

Principal[®] Guaranteed Option

Overview

The Principal[®] Guaranteed Option is a guaranteed general account backed group annuity contract issued by Principal Life Insurance Company[®] (Principal Life) to Principal Trust Company[®] as custodian.

Crediting rate

A composite crediting rate contractually guaranteed by Principal Life is credited to account balances. The net crediting rate is after the deduction of 0.45%* for fees for administrative and recordkeeping services provided to the plan. Currently, this net crediting rate is a 4.60% effective annual rate, until May 31, 2024. The rate will be reset June 1, 2024, and semiannually thereafter.

Advantages of a guaranteed contract

The Principal[®] Guaranteed Option can provide the conservative foundation for a retirement program. It offers three important characteristics:

- Stability of principal - the value does not fluctuate with the stock and bond markets.
- A declared interest rate - you know in advance what interest will be credited.
- Accessibility - Investment transfers initiated by a participant request out of the Principal[®] Guaranteed Option are made without an early termination or surrender charge. However, charges and investment transfer restrictions may result from certain employer or plan sponsor actions. See "Delayed payment and charges" for more details.

NET CREDITING RATE HISTORY

12/23	06/23	12/22	06/22
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05/24	11/23	05/23	11/22
4.60%	4.40%	4.00%	3.15%

The net crediting rate history shown is based on actual past interest rates and does not guarantee future rates. For more information, visit principal.com, contact your representative, or call Principal[®] at 1-800-247-1737.

Benefit payments

Benefit payments to participants for plan benefit events, including retirement, termination of employment, disability, plan termination, death, loans, and withdrawals, as allowed by the plan, are made without any surrender charge or early termination charge.

Participant investment transfers¹

There are no restrictions on investment transfers initiated by a participant from the Principal[®] Guaranteed Option to non-competing investment options. If a retirement program provides participants access to the Principal[®] Guaranteed Option and Competing Investment Options, investment transfers from Principal[®] Guaranteed Option directly to Competing Investment Options are not allowed. Competing Investment Options include other guaranteed investment options, stable value, money market, or other short-term fixed income investment options with an average duration of less than 2 years. Indirect transfers from Principal[®] Guaranteed Option to a Competing Investment Option will be subject to an Equity Wash. An Equity Wash requires that transfers be directed to a non-competing investment option for 90 days before a subsequent transfer can be made to a Competing Investment Option.

Delayed payment and charges

We must receive notice from an authorized plan representative to terminate the Plan's Interest, Plan Sponsor's Interest (in the case of a nonqualified deferred compensation plan), or Participating Employer's Interest² in Principal[®] Guaranteed Option ("Party's Interest"). Notice to terminate can be revoked for 90 days, after which, notice is irrevocable. Contract termination provisions are summarized below. Refer to the contract or contract description for a full explanation of termination restrictions and charges.

Installment payments

At termination, a Party's Interest will be paid out in six installments. The first installment payment will be made six months after the notice to terminate. Each of the following five installment payments will be made on the anniversary of the first payment date. Plan activity prior to, and during, the installment payment period will affect the amount paid on installment payment dates. During the installment payment period:

- Benefit payments will continue to be made.
- Participant investment transfers out of the Principal[®] Guaranteed Option may be allowed, subject to the recordkeeper's ability to enforce an Equity Wash when Competing Investment Options are available.

If the Plan is moving to a Recordkeeper who cannot enforce the Equity Wash on all direct and indirect investment transfers as described in the contract, we will notify the Plan Sponsor or Participating Employer if, prior to the first installment payment, the cumulative investment transfer amount exceeds \$50,000 and the cumulative investment transfer percentage exceeds 25%. In this scenario, if, 90 days after our communication, the investment transfer thresholds are still exceeded, a surrender charge equal to 10% of the cumulative investment transfer amount will be billed to the Plan Sponsor or Participating Employer².

Delayed Payment and Charges provisions continue on the following page.

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Accelerated payment

Alternatively, the authorized plan representative may elect an accelerated payment instead of installment payments after providing notice to terminate the Party's Interest and have the Party's Interest paid as a single sum subject to an Early Termination Charge. An election of the accelerated payment can be revoked for 90 days, after which, it is irrevocable. The single sum will be paid on a date that is at least 90 days, but no more than 180 days, from the authorized plan representative's election of this payment option.

The Early Termination Charge is calculated on the last day of the month after an authorized plan representative elects an accelerated payment. An Early Termination Charge could be 0%. Refer to the contract for a detailed description of the Early Termination Charge. An estimate of the Early Termination Charge can be requested at any time by contacting a Principal representative. An Early Termination Charge may be billed to the Plan Sponsor or Participating Employer or deducted from the Party's Interest. For purposes of 403(b) plans only, an accelerated payment may only be elected if the Early Termination Charge does not exceed the limit defined in the contract.

Additional provisions

The Principal[®] Guaranteed Option may make available higher composite crediting rates. If these are available and the plan or the nonqualified plan sponsor is eligible to move to a higher composite crediting rate, an authorized plan representative may request to transfer the Plan's Interest or Plan Sponsor's Interest to a higher composite crediting rate. The effective date of the transfer will be 24 months after the request. An authorized plan representative may choose an earlier effective date for the transfer, subject to a charge that is equal to a portion (between 45-75%) of the Early Termination Charge. The charge may be billed to the Plan Sponsor or deducted from the applicable Party's Interest. An estimate of the charge will be provided upon request. If an authorized plan representative provides termination notice and the single sum payment or first installment payment is within 24 months of the transfer to a higher composite crediting rate, then payment of the Party's Interest may only be made in installments.

Guarantee backed by Principal Life³

The Principal[®] Guaranteed Option guarantees principal and a rate of interest for a period of time. These guarantees are backed by the full faith and creditworthiness of Principal Life. While guarantees are supported by the general account of Principal Life, participants do not participate in the investment experience or performance of the general account. The rate credited to accounts is a composite weighted average of underlying guarantees provided in the contract. Each underlying guarantee is in effect for its full maturity, which may vary. The targeted average maturity of the underlying guarantees of the Principal[®] Guaranteed Option is 4.0-6.0 years.

Principal Life has among the highest financial strength ratings of U.S. life insurance companies from recognized experts as indicated below.

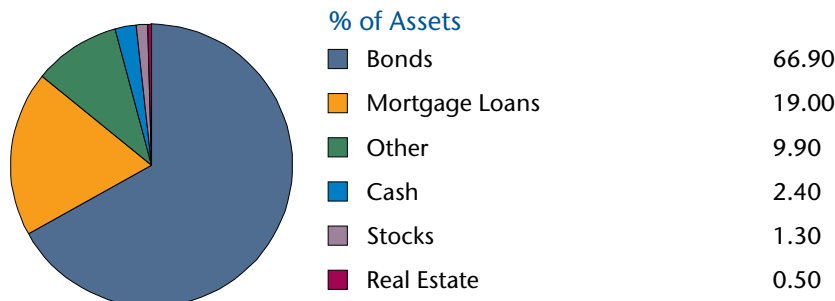
- Moody's Investor Services A1
- S&P Global A+
- Fitch Ratings AA-
- A.M. Best Company A+

Nationally recognized statistical rating organizations (NRSROs) publish financial strength ratings of U.S. life insurance companies that are indicators of an insurance company's ability to meet contractholder and policyholder obligations. Such ratings are not a recommendation to buy, sell or hold an investment, are subject to withdrawal or revision at any time by the assigning NRSRO, and each rating should be evaluated independently of any other rating. The table above sets out Principal Life's financial strength ratings and the assigning NRSRO as of 11/30/2023 for Principal Life Insurance Company and Principal National Life Insurance Company only. Current rating information is available at principal.com.

The general account consists of over 7,000 investments, which include corporate bonds, asset-backed securities, commercial real estate mortgages, government bonds, and short-term cash equivalents. The portfolio composition of the general account is illustrated as follows:

Portfolio Information

Composition as of 09/30/2023



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Principal[®] Guaranteed Option is not FDIC insured and is not an obligation or deposit for any bank nor guaranteed by a bank. The guarantees provided with regard to the Principal[®] Guaranteed Option are supported by the general account of Principal Life.

* As a guaranteed contract, Principal[®] Guaranteed Option does not have an investment management fee or expense ratio; those are concepts unique to investment products. The fee illustrated here represents a part of the overall fee arrangement that the plan pays for recordkeeping and administrative services provided to the plan, in accordance with the rate level service fee selected by the authorized plan representative.

¹ An interest in Principal[®] Guaranteed Option may be obtained by a nonqualified plan sponsor to use that interest as a corporate asset to aid in financing liabilities to nonqualified participants. Participants in a nonqualified plan do not own an interest in the contract, although a liability owed to a nonqualified participant may be tracked by an interest attributed to such nonqualified participant. All limitations on transfers and withdrawals, including surrender charges and early termination charges, apply to the Plan Sponsor's Interest in the contract with respect to a nonqualified plan.

² Participating Employer's Interest applies where the retirement plan that has an interest in Principal[®] Guaranteed Option is a Pooled Employer Plan or a Multiple Employer Plan.

³ Nonqualified plan sponsors may include Principal[®] Guaranteed Option as an available investment option to reference when measuring a nonqualified participant's benefits, as described in certain nonqualified plan materials. The guarantee of principal and interest through the group annuity contract is not a representation that a nonqualified plan sponsor holds any assets for paying these benefits.

Insurance products from the Principal Financial Group[®] are issued by Principal National Life Insurance Company (except in New York) and Principal Life Insurance Company[®]. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company[®]. Principal Trust Company[®] is the trade name of Delaware Charter Guarantee & Trust Company. Referenced companies are members of the Principal Financial Group[®], Des Moines, IA 50392.

Principal[®] Guaranteed Option is the Custodial Guaranteed Option Group Annuity Contract available through Principal Life Insurance Company, a member of the Principal Financial Group[®], Des Moines, Iowa, 50392.

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