

# Frequently Asked Questions

## Principal® Fixed Annuity Strategic Review

### Impacts to new fixed annuity sales

#### Q Why is Principal ceasing sales of new retail fixed annuities?

A With sustained low interest rates, the attractiveness of fixed deferred and income annuities has lessened. While other carriers are willing to take on more risk, in times like these, our first commitment is to our clients and making sure we continue to be here when they need us.

**Effective Sept. 30, 2021**, the following products will no longer be available for new sales:

- Principal® Preferred Series Annuity
- Principal® Select Series Annuity
- Principal® Premier Annuity
- Principal® Growth Fixed Annuity
- Principal® Secure Choice Indexed Annuity
- Principal® Income Annuity
- Principal® Deferred Income Annuity

#### Q Which products will still be available after Sept. 30?

A We'll continue to offer our variable annuities. Currently we offer two, which will remain available for new sales. They are:

- Principal® Lifetime Income Solutions II Variable Annuity
- Principal® Pivot Series Variable Annuity

#### Q What is the cutoff for new business submissions for fixed, indexed, and income annuities?

A Any new applications for these products must be signed by Sept. 30, 2021, and received in the Principal home office by Oct. 15. Our goal is to have all contracts issued by Dec. 31.

As of Sept. 1, the normal 90-day resolution window for fixed deferred, indexed, and income annuity contracts

not in good order (NIGO) has been shortened to 45 days. If paperwork issues or missing information isn't resolved within 45 days, the application will be canceled.

We will work diligently with you to quickly resolve any items that are not in good order and to obtain funds from ceding carriers (if applicable).

#### Q For transfers/exchanges, is there a cutoff date to receive funds?

A Once the paperwork is in good order, we will request transfer funds from the current carrier. Transfers will still follow our standard timing of 90 days once the paperwork is in good order. Nov. 15 is the last day we will send out requests for transfers, and there will then be 90 days to accept funds.

#### Q Are there any changes to variable annuity new business processes?

A No, it is business as usual for variable annuity new business.

#### Q What are the impacts to the illustration and e-app systems?

A You'll be able to access these products in our illustration and e-app systems along with Create-an-app through Sept. 30. Applications must be signed no later than Sept. 30. Please note that our illustration paperwork indicates you have eight days beyond the date the illustration is run to obtain a signature. However, all paperwork submitted, regardless of when the illustration was run, must be submitted with a signature date on or before Sept. 30. Applications signed on or before Sept. 30 will be accepted through our e-app system through Oct. 15.

If you need a specific form or illustration for annuitization after Sept. 30, please contact your wholesaling team or the Annuity Engagement Center at 800-852-4450.

## Impacts to existing fixed annuity business

### Q Will you still do all the administration of and servicing for your existing block?

A We recently announced our exit from retail fixed annuities and the evaluation of possible transactions for our in-force block. These types of transactions take time, and it's too early to say what the administrative and servicing provisions will be as the result of any transaction. It's possible that we could retain the customer service responsibility long term. Until a decision has been made, there will be no changes to the administration of in-force fixed annuity business. You and your clients will continue to receive the same high level of service you've come to expect from Principal.

Putting the customer first is one of our core values and will be a guiding principle in any decisions. We know you have questions, and we will answer what we can when we are able. But please understand we are likely months away from being able to say more about any transaction.

### Q My customers and I chose a Principal annuity because of our confidence in the guarantees. If your in-force block of fixed annuities is purchased, what happens to those guarantees?

A As we transition the business, we'll look for the right transaction to help ensure our customers' needs continue to be met. Our customers can be assured that Principal will honor our contractual obligations for the life of their contract.

### Q Are there any client-facing communications planned?

A Currently, we're leaving client communication to your discretion. There is wording addressing the announcement behind the login on Principal.com for clients with fixed deferred, indexed, and income annuity contracts. But until we know more about any possible transactions, we don't have any direct client communications planned.

### Q Are you still offering automatic renewals?

A Yes, this is a contractual guarantee we'll continue to honor.

### Q Will any riders on existing contracts be affected?

A No. Riders on contracts already issued are not affected and will continue as outlined in the contract.

### Q Will additional contributions be accepted on existing fixed contracts?

A Yes, clients can contribute additional premiums to products that allow it for the duration listed in their contract. For example, the Principal Preferred Series Annuity allows for additional premiums in the first year. If a Preferred Series Annuity contract is issued on Oct. 1, 2021, additional premiums can be added through Sept. 30, 2022.

### Q Will you still allow annuitization to existing fixed and indexed annuities?

A Yes, we'll still allow annuitization (issue supplemental contracts) for both regular and forced annuitizations on fixed deferred and indexed annuities. The Annual Increase Rider will no longer be available for annuitization of these products after Sept. 30.

### Q What about variable annuities? Will you offer annuitizations and partial annuitizations?

A Yes, full and partial annuitizations for variable annuities will continue to be available. This provides your clients with another option for creating guaranteed income in retirement in addition to the optional income riders on our variable annuities.

### Q Will spousal continuations and ownership changes still be available?

A Yes, spousal continuations and ownership changes are contractually guaranteed and will continue to be available on existing contracts.

### Q Will there be impacts to compensation for fixed annuities?

A There are no changes being made to compensation on these products at this time.



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