



PRINCIPAL® TERM LIFE INSURANCE

# Options designed to meet many needs

Product and sales guide



## Ideal prospects

Term insurance is ideal for those who need:

- Life insurance coverage for a limited amount of time (proof of credit, business start-up, buy-sell agreement funding, key person).
- The most cost-efficient rates for the coverage needed.
- To preserve their insurability now, with conversion options\*<sup>1</sup> to permanent policies in the future (no new underwriting as long as the face amount remains the same).

## Top strategies

- Key person insurance
- Buy-sell funding
- Key employee benefits
- Personal planning needs for business owners, key employees, and their family members

## Competitive target segments

Our Term product is known to be most competitive for:

- Ages 35–55, non-tobacco rates
- Standard and better rates
- \$3 million or greater death benefit
- Ages 60-75, nonconvertible policies over \$1 million (ages 60-65 for 20-year contracts)

\*<sup>1</sup> Principal Term has convertible and nonconvertible term options.

# What makes Principal Term attractive for **business** and **personal planning**?

- Choice of convertible and nonconvertible policy options.
- Competitive rates at many ages and risk classes.
- Two optional face amount increase riders designed specifically for business use.
- Fast and easy underwriting and new business programs, including Principal Accelerated Underwriting<sup>SM</sup>, Principal Life Online, Healthy Lifestyle Credits, Business Solutions Enhanced Underwriting, and more.

## Choose a conversion option that works for your client

Term insurance can be the first step in helping clients protect their financial futures. Offering temporary coverage today locks in their insurability, allowing them to potentially convert to a permanent life insurance policy in the future. But future conversion isn't always important or applicable—for example, an employer-owned key person policy wouldn't need conversion rights. That's why we offer your clients a choice of a convertible or nonconvertible policy.

### Policy options

**No conversion.** The nonconvertible policy has no conversion rights and is the lowest premium option.

**Limited conversion period.** The convertible policy allows the policy owner to convert to a permanent policy for a portion of the initial level premium period:

- 10YT: first seven policy years\*
- 15YT: first 12 policy years\*
- 20YT: first 15 policy years\*
- 30YT: first 20 policy years\*

\* Or until the policy anniversary nearest the insured's attained age 70, whichever is earlier.

**Full level term conversion.** The convertible policy with Conversion Extension Rider extends the option to convert to the earlier of completion of the initial level premium period or the insured's attained age 70. The rider is only available at issue and there is a charge to add it.

### Additional details

- Minimum policy amounts at the time of conversion apply.
- The permanent policy will be issued at the same or most comparable underwriting risk class of the original Term policy.
- The policy will be issued based on age nearest birthday guidelines.
- Partial Term conversions are allowed, provided the remaining Term policy and the new policy both meet their respective minimum face amount guidelines.
- Two term policies can be converted to one Survivorship Universal Life policy. Conversion is allowed up to twice the face amount of the smaller of the two term policies.
- The Chronic Illness Death Benefit Advance Rider<sup>\*2</sup> is available on several of our permanent policies. It may be added at time of conversion with no additional underwriting. If the Term policy is beyond its first five years at conversion, additional underwriting is required.

<sup>\*2</sup> The Chronic Illness Death Benefit Advance Rider is an additional coverage option that allows you to access part of your policy's death benefit if you're diagnosed with a chronic illness. The policy has specific details for the rider. There is no premium charge for the rider. The maximum lifetime accelerated death benefit amount is the lesser of 75% of the Initial Eligible Amount or \$2 million. Not available in all states.

## General policy information

This is a summary of policy terms only. Please refer to the policy for actual terms and conditions.

<b>Products available</b>	10-, 15-, 20-, and 30-Year Term			
<b>Issue ages (age nearest birthday)</b>		Non-Tobacco	Tobacco	N = Nonconvertible policy, C = Convertible policy
	10-Year Term	N - 20-80, C - 20-65	N - 20-75, C - 20-65	
	15-Year Term	N - 20-75, C - 20-65	N - 20-70, C - 20-65	
	20-Year Term	N - 20-65, C - 20-65		
	30-Year Term	N - 20-55, C - 20-55	N - 20-50, C - 20-50	
<b>Underwriting classes</b>	<ul style="list-style-type: none"> <li>• Super Preferred Non-Tobacco</li> <li>• Preferred Non-Tobacco/Tobacco</li> <li>• Tables 2-6, plus flat extras</li> </ul>		<ul style="list-style-type: none"> <li>• Super Standard Non-Tobacco</li> <li>• Standard Non-Tobacco/Tobacco</li> </ul>	
<b>Minimum face amount</b>	\$200,000; \$1 million for issue ages 66+			
<b>Face amount changes</b>	<b>Face decreases:</b> <ul style="list-style-type: none"> <li>• Allowed after policy year 1</li> <li>• Policy years 2-5: up to cumulative 35% of the original face amount</li> <li>• Policy years 6+: no restrictions; must meet \$200,000 face amount minimum</li> </ul>		<b>Face increases:</b> <ul style="list-style-type: none"> <li>• Allowed on or after first policy anniversary</li> <li>• Not allowed beginning at the earlier of the end of the Initial Level Premium Period or the max. issue age for the Term duration</li> </ul>	
<b>Annual policy fee</b>	\$75 (non commissionable)			
<b>Modal premium factors</b>	Monthly .0860, Quarterly .2625, Semi-Annual .5125, Annual 1.0			
<b>Policy bands</b>	<ul style="list-style-type: none"> <li>• Band 1 = \$200,000 to \$999,999</li> <li>• Band 2 = \$1,000,000 to \$2,999,999</li> </ul>		<ul style="list-style-type: none"> <li>• Band 3 = \$3,000,000 and up</li> </ul>	
<b>Key underwriting programs</b>	<ul style="list-style-type: none"> <li>• Principal Accelerated Underwriting</li> <li>• Healthy Lifestyle Credits (HLCs)</li> </ul>		<ul style="list-style-type: none"> <li>• Business Solutions Enhanced Underwriting</li> </ul>	
<b>Available riders</b>	<ul style="list-style-type: none"> <li>• Accelerated Benefits</li> <li>• Business Value Increase</li> <li>• Waiver of Premium</li> </ul>		<ul style="list-style-type: none"> <li>• Conversion Extension</li> <li>• Salary Increase</li> </ul>	

## Key person sales idea

**Objective:** Provide businesses with financial protection if a key employee or owner dies, helping them maintain operations and manage potential revenue loss and costs associated with recruiting and training replacements.

### Why term insurance?

- It offers cost-effective coverage designed to offset lost revenue and increased expenses, while generally providing an income tax-free death benefit.\*<sup>3</sup>
- Allows the business owner to tailor the length of coverage based on the employee's estimated employment time.
- Offers a cost-effective insurance solution for situations that may change in the future.
- Provides fast and convenient application and underwriting process for busy professionals.

**Take action:** Review the [Term key person sales idea \(BB12372\)](#) and get a customized quote by using our [Key Person Calculator](#).

<sup>\*3</sup> If the requirements of Internal Revenue Code Section 101(j) are not met, death proceeds from employer-owned life insurance contracts may be taxable as ordinary income in excess of cost basis.

# As needs increase, coverage can, too.

The Business Value Increase Rider and Salary Increase Rider are optional features designed specifically for business use.

## Business Value Increase Rider

This rider allows business owners to get increases in their coverage based on growth in the value of their business, without additional underwriting. The increases work in three-year cycles, like this:

- The business is valued at the start of the three-year period.
- The coverage is increased 5% after years one and two, for a total increase of 10% after two years.
- After the third year, the business is valued again. Any increase in value above 10% results in a matching percentage increase in the policy's face amount.

**Hypothetical example:** If a business value increased 22% over the three-year period measured, the policy face amount would be increased an additional 12% at the end of the third year.

- 5% after year 1 + 5% after year 2 + 12% after year 3

## Salary Increase Rider

This rider helps an employee's coverage keep pace with rising income. It offers increases in the policy face amount based on salary adjustments, without additional underwriting.

**Hypothetical example:** A \$1 million term policy is issued for an individual whose annual salary is \$100,000. After the first policy year, the individual's employer lets Principal know their salary has increased to \$105,000. Their new policy face amount would be \$1,050,000.

- Salary increase:  
 $(\$105,000 - 100,000)/100,000 = 5\%$
- Corresponding face amount increase:  $\$1,000,000 \times 5\% = \$1,050,000$

## Informal business valuations

Help clients understand the value of their business with a complimentary informal business valuation. Principal uses five common valuation methods to provide an estimate that can also be used to determine the value for the Business Value Increase Rider. Talk to your wholesaler about requesting an informal business valuation for your clients.

# Policy riders

Policy rider descriptions are not intended to cover all restrictions, conditions, or limitations. See policy for full rider details. Product and riders are subject to state availability. Additional costs may apply to some riders.

## Accelerated Benefits Rider

<b>Issue ages</b>	20–80
<b>Expiry age</b>	Maturity
<b>Cost</b>	There is no cost to have the rider on the policy. A one-time administrative charge of up to \$150 may be assessed when the rider is exercised.
<b>Availability</b>	All policies are eligible. There are no special underwriting requirements, and it may be added at any time.
<b>Benefit provided</b>	<p>Pays an accelerated benefit when the insured is diagnosed with a terminal illness. The benefit received is the lesser of the accelerated benefits cap shown on the policy data pages or 75% of the eligible face amount not to exceed \$1 million.</p> <ul style="list-style-type: none"><li>• The accelerated benefit is considered a lien against the policy and accrues with interest.</li><li>• The minimum payment amount is \$500.</li><li>• At the time of death, the beneficiary receives the policy death benefit less the benefit advance and applicable interest.</li></ul>

## Conversion Extension Rider

<b>Issue ages</b>	<p><b>10-Year Term</b>   Age at issue must be 20–62.</p> <p><b>15-Year Term</b>   Age at issue must be 20–57.</p> <p><b>20-Year Term</b>   Age at issue must be 20–54.</p> <p><b>30-Year Term</b>   Age at issue must be 20–49.</p>
<b>Expiry</b>	End of the full level premium period or the insured's attained age 70, whichever occurs first.
<b>Cost</b>	There is a charge for the rider.
<b>Availability</b>	At issue; only available with a Convertible policy
<b>Benefit provided</b>	The Conversion Extension Rider extends the standard conversion option, allowing a longer period of time in which the insured may convert their Term policy to a permanent policy.
<b>How the conversion provisions work</b>	<ul style="list-style-type: none"><li>• Minimum policy amounts at the time of conversion apply.</li><li>• The underwriting class of the permanent policy will be issued at the same or most comparable risk class of the original Term policy. If the insured is rated (up to table 6 on Term), the rating will carry over to the permanent policy.</li><li>• The policy will be issued based on age nearest birthday guidelines.</li><li>• Partial Term conversions are allowed, provided the remaining Term policy and the new policy both meet their respective minimum face amount guidelines.</li><li>• If the Chronic Illness Death Benefit Advance Rider is desired at the time of conversion, it may be added without additional underwriting if the Term policy is within the first five policy years. If the Term policy is more than five years old at the time of conversion, additional underwriting may be required to add the rider. This rider is not available on some permanent products.</li></ul>

## Business Value Increase Rider

<b>Issue ages</b>	20–64
<b>Expiry age</b>	<p>The earliest of:</p> <ul style="list-style-type: none"> <li>• The earlier of the end of the initial level premium period or the insured’s attained age: 75 (10YT), 70, (15YT), 65 (20YT)</li> <li>• Rejection of an increase offer</li> <li>• Termination of the policy</li> <li>• Any decrease in the face amount</li> <li>• Failure to provide business valuation on the third year of each cycle</li> <li>• The date we receive a request to cancel it</li> <li>• The date the total of all automatic and calculated increases exceed the lesser of 300% of the face amount at issue or \$7.5 million</li> </ul>
<b>Cost</b>	There is no cost to have this rider. However, when an increase is exercised, the premium will increase to reflect the higher face amount.
<b>Availability</b>	<p>Policy must be business-owned or -sponsored</p> <ul style="list-style-type: none"> <li>• Rider is available only at issue</li> <li>• Increases are allowed only on the policy anniversary and only if the rider and policy are in force</li> <li>• Not available in conjunction with the Salary Increase Rider</li> <li>• Policy face amount must be \$1 million or greater</li> <li>• Not available with Principal 30-Year Term</li> </ul>
<b>Benefit provided</b>	Rider offers face amount increases on three year cycles based on increases in the value of the business.
<b>Increase option</b>	<p>Provides the right to purchase additional insurance on three-year cycles, without evidence of insurability:</p> <ul style="list-style-type: none"> <li>• The first two years, automatic increases of 5% are offered.</li> <li>• In the third year, a calculated increase may be offered.</li> </ul> <p>Minimums/maximums:</p> <ul style="list-style-type: none"> <li>• Automatic increase percent: 5%</li> <li>• Minimum annual increase amount: \$1,000</li> <li>• Maximum automatic increase amount: \$250,000</li> <li>• Maximum calculated increase percent: 35%</li> <li>• Maximum calculated increase amount: \$750,000</li> <li>• Maximum lifetime increase percent: 300% of initial face amount</li> <li>• Maximum lifetime increase amount: \$7.5 million</li> </ul>

## Salary Increase Rider

<b>Issue ages</b>	20–64
<b>Expiry age</b>	The earliest of: <ul style="list-style-type: none"><li>• The end of the initial level premium period</li><li>• Termination of the policy</li><li>• Insured's attained age 65</li><li>• Rejection of an increase</li><li>• Any decrease in insurance which causes the face amount to be less than the (insured's salary multiplied by the SIR multiplier) less other employer purchased insurance</li><li>• Insured's leaving employment of the employer</li><li>• Failure to provide updated salary information as required</li></ul>
<b>Cost</b>	When an increase is exercised, the premium will increase to reflect the higher face amount. There is a cost to have the rider if the policy benefit amount exceeds \$50,000
<b>Availability</b>	<ul style="list-style-type: none"><li>• Policy must be business-owned or -sponsored</li><li>• Not available in conjunction with the Business Value Increase Rider</li><li>• Policy face amount must be \$1 million or greater</li><li>• Not available with Principal 30-Year Term</li><li>• Not available with rated policies</li></ul>
<b>Benefit provided</b>	Allows the purchase of additional insurance without evidence of insurability as long as the policy and rider are in force and not in the grace period. <ul style="list-style-type: none"><li>• Increases are available annually while the insured is actively at work according to the rider terms.</li><li>• Increases are only offered if the insured's salary has increased during the policy year.</li><li>• The amount of the increase is a function of the insured's salary, subject to the rider's maximum increase.<ul style="list-style-type: none"><li>› Maximum annual: \$150,000</li><li>› Maximum lifetime: \$1.5 million</li></ul></li></ul>

## Waiver of Premium Rider

<b>Issue ages</b>	20–59
<b>Expiry age</b>	Age 65 (unless on waiver claim)
<b>Cost</b>	There is a charge to have this rider on the policy.
<b>Availability</b>	At issue
<b>Benefit provided</b>	Maximum total policy face amount (all policies covering the insured) is \$7,500,000. If the insured becomes totally disabled as described in the rider, the monthly premium will be waived. <ul style="list-style-type: none"><li>• If total disability begins prior to the policy anniversary nearest insured's age 60 and continues uninterrupted to the policy anniversary nearest insured's age 65, the waiver period will continue until the earlier of the policy expiration date (insured's attained age 95) or death of the insured.</li><li>• Benefits are limited for disability occurring on or after the insured's policy anniversary nearest insured's age 60.</li></ul>



Call our National Sales Desk today at 800-654-4278, or your Business Solutions RVP. Visit [principal.com/finpro](https://principal.com/finpro).



[principal.com](https://principal.com)

For financial professional/institutional use only. Not for distribution to the public.

All guarantees are based on the claims-paying ability of the issuing insurance company. They are not obligations of, nor backed by, the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

Insurance products issued by Principal National Life Insurance Company (except in NY), Principal Life Insurance Company®, and the companies available through the Preferred Product Network, Inc. Plan administrative services provided through Principal Life Insurance Company®. Referenced companies are members of the Principal Financial Group®, Des Moines, IA 50392.

**Not FDIC or NCUA insured**

**May lose value • Not a deposit • No bank or credit union guarantee  
Not insured by any Federal government agency**

Principal®, Principal Financial Group®, Principal Asset Management<sup>SM</sup>, and Principal and the logomark design are registered trademarks and service marks of Principal Financial Services, Inc., a Principal Financial Group company, in various countries around the world and may only be used with the permission of Principal Financial Services, Inc.