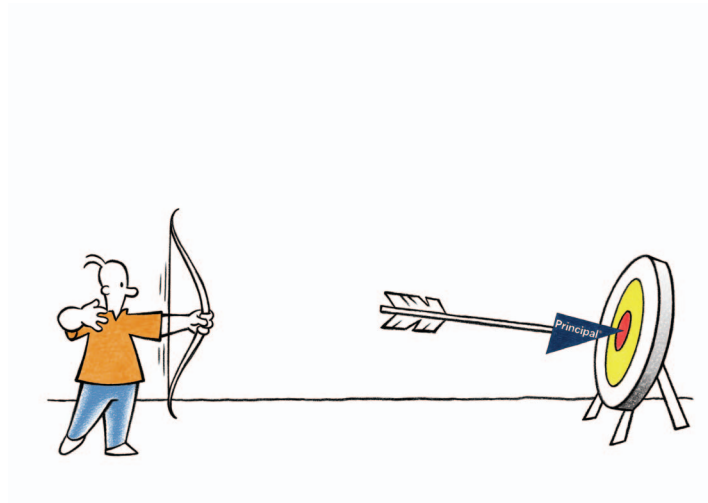


Principal Income Annuity

# A Lifetime of Retirement Income





## Principal Income Annuity

Will you have enough money to pay your fixed expenses in retirement, such as prescriptions, food, housing and utilities?

Because of market volatility and increasing life expectancy predictions, many people are concerned about living too long and outliving their assets. Social Security and pension plan payouts may not be enough.

Help secure your income and diversify your portfolio with an *Income Annuity from Principal Life Insurance Company*. You'll know that your regular, month-to-month expenses can be taken care of no matter how long you live or how the financial markets perform.

### Internal Rate of Return (IRR)

Many investors are concerned about their IRR. Simply stated, the IRR is an investment's annualized rate of return – taking into account how much money was invested and for how long it was invested. Calculated before taxes, the IRR will be lower once taxes are taken out.

### Hypothetical Client Example

Mark Jones, age 65 wants to diversify his financial portfolio with an Income Annuity to ensure he'll receive a guaranteed monthly income stream – for life! However, in the current low interest rate environment, he's concerned about the rate of return he can expect on this lump sum investment.

Based on life expectancy tables<sup>1</sup>, a 65-year old individual has a good chance of living *at least* 21 more years. In fact, at least 50% of Americans will actually live longer than their life expectancy.

*Given these life expectancy assumptions, Mark could receive a 4.89% internal rate of return on his investment if he lives to age 86, plus every year after that his rate of return goes up even more! All while receiving guaranteed income for life!*

BEFORE LIFE EXPECTANCY	
Age	Expected IRR
70	-5.18%
75	-5.18%
80	1.71%
85	4.54%

AFTER LIFE EXPECTANCY			
Age	Expected IRR <sup>1</sup>	Age	Expected IRR
86	4.89%	94	6.54%
87	5.20%	95	6.66%
88	5.47%	96	6.77%
89	5.71%	97	6.86%
90	5.92%	98	6.95%
91	6.10%	99	7.02%
92	6.27%	100	7.09%
93	6.41%		

**Assumptions:** Initial contribution of \$100,000, male, age 65, life with 10 year guaranteed payout option. Monthly income amount is \$629.82 based on October 2006 rates. Rates are subject to change without notice.

## Income Annuity Benefits

An Income Annuity from Principal Life offers you:

- Guaranteed income payments for life (or any time period you choose)
  - Multiple benefit option choices
  - Competitive payouts and internal rates of return
  - No up-front or annual charges
  - The ability to spread your tax liability over the course of the annuity, depending on the source of your contribution
  - Fixed Annual Increase Rider available to keep up with inflation
  - Liquidity Rider offers access to money, if needed
- (NOTE: May not be available in all states and not available on all payout options)

### YOU CAN COUNT ON US

For more than a century, Principal Life Insurance Company has helped individuals achieve their retirement objectives. You can take stock in our steadfast commitment to provide quality, reasonably priced financial products and services that help individuals grow and prosper.

<sup>1</sup> 2005 life expectancy table published by the Internal Revenue Service.



WE'LL GIVE YOU AN EDGE<sup>SM</sup>

Principal Life Insurance Company, Des Moines, Iowa 50392-0002, [www.principal.com](http://www.principal.com)

Not FDIC/NCUA Insured	No Bank Guarantee
Not A Deposit	May Go Down In Value
Not Insured By Any Federal Government Agency	

Tax-qualified retirement arrangements, such as IRAs, SEPs, and SIMPLE-IRAs are tax-deferred. You derive no additional benefit from the tax deferral feature of the annuity. Consequently, an annuity should be used to fund an IRA, or other tax qualified retirement arrangement, to benefit from the annuity's features other than tax deferral. These features may include guaranteed lifetime income, guaranteed minimum interest rates, and death benefits without surrender charges.