

Life insurance



An introduction to indexed universal life insurance



Financial security is something we all want, but knowing how to get started can sometimes be a challenge.

We're here to help. Many people associate investments with financial security. But did you know life insurance can also help you become more financially secure? And it provides a valuable death benefit for your family. Let's take a look at indexed universal life (IUL) insurance since it offers both security and opportunity. We'll examine what it is, how it works, and the options available to you.

Indexed universal life insurance

Helps provide security for your family

Your loved ones provide “the why” for buying life insurance. So your income can be replaced, debt can be paid off, and your kids can be sent to college if something happens to you.

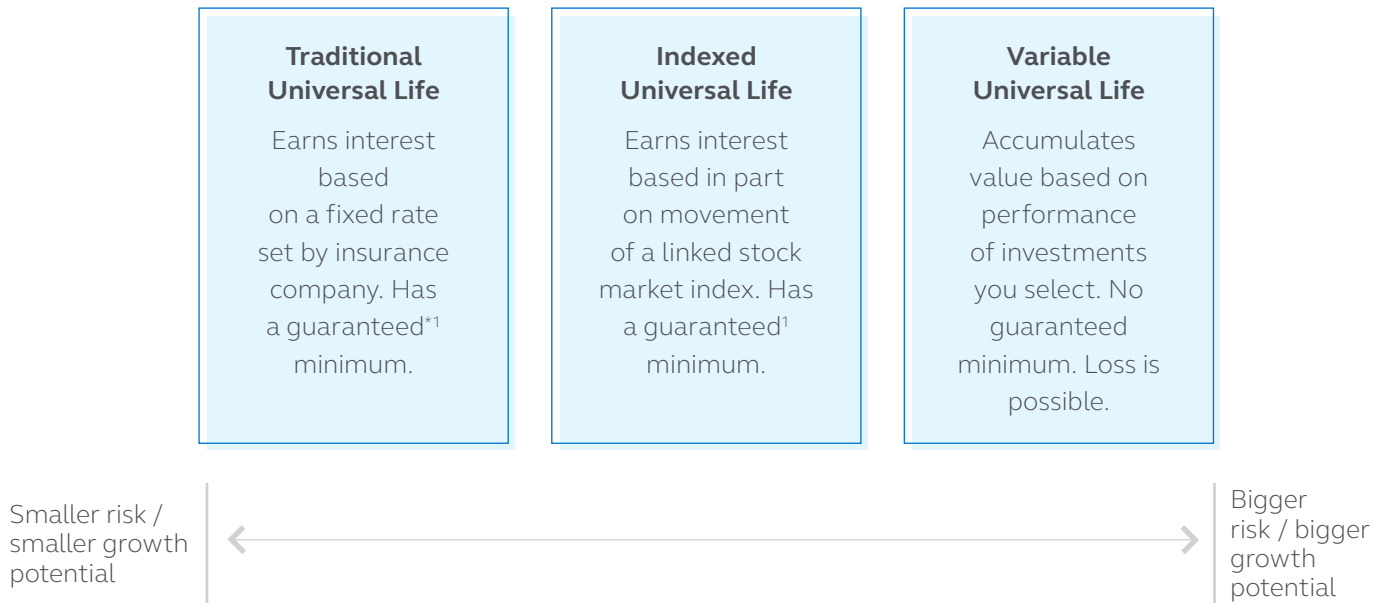
Opportunity for you

Life insurance that builds cash value offers benefits while you're alive. It's money that can grow over time and may be used to pay off a loan or as an additional source of retirement income.

Is IUL insurance right for you?

IUL insurance offers many of the same benefits as other types of universal life insurance that earn cash value, including protecting your family's financial future at your death. But types of universal life insurance differ in how cash value grows and the risk level associated with each.

Universal life insurance



Ask yourself a couple of questions:

- How much risk are you willing to take?
- How much interest rate fluctuation are you comfortable with in your life insurance?

^{*1} Guarantees are based on the claims-paying ability of the issuing insurance company.

What's unique about IUL?

If you need life insurance protection for your family or business and would like cash value growth potential with interest rate protection, IUL insurance may be right for you.

Upside potential

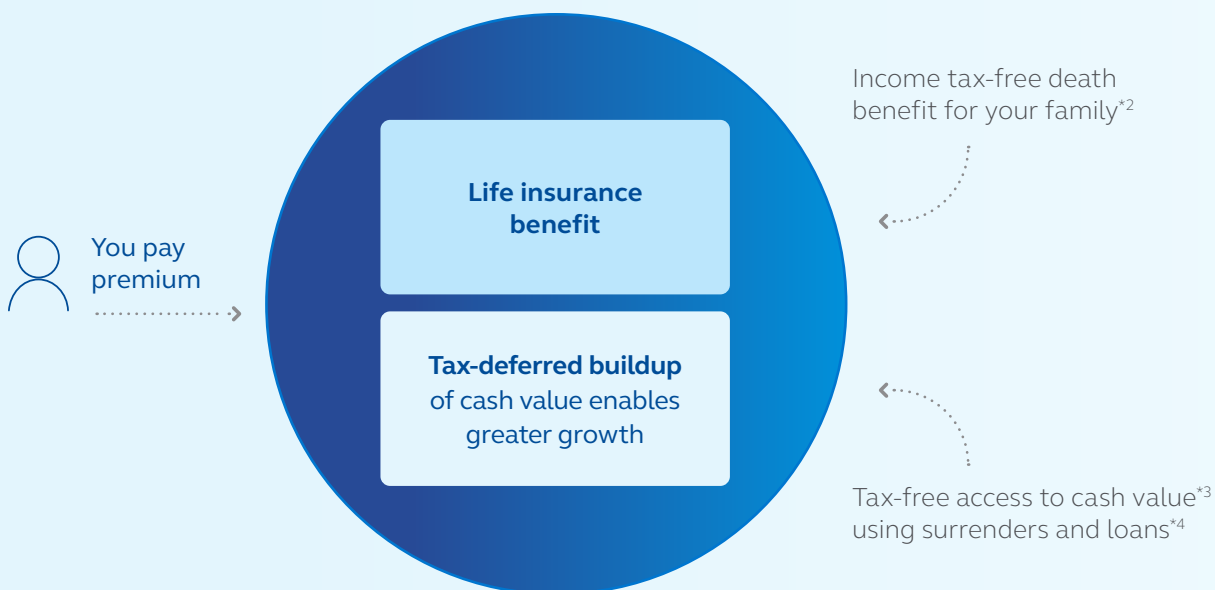
IUL insurance builds cash value based in part on upward movement of a referenced stock market index. Over the long-term, this may enable cash value to grow at potentially a faster rate than traditional life insurance.

Downside protection

As you know, the market doesn't always go up—it also goes down. In times when the linked index has a negative return, there is a guaranteed interest rate floor that offers a level of security you won't find with variable universal life insurance (asset loss).

How it works

When you make payments into an IUL insurance policy, a portion of it goes toward fees and expenses for the life insurance benefit that protects your family. Any remaining amount goes toward building your cash value, and the potential grows as more premiums are paid.



*2 Federal income tax-free death benefit—consult your tax advisor for state variations.

*3 Distributions from your policy are generally received income tax-free. If the policy is a Modified Endowment Contract (MEC), however, distributions may be subject to current income taxes.

*4 Surrender charges and other policy charges may apply to distributions taken from the policy. Distributions may reduce the policy's value and/or face amount.

Access benefits when you need them.

The time may come when you wish to use some of the cash value in the policy. IUL insurance offers policy surrenders and loans as a means to access cash value when you need it most.

Send a child to **college.**



Have another income source for **retirement.**



Cover a **business loan.**



Take care of **elderly parents.**



Your financial professional can explain the loan options available and how each may work for your situation.

Choose how the policy earns cash value.

Cash value growth is driven by the interest-earning account(s) you direct your policy payments to. You can allocate money to one or more of the accounts—the choice when you need it most.



Index-Linked Accounts. Interest is earned in part based on the movement of the linked stock market index. We offer three index-linked account options.

S&P 500® Price Return Index (excludes dividends). During a 12-month period, the beginning index value is compared to the ending index value, and the percentage change (subject to a cap and floor) is credited to your policy.

S&P 500® Price Return High Cap Index (excludes dividends). During a 12-month period, the beginning index value is compared to the ending index value, and the percentage change (subject to a cap and floor) is credited to your policy. A stated percentage is also deducted from your account value at the beginning of each 12-month period. In exchange for the charge, this account offers a higher cap than the S&P 500 Price Return index-linked account.

S&P 500® Total Return Index (includes the value of reinvested dividends). During a 12-month period, the beginning index value is compared to the average of the ensuing 12 monthly index values, and the percentage change (subject to a cap and floor) is credited to your policy.

Consider indexed-linked accounts if you:

- Want more growth potential than a fixed rate provides.
- Are okay with an interest rate that will likely vary more than a fixed rate.

The S&P 500® Index is widely considered one of the leading indicators of the U.S. stock market. It comprises many of the largest and well-respected companies in the U.S.



Fixed Account. Values held in this account earn a fixed rate of interest set by Principal®. This rate can change occasionally but is guaranteed to never go below a minimum level.

Consider the Fixed Account if you like the security of having some portion of your cash value in an account earning a consistent, predictable rate of return.

Accumulated Value Enhancement^{*5}

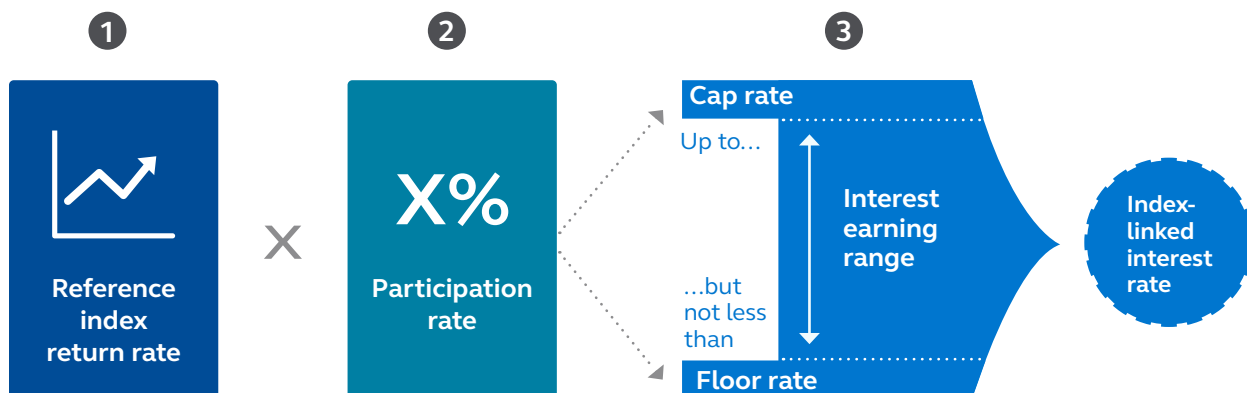
This is an additional interest percentage over and above any earnings from your selected indexed and/or Fixed Account options. Beginning in the 11th policy year, a rate of 0.25% is guaranteed to be credited to your policy's cash value each year as long as the Fixed Account is crediting more than the 1% guaranteed minimum rate.

^{*5} May not be available in all states.

The math behind index-linked interest crediting

There are three elements that determine the interest rate earned for a given time period. Below is a brief description of how interest is credited as well as a few examples.

- 1 | The percentage change in index value from the beginning of the annual interest-earning period to the end of the period is calculated, giving you a reference **index return rate**.
- 2 | Multiply the reference index return rate by the **participation rate**. The participation rate is set by Principal and is guaranteed to not be less than 100%.
- 3 | The index-linked interest rate is then credited to the policy in one of two ways:
 - If the result of Steps 1 and 2 are positive, the policy receives that rate of interest up to a maximum level, called a **cap rate**.
 - If the result of Steps 1 and 2 are negative, the policy is protected by a **floor rate**, which is a minimum rate credited to your policy.



Hypothetical examples

(Assumed rates for examples: Participation rate = 100%, Cap rate = 8%, and Floor rate = 0%)

Scenario 1

Index increases 5% $5\% \times 100\% = 5\% \text{ credited}$ (within 8% cap)

Scenario 2

Index decreases 3% $-3\% \times 100\% = 0\% \text{ credited}$ (below 0% floor)

Scenario 3

Index increases 14% $14\% \times 100\% = 8\% \text{ credited}$ (exceeded 8% cap)

Two options designed to meet your needs

Principal offers two indexed universal life insurance products for your individual situation. Which one is most appropriate for you is determined by your life insurance objective.

If you want to obtain life insurance coverage with more of an emphasis on growing cash value than in maximizing the amount of death benefit coverage, consider:

**Principal Indexed Universal
Life Accumulation IISM**

If your main objective is to achieve cost-effective life insurance coverage offering a balance of death benefit protection and cash value growth, consider:

**Principal Indexed
Universal Life Flex IISM**

Talk to your financial professional about which Principal indexed universal life product might best help you achieve your financial goals.

Take the first step to meet your financial commitments now and provide opportunity for the future.

About Principal

Principal helps people and companies around the world build, protect, and advance their financial well-being through retirement, insurance, and asset management solutions that fit their lives. Our employees are passionate about helping clients of all income and portfolio sizes achieve their goals—offering innovative ideas, investment experience, and real-life solutions to help make financial progress possible. To find out more, visit us at [principal.com](https://www.principal.com).





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