



Principal® Pivot Series  
Variable Annuity

More flexibility  
for your long-term  
financial plan



Not FDIC or NCUA insured

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



# We all need a little flexibility in life. So does your financial strategy.

Needs can (and do) change. Whether it's a shift in the economic landscape, a change in your personal circumstances, or a desire to create a financial future for the ones you love—you need a financial strategy with the flexibility to change when you do.

**Welcome to Principal® Pivot Series Variable Annuity** (Principal Pivot Series). This long-term investment option offers you the flexibility to:

- Create another source of tax-deferred savings
- Invest after-tax money with no contribution limits
- Personalize your investment plan to suit your risk tolerance—including 100% equities
- Move your money in and out of subaccounts and pay no taxes or penalties
- Create a financial legacy plan—using death benefits, stretch IRAs, or trusts.

## Variable annuities 101

A variable annuity is a contract issued by an insurance company best suited for long-term investors. It helps you save for and create income in retirement. You invest in the annuity by giving the insurance company either a single premium (a lump sum of money) or a series of premiums. The return you earn depends on the performance of the underlying investment options you choose. Earnings on your investments grow tax-deferred until they are withdrawn. Because you're invested in the market, there are some risks involved—including the potential loss of your premium(s).

\* Guarantees are based on the claims-paying ability of Principal Life Insurance Company.

# A tax smart way to save

Taxes may be one of the sure things in life, but nobody wants to pay more than they have to. Principal Pivot Series offers a variety of ways to create a tax efficient financial strategy—now and in the future.

If you've reached the contribution limits of your existing tax-deferred investment strategy, a variable annuity provides another opportunity for tax deferral.

With tax-deferred investments, you don't pay taxes on gains in your account until you withdraw your money. The money you save by deferring taxes is reinvested, earning you even more. This is known as compounding and can be an important part of your overall investment strategy.

## Tax-efficient options for withdrawing your money

You'll only pay tax on the amount of money you take when you take it—and you control when or if you take your money.



You'll pay ordinary income tax on withdrawals but remember **you could be in a lower tax bracket in retirement**—another way that tax-deferred investments could work in your favor.



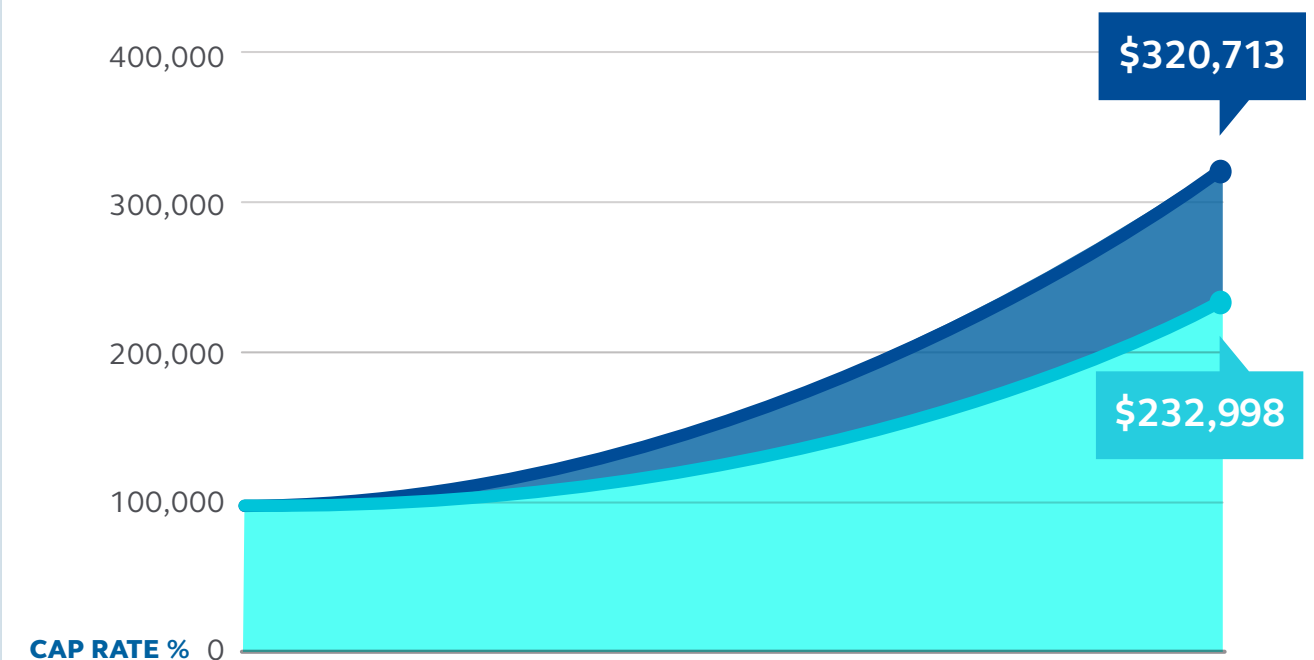
If you choose to take partial distributions from your annuity over time, you can **spread out your tax obligation**. This allows the remaining value of your account to continue to grow tax deferred.

## Investing with nonqualified money

There are no contribution limits on your Principal Pivot Series Variable Annuity if you invest with nonqualified money—money you've paid taxes on before investing.

Any earnings must be distributed first and are taxed when you withdraw them. Your original investments can be withdrawn tax free.

Let's take a look at a hypothetical 20-year investment. This example shows two investment scenarios. Both investments were started on the same day with \$100,000 and earned a 6% return each year. No withdrawals were made from either.



— Taxable investment Earnings were paid annually at a tax rate of 28%

— Tax-deferred investment Reinvested the money instead, resulting in a higher total. Even if you chose to withdraw the \$320,713 in a lump sum at the end of the 20 years (\$61,800 at the 28% tax rate), you'll still come out ahead.

Tax-deferred accumulations are subject to ordinary income tax, and if withdrawn prior to age 59½, an additional 10% federal tax penalty.

The illustration above is hypothetical and doesn't represent any particular investment. It also can't be used to predict an expected outcome for your particular situation.

Principal Pivot Series has a mortality and expense risk charge of 0.60%. No withdrawals prior to year 20 are assumed above, but any withdrawals (in excess of the free surrender charge privilege) from the annuity during the five years after a premium payment would be subject to a surrender charge between 4% and 6%. A 0.15% annual administrative charge is applied to all contracts.

There is also a \$30 annual fee for contracts with less than a \$30,000 accumulated value on the contract anniversary. If these fees and charges were included in the illustration above, the tax-deferred performance would have been lower. Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable, thereby reducing the difference in the performance between the accounts shown.

Withdrawals of tax-deferred accumulations are subject to ordinary income tax. With Principal Pivot Series, you can also annuitize (to spread the tax and benefit payments over a period of years) instead of taking a lump sum withdrawal. If the withdrawal is prior to age 59½, a 10% IRS penalty could apply.

Changes in tax rates and tax treatment of investment earnings may impact the comparative results. You should consider your personal investment horizon and income tax bracket, both current and anticipated, when making an investment decision as these may further impact the results of the comparison. You should also consider whether your investment earnings may be subject to the lower capital gains tax rates.

Tax-qualified retirement arrangements, such as IRAs, SEPs and SIMPLE IRAs, are tax-deferred. 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, death benefits without surrender charges, guaranteed caps on fees, and the ability to transfer among investment options without sales or withdrawal charges.


# The flexibility to personalize your investment plan


Principal Pivot Series gives you the freedom to create an investment portfolio that fits your goals—whether that’s pro-growth, risk adverse, or cost conscious. With over 95 investment options to choose from, you can create a diversified investment portfolio within one product.


We also offer defined outcome options, also known as buffer investments, which provide protection against some loss. Buffer investments allow you to diversify your equity exposure.

You can use any of these approaches or one of your own design to allocate your Principal Pivot Series investments. And if your goals change, so can your investments.

## These features can help you stay true to your investing goals.

 **Unscheduled transfers** – move money between subaccounts at no extra charge

 **Automatic portfolio rebalancing<sup>1</sup>** – done quarterly to keep your asset allocation consistent with your goals

 **Dollar cost averaging<sup>2</sup>** – invest money at regular intervals over time to help reduce volatility exposure

We’re proud of our partnerships with many well-known investment managers. By working with different investment firms, we’re able to provide you with a wide range of asset classes, investment strategies, and management styles.



Diversifying your investments across different asset allocations helps you better navigate market cycles and meet different economic challenges.

Asset allocation is the different types of assets you’ve invested in, such as stocks, bonds, and cash. Generally speaking, the more diverse your investments the more protected you are from down markets. Diversification doesn’t eliminate risk completely, but it does help reduce it.

And as this chart illustrates, different types of assets may perform better in different market environments. Your financial professional can help you make asset allocation decisions.

<sup>1</sup> Automatic portfolio rebalancing doesn’t guarantee a profit nor protect against a loss in declining markets.

<sup>2</sup> Dollar cost averaging is only available from money market or other subaccounts. It doesn’t guarantee profits, nor prevent losses in a declining market. Because it involves continuous investing, regardless of fluctuating price levels, you should consider your ability to continue purchases through periods of low price levels.

You can’t simultaneously participate in DCA and APR from the same subaccounts. Subaccounts can be rebalanced quarterly, semiannually, annually or upon request.

Note: Past performance does not guarantee future results. Asset allocation and diversification do not ensure a profit or protect against a loss.



## Leave a lasting legacy

If you want to use your Principal Pivot Series investment to create a financial legacy for your loved ones or your favorite charity, there are many possibilities.

A standard death benefit is automatically issued with Principal Pivot Series contracts.

You can also choose from two different enhanced death benefits at an extra cost.\*

No underwriting is required for any of our death benefits, allowing you to provide more financial security to your beneficiaries.

All proceeds will pass outside of probate.\*\*

Our enhanced annual step-up death benefit allows clients to use annual gains in their account value to create a greater guaranteed death benefit.

\*If investing with qualified money, the election of one of the enhanced death benefits may be required by certain broker dealers.

\*\*Unless your estate is the beneficiary.

## Stretch your legacy for future generations

Inheriting money has its own tax implications.

But the beneficiaries of your qualified annuity will have up to ten years to withdraw their inheritance, allowing them to defer their tax obligations over time.

If you funded your annuity with nonqualified money, your beneficiaries will have the option to take required minimum distributions (RMDs) spread over the course of their life expectancy.

## Establishing a trust-owned annuity

Creating a trust-owned annuity is another way to help provide financial security for future generations. It offers many of the same benefits that an individual annuity might.

It also offers an option called the “pass-in-kind” strategy. This allows the trust to keep earnings invested and growing in the annuity. Flexibility in investment strategies and tax advantages can help preserve growth in the trust for several generations—providing a means to create generational wealth.

Start today and create the retirement you want. Principal Pivot Series offers you investment flexibility, tax-smart investing options, and several tools for estate planning. Ask your financial professional about Principal Pivot Series Variable Annuity. Together you can decide if it's a good fit for your retirement savings plan.

\*The rider is automatically issued if you meet the age requirements and you're the sole owner/annuitant. The issue age is less than 67 for qualified contracts and less than 85 for nonqualified contracts.

## Retire with guaranteed money

Principal Pivot Series provides the option to create a source of guaranteed income in retirement at no extra cost. The Flexible Pension Builder Rider comes automatically with your annuity contract and allows you to convert a portion of your investment gains into guaranteed retirement income.\* And you have the option to annuitize your annuity, which also allows you to create a source of guaranteed income.



This income stream is protected and not affected by market volatility.



Money not converted to guaranteed income remains invested for further potential growth.



Partial annuitization can be used to create an income bridge for early retirement.

Different income payment options are available for single and joint payouts.

## Product details<sup>3</sup>

<b>Premiums</b>	The premium is the amount of money (qualified or nonqualified) you use to purchase your annuity. <ul style="list-style-type: none"> <li>Initial premium minimum: Qualified, \$2,000; Nonqualified, \$5,000</li> <li>Subsequent premium minimum: \$500</li> <li>Maximum premium: \$2 million</li> </ul>					
<b>Issue age</b>	0 to 85 (79 on qualified contracts if your broker-dealer requires the enhanced death benefit)					
<b>Owner/annuitant</b>	<ul style="list-style-type: none"> <li><b>Single life annuity:</b> The owner (the person who owns all the rights to the annuity) and annuitant must be the same (unless a non-natural owner).</li> <li><b>Joint life annuity:</b> The owner and annuitant don't need to be the same, but the owner must be one of the annuitants.</li> </ul>					
<b>Withdrawals free of surrender charges<sup>4</sup></b>	Available each contract year and is the greater of 10% of premium payments or all earnings (for no additional cost).					
<b>Surrender charges</b>	<b>Contract year</b>	1	2	3	4	5
	<b>Surrender charge</b>	6%	6%	6%	5%	4%
<b>Waiver of surrender charge rider</b>	Automatically issued with contract, for no additional cost. Waives surrender charges due to disability, confinement to a health care facility or terminal illness.					
<b>Death benefits</b> (For qualified money, election of one of the enhanced death benefits may be required by certain broker-dealers.)	<ul style="list-style-type: none"> <li><b>Standard death benefit:</b> <ul style="list-style-type: none"> <li>Automatically available with contract.</li> <li>Death benefit is the contract's accumulated value.</li> </ul> </li> <li><b>Enhanced death benefits (optional):</b> <ul style="list-style-type: none"> <li><b>Return of premium:</b> available at contract issue for additional annual cost of 0.35%. Death benefit is the greater of: <ul style="list-style-type: none"> <li>contract's accumulated value, or</li> <li>premium payments less any withdrawals.</li> </ul> </li> <li><b>Annual step-up:</b> available at contract issue for an additional annual cost of 0.45%. Death benefit is the greatest of: <ul style="list-style-type: none"> <li>contract's accumulated value,</li> <li>premium payments less any withdrawals, or</li> <li>highest accumulated value on any contract anniversary prior to the lock-in date, PLUS any premiums made less withdrawals since the lock-in date.</li> </ul> </li> </ul> </li> </ul>					
<b>Fees and expenses</b>	<ul style="list-style-type: none"> <li>Mortality and expense: 0.60%</li> <li>Administration charge: 0.15%</li> <li>Annual fee: lesser of \$30 or 2% of accumulated value. Waived if accumulated value is \$30,000 or higher.</li> </ul>					
<b>Required minimum distributions</b>	If you have a qualified variable annuity and you're over age 73, we'll let you know how much you'll need to withdraw to meet the IRS's minimum distribution rule every year. This way you won't have to worry about breaking the rule or the 50% penalty that would apply if you did.					

<sup>3</sup> Refer to prospectus for more information.

<sup>4</sup> Contract rider descriptions aren't intended to cover all restrictions, conditions, or limitations. Refer to rider for full details. Riders are subject to state availability.

## Flexible Pension Builder Rider details

Automatically issued with contract for no additional cost. Restrictions apply.

<b>Transfer amounts</b>	With market sweep or automatic 3% or 5% annual transfers: \$500; All other minimums: \$5,000 initial, \$1,000 subsequent	
<b>Transfer age</b>	Qualified: Earlier of 30 years or age 72; Nonqualified: Earlier of 30 years or age 95	
<b>Transfer frequency</b>	Maximum number of deferred income transfers is 15 per year and 125 total for the life of the contract	
<b>Income payment deferral method</b>	Minimum deferral period: 13 months Maximum deferral period: Qualified: earlier of 30 years or age 73; Nonqualified: earlier of 30 years or age 95	
<b>Income options</b>	<ul style="list-style-type: none"> <li>Fixed period (5-20 years)</li> <li>Life with guaranteed period</li> </ul>	<ul style="list-style-type: none"> <li>Life only</li> <li>Life with cash refund or life with installment refund</li> </ul>
	Joint life not available with the rider.	
<b>Income payment frequency</b>	Monthly, quarterly, semiannually, annually	
<b>Deferred income payment advancement</b>	<ul style="list-style-type: none"> <li>Subject to state availability</li> <li>Available only for nonqualified contracts receiving monthly payments only (not available with other payment frequencies)</li> <li>Must be at least age 59½</li> <li>Available after the income start date</li> <li>Allows client to advance up to six monthly income payments and receive in a lump sum</li> <li>Limited to four requests over the life of the contract</li> <li>Monthly income payments must resume before this option may be exercised again</li> </ul>	
<b>Death benefit during the deferral period</b> <i>(This death benefit statement only applies to the rider – your assets in the investment accounts are subject to a different death benefit.)</i>	<ul style="list-style-type: none"> <li>Prior to income payments starting, the death benefit is the total number of deferred income transfers made.</li> <li>The death benefit is the amount of money paid to the beneficiary when the owner dies prior to the income start date. The death benefit, if any, is the total of all transfers made as of the date of death. After income payments have started, the death benefit will depend on the annuity income option selected. <ul style="list-style-type: none"> <li>The death benefit from the Flexible Pension Builder Rider will be included with any other death benefit remaining in the Pivot Series Variable Annuity.</li> </ul> </li> </ul>	
<b>Optional features*</b> (All available for no additional fee.)	<b>Annual increase rider</b>	<b>Consumer Price Index (CPI) rider</b>
	<ul style="list-style-type: none"> <li>Elect to have payments increase annually by 1%, 2%, 3%, 4%, or 5%</li> <li>Applies during the income phase</li> </ul>	<ul style="list-style-type: none"> <li>Elect to have income payments adjusted annually for increases in the CPI-U (if any)</li> <li>Applies during the income phase</li> </ul>
	<b>Roll-up death benefit during deferral</b>	
	<ul style="list-style-type: none"> <li>Elect to have the death benefit during the deferral period increase annually by 1%, 2%, or 3% if death occurs before the income start date</li> <li>Interest compounded annually and credited daily from the date each transfer is made</li> <li>Available through age issue 79</li> </ul>	

\*Income payments are lower in the early years when an optional rider is elected.



**Before you invest in a variable annuity, you should carefully consider its investment objectives, risks, charges and expenses, as well as the underlying investment options it offers. You can find this and other information in the free prospectus, and if available, the summary prospectus, which you can obtain from your local representative. We strongly encourage you to read the prospectus carefully before making an investment.**

**There are risks involved with investing, including the possible loss of your principal. We don't guarantee that the strategies described will achieve their goals.**

Annuities aren't insured by the FDIC, aren't guaranteed by any other financial institution and involve risk. The risk includes potentially losing your premium invested if the issuing insurance company isn't able to meet its obligation.

All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. Contract guarantees and benefits are not obligations of, nor backed by, the broker/dealer and/or insurance agency selling the annuity 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.

This is not a recommendation and is not intended to be taken as a recommendation. This material was prepared for general distribution and is not directed to a specific individual.

The subject matter in this communication is provided with the understanding that Principal® is not rendering legal, accounting or tax advice. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements.

Contract rider descriptions are not intended to cover all restrictions, conditions or limitations. Refer to rider for full details. Riders subject to state availability and may be subject to an additional charge.

Values in the separate account subaccounts are not guaranteed and will vary from day to day.

Principal Pivot Series Variable Annuity is issued by Principal Life Insurance Company®. Principal Variable Contracts Funds are distributed by Principal Funds Distributor, Inc. Securities offered through Principal Securities, Inc., member SIPC and/or independent broker/dealers. Referenced companies are members of the Principal Financial Group®, Des Moines, Iowa 50392.

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Riders SF 983/ICC18 SF 983/SF 951/ICC14 SF 951/SF 952/ICC14 SF 952

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