

# Help secure your financial future



## Make your money last

**You've made it. You're ready for retirement and the freedom that comes with it.**

Now it's time to make sure that great feeling continues by creating guaranteed retirement income that lasts as long as you do.

It might be time to think about an income annuity.

## How an income annuity could help

Buying an income annuity is like insuring your retirement income. You'll convert a portion of your retirement savings to create a guaranteed stream of income — similar to a traditional pension plan. Once purchased, the income payments wouldn't be affected by poor performing markets, and you can't outlive it.\*

Used as part of a diversified retirement income strategy, an income annuity can:

- Help provide confidence that you'll continue paying bills long after the paycheck stops
- Help give you freedom to spend and invest
- Provide the opportunity to leave a legacy

And by receiving your income over time, you'll be able to spread your tax obligations on that income over the length of the contract.



### How the Principal Income Annuity works

- > You use a portion of your retirement savings and make a one-time premium payment into an income annuity.
- > There are no upfront or annual administrative fees on your contract.
- > That premium will be used to establish a regular stream of income that you'll receive for the rest of your life (or for the period of time you choose).
- > You decide how often you want to receive payments — either monthly, quarterly, semi-annually or annually.
- > Your income payments will remain steady — protected from the ups and downs of the market.

## Key features



### Inflation protection

You'll have access to an optional rider that allows you to increase your income payments to help keep up with inflation. This rider is available at no extra cost, but if you elect this rider, your payments will be lower in the early years of your contract as compared to contracts not electing inflation protection.

### Access to your money

Emergencies happen. That's why our Liquidity Rider\* allows you to take a one-time withdrawal of up to 100% of the discounted value of your remaining guaranteed payments. You can do this anytime between the first contract anniversary and the end of your guarantee period. *(Even with the Liquidity Rider, it's important to have other assets available to cover unexpected costs. When the Liquidity Rider is used, the amount of the withdrawal will vary based on the interest rate environment at the time of the withdrawal).*

### Income options

Multiple income options are available to choose from, including single life, joint life and fixed period options. The best choice for you will depend on your individual needs and circumstances.

Not only do income annuities provide income that can't be outlived, they help provide peace of mind and more financial security.

### A 65-year-old man or woman retiring today has a 50% chance of living to age 85 or beyond.<sup>1</sup>

With a chance of spending that many years in retirement, it's important to know that your income is secure.

### A few things to think about

While you don't have to worry about market fluctuations or making investment decisions, it's possible that your income from the annuity may be less than the return you could get from equity investments. However, having guaranteed income may make market volatility in other assets more acceptable. An income annuity is not a liquid investment. Only a one-time withdrawal may be taken (up to 100% of the discounted value of your remaining guaranteed payments). Once you begin receiving income, you can no longer make changes to your annuity. Also, annuities are not FDIC insured, but are backed by the insurance company that issues them.

\*Not available with all benefit options.

# Principal Income Annuity provides you with a regular stream of income to help fund the lifestyle you want in retirement.<sup>2</sup>

## Product details

**Contribution (premium) limits** The minimum premium payment is \$10,000 for both qualified and nonqualified contracts. The maximum is \$2,000,000. Premium payments up to \$5,000,000 may be allowed with prior home office approval.

**Maximum issue age** 95 (79 for Life Income only).

**Administrative charges** There are no annual administrative charges.

**Inflation protection<sup>3</sup>** The following optional cost of living rider is available at the time of issue for no additional fee:

### Annual Increase Rider

This rider allows you to choose either a 1%, 2%, 3%, 4% or 5% automatic increase in your income payments each year throughout the life of your contract.

The chart below is a hypothetical example of how the Annual Increase Rider works, assuming the 3% automatic increase every year for a 10-year time period.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Monthly Payment Amount</b>	\$1,000.00	\$1,030.00	\$1,060.90	\$1,092.73	\$1,125.51	\$1,159.27	\$1,194.05	\$1,229.87	\$1,266.77	\$1,304.77

## Liquidity rider<sup>4</sup>

The Liquidity Rider is available for no additional fee. It allows you to take a one-time withdrawal of up to 100% of the discounted value of the remaining payments.<sup>5</sup>

- You can take the withdrawal anytime between the first contract anniversary and the end of the guaranteed period.<sup>6</sup> Your payments will be reduced proportionately from the time you take the withdrawal until the guaranteed period ends, but will then return to the original payment amount, if it's still available.
- The Liquidity Rider is available with all benefit options except Life Income (both Single Life and Joint and Survivor).

**Note:** You may receive less than your premium amount when you exercise the Liquidity Rider. The interest rate environment at the time you choose to exercise the Liquidity Rider will affect the payment amount received.

# Available income options

## Product details

<b>Fixed period income<sup>7</sup></b>	Payments are made for a fixed period. You may select a period ranging from five to 30 years. If you die before the selected period expires, payments continue until the end of the period.
<b>Life income</b>	Payments continue for your lifetime and end at your death (maximum issue age is 79). No benefits are payable upon your death.
<b>Life income with guaranteed period</b>	Payments continue during your lifetime. If you die before the selected period expires, payments continue until the end of the period.
<b>Joint and survivor</b>	Payments continue during the lifetime of two annuitants and stop at the death of the surviving annuitant. You may add a guaranteed period of five to 30 years. You may also choose an option that lowers the amount of income after the first death or primary annuitant's death (may reduce from 1-99%). Life income without a guarantee period is not available if both joint annuitants are over the age of 79.
<b>Life income with cash refund</b>	Payments are made during your lifetime. If you die and the total of all payments received is less than the original amount paid in, the difference is paid in a lump sum. (Available for single and joint survivors.)
<b>Life income with installment refund</b>	Payments are made during your lifetime. If you die and the total of all payments received is less than the original amount paid in, payments continue until the total of all payments equals the original amount paid. (Available for single and joint survivors).

The various income options listed above provide differing benefits after the death of an annuitant. Please discuss all options with your representative to determine which one is best for you and your financial situation.



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<sup>1</sup> Annuity 2012 Mortality Table

<sup>2</sup> Guarantees are based on the claims-paying ability of Principal Life Insurance Company.

<sup>3</sup> While there is no additional fee for the optional cost of living rider, payments for the same premium will be lower in the early years that contracts without this rider. Payments will increase at the percent chosen.

<sup>4</sup> Not available with all benefit options.

<sup>5</sup> Minimum withdrawal amount is \$2,500

<sup>6</sup> For life income with cash refund and Life income with installment refund benefit options, the guarantee period is determined by dividing the initial premium by the annualized income benefit amount.

<sup>7</sup> In Maryland, only Fixed Period options between five and 15 years are available. The Fixed amount payout option is not available in Maryland.

Annuity products and services are offered through Principal Life Insurance Company, a member company of the Principal Financial Group<sup>®</sup> Des Moines, IA 50392, principal.com

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Not insured by any federal government agency