



Retirement Income

Income Gap Analysis

Presented to:

Key Employee Name

Valued Business

Presented by:

Producer Name

producer-email@web-address.com

(515) 123-4567



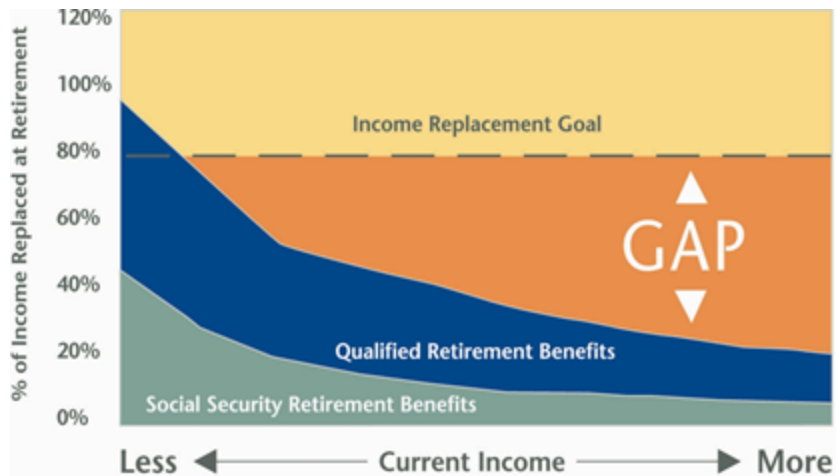
Retirement Income

Estimating Your Retirement Income Gap

Many business owners and executives face challenges in accumulating sufficient retirement assets or generating adequate income. The gap between their income goal and their actual benefits is dependent upon their current income level and other important individual factors.

The challenge

Qualified employee benefit programs and Social Security can actually discriminate against owners and key employees by placing limits on contributions, payouts and tax advantages – helping to create a retirement income gap. As shown in the illustration below, this could result in owners and key employees receiving as little as 30% of their current income at retirement.



This information is from the Principal Financial Group Replacement Ratio Calculator with source information from the Annual Statistical Supplements to the Social Security Bulletin www.ssa.gov. It is intended to demonstrate the potential impact of Social Security and 401(k) plan benefits at various levels. For more information on your individual circumstances, please speak with your financial professional. ©2013 Principal Financial Services, Inc.

Determining the gap

The first step in planning for supplemental retirement income is to determine whether or not a gap exists by using our Retirement Income Gap Calculator. We used the following information to determine whether a retirement income gap exists for Key Employee Name.

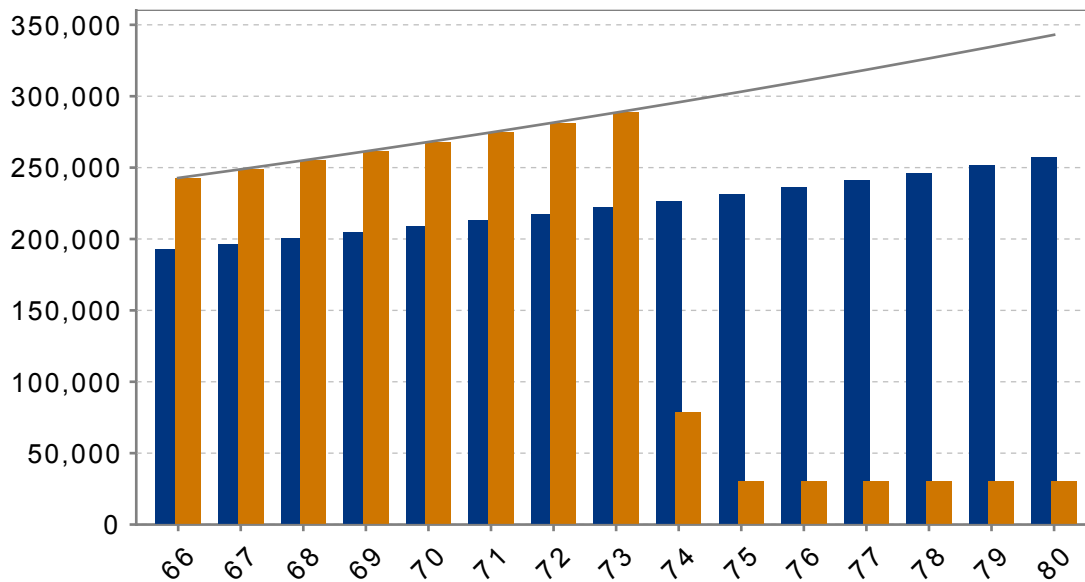
Age	46	Current (or assumed) Qualified Plan Balance	\$200,000
Age at Retirement	65	Estimate Qualified Plan Balance	No
Retirement Income Needed Until Age	80	Qualified Plan Contribution Rate	8.00%
Current Salary	\$150,000	Deferred Comp Plan Balance	\$200,000
Expected Rate of Salary Increase	3.50%	Deferred Comp Plan Contribution Amount	\$0
Personal Tax Rate	28.00%	Current After Tax Asset Balance	\$85,000
Rate of Inflation	2.50%	After Tax Annual Contribution Amount	\$8,500
Include Assumed Social Security Benefits?	Yes	Investment Growth Rate (pre-retirement) (1)	7.00%
Replacement Ratio Desired	85.00%	Investment Growth Rate (post-retirement)	6.00%

¹ Higher investment returns typically involve greater investment risk.

The results

Based on the information provided, the results of your retirement income gap calculation follow:

- Desired income level based on 85.00% of pre-retirement income
- Disbursement of retirement assets based on current plan at 85.00%
- Disbursement of retirement assets based on current plan at 69.00%



Assets available at retirement age with current assets and contributions	\$1,936,710
Percent of salary replaced at retirement with current assets and contributions	69.00%
Balance required at retirement to provide desired income	\$2,598,504
Additional accumulation needed at retirement to reach your income goal	\$661,794
Initial shortfall from desired replacement ratio	\$44,205
After tax equivalent	\$31,828

All data is based on hypothetical assumptions and retirement results are not guaranteed. Based on the current assumed accumulated earnings and your goal of replacing 85.00% of pre-retirement income, it is estimated your assets would be depleted by age 74.

A solution

As you prepare for retirement, ask your employer to consider implementing a supplemental retirement plan, or work with an advisor to put a strategy in place. These plans are very effective in helping executives, like you, fill any retirement income gap.

Outside of a qualified retirement plan, there are also financing considerations to take into account as you save for your own retirement. Qualified retirement plans are funded with pre-tax contributions, which means the assets will be taxed when you need the income. Consider diversifying your retirement assets, from a tax perspective, as you do your investments.

The power of tax diversification

The chart below provides an overview of possible tax outcomes based on various financing options. The chart is intended to demonstrate that the nature and timing of taxation varies with each financial vehicle. Consult with your professional tax advisor for specific tax outcomes as they relate to your specific situation.

	FINANCING VEHICLE OPTIONS		
	Mutual fund financing	Annuity financing	Life insurance financing
After-tax contributions	Yes	Yes	Yes
Is growth tax deferred?	No ¹	Yes	Yes
Are distributions subject to income taxation?	Yes ¹	Yes (LIFO) ²	No (FIFO) ³
What about capital gains?	Yes ¹	No	No
Is income taxable to heirs?	No	Yes	No

1) Mutual funds are taxed on income as distributed and can be treated as ordinary income or capital gains in nature. To the extent the funds are invested in tax-exempt entities such as municipal bonds, income may be tax-free.

2) If the contract has surrender charges, withdrawals beyond the free withdrawal provision may be charged. Withdrawals are taxable as ordinary income to the extent of the gain and if taken before age 59-1/2 a 10% penalty may apply.

3) Withdrawals and loans taken from life insurance policies classified as modified endowment contracts may be subject to income tax and may also be subject to federal tax penalty if the withdrawal or loan is taken prior to age 59-1/2. Withdrawals and loans from life insurance policies may reduce the amount payable to your beneficiaries at your death. Withdrawals and loans will also reduce the policy cash surrender value and may cause the policy to lapse. Lapse of a life insurance policy can cause loss of death benefit and adverse income tax consequences.

FOR MORE INFORMATION

Producer Name
producer-email@web-address.com
(515) 123-4567



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Principal National (except in New York) and Principal Life are issuing insurance companies of the Principal Financial Group®

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Before investing in variable life insurance, investors should carefully consider the investment objectives, risks, charges and expenses of the policy and the underlying investment options. A prospectus and, if available, the summary prospectus containing this and other information can be obtained from your local representative. Please read the prospectus, and, if available, the summary prospectus carefully before investing.

Calculators such as this are provided only as a general self-help tool. Results are a hypothetical illustration based on a fixed rate of return and depend on many factors including assumptions you provide and are not intended to be a financial plan or to predict or project any investment results. Results do not depict actual rates of any available product. We do not guarantee their accuracy, or applicability to your circumstances. These tools are not offers, representations or warranties by any member companies of the Principal Financial Group.

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Retirement Income | For Individuals

Income Gap Analysis Action Plan

Date: _____

Principal wholesaler: _____

Principal agency/BGA partner office: _____

Producer name: _____

CFP® CLU® ChFC® CEBS LUTCF

Producer name: _____

CFP® CLU® ChFC® CEBS LUTCF

Client Information

Name: _____

Age: _____ Sex: M F

Personal tax rate: _____

Tobacco status: Non-tobacco Tobacco

Risk class: Standard Preferred Super Preferred

Product: Principal Variable Universal Life Principal Universal Life

Interest rate assumption: _____

Amount of after-tax equivalent of annual shortfall needed to reach desired replacement ratio: _____

Number of years in retirement: _____

If you have questions, or would like assistance in completing these quotes, please contact the National Sales Desk at 800-654-4278.

FOR MORE INFORMATION

Contact your representative of The Principal®.



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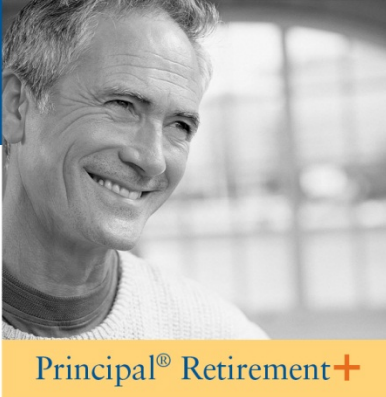
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Insurance products from the Principal Financial Group® (The Principal®) are issued by Principal National Life Insurance Company (except in New York) and Principal Life Insurance Company. Securities offered through Princor Financial Services Corporation, 800/247-1737, member SIPC and/or independent broker/dealers. Securities sold by a Princor Registered Representative are offered through Princor®. Principal National, Principal Life, and Princor are members of the Principal Financial Group, Des Moines, IA 50392.

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Principal VUL Income IIISM

Variable Life Insurance Can Help Close the Retirement Gap

Principal Variable Universal Life (VUL) Income III provides the life insurance protection you need, plus the tax-advantaged cash value accumulation you want. VUL Income III offers a variety of investment options to help match your risk tolerance and financial objectives.

Approximate premiums for desired income out at retirement

The chart below provides a rough estimate of the annual premium amount needed to generate \$10,000 of annual retirement income for 15 years.

Male, Preferred, Non-Tobacco, 7% Net Assumed Interest Rate, Annual Premiums Paid to Retirement, Life Paid-Up Rider, Death Benefit 2 Changing to Death Benefit 1 at Retirement (Age 65)		
Age	Approximate Annual Premium per \$10,000 of Income Out For 15 Years	Approximate Minimum Death Benefit per \$10,000 of Income ²
35	\$1,177	\$41,000
40	\$1,615	\$41,425
45	\$2,622	\$57,000
50	\$4,359	\$80,830
55 ¹	\$8,877	\$140,580

¹Preferred partial surrenders used in the first 15 years of policy. Withdrawals and loans may be subject to surrender charges and/or transaction fees and may decrease the amount of the death benefit and cash accumulation value.

²Subject to policy face amount minimum of \$100,000.

Example

Let's assume you're looking for death benefit protection during your earning years and cash value accumulation for your retirement years. The death benefit will help provide for your family, should the unexpected happen prior to reaching retirement, while the accumulation feature helps you save for retirement.

If the retirement gap calculator — or other appropriate needs analysis — suggests a need for \$63,000 of annual after-tax supplemental retirement income for a male age 45, you will need approximately 6.3 units of premium from the table above to generate that amount of retirement income (based on the noted assumptions).

After-Tax Need	Approximate Premium per \$10,000 (Unit) of Income Out	Units	Premium per \$10,000 of Income Out	Approximate Premium to Fund Benefit	Approximate Illustrated Initial Death Benefit
\$63,000	$\$63,000/\$10,000 = 6.3$	6.3	\$2,622	$6.3 \times \$2,622 = \$16,519$	$6.3 \times \$57,000 = \$359,100$

These figures are approximations. It is a hypothetical example only to illustrate the amount of premium needed to provide a stated amount of income from the life insurance accumulated value. It is not intended to predict or project actual results. The actual death benefit amount needed may or may not provide the accumulated cash value to meet the supplemental retirement income need. Request an illustration to determine actual premium and estimate benefits.

Additional variable life insurance features

Return of cost of insurance rider

When you reach the latter part of the 15th policy year or attained age 60 policy anniversary, we will refund all cost of insurance (COI) charges incurred up to that point. The returned COI charges are added to the policy's cash value over a five-year period. There is no cost for this rider.

Quality investment options from well-known investment managers

We understand the importance of choice. With over 60 investment options to choose from, you have the opportunity to diversify your portfolio not only by asset class and investment strategy, but also by management style. We offer access to a suite of asset allocation solutions and volatility protection options.

Automated income distribution

This option provides a hassle-free way to receive retirement income from your life insurance policy on a monthly, quarterly, semi-annual or annual basis.

Life paid-up rider

Under certain circumstances, this rider can keep the policy from lapsing when there is a large policy loan (or loans) outstanding. The Life Paid-Up rider can ensure the policy will not lapse by converting it to paid-up life insurance, even if the policy would otherwise lapse. The rider is automatically added to all policies in states where it has been approved. There is a one-time charge for this rider when it is exercised.

Contractual zero net-cost loans

After the 10th policy year, any outstanding policy loans and any new policy loans are at zero net-cost — guaranteed.

Death benefit advance rider

If you become terminally ill, are confined to a nursing home or become the victim of a devastating health condition, the Principal Financial Group® will advance a portion of the death benefit to you when you need it most. This is a no-cost rider that can be added at any time.



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Before investing in variable life insurance, investors should carefully consider the investment objectives, risks, charges and expenses of the policy and the underlying investment options. A prospectus and, if available, a summary prospectus containing this and other information can be obtained from the local representative, home office or online at www.principal.com. Please read the prospectus and, if available, the summary prospectus carefully before investing.

Asset allocation or diversification do not guarantee a profit or protect against a loss.

Policy rider descriptions are not intended to cover all restrictions, conditions or limitations that may apply. See the rider for full details, state variations and availability. Riders are subject to state variations and availability. Some riders may require additional premium. Accelerated Benefit Rider is not available in Massachusetts.

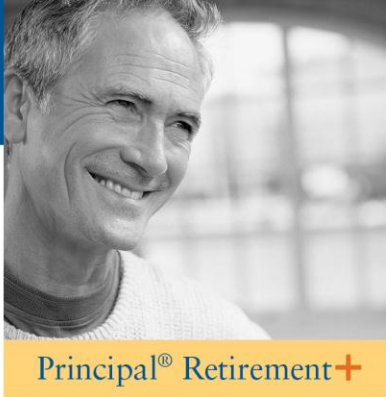
All guarantees, including death benefit are subject to the claims-paying ability of the issuing insurance company.

Must be accompanied by the VUL Income IIISM main product brochure (BB10530/BB10530MA).

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Principal Universal Life Accumulation IISM

Universal Life Insurance Can Help Close the Gap

Principal UL Accumulation II provides the protection you need, plus the tax-advantaged cash value accumulation you want.

Approximate premiums for desired income out at retirement

The chart below provides a rough estimate of the annual premium amount needed to generate \$10,000 of income out at retirement for 15 years.

Male, Preferred, Non-Tobacco, 4.25% Crediting Rate (as of May 2013), Life Paid-Up Rider, Death Benefit 2 Changing to Death Benefit 1 at Retirement, Retirement Age 65 for Sample Ages 35-55 and Retirement Age 70 for Sample Age 60		
Age	Approximate Annual Premium per \$10,000 of Income Out for 15 Years	Approximate Minimum Death Benefit per \$10,000 of Income
35	\$2,290	\$70,663
40	\$3,095	\$77,943
45	\$4,415	\$91,885
50	\$6,828	\$119,960
55 ¹	\$12,750	\$190,042
60 ^{1,2}	\$15,365	\$194,894

¹ Withdrawals and loans may be subject to surrender charges and/or transaction fees and may decrease the amount of death benefit and cash accumulation value.

² Assumed retirement age of 70.

Example

Let's assume you're looking for death benefit protection during your earning years and cash value accumulation to help supplement income in your retirement years. The death benefit will help provide for your family, should the unexpected happen prior to reaching retirement, while the accumulation feature can help you save for retirement.

If the retirement gap calculator — or other appropriate needs analysis — suggests need for \$63,000 of after-tax supplemental retirement income for a male age 45, you will need approximately 6.3 units of premium from the table above to generate that amount of retirement income (based on the noted assumptions).

After-Tax Need	Approximate Premium per \$10,000 (Unit)	Units	Premium per \$10,000 of Income Out	Approximate Premium to Fund Benefit	Approximate Illustrated Initial Death Benefit
\$63,000	$\$63,000/\$10,000 = 6.3$	6.3	\$4,415	$6.3 \times \$4,415 = \$27,814$	$6.3 \times \$91,885 = \$578,875$

These figures are approximations. It is a hypothetical example only to illustrate the amount of premium needed to provide a stated amount of income from the life insurance accumulated value. It is not intended to predict or project results. The actual death benefit amount needed may or may not provide the accumulated cash value to meet the supplemental retirement income need. Request an illustration to determine actual premium and estimated benefits.

Universal life insurance features

Principal UL Accumulation II can grow with your needs and provide an edge even when the unthinkable happens.

10-year no-lapse guarantee

Principal UL Accumulation II offers a 10-Year No Lapse Guarantee (NLG). 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.

Automated income distribution

This option provides a hassle-free way to receive retirement income from your life insurance policy on a monthly, quarterly, semi-annual or annual basis.

Life paid-up rider

Under certain circumstances, this rider can keep the policy from lapsing when there is a large policy loan (or loans) outstanding. The Life Paid-Up Rider can ensure the policy will not lapse by converting it to paid-up life insurance, even if the policy would otherwise lapse. The rider is automatically added to all policies in states where it has been approved. There is a one-time charge for this rider when it is exercised.

Terminal illness death benefit advance rider

This rider pays an accelerated benefit in the event of a terminal illness. The accelerated benefit that may be received is the lesser of the accelerated benefits cap or 75 percent of the eligible face amount minus any outstanding policy loans, unpaid loan interest and previously paid accelerated benefit, not to exceed \$1 million.

Chronic illness death benefit advance rider

This rider provides the option of receiving an advance of a portion of the policy death benefit in the event the insured is diagnosed as chronically ill. The maximum lifetime accelerated benefit available is equal to the lesser of 75 percent of the policy face amount on initial election or \$1 million.



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The policy rider description is not intended to cover all restrictions, conditions or limitations that may apply. See the rider for full details. Riders are subject to state variations and availability. Some riders may require additional premium. Accelerated Benefit Rider is not available in Massachusetts.

All guarantees, including death benefit are subject to the claims-paying ability of the issuing insurance company.

Must be accompanied by the Principal Universal Life Accumulation IISM main product brochure (BB10843).

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Policy Form SN 76, Rider Forms SN 25, 78 and 79. Policy Form SF 913, Rider Forms SF 863, 915 and 916.