416	960,454
32	77	0.00	6,007					0.00	950,581	950,581	1,013,427
33	78	0.00	6,127					0.00	1,003,325	1,003,325	1,069,115
34	79	0.00	6,250					0.00	1,058,748	1,058,748	1,127,621
35	80	0.00	6,375					0.00	1,116,935	1,116,935	1,189,037
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			
36	81	0.00	6,502					0.00	1,177,959	1,177,959	1,253,437
37	82	0.00	6,632					0.00	1,241,875	1,241,875	1,320,880
38	83	0.00	6,765					0.00	1,308,742	1,308,742	1,391,429
39	84	0.00	6,900					0.00	1,378,521	1,378,521	1,465,042
40	85	0.00	7,038					0.00	1,451,181	1,451,181	1,541,687
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			
41	86	0.00	7,179					0.00	1,526,641	1,526,641	1,621,279
42	87	0.00	7,322					0.00	1,604,767	1,604,767	1,703,677
43	88	0.00	7,469					0.00	1,685,376	1,685,376	1,788,690
44	89	0.00	7,618					0.00	1,768,234	1,768,234	1,876,071
45	90	0.00	7,770					0.00	1,853,120	1,853,120	1,965,591
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			
46	91	0.00	7,926					0.00	1,939,792	1,939,792	2,056,993
47	92	0.00	8,084					0.00	2,033,059	2,033,059	2,130,873
48	93	0.00	8,246					0.00	2,134,538	2,134,538	2,211,191
49	94	0.00	8,411					0.00	2,246,128	2,246,128	2,299,630
50	95	0.00	8,579					0.00	2,370,074	2,370,074	2,398,150
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			

† - Note the difference in the Net Surrender Value and Net Policy Value columns above. The definition of these values can be found on the Plan Summary, page 20

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# Policy Illustration

June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Values Assuming Maximum Guaranteed Charges Assumed Gross Annual Return of 0.00% (-0.64% Net)				Values Assuming Maximum Guaranteed Charges Assumed Gross Annual Return of 6.64% (6.00% Net)			
				Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit	Net Outlay	†Net Surrender Value	†Net Policy Value	Net Death Benefit
51	96	0.00	8,751					0.00	2,500,411	2,500,411	2,529,878
52	97	0.00	8,926					0.00	2,637,270	2,637,270	2,668,195
53	98	0.00	9,104					0.00	2,780,867	2,780,867	2,813,319
54	99	0.00	9,286					0.00	2,931,381	2,931,381	2,965,431
55	100	0.00	9,472					0.00	3,088,986	3,088,986	3,124,707
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			
56	101	0.00	9,662					0.00	3,253,860	3,253,860	3,291,326
57	102	0.00	9,855					0.00	3,426,299	3,426,299	3,465,588
58	103	0.00	10,052					0.00	3,606,534	3,606,534	3,647,726
59	104	0.00	10,253					0.00	3,794,816	3,794,816	3,837,993
60	105	0.00	10,458					0.00	3,991,428	3,991,428	4,036,675
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			
61	106	0.00	10,667					0.00	4,196,696	4,196,696	4,244,104
62	107	0.00	10,881					0.00	4,411,002	4,411,002	4,460,661
63	108	0.00	11,098					0.00	4,633,806	4,633,806	4,685,804
64	109	0.00	11,320					0.00	4,864,991	4,864,991	4,919,414
65	110	0.00	11,547					0.00	5,104,316	5,104,316	5,161,248
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			
66	111	0.00	11,777					0.00	5,351,374	5,351,374	5,410,894
67	112	0.00	12,013					0.00	5,606,254	5,606,254	5,668,443
68	113	0.00	12,253					0.00	5,873,446	5,873,446	5,938,430
69	114	0.00	12,498					0.00	6,153,549	6,153,549	6,221,458
70	115	0.00	12,748					0.00	6,447,188	6,447,188	6,518,161
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			
71	116	0.00	13,003					0.00	6,755,021	6,755,021	6,829,203
72	117	0.00	13,263					0.00	7,077,739	7,077,739	7,155,281
73	118	0.00	13,529					0.00	7,416,064	7,416,064	7,497,125
74	119	0.00	13,799					0.00	7,770,755	7,770,755	7,855,500
75	120	0.00	14,075					0.00	8,142,607	8,142,607	8,231,212
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			
76	121	0.00	14,357					0.00	8,532,454	8,532,454	8,625,100
		<b>1,000,000.00</b>		<b>343,038.82</b>				<b>-284,978.40</b>			

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## Supplemental Illustration

June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

**Analysis of Distributions using Current Charges and an Assumed Gross Rate of 6.64% (6.00% Net)**

Year	End of Year Age	Partial Surrenders	Loans	Loan Repayment	Loan Interest	Cumulative Loan	Loan Credit
1	46	0	0	0	0	0	0
2	47	0	0	0	0	0	0
3	48	0	0	0	0	0	0
4	49	0	0	0	0	0	0
5	50	0	0	0	0	0	0
		<b>0</b>	<b>0</b>				
6	51	0	0	0	0	0	0
7	52	0	0	0	0	0	0
8	53	0	0	0	0	0	0
9	54	0	0	0	0	0	0
10	55	0	0	0	0	0	0
		<b>0</b>	<b>0</b>				
11	56	0	0	0	0	0	0
12	57	0	0	0	0	0	0
13	58	0	0	0	0	0	0
14	59	0	0	0	0	0	0
15	60	0	0	0	0	0	0
		<b>0</b>	<b>0</b>				
16	61	0	0	0	0	0	0
17	62	0	0	0	0	0	0
18	63	0	0	0	0	0	0
19	64	0	0	0	0	0	0
20	65	0	0	0	0	0	0
		<b>0</b>	<b>0</b>				
21	66	128,498	0	0	0	0	0
22	67	128,498	0	0	0	0	0
23	68	128,498	0	0	0	0	0
24	69	128,498	0	0	0	0	0
25	70	128,498	0	0	0	0	0
		<b>642,489</b>	<b>0</b>				
26	71	128,498	0	0	0	0	0
27	72	128,498	0	0	0	0	0
28	73	100,515	27,983	0	560	28,542	560
29	74	0	128,498	0	3,141	160,181	3,141
30	75	0	128,498	0	5,774	294,452	5,774
		<b>1,000,000</b>	<b>284,978</b>				

**Principal National Life Insurance Company**

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June 12, 2023

**VUL Income IV (12/2021)**  
Flexible Premium Variable Adjustable Universal Life Insurance Policy

**Valued Client**  
**Male, Age: 45 Standard Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$744,884**  
**Initial Annual Premium: \$50,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

**Analysis of Distributions using Current Charges and an Assumed Gross Rate of 6.64% (6.00% Net)**

Year	End of Year Age	Partial Surrenders	Loans	Loan Repayment	Loan Interest	Cumulative Loan	Loan Credit
31	76	0	0	0	5,889	300,341	5,889
32	77	0	0	0	6,007	306,348	6,007
33	78	0	0	0	6,127	312,475	6,127
34	79	0	0	0	6,250	318,725	6,250
35	80	0	0	0	6,375	325,099	6,375
		<b>1,000,000</b>	<b>284,978</b>				
36	81	0	0	0	6,502	331,601	6,502
37	82	0	0	0	6,632	338,233	6,632
38	83	0	0	0	6,765	344,998	6,765
39	84	0	0	0	6,900	351,898	6,900
40	85	0	0	0	7,038	358,936	7,038
		<b>1,000,000</b>	<b>284,978</b>				
41	86	0	0	0	7,179	366,115	7,179
42	87	0	0	0	7,322	373,437	7,322
43	88	0	0	0	7,469	380,906	7,469
44	89	0	0	0	7,618	388,524	7,618
45	90	0	0	0	7,770	396,294	7,770
		<b>1,000,000</b>	<b>284,978</b>				
46	91	0	0	0	7,926	404,220	7,926
47	92	0	0	0	8,084	412,304	8,084
48	93	0	0	0	8,246	420,551	8,246
49	94	0	0	0	8,411	428,962	8,411
50	95	0	0	0	8,579	437,541	8,579
		<b>1,000,000</b>	<b>284,978</b>				
51	96	0	0	0	8,751	446,292	8,751
52	97	0	0	0	8,926	455,217	8,926
53	98	0	0	0	9,104	464,322	9,104
54	99	0	0	0	9,286	473,608	9,286
55	100	0	0	0	9,472	483,080	9,472
		<b>1,000,000</b>	<b>284,978</b>				
56	101	0	0	0	9,662	492,742	9,662
57	102	0	0	0	9,855	502,597	9,855
58	103	0	0	0	10,052	512,649	10,052
59	104	0	0	0	10,253	522,902	10,253
60	105	0	0	0	10,458	533,360	10,458
		<b>1,000,000</b>	<b>284,978</b>				

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Year	End of Year Age	Partial Surrenders	Loans	Loan Repayment	Loan Interest	Cumulative Loan	Loan Credit
61	106	0	0	0	10,667	544,027	10,667
62	107	0	0	0	10,881	554,907	10,881
63	108	0	0	0	11,098	566,006	11,098
64	109	0	0	0	11,320	577,326	11,320
65	110	0	0	0	11,547	588,872	11,547
		<b>1,000,000</b>	<b>284,978</b>				
66	111	0	0	0	11,777	600,650	11,777
67	112	0	0	0	12,013	612,663	12,013
68	113	0	0	0	12,253	624,916	12,253
69	114	0	0	0	12,498	637,414	12,498
70	115	0	0	0	12,748	650,162	12,748
		<b>1,000,000</b>	<b>284,978</b>				
71	116	0	0	0	13,003	663,166	13,003
72	117	0	0	0	13,263	676,429	13,263
73	118	0	0	0	13,529	689,958	13,529
74	119	0	0	0	13,799	703,757	13,799
75	120	0	0	0	14,075	717,832	14,075
		<b>1,000,000</b>	<b>284,978</b>				
76	121	0	0	0	14,357	732,188	14,357
		<b>1,000,000</b>	<b>284,978</b>				

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