



Principal® Term

## Get versatile coverage to fit your life.



What's more important than protecting the things you care most about? Principal® Term life insurance can help provide financial protection for some of the most important things in your life—such as your family or a business.

### Why Principal Term life insurance?

If you're looking for simple, cost-effective protection that can help meet a variety of needs, term life insurance could be an appropriate choice. It provides protection for a specified policy period (term) and pays a benefit if you die. Term life insurance offers many benefits, including:

- A tax-free death benefit to your beneficiaries.<sup>(1)</sup>
- Guaranteed coverage for your selected policy period.<sup>(2)</sup>
- Protection for short-term needs that may lessen over time, like a business loan or mortgage.
- An effective way to provide protection for business owners, their business, and key employees.

### Get the coverage that's designed to meet your needs.

You can keep your coverage basic—no bells and whistles—or you may want to add optional features to expand or enhance your coverage. It all depends on your personal situation. Use this guide to learn more about what's available with Principal Term. And discuss it with your financial professional to determine what's most appropriate for you.

Term life insurance provides many benefits that can help you plan for the unexpected. Choose a policy that works for your situation and needs.

### Select a term length.

Principal Term offers term lengths of 10, 15, 20, and 30 years. When choosing a coverage option, consider factors such as your age, purpose for the coverage, and budget.

## Customize your policy.

Optional benefits are available to include on your policy. Answer the questions below to help you identify which features might be appropriate for your policy. Note, some have a cost associated with them.

### Is protecting your future insurability important?

While a term policy might be a good fit today, it might not meet all your needs in the future. But changing coverage, if your health isn't as good as it was previously, can be a challenge.

Adding a conversion privilege allows you to lock-in future insurability by providing the right to convert your coverage later to a permanent life insurance product offered by Principal®, without additional underwriting. So, you maintain your same underwriting risk classification—even if your health has changed.

A conversion privilege can be added to your policy for a cost. Two levels of conversion are available:

- 1 | Conversion is available for a portion of the level term period. For example, a 10-Year Term policy allows conversion during the first 7 years.
- 2 | Conversion is available for the full-level term period. For example, a 10-Year Term policy allows conversion during the first 10 years. This expanded option is provided by the Conversion Extension Rider.<sup>3</sup>

### Do you want additional protection against life's uncertainties?

You have an option that can help provide financial protection in the event of significant health changes.

#### [▶ Waiver of Premium Rider<sup>\(3\)</sup>](#)

This rider waives your policy premiums should you become totally disabled. This allows you to maintain your coverage, at a time when it might otherwise not be affordable. There is a cost to have this rider.



## Is your coverage for business purposes?

Principal Term can be used to meet many business needs, including to help protect a business against the loss of a key employee, provide funding for a buy-sell agreement, or offered as a benefit to key employees. Two riders are available specifically for business use. Select one or the other, based on the business need.

As a complimentary service, Principal offers informal business valuations using five commonly used valuation methods.

### ▶ Business Value Increase Rider<sup>(3)</sup>

This rider allows business owners to get increases in their coverage based on growth in the value of their business, without additional underwriting. There's no cost to have the Business Value Increase Rider; however, premiums will increase to reflect the increased policy face amounts.

The increases work in three-year cycles, like this:

- Your business is valued at the start of the three-year period.
- Your coverage is increased 5% after years one and two, for a total increase of 10% after two years.
- After the third year your 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<sup>(3)</sup>

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. In most instances, there's no cost to have the Salary Increase Rider<sup>(4)</sup>; however, premiums will increase to reflect the increased face amounts.

**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:  $\$1,000,000 \times 5\% = \$1,050,000$ ).

The examples above are for illustrative purposes only.

Principal Term can help you protect your business and your key employees. And optional riders can help the coverage keep pace with growing needs.

## Ready to take the next step?

If you're interested in a Principal Term policy your financial professional will work with you to get started. Here's typically what you can expect next:

- Your financial professional will provide a quote for coverage for your review.
- You'll complete an application—generally you're able to do this online—and any related forms.
- You'll begin the underwriting process.
  - › This is how we determine an appropriate risk class for you based on factors such as your age, sex, current physical condition and medical history, financial background, personal habits, occupation, and relevant hobbies (such as aviation or scuba diving).
  - › Depending on your personal situation, you may qualify for a faster underwriting process known as Principal Accelerated Underwriting<sup>SM</sup>. With this program, we gather less information from you and the process is usually quicker.
- After you've been approved and we receive your initial premium, your policy is issued.

Talk to your financial professional today about how a Principal Term policy can help provide greater financial security for your family or business.

<sup>(1)</sup> Life insurance proceeds generally pay to the beneficiary federal income-tax free.

<sup>(2)</sup> If you continue your Term policy past the level premium period, it will continue to renew for successive one-year periods and your premium will likely increase annually. The premium increases can potentially be substantial.

<sup>(3)</sup> Policy rider descriptions are not intended to cover all restrictions, conditions, or limitations. See policy for full rider details. Riders are subject to state availability and may have additional costs.

<sup>(4)</sup> There is a cost to have an increase capacity above \$50,000.



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All guarantees and benefits of the insurance policy are backed by 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.

Principal National Life Insurance Company Policy Form: ICC23 SN 174 N / ICC23 SN 174 C / SN 174 N / SN 174 C, Rider Forms: SN 2, SN 3, SN 4, SN 5, ICC17 SN 105 / SN 105, ICC22 SN 171 / SN 171, ICC23 SN 175 / SN 175 ; Principal Life Insurance Company Policy Form: SF 1050 NY N/SF 1050 NY U/SF 1050 NY C / SF NY 1050 C U, Rider Forms: SF 807 NY, SF 976 NY, SF 1051 NY, SF 1052 NY

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