Principal®

Nonqualified deferred compensation plans

Pre-tax savings pump up your growth potential.

Assuming you didn't have to spend the money somewhere else, would you rather start with a $100 investment or a $75 investment?

That's an easy one. All other things being equal, that $100 investment would grow more quickly than $75.

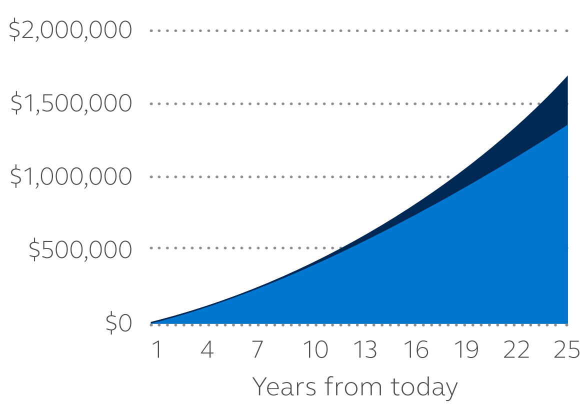
And that's just one of the ways a nonqualified deferred compensation plan increases your savings potential. Because you're setting aside money before taxes come out—and the earnings on those dollars compound on a tax-deferred basis—more of your money is working for you.

With a taxable investment, you've already paid taxes on the money you're investing. It's like you're working with $75 instead of $100. In a nonqualified plan, 100% of every dollar and any credited earnings grow tax-deferred.

The example below shows you what we mean. The advantage of pre-tax savings increases dramatically the longer you let your balance grow. Also, by strategically timing when you pay taxes, you may find that you're able to lower your tax bracket in your retirement years.

Compare pre- and post-tax account growth.

● Pre-tax savings in a deferred comp plan, net of tax ● Post-tax investment elsewhere



	Pre-tax savings in a deferred comp plan	Post-tax investment elsewhere
Annual deferral amount	$50,000	$50,000
Net amount invested	$50,000	$32,500
Earnings rate	6%	6%
Account balance after 25 years	$2.817M	$1.370M
Net account value after 25 years	$1.690M	$1.370M

Illustration is hypothetical and does not represent any particular investment. Net amount invested for Taxable Investment based on assumed 40% federal tax bracket. Lower maximum tax rates on capital gains and dividends would make the return of the taxable investment more favorable, thereby reducing the difference in performance between the options shown. Consider your personal investment horizon and income tax bracket, both current and anticipated, when making an investment decision, as these may further affect the results of the comparison. Pre-tax NQDC value based on taking lump sum distribution after 25 years at federal tax rate of 40%.

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Carefully consider the investment's objectives, risks, charges, and expenses. Contact your financial professional or visit principal.com for a prospectus or summary prospectus, if available. Please read it carefully before investing.

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