Principal®

An annuity provider you can rely on

Be confident in the provider you choose

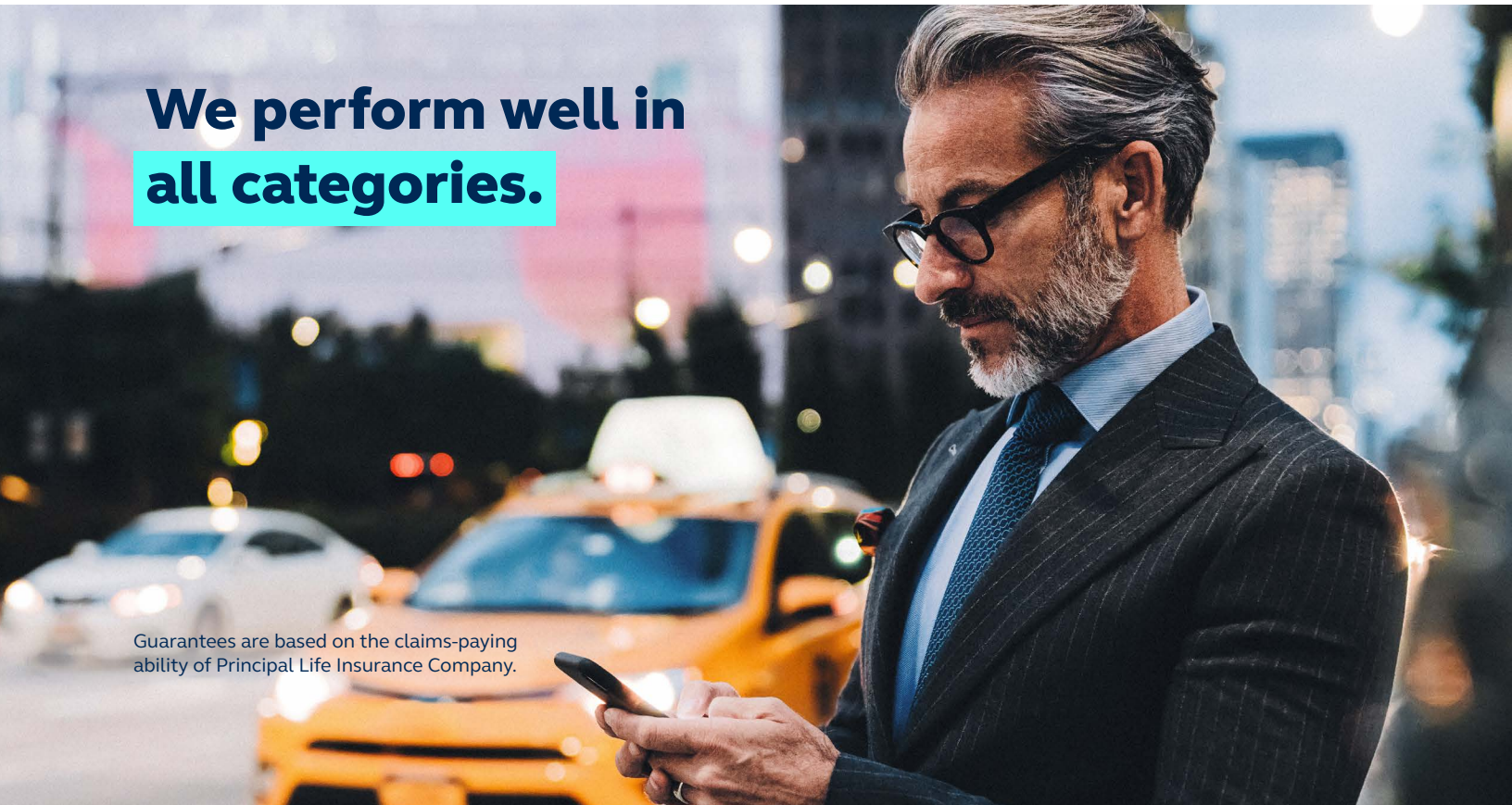
Choosing a group annuity provider can seem overwhelming—but it doesn't have to be. In fact, the DOL has advice (Interpretive Bulletin 95-1) to help fiduciaries and plan sponsors who are looking for group annuity contract providers.

These are some of the factors the DOL suggests you consider during your search:

- Quality and diversity of investment portfolio
- Size of the insurer
- Capital and surplus levels
- Lines of business and exposure to liability
- Contract structure and guarantees
- Financial strength

Conduct an objective, thorough, and analytical search before selecting an annuity provider.

Pay special attention to an annuity provider's credit worthiness and claims-paying ability.



Quality and diversity of investment portfolio

The first step in choosing an annuity provider is taking a close look at their investment portfolio. You want to make sure smart investments are being made across several kinds of asset types.

We invest in a wide range of asset types in the U.S. and abroad, and we diversify our portfolio both geographically and by investment. We choose funds we believe will combine the best return with safety, making many small investments within different industries and regions. This strategy helps us minimize the impact of economic downturns.

Principal Life Insurance Company® distribution of total invested assets

Statement value as of December 31, 2022
(in millions of dollars)

Bonds	$60,129
Preferred stocks	$100
Common stocks	$1,044
Mortgage loans real estate first lien	$15,608
Other than first lien	$311
Real estate, home office	$464
Real estate, held for investment	$4
Real estate, held for sale	$0
Policy loans	$739
Cash and short-term investments	$492
Other invested assets	$3,908
Miscellaneous[1]	$2,050
Total invested assets:	**$84,859**

Principal Life Insurance Company and cash equivalents by NAIC rating

Statement value as of December 31, 2022
(in millions of dollars)

NAIC rating	Amount	Percentage of total
1	$37,848	62.93%
2	$18,175	30.22%
3	$3,833	6.37%
4	$252	0.42%
5	$30	0.05%
6	$1	0.00%
Total	**$60,139**	
Total of bonds rated 1-2:		**93.87%**
Total of bonds rated 3-6:		**6.13%**

Size of the insurer

The DOL says it's best if an insurer's assets and growth don't come from one contract. That's why we have a diverse line of products and are a leading provider in the pension risk transfer business.[2] Our strategy calls for controlled, profitable growth, and our long-term results prove our success.

Principal Life Insurance Company total statutory assets

Statement value as of December 31, 2022 (in millions of dollars)

Total general account assets	$88,825
Total separate account assets	$125,252
Total admitted assets	**$214,078**

Capital and surplus levels

Knowing that an annuity provider has enough cash on hand to pay benefits is clearly an important factor. That's why it's crucial that fiduciaries look at total capital and surplus. At Principal®, we carefully plan our customer safety margin to allow us to cover unexpected financial obligations.

As of December 31, 2022, our safety margin was **$5.4 billion**, and our ratio of customer safety margin to general account assets was **6.1%**.

Lines of business and exposure to liability

On top of confirming that they have enough capital, fiduciaries also need to make sure an annuity provider isn't spread too thin or has potential major liabilities from its business lines.

We spread our exposure over several contracts, products, and customers, which helps balance our long-term ability to make payments from our general account.

Our diverse service and product lines include:

- 401(k) and 403(b) plans
- Defined benefit pension plans
- Nonqualified executive benefit plans
- Stock plan services
- Mutual funds
- Individual annuities
- Asset management services
- Individual life insurance
- Group dental, vision, and life insurance
- Long-term, short-term, and individual disability income insurance

Contract structure and guarantees

Our general account backs our fixed annuities and other products. Assets in the account also support our liabilities, including life insurance, pension, and annuity contracts.

As of December 31, 2022, our general account held approximately **$88.8 billion** in total assets.

Financial strength

Nationally recognized statistical rating organizations (NRSROs) give insurance companies financial strength ratings based on factors relevant to policyholders and contract holders. These ratings help indicate a company's ability to meet financial obligations.

Some of the factors that influence financial strength ratings include the following:

- Operating and financial performance
- Asset quality
- Liquidity
- Asset/liability management
- Overall portfolio mix
- Financial leverage
- Risk exposures
- Operating leverage

Current ratings for Principal Life Insurance Company and Principal National Life Insurance Company (as of March 2023)

A.M. Best Company	**A+**	Superior, the second-highest financial strength rating of A.M. Best's 13 rating levels
Fitch Ratings	**AA-**	Very strong, the fourth-highest financial strength rating of Fitch's 19 rating levels
Moody's Investors Service	**A1**	Good, the fifth-highest financial strength rating of Moody's 21 rating levels
S&P Global	**A+**	Strong, the fifth-highest financial strength of S&P's 20 rating levels

If you have any questions about the DOL guidelines or financial ratings, we're here to help.

Contact us at **877-492-9830** Monday through Friday from 7 a.m. to 5 p.m. CT.

Third-party ratings relate to Principal Life Insurance Company and Principal National Life Insurance Company only, and do not reflect any ratings actions or notices relating to the US life insurance sector generally.

Ratings are not a recommendation to buy, sell or hold a security. Ratings are subject to revision or withdrawal at any time by the assigning agency, and each rating should be evaluated independently of any other rating. Ratings reflected are current as of January 2022.

[1] Includes derivatives, receivables for securities, and aggregate write-ins for invested assets.

[2] LIMRA Secure Retirement Institute – based on total Pension Risk Transfer assets, as of Dec. 31, 2022.

Principal Life Insurance Company®, Des Moines, Iowa 50392-0001, principal.com

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Information is current as of the creation of this piece. Keep in mind that portfolio holdings are subject to risk.

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