

# Giving your employees a reason to stay



Principal<sup>®</sup> Deferred Compensation - Select Reward

## Sample Company

Your key employees play an important role in the success of your company. It's important to encourage loyalty and keep them motivated. So how can you reward them 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**

You and each key employee enter into an agreement that promises a lump-sum benefit if the employee satisfies a service requirement. This can be a defined amount, or it can be based on the value of a life insurance policy that's used to informally finance the benefit.

- Lump-sum benefit is tied to a service requirement, encouraging retention.
- Service requirement and lump-sum benefit can be set to meet your specific needs with each key employee.
- If you choose to finance the benefit, your company would own the 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		Employer
	50 years old	C-Corp corporate structure
	20.0% individual tax rate	25.0% corporate tax rate
	\$20,000 annual bonus	\$20,000 annual budget
		15 year service period

Year	Employee			Employer		
	1 Bonus received (cash in)	2 Tax on earnings (cash out)	3 After-tax earnings	4 Bonus payments (cash out)	5 Tax benefit (cash in)	6 After-tax impact
1	\$20,000	\$4,000	\$16,000	(\$20,000)	\$5,000	(\$15,000)
2	20,000	4,000	16,000	(20,000)	5,000	(15,000)
3	20,000	4,000	16,000	(20,000)	5,000	(15,000)
4	20,000	4,000	16,000	(20,000)	5,000	(15,000)
5	20,000	4,000	16,000	(20,000)	5,000	(15,000)
⋮	⋮	⋮	⋮	⋮	⋮	⋮
12	20,000	4,000	16,000	(20,000)	5,000	(15,000)
13	20,000	4,000	16,000	(20,000)	5,000	(15,000)
14	20,000	4,000	16,000	(20,000)	5,000	(15,000)
15	20,000	4,000	16,000	(20,000)	5,000	(15,000)
16	0	0	0	0	0	0
Total	\$300,000	\$60,000	\$240,000	(\$300,000)	\$75,000	(\$225,000)

**\$240,000**  
after-tax benefit

**(\$225,000)**  
after-tax impact

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 - Select Reward plan. To set up the plan, you enter into a deferred comp agreement with each key employee you choose to participate. You promise a lump sum benefit if the key employee meets the specified service requirement outlined in their agreement.

You purchase key person life insurance on each participant to informally finance the benefit they receive if they meet their service requirement. Your company is the owner and beneficiary of the key person life insurance policy(ies).

Once the service requirement is met, the lump-sum benefit is owed to each key employee. You choose how the benefit will be paid.

- 1 **Cash** through normal course of business.
- 2 **Withdrawal** of cash value from the key person life insurance policy that informally finances the plan.
- 3 **Transfer ownership** of the life insurance policy to the key employee.

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

- You receive a tax deduction when benefits are paid.
- During the service period, the key employee has no income tax impact.
- The key employee pays income tax, as compensation, when the benefit is paid.
- If the key employee leaves before meeting the requirement in the service agreement, no benefit is paid.

# Contribute pay increases to a deferred comp benefit

## Key assumptions

### Employee

50 years old  
20.0% individual tax rate  
\$432,403 benefit amount

### Employer

C-Corp corporate structure  
25.0% corporate tax rate  
\$20,000 annual budget  
15 year service period

### Corporate-owned life insurance

Variable Universal life insurance product  
\$255,000 initial death benefit  
\$20,000 annual premium  
6.00% earnings rate

### Financing the benefit

Transfer ownership of the life insurance policy to the key employee

	Employee		Employer			
Year	<sup>1</sup> Bonus received (cash in)	<sup>2</sup> Pre-retirement death benefit	<sup>3</sup> Premium payments (cash out)	<sup>4</sup> Benefit payments (cash out)	<sup>5</sup> Policy surrender value	<sup>6</sup> Key person death benefit
1	\$0	\$0	(\$20,000)	\$0	\$18,555	\$272,953
2	0	0	(20,000)	0	37,555	292,351
3	0	0	(20,000)	0	57,919	312,859
4	0	0	(20,000)	0	78,223	334,597
5	0	0	(20,000)	0	101,327	357,639
⋮	⋮	⋮	⋮	⋮	⋮	⋮
12	0	0	(20,000)	0	311,083	566,083
13	0	0	(20,000)	0	349,236	604,236
14	0	0	(20,000)	0	389,639	644,639
15	0	0	(20,000)	0	432,403	687,403
16	432,403		0	(432,403)		
Total	\$432,403		(\$300,000)	(\$432,403)		

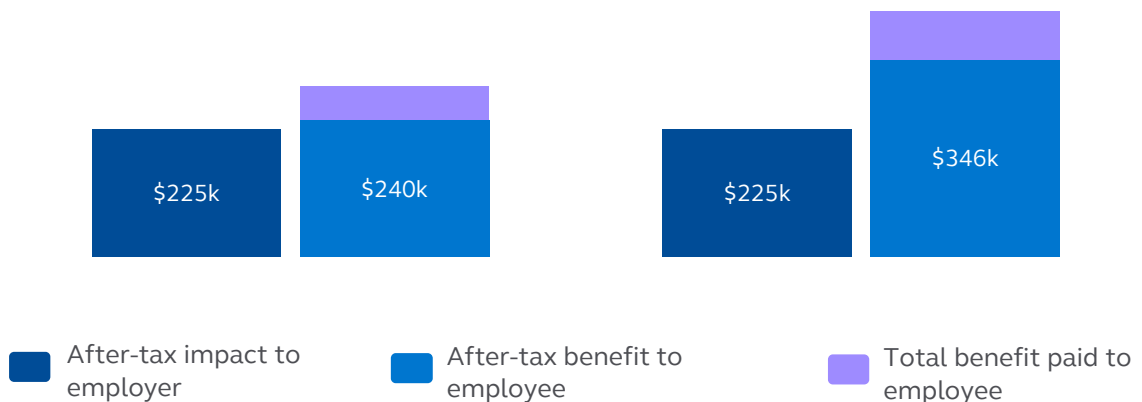
\$432,403 bonus received  
(\$86,481) tax on earnings  
**\$345,922 after-tax benefit**

(\$300,000) premium payments  
\$108,101 tax impact from employee benefit payment  
(\$33,101) tax on policy transfer  
**(\$225,000) after-tax impact**

# 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 select reward 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 service agreement with the key employee</p> <p>Purchase key person life insurance policy to informally finance the plan and provide business protection</p>
<b>Key numbers for employee</b>	<p><b>\$300,000</b> total benefit paid</p> <p><b>\$240,000</b> after-tax benefit</p>	<p><b>\$432,403</b> total benefit paid</p> <p><b>\$345,922</b> after-tax benefit</p>
<b>Key numbers for employer</b>	<p><b>(\$225,000)</b> after-tax impact</p>	<p><b>(\$225,000)</b> after-tax impact</p>



In both options, your after-tax impact is the same. By implementing the Principal<sup>®</sup> Deferred Compensation – Select Reward plan, your business owns a life insurance policy on your 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 during the service period.



# Employee benefits

Your employer has elected to establish a deferred compensation plan that provides a lump-sum benefit once you have fulfilled your service requirement. In this demonstration, the benefit would be paid in year 16. At that time, ownership of the life insurance policy informally financing the plan may be transferred to you, or you will receive an amount equal to its value. Taxes will be due based on the value of the award.

<b>\$432,403</b>	Projected taxable value of policy at transfer
<b>\$86,481</b>	Projected taxes due upon transfer assuming a 20.0% individual tax rate
<hr/>	
<b>\$345,922</b>	<b>Cash value after withdrawal for taxes</b>

If the employer transfers ownership of the life insurance policy, you now own the policy and can use the policy to best fit your financial situation. The policy cash value will continue to grow tax-deferred. Here are a few common strategies you may choose:

- 1 Surrender the policy.** Utilize the cash value for various needs, such as financing a buy-out.
- 2 Keep the policy.** Upon death, your survivors can receive a death benefit that is income tax-free.
- 3 Receive supplemental income.** Take systematic distributions from the policy.

During retirement, you may choose to stop paying premiums and take distributions from the accumulated cash value. To keep the distributions free of income tax, partial surrenders can be used to recover the principal, and then policy loans can be taken for the remaining distributions. See below for a summary of the benefits under this demonstration.

<b>15</b>	years of projected distributions
<b>\$31,860</b>	of projected annual income
<hr/>	
<b>\$477,896</b>	<b>total distributions received</b>

# Additional information

This demonstration is hypothetical and shows a simplified one-person 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 at the same time for different participants.

## [About this demonstration: corporate-owned life insurance](#)

You may satisfy the agreement by transferring the policy to the participant. This demonstration assumes an amount is withdrawn equal to the projected taxes due by the key employee upon transfer.

After the service requirement is fulfilled, 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.

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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The information in this demonstration is as of 04/29/2022

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

You should be aware that estimates of future results are based on assumptions of economic conditions. Actual experience may emerge differently from those assumptions. We have provided examples of future results but other scenarios exist. The results could vary widely from the information shown here.

Your assets have certain tax, legal, accounting, and investment consequences. Please consult with your respective professional advisors on these matters. Be sure to request and carefully review tax information before you take action.

Principal National Life Insurance Company and Principal Life Insurance Company, Des Moines, Iowa 50392-0001

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# Split Dollar Cost and Benefit Analysis

April 29, 2022

VUL Income IV (12/2021)

**Valued Client**  
**Male, Age: 50 Preferred Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$255,000**  
**Initial Annual Premium: \$20,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Values Assuming Current Charges Assumed Gross Annual Return of 6.72% (6.00% Net)												
Year	End of Year Age	Employer Net After-Tax Outlay	Employer Net Surrender Value	Employer Net Policy Value	Employer Net Death Benefit	Bonus Received	Employee Tax on Bonus	Economic Benefit Cost	Employee Net After-Tax Outlay	Employee Net Surrender Value	Employee Net Death Benefit	
1	51	20,000	18,555	17,953	272,953	0	0	0	0	0	0	
2	52	20,000	37,555	37,351	292,351	0	0	0	0	0	0	
3	53	20,000	57,919	57,859	312,859	0	0	0	0	0	0	
4	54	20,000	78,223	79,597	334,597	0	0	0	0	0	0	
5	55	20,000	101,327	102,639	357,639	0	0	0	0	0	0	
6	56	20,000	126,018	127,064	382,064	0	0	0	0	0	0	
7	57	20,000	150,768	152,954	407,954	0	0	0	0	0	0	
8	58	20,000	177,148	180,687	435,687	0	0	0	0	0	0	
9	59	20,000	207,800	210,043	465,043	0	0	0	0	0	0	
10	60	20,000	240,471	241,103	496,103	0	0	0	0	0	0	
		<b>200,000</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			
11	61	20,000	275,074	275,074	530,074	0	0	0	0	0	0	
12	62	20,000	311,083	311,083	566,083	0	0	0	0	0	0	
13	63	20,000	349,236	349,236	604,236	0	0	0	0	0	0	
14	64	20,000	389,639	389,639	644,639	0	0	0	0	0	0	
15	65	20,000	432,403	432,403	687,403	0	0	0	0	0	0	
16	66	-75,000	0	0	0	432,403	86,481	0	-31,860	332,022	569,152	
17	67	0	0	0	0	0	0	0	-31,860	317,185	537,292	
18	68	0	0	0	0	0	0	0	-31,860	301,371	505,432	
19	69	0	0	0	0	0	0	0	-31,860	284,529	473,572	
20	70	0	0	0	0	0	0	0	-31,860	266,595	441,712	
		<b>225,000</b>				<b>432,403</b>	<b>86,481</b>	<b>0</b>	<b>-159,298</b>			
21	71	0	0	0	0	0	0	0	-31,860	247,461	409,852	
22	72	0	0	0	0	0	0	0	-31,860	227,010	377,992	
23	73	0	0	0	0	0	0	0	-31,860	205,147	346,132	
24	74	0	0	0	0	0	0	0	-31,860	181,761	314,272	
25	75	0	0	0	0	0	0	0	-31,860	156,724	282,412	
26	76	0	0	0	0	0	0	0	-31,860	129,890	250,462	
27	77	0	0	0	0	0	0	0	-31,860	101,088	217,872	
28	78	0	0	0	0	0	0	0	-31,860	70,131	184,631	
29	79	0	0	0	0	0	0	0	-31,860	36,793	150,725	
30	80	0	0	0	0	0	0	0	-31,860	1	6,948	
		<b>225,000</b>				<b>432,403</b>	<b>86,481</b>	<b>0</b>	<b>-477,895</b>			

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 ICC21 SN 161. Illustration # 7016



# Split Dollar Cost and Benefit Analysis

April 29, 2022

VUL Income IV (12/2021)

**Valued Client**  
**Male, Age: 50 Preferred Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$255,000**  
**Initial Annual Premium: \$20,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Values Assuming Current Charges Assumed Gross Annual Return of 6.72% (6.00% Net)											
Year	End of Year Age	Employer Net After-Tax Outlay	Employer Net Surrender Value	Employer Net Policy Value	Employer Net Death Benefit	Bonus Received	Employee Tax on Bonus	Economic Benefit Cost	Employee Net After-Tax Outlay	Employee Net Surrender Value	Employee Net Death Benefit
31	81	0	0	0	0	0	0	0	0	1	7,087
32	82	0	0	0	0	0	0	0	0	1	7,229
33	83	0	0	0	0	0	0	0	0	1	7,373
34	84	0	0	0	0	0	0	0	0	1	7,521
35	85	0	0	0	0	0	0	0	0	1	7,671
36	86	0	0	0	0	0	0	0	0	1	7,824
37	87	0	0	0	0	0	0	0	0	1	7,981
38	88	0	0	0	0	0	0	0	0	1	8,140
39	89	0	0	0	0	0	0	0	0	1	8,303
40	90	0	0	0	0	0	0	0	0	1	8,469
		225,000				432,403	86,481	0	-477,895		
41	91	0	0	0	0	0	0	0	0	1	8,639
42	92	0	0	0	0	0	0	0	0	1	7,049
43	93	0	0	0	0	0	0	0	0	1	5,393
44	94	0	0	0	0	0	0	0	0	1	3,667
45	95	0	0	0	0	0	0	0	0	1	1,871
46	96	0	0	0	0	0	0	0	0	1	1,908
47	97	0	0	0	0	0	0	0	0	1	1,946
48	98	0	0	0	0	0	0	0	0	1	1,985
49	99	0	0	0	0	0	0	0	0	1	2,025
50	100	0	0	0	0	0	0	0	0	1	2,065
		225,000				432,403	86,481	0	-477,895		
51	101	0	0	0	0	0	0	0	0	1	2,107
52	102	0	0	0	0	0	0	0	0	1	2,149
53	103	0	0	0	0	0	0	0	0	1	2,192
54	104	0	0	0	0	0	0	0	0	1	2,235
55	105	0	0	0	0	0	0	0	0	1	2,280
56	106	0	0	0	0	0	0	0	0	1	2,326
57	107	0	0	0	0	0	0	0	0	1	2,372
58	108	0	0	0	0	0	0	0	0	1	2,420
59	109	0	0	0	0	0	0	0	0	1	2,468
60	110	0	0	0	0	0	0	0	0	1	2,517
		225,000				432,403	86,481	0	-477,895		

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ICC21 SN 161. Illustration # 7016



# Split Dollar Cost and Benefit Analysis

April 29, 2022

VUL Income IV (12/2021)

**Valued Client**  
**Male, Age: 50 Preferred Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$255,000**  
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**Initial Death Benefit Option: 2 (Face + Policy Value)**

Values Assuming Current Charges Assumed Gross Annual Return of 6.72% (6.00% Net)											
Year	End of Year Age	Employer Net After-Tax Outlay	Employer Net Surrender Value	Employer Net Policy Value	Employer Net Death Benefit	Bonus Received	Employee Tax on Bonus	Economic Benefit Cost	Employee Net After-Tax Outlay	Employee Net Surrender Value	Employee Net Death Benefit
61	111	0	0	0	0	0	0	0	0	1	2,568
62	112	0	0	0	0	0	0	0	0	1	2,619
63	113	0	0	0	0	0	0	0	0	1	2,671
64	114	0	0	0	0	0	0	0	0	1	2,725
65	115	0	0	0	0	0	0	0	0	1	2,779
66	116	0	0	0	0	0	0	0	0	1	2,835
67	117	0	0	0	0	0	0	0	0	1	2,892
68	118	0	0	0	0	0	0	0	0	1	2,949
69	119	0	0	0	0	0	0	0	0	1	3,008
70	120	0	0	0	0	0	0	0	0	1	3,069
		<u>225,000</u>				<u>432,403</u>	<u>86,481</u>	<u>0</u>	<u>-477,895</u>		
71	121	0	0	0	0	0	0	0	0	1	3,130
		<u>225,000</u>				<u>432,403</u>	<u>86,481</u>	<u>0</u>	<u>-477,895</u>		

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 ICC21 SN 161. Illustration # 7016



# Life Insurance Policy Illustration Summary of Benefits

April 29, 2022

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

**Valued Client**  
Male, Age: 50 Preferred Nontobacco  
State of Issue: Iowa

**Initial Death Benefit:** \$255,000  
**Initial Annual Premium:** \$20,000.00  
**Initial Death Benefit Option:** 2 (Face + Policy Value)

*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.*

## Representative

Principal Financial Group  
Registered Representative  
711 High Street  
Des Moines, IA 50392

## Summary of Initial Basic Benefit

Insured	Age	Sex	Class	Initial Death Benefit	Initial Annualized Premium
Valued Client	50	Male	Preferred Nontobacco	\$255,000	

## Additional Insurance Benefits

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

Total Annualized Premium \$20,000.00

## 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.
- This policy is a business case which qualifies for the Surrender Value Enhancement rider.
- Year 16, 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.

**Principal National Life Insurance Company**

711 High Street Des Moines, Iowa 50392-0290

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# Summary of Benefits

April 29, 2022

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

**Valued Client**  
Male, Age: 50 Preferred Nontobacco  
State of Issue: Iowa

**Initial Death Benefit:** \$255,000  
**Initial Annual Premium:** \$20,000.00  
**Initial Death Benefit Option:** 2 (Face + Policy Value)

## 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%	18 Years
Maximum charges at 6.72%	25 Years
Current charges at 0%	19 Years
Current charges at 6.72%	71 Years

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**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 0.72% 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

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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	0.91%	0.340%	0.003%
AllianceBernstein VPS Small/Mid Cap Value Portfolio	0.83%	0.784%	0.007%
American Century VP Capital Appreciation	1.08%	0.238%	0.003%
American Century VP Disciplined Core Value	0.95%	0.439%	0.004%
American Century VP Inflation Protection	0.72%	0.197%	0.001%
American Century VP Mid Cap Value	1.00%	0.871%	0.009%
American Century VP Value	0.88%	0.426%	0.004%
American Funds IS Washington Mutual Investors Fund	0.52%	0.912%	0.005%
American Funds IS Global Balanced Fund	0.97%	0.065%	0.001%
American Funds IS Growth Fund	0.61%	2.021%	0.012%
American Funds IS International Fund	0.80%	0.634%	0.005%
American Funds IS New World Fund	0.84%	0.765%	0.006%
Calvert VP Investment Grade Bond Index	0.32%	0.381%	0.001%
Calvert VP Russell 2000 Small Cap Index	0.59%	0.912%	0.005%
Calvert VP S&P MidCap 400 Index	0.53%	0.932%	0.005%
ClearBridge Variable Mid Cap Portfolio	0.85%	0.148%	0.001%
Delaware VIP Small Cap Value	1.08%	0.579%	0.006%
DWS Small Mid Cap Value VIP	1.21%	0.115%	0.001%
BNY Mellon IP MidCap Stock	1.12%	0.109%	0.001%
Fidelity VIP Contrafund	0.86%	3.262%	0.028%
Fidelity VIP Equity-Income	0.78%	0.571%	0.004%
Fidelity VIP Extended Market Index	0.38%	0.018%	0.000%
Fidelity VIP Government Money Market	0.34%	4.324%	0.015%
Fidelity VIP High Income	0.92%	0.795%	0.007%
Fidelity VIP International Index	0.42%	0.132%	0.001%
Fidelity VIP Mid Cap	0.87%	1.645%	0.014%
Fidelity VIP Total Market Index	0.37%	0.298%	0.001%
Franklin Templeton VIP Trust Franklin Mutual Global Discovery VIP	1.22%	0.665%	0.008%
Franklin Templeton VIP Trust Franklin Rising Dividends VIP	0.90%	0.983%	0.009%
Franklin Templeton VIP Trust Franklin Small Cap Value VIP	0.93%	0.408%	0.004%
Franklin Templeton VIP Trust Templeton Global Bond VIP	0.74%	0.525%	0.004%
Invesco V.I. American Franchise	1.11%	0.119%	0.001%
Invesco V.I. American Value	0.90%	0.042%	0.000%
Invesco V.I. Core Equity	1.06%	0.080%	0.001%
Invesco V.I. Health Care	0.98%	1.103%	0.011%
Invesco V.I. Main Street Mid Cap	1.19%	0.277%	0.003%
Invesco V.I. Main Street Small Cap	1.05%	0.277%	0.003%
Janus Henderson Series Enterprise	0.97%	0.665%	0.006%
Janus Henderson Series Forty	1.01%	1.396%	0.014%
Janus Henderson Series Global Technology and Innovation	0.99%	0.418%	0.004%

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<b>Investment Divisions</b>	<b>Current IMF</b>	<b>% of Total Premium</b>	<b>Assigned Weighting</b>
Lord Abnett Series Fund Developing Growth	1.04%	0.382%	0.004%
MFS Blended Research Small Cap Equity	0.80%	0.127%	0.001%
MFS Mid Cap Value	1.06%	0.328%	0.003%
MFS New Discovery	1.12%	0.419%	0.005%
MFS New Discovery Value	1.13%	0.150%	0.002%
MFS Utilities	1.04%	0.815%	0.008%
Neuberger Berman AMT Sustainable Equity	0.92%	0.121%	0.001%
Principal VCF Core Plus Bond	0.48%	0.939%	0.005%
Principal VCF Diversified International	0.92%	1.228%	0.011%
Principal VCF Equity Income	0.48%	2.655%	0.013%
Principal VCF Gov & High Quality Bond	0.51%	0.632%	0.003%
Principal VCF International Emerging Markets	1.20%	1.130%	0.014%
Principal VCF LargeCap Growth I	0.69%	3.806%	0.026%
Principal VCF LargeCap S&P 500 Index	0.25%	6.753%	0.017%
Principal VCF MidCap Account	0.54%	1.962%	0.011%
Principal VCF Principal Capital Appreciation Account	0.63%	0.683%	0.004%
Principal VCF Principal LifeTime 2010	0.50%	0.196%	0.001%
Principal VCF Principal LifeTime 2020	0.53%	0.764%	0.004%
Principal VCF Principal LifeTime 2030	0.58%	3.527%	0.020%
Principal VCF Principal LifeTime 2040	0.63%	2.559%	0.016%
Principal VCF Principal LifeTime 2050	0.67%	1.166%	0.008%
Principal VCF Principal LifeTime 2060	0.74%	0.925%	0.007%
Principal VCF Principal LifeTime Strat Income	0.49%	0.145%	0.001%
Principal VCF Real Estate Securities	0.83%	1.878%	0.016%
Principal VCF SAM Balanced Portfolio	0.75%	7.270%	0.055%
Principal VCF SAM Conservative Balanced Portfolio	0.76%	1.666%	0.013%
Principal VCF SAM Conservative Growth Portfolio	0.77%	8.591%	0.066%
Principal VCF SAM Flexible Income Portfolio	0.72%	1.308%	0.009%
Principal VCF SAM Strategic Growth Portfolio	0.82%	14.024%	0.115%
Principal VCF Short-Term Income	0.47%	1.710%	0.008%
Principal VCF SmallCap	0.84%	1.212%	0.010%
Putnam VT Growth Opportunitites	0.90%	0.359%	0.003%
TOPS Managed Risk Balanced ETF Portfolio	0.75%	0.146%	0.001%
TOPS Managed Risk Growth ETF Portfolio	0.74%	0.606%	0.004%
TOPS Managed Risk Moderate Growth ETF Portfolio	0.74%	0.406%	0.003%
VanEck VIP Global Resources	1.38%	0.302%	0.004%
Wanger International	1.23%	0.243%	0.003%

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 03/31/2021. 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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**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 \$2,134.35. 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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## 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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**Death Benefit Guarantee Rider to Age 65**

An annual premium of \$2,404.65 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.

**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).

Based on this illustration, the policy becomes paid-up in year 30.

**Surrender Value Enhancement Rider**

During the rider benefit period, this rider enhances the policy's net surrender value by crediting a portion of cumulative premiums paid, and by reducing the surrender charges as defined in the policy rider. This benefit is only available upon full surrender of the policy.

**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.

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.

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## Additional Information

### Modified Endowment Contract (MEC)

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 \$21,096.08. 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 \$100,499.08  
The current annual premium limit for the illustrated policy is estimated to be \$20,002.32

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.

### 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%.

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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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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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# Plan Summary

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**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.

**Enhanced Net Surrender Value**  
The net surrender value plus the surrender value enhancement rider benefit. 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%	@6.72%
<b>Year 5, Age 55</b>			
Annualized Premium Outlay	\$20,000.00	\$20,000.00	\$20,000.00
Enhanced Net Surrender Value	\$77,378	\$82,559	\$101,327
Net Policy Value	\$78,690	\$83,871	\$102,639
Net Death Benefit	\$333,690	\$338,871	\$357,639
<b>Year 10, Age 60</b>			
Annualized Premium Outlay	\$20,000.00	\$20,000.00	\$20,000.00
Enhanced Net Surrender Value	\$151,480	\$165,040	\$240,471
Net Policy Value	\$152,112	\$165,672	\$241,103
Net Death Benefit	\$407,112	\$420,672	\$496,103
<b>Year 20, Age 70</b>			
Annualized Premium Outlay	\$0.00	\$0.00	\$0.00
Enhanced Net Surrender Value	\$0	\$0	\$266,595
Net Policy Value	\$0	\$0	\$266,595
Net Death Benefit	\$0	\$0	\$441,712
<b>Year 30, Age 80</b>			
Annualized Premium Outlay	\$0.00	\$0.00	\$0.00
Enhanced Net Surrender Value	\$0	\$0	\$1
Net Policy Value	\$0	\$0	\$1
Net Death Benefit	\$0	\$0	\$6,948

**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

April 29, 2022

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

**Valued Client**  
Male, Age: 50 Preferred Nontobacco  
State of Issue: Iowa

**Initial Death Benefit: \$255,000**  
**Initial Annual Premium: \$20,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Values Assuming Current Charges Assumed Gross Annual Return of 0.00% (-0.72% Net)								
Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Net Outlay	Net Surrender Value	Enhanced Net Surrender Value	Net Policy Value	Net Death Benefit
1	51	20,000.00	0	20,000.00	8,871	17,373	16,771	271,771
2	52	20,000.00	0	20,000.00	26,080	33,971	33,767	288,767
3	53	20,000.00	0	20,000.00	43,109	50,650	50,590	305,590
4	54	20,000.00	0	20,000.00	60,023	65,917	67,291	322,291
5	55	20,000.00	0	20,000.00	76,809	82,559	83,871	338,871
		<b>100,000.00</b>		<b>100,000.00</b>				
6	56	20,000.00	0	20,000.00	94,502	99,286	100,332	355,332
7	57	20,000.00	0	20,000.00	112,022	114,488	116,675	371,675
8	58	20,000.00	0	20,000.00	129,632	129,632	133,171	388,171
9	59	20,000.00	0	20,000.00	147,265	147,265	149,508	404,508
10	60	20,000.00	0	20,000.00	165,040	165,040	165,672	420,672
		<b>200,000.00</b>		<b>200,000.00</b>				
11	61	20,000.00	0	20,000.00	182,524	182,524	182,524	437,524
12	62	20,000.00	0	20,000.00	199,210	199,210	199,210	454,210
13	63	20,000.00	0	20,000.00	215,708	215,708	215,708	470,708
14	64	20,000.00	0	20,000.00	231,993	231,993	231,993	486,993
15	65	20,000.00	0	20,000.00	248,037	248,037	248,037	503,037
		<b>300,000.00</b>		<b>300,000.00</b>				
16	66	0.00	118,340	-118,340.26	127,377	127,377	127,377	384,748
17	67	0.00	31,860	-31,859.70	93,163	93,163	93,163	352,888
18	68	0.00	31,860	-31,859.70	58,901	58,901	58,901	321,028
19	69	0.00	31,860	-31,859.70	24,567	24,567	24,567	289,168
20	70	0.00	23,985	-23,957.74	0	0	0	0
		<b>300,000.00</b>		<b>62,122.90</b>				

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

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# Policy Illustration

April 29, 2022

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

**Valued Client**  
Male, Age: 50 Preferred Nontobacco  
State of Issue: Iowa

**Initial Death Benefit: \$255,000**  
**Initial Annual Premium: \$20,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Values Assuming Current Charges Assumed Gross Annual Return of 6.72% (6.00% Net)								
Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Net Outlay	Net Surrender Value	Enhanced Net Surrender Value	Net Policy Value	Net Death Benefit
1	51	20,000.00	0	20,000.00	10,053	18,555	17,953	272,953
2	52	20,000.00	0	20,000.00	29,664	37,555	37,351	292,351
3	53	20,000.00	0	20,000.00	50,378	57,919	57,859	312,859
4	54	20,000.00	0	20,000.00	72,329	78,223	79,597	334,597
5	55	20,000.00	0	20,000.00	95,577	101,327	102,639	357,639
		<b>100,000.00</b>		<b>100,000.00</b>				
6	56	20,000.00	0	20,000.00	121,234	126,018	127,064	382,064
7	57	20,000.00	0	20,000.00	148,301	150,768	152,954	407,954
8	58	20,000.00	0	20,000.00	177,148	177,148	180,687	435,687
9	59	20,000.00	0	20,000.00	207,800	207,800	210,043	465,043
10	60	20,000.00	0	20,000.00	240,471	240,471	241,103	496,103
		<b>200,000.00</b>		<b>200,000.00</b>				
11	61	20,000.00	0	20,000.00	275,074	275,074	275,074	530,074
12	62	20,000.00	0	20,000.00	311,083	311,083	311,083	566,083
13	63	20,000.00	0	20,000.00	349,236	349,236	349,236	604,236
14	64	20,000.00	0	20,000.00	389,639	389,639	389,639	644,639
15	65	20,000.00	0	20,000.00	432,403	432,403	432,403	687,403
		<b>300,000.00</b>		<b>300,000.00</b>				
16	66	0.00	118,340	-118,340.26	332,022	332,022	332,022	569,152
17	67	0.00	31,860	-31,859.70	317,185	317,185	317,185	537,292
18	68	0.00	31,860	-31,859.70	301,371	301,371	301,371	505,432
19	69	0.00	31,860	-31,859.70	284,529	284,529	284,529	473,572
20	70	0.00	31,860	-31,859.70	266,595	266,595	266,595	441,712
		<b>300,000.00</b>		<b>54,220.94</b>				
21	71	0.00	31,860	-31,859.70	247,461	247,461	247,461	409,852
22	72	0.00	31,860	-31,859.70	227,010	227,010	227,010	377,992
23	73	0.00	31,860	-31,859.70	205,147	205,147	205,147	346,132
24	74	0.00	31,860	-31,859.70	181,761	181,761	181,761	314,272
25	75	0.00	31,860	-31,859.70	156,724	156,724	156,724	282,412
		<b>300,000.00</b>		<b>-105,077.56</b>				
26	76	0.00	31,950	-31,859.70	129,890	129,890	129,890	250,462
27	77	0.00	32,589	-31,859.70	101,088	101,088	101,088	217,872
28	78	0.00	33,241	-31,859.70	70,131	70,131	70,131	184,631
29	79	0.00	33,906	-31,859.70	36,793	36,793	36,793	150,725
30	80	0.00	34,584	-31,859.70	1	1	1	6,948
		<b>300,000.00</b>		<b>-264,376.06</b>				

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# Policy Illustration

April 29, 2022

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

**Valued Client**  
**Male, Age: 50 Preferred Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$255,000**  
**Initial Annual Premium: \$20,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Values Assuming Current Charges Assumed Gross Annual Return of 6.72% (6.00% Net)								
Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Net Outlay	Net Surrender Value	Enhanced Net Surrender Value	Net Policy Value	Net Death Benefit
31	81	0.00	2,779	0.00	1	1	1	7,087
32	82	0.00	2,834	0.00	1	1	1	7,229
33	83	0.00	2,891	0.00	1	1	1	7,373
34	84	0.00	2,949	0.00	1	1	1	7,521
35	85	0.00	3,008	0.00	1	1	1	7,671
		<b>300,000.00</b>		<b>-264,376.06</b>				
36	86	0.00	3,068	0.00	1	1	1	7,824
37	87	0.00	3,130	0.00	1	1	1	7,981
38	88	0.00	3,192	0.00	1	1	1	8,140
39	89	0.00	3,256	0.00	1	1	1	8,303
40	90	0.00	3,321	0.00	1	1	1	8,469
		<b>300,000.00</b>		<b>-264,376.06</b>				
41	91	0.00	3,387	0.00	1	1	1	8,639
42	92	0.00	3,455	0.00	1	1	1	7,049
43	93	0.00	3,524	0.00	1	1	1	5,393
44	94	0.00	3,595	0.00	1	1	1	3,667
45	95	0.00	3,667	0.00	1	1	1	1,871
		<b>300,000.00</b>		<b>-264,376.06</b>				
46	96	0.00	3,740	0.00	1	1	1	1,908
47	97	0.00	3,815	0.00	1	1	1	1,946
48	98	0.00	3,891	0.00	1	1	1	1,985
49	99	0.00	3,969	0.00	1	1	1	2,025
50	100	0.00	4,048	0.00	1	1	1	2,065
		<b>300,000.00</b>		<b>-264,376.06</b>				
51	101	0.00	4,129	0.00	1	1	1	2,107
52	102	0.00	4,212	0.00	1	1	1	2,149
53	103	0.00	4,296	0.00	1	1	1	2,192
54	104	0.00	4,382	0.00	1	1	1	2,235
55	105	0.00	4,470	0.00	1	1	1	2,280
		<b>300,000.00</b>		<b>-264,376.06</b>				
56	106	0.00	4,559	0.00	1	1	1	2,326
57	107	0.00	4,650	0.00	1	1	1	2,372
58	108	0.00	4,743	0.00	1	1	1	2,420
59	109	0.00	4,838	0.00	1	1	1	2,468
60	110	0.00	4,935	0.00	1	1	1	2,517
		<b>300,000.00</b>		<b>-264,376.06</b>				

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# Policy Illustration

April 29, 2022

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

**Valued Client**  
**Male, Age: 50 Preferred Nontobacco**  
**State of Issue: Iowa**

**Initial Death Benefit: \$255,000**  
**Initial Annual Premium: \$20,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Values Assuming Current Charges Assumed Gross Annual Return of 6.72% (6.00% Net)								
Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Net Outlay	Net Surrender Value	Enhanced Net Surrender Value	Net Policy Value	Net Death Benefit
61	111	0.00	5,034	0.00	1	1	1	2,568
62	112	0.00	5,134	0.00	1	1	1	2,619
63	113	0.00	5,237	0.00	1	1	1	2,671
64	114	0.00	5,342	0.00	1	1	1	2,725
65	115	0.00	5,449	0.00	1	1	1	2,779
		<b>300,000.00</b>		<b>-264,376.06</b>				
66	116	0.00	5,558	0.00	1	1	1	2,835
67	117	0.00	5,669	0.00	1	1	1	2,892
68	118	0.00	5,782	0.00	1	1	1	2,949
69	119	0.00	5,898	0.00	1	1	1	3,008
70	120	0.00	6,016	0.00	1	1	1	3,069
		<b>300,000.00</b>		<b>-264,376.06</b>				
71	121	0.00	6,136	0.00	1	1	1	3,130
		<b>300,000.00</b>		<b>-264,376.06</b>				

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State of Issue: Iowa

**Initial Death Benefit: \$255,000**  
**Initial Annual Premium: \$20,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Values Assuming Maximum Guaranteed Charges Assumed Gross Annual Return of 0.00% (-0.72% Net)								
Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Net Outlay	Net Surrender Value	Enhanced Net Surrender Value	Net Policy Value	Net Death Benefit
1	51	20,000.00	0	20,000.00	8,213	16,715	16,113	271,113
2	52	20,000.00	0	20,000.00	24,357	32,247	32,043	287,043
3	53	20,000.00	0	20,000.00	40,306	47,847	47,787	302,787
4	54	20,000.00	0	20,000.00	56,070	61,964	63,338	318,338
5	55	20,000.00	0	20,000.00	71,628	77,378	78,690	333,690
		<b>100,000.00</b>		<b>100,000.00</b>				
6	56	20,000.00	0	20,000.00	88,003	92,788	93,834	348,834
7	57	20,000.00	0	20,000.00	104,106	106,572	108,759	363,759
8	58	20,000.00	0	20,000.00	119,917	119,917	123,456	378,456
9	59	20,000.00	0	20,000.00	135,670	135,670	137,914	392,914
10	60	20,000.00	0	20,000.00	151,480	151,480	152,112	407,112
		<b>200,000.00</b>		<b>200,000.00</b>				
11	61	20,000.00	0	20,000.00	166,037	166,037	166,037	421,037
12	62	20,000.00	0	20,000.00	179,663	179,663	179,663	434,663
13	63	20,000.00	0	20,000.00	192,977	192,977	192,977	447,977
14	64	20,000.00	0	20,000.00	205,951	205,951	205,951	460,951
15	65	20,000.00	0	20,000.00	218,567	218,567	218,567	473,567
		<b>300,000.00</b>		<b>300,000.00</b>				
16	66	0.00	118,340	-118,340.26	95,767	95,767	95,767	355,226
17	67	0.00	31,860	-31,859.70	59,556	59,556	59,556	323,366
18	68	0.00	31,860	-31,859.70	23,432	23,432	23,432	291,506
19	69	0.00	22,864	-22,846.36	0	0	0	0
		<b>300,000.00</b>		<b>95,093.98</b>				

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Values Assuming Maximum Guaranteed Charges Assumed Gross Annual Return of 6.72% (6.00% Net)								
Year	End of Year Age	Annualized Premium Outlay	Partial Surrenders/ Loans	Net Outlay	Net Surrender Value	Enhanced Net Surrender Value	Net Policy Value	Net Death Benefit
1	51	20,000.00	0	20,000.00	9,369	17,871	17,269	272,269
2	52	20,000.00	0	20,000.00	27,816	35,706	35,502	290,502
3	53	20,000.00	0	20,000.00	47,270	54,811	54,751	309,751
4	54	20,000.00	0	20,000.00	67,798	73,692	75,066	330,066
5	55	20,000.00	0	20,000.00	89,439	95,189	96,502	351,502
		<b>100,000.00</b>		<b>100,000.00</b>				
6	56	20,000.00	0	20,000.00	113,281	118,065	119,111	374,111
7	57	20,000.00	0	20,000.00	138,299	140,765	142,952	397,952
8	58	20,000.00	0	20,000.00	164,544	164,544	168,083	423,083
9	59	20,000.00	0	20,000.00	192,323	192,323	194,566	449,566
10	60	20,000.00	0	20,000.00	221,826	221,826	222,458	477,458
		<b>200,000.00</b>		<b>200,000.00</b>				
11	61	20,000.00	0	20,000.00	251,823	251,823	251,823	506,823
12	62	20,000.00	0	20,000.00	282,721	282,721	282,721	537,721
13	63	20,000.00	0	20,000.00	315,221	315,221	315,221	570,221
14	64	20,000.00	0	20,000.00	349,388	349,388	349,388	604,388
15	65	20,000.00	0	20,000.00	385,297	385,297	385,297	640,297
		<b>300,000.00</b>		<b>300,000.00</b>				
16	66	0.00	118,340	-118,340.26	278,914	278,914	278,914	521,956
17	67	0.00	31,860	-31,859.70	257,836	257,836	257,836	490,096
18	68	0.00	31,860	-31,859.70	235,514	235,514	235,514	458,236
19	69	0.00	31,860	-31,859.70	211,855	211,855	211,855	426,376
20	70	0.00	31,860	-31,859.70	186,750	186,750	186,750	394,516
		<b>300,000.00</b>		<b>54,220.94</b>				
21	71	0.00	31,860	-31,859.70	159,962	159,962	159,962	362,656
22	72	0.00	31,860	-31,859.70	131,276	131,276	131,276	330,796
23	73	0.00	31,860	-31,859.70	100,487	100,487	100,487	298,936
24	74	0.00	31,860	-31,859.70	67,351	67,351	67,351	267,076
25	75	0.00	31,860	-31,859.70	31,596	31,596	31,596	235,216
		<b>300,000.00</b>		<b>-105,077.56</b>				
26	76	0.00	30,829	-30,805.94	0	0	0	0
		<b>300,000.00</b>		<b>-135,883.50</b>				

**Principal National Life Insurance Company**  
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# Supplemental Illustration

April 29, 2022

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

**Valued Client**  
Male, Age: 50 Preferred Nontobacco  
State of Issue: Iowa

**Initial Death Benefit: \$255,000**  
**Initial Annual Premium: \$20,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Analysis of Distributions using Current Charges and an Assumed Gross Rate of 6.72% (6.00% Net)

Year	End of Year Age	Partial Surrenders	Loans	Loan Repayment	Loan Interest	Cumulative Loan	Loan Credit
1	51	0	0	0	0	0	0
2	52	0	0	0	0	0	0
3	53	0	0	0	0	0	0
4	54	0	0	0	0	0	0
5	55	0	0	0	0	0	0
		<b>0</b>	<b>0</b>				
6	56	0	0	0	0	0	0
7	57	0	0	0	0	0	0
8	58	0	0	0	0	0	0
9	59	0	0	0	0	0	0
10	60	0	0	0	0	0	0
		<b>0</b>	<b>0</b>				
11	61	0	0	0	0	0	0
12	62	0	0	0	0	0	0
13	63	0	0	0	0	0	0
14	64	0	0	0	0	0	0
15	65	0	0	0	0	0	0
		<b>0</b>	<b>0</b>				
16	66	118,340	0	0	0	0	0
17	67	31,860	0	0	0	0	0
18	68	31,860	0	0	0	0	0
19	69	31,860	0	0	0	0	0
20	70	31,860	0	0	0	0	0
		<b>245,779</b>	<b>0</b>				
21	71	31,860	0	0	0	0	0
22	72	31,860	0	0	0	0	0
23	73	31,860	0	0	0	0	0
24	74	31,860	0	0	0	0	0
25	75	31,860	0	0	0	0	0
		<b>405,078</b>	<b>0</b>				
26	76	27,325	4,534	0	91	4,625	91
27	77	0	31,860	0	730	37,215	730
28	78	0	31,860	0	1,382	70,456	1,382
29	79	0	31,860	0	2,046	104,362	2,046
30	80	0	31,860	0	2,724	138,946	2,724
		<b>432,403</b>	<b>131,973</b>				

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# Supplemental Illustration

April 29, 2022

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

**Valued Client**  
Male, Age: 50 Preferred Nontobacco  
State of Issue: Iowa

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**Initial Annual Premium: \$20,000.00**  
**Initial Death Benefit Option: 2 (Face + Policy Value)**

Analysis of Distributions using Current Charges and an Assumed Gross Rate of 6.72% (6.00% Net)

Year	End of Year Age	Partial Surrenders	Loans	Loan Repayment	Loan Interest	Cumulative Loan	Loan Credit
31	81	0	0	0	2,779	141,725	2,779
32	82	0	0	0	2,834	144,559	2,834
33	83	0	0	0	2,891	147,450	2,891
34	84	0	0	0	2,949	150,399	2,949
35	85	0	0	0	3,008	153,407	3,008
		<b>432,403</b>	<b>131,973</b>				
36	86	0	0	0	3,068	156,476	3,068
37	87	0	0	0	3,130	159,605	3,130
38	88	0	0	0	3,192	162,797	3,192
39	89	0	0	0	3,256	166,053	3,256
40	90	0	0	0	3,321	169,374	3,321
		<b>432,403</b>	<b>131,973</b>				
41	91	0	0	0	3,387	172,762	3,387
42	92	0	0	0	3,455	176,217	3,455
43	93	0	0	0	3,524	179,741	3,524
44	94	0	0	0	3,595	183,336	3,595
45	95	0	0	0	3,667	187,003	3,667
		<b>432,403</b>	<b>131,973</b>				
46	96	0	0	0	3,740	190,743	3,740
47	97	0	0	0	3,815	194,558	3,815
48	98	0	0	0	3,891	198,449	3,891
49	99	0	0	0	3,969	202,418	3,969
50	100	0	0	0	4,048	206,466	4,048
		<b>432,403</b>	<b>131,973</b>				
51	101	0	0	0	4,129	210,596	4,129
52	102	0	0	0	4,212	214,807	4,212
53	103	0	0	0	4,296	219,104	4,296
54	104	0	0	0	4,382	223,486	4,382
55	105	0	0	0	4,470	227,955	4,470
		<b>432,403</b>	<b>131,973</b>				
56	106	0	0	0	4,559	232,515	4,559
57	107	0	0	0	4,650	237,165	4,650
58	108	0	0	0	4,743	241,908	4,743
59	109	0	0	0	4,838	246,746	4,838
60	110	0	0	0	4,935	251,681	4,935
		<b>432,403</b>	<b>131,973</b>				

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# Supplemental Illustration

April 29, 2022

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

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**Analysis of Distributions using Current Charges and an Assumed Gross Rate of 6.72% (6.00% Net)**

Year	End of Year Age	Partial Surrenders	Loans	Loan Repayment	Loan Interest	Cumulative Loan	Loan Credit
61	111	0	0	0	5,034	256,715	5,034
62	112	0	0	0	5,134	261,849	5,134
63	113	0	0	0	5,237	267,086	5,237
64	114	0	0	0	5,342	272,428	5,342
65	115	0	0	0	5,449	277,876	5,449
		<b>432,403</b>	<b>131,973</b>				
66	116	0	0	0	5,558	283,434	5,558
67	117	0	0	0	5,669	289,103	5,669
68	118	0	0	0	5,782	294,885	5,782
69	119	0	0	0	5,898	300,782	5,898
70	120	0	0	0	6,016	306,798	6,016
		<b>432,403</b>	<b>131,973</b>				
71	121	0	0	0	6,136	312,934	6,136
		<b>432,403</b>	<b>131,973</b>				

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