

Principal Universal Life Provider EdgeSM

SALES GUIDE

LOW-COST PROTECTION AND MORE

SEE INSIDE FOR:

- ▶ Product features & highlights
- ▶ Sales applications
- ▶ Competitive insights
- ▶ Product positioning
- ▶ Sales support

Target Market



- ▶ Ages 45-65
- ▶ Better than Standard
- ▶ Protection to age 90+
- ▶ \$1 million or greater death benefit

Principal Accelerated UnderwritingSM



- ▶ Streamlined underwriting provides faster underwriting decisions in as little as 48 hours.
- ▶ Use with Preferred and Super Preferred classes
- ▶ Eliminates lab testing and paramed exams¹
- ▶ Policies paid and issued in 10 days or less

BASICS

| PRINCIPAL UNIVERSAL LIFE PROVIDER EDGE | |
|--|---|
| Issue Ages | 0-85 |
| Minimum Face Amount | \$25,000 – ages 0-19 \$50,000 – ages 20-85 |
| Death Benefit Options | 1 – Level (face amount) 2 – Increasing (face amount + accumulated value) |
| Risk Classes | Super Preferred Non Tobacco Preferred Non Tobacco/Tobacco Super Standard Non Tobacco Standard Non Tobacco/Tobacco |
| Eligible Underwriting Programs | Principal Accelerated Underwriting Multi Life Underwriting (Simplified Issue/ Guaranteed Issue) Automatic Standard Approval Program (ASAP) – Table 3 to Standard Healthy Lifestyle Credits (HLCs) |
| Riders | Children’s Term Chronic Illness Death Benefit Advance Cost of Living Increase Extended No-Lapse Guarantee Salary Increase Terminal Illness Death Benefit Advance Waiver of Monthly Policy Charges |

UL Provider Edge is a smart alternative to guaranteed universal life and other protection-focused products.

¹ For 40-50% of applicants who qualify. Based on age, product, face amount and personal history. Death benefit and policy guarantees are based on the claims-paying ability of the issuing insurance company.

KEY FEATURES



UL Provider Edge offers you and your clients coverage that's affordable, flexible and accessible:

- Premium levels designed to be budget-friendly
- Optional extended no-lapse guarantees that often exceed life expectancy
- Death benefit can be accessed early in the event of chronic illness

ALL OF THIS, PLUS:

- Attractive target premium rates that reward your efforts
- Faster payday with Principal Accelerated Underwriting

Who can benefit?

| UL Provider Edge | |
|---|--|
| <p>Ideal for individuals and business owners who:</p> <ul style="list-style-type: none"> • Seek low cost life insurance coverage and have a desire to maximize the length of the coverage • Desire flexibility to meet future changing needs • Appreciate guarantees that may last beyond life expectancy, without a need for lifetime guarantees | <p>Have needs such as:</p> <ul style="list-style-type: none"> • Providing money for the beneficiary to meet cash and income replacement needs. • Creating estate liquidity to help minimize the impact of potential estate taxes. • Financing a variety of business protection, exit planning, survivor income and estate planning strategies. |





UL Provider Edge's low sensitivity to interest rate changes means greater protection against life's uncertainties.

COVERAGE YOU CAN COUNT ON

UL Provider Edge has premium levels that make it a competitive choice for long-term protection. Price is just one consideration though, when selecting a product. You should have confidence in its flexibility to handle events that often occur over time — such as a crediting rate change or missed premium payment.

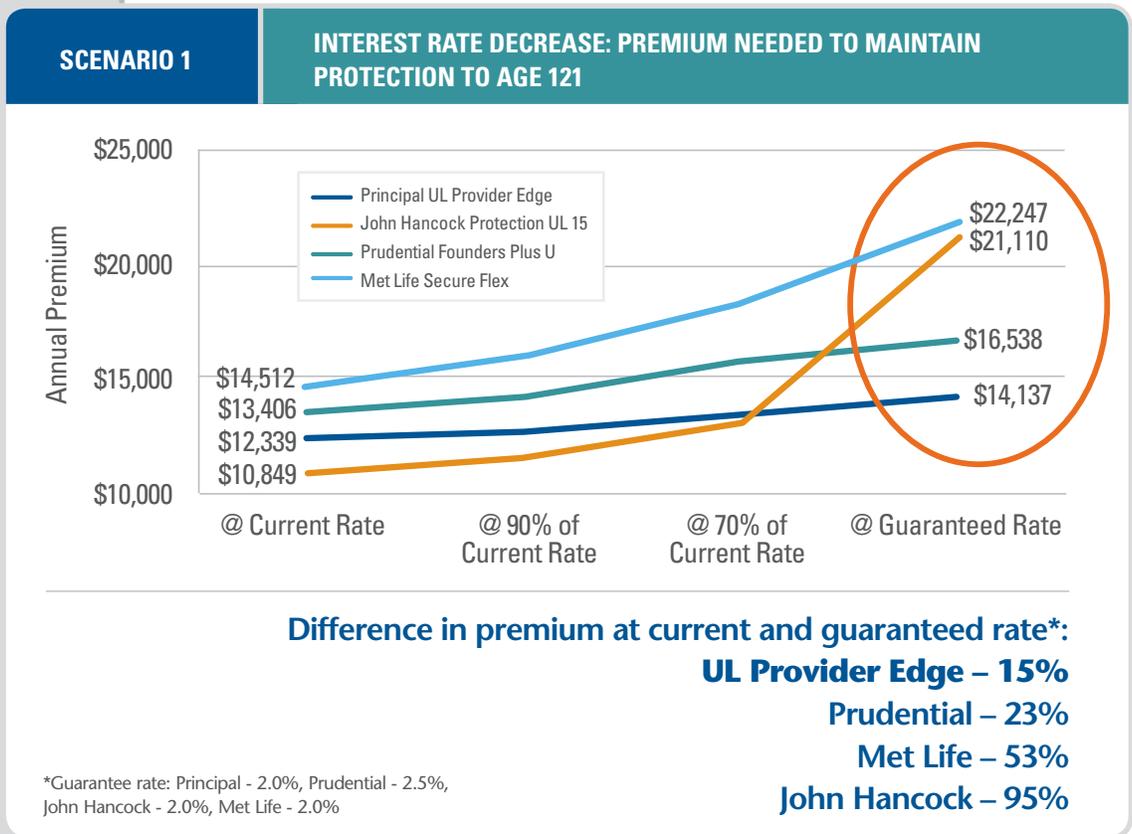
UL Provider Edge features a straightforward design that delivers consistent performance through all of life's uncertainties, using:

- Tried and true pricing assumptions that are not dependent on elevated crediting rates, today or in the future
- Simple, transparent and predictable additional interest² that rewards long-term policy ownership beginning in the 16th year

See the following scenarios for how UL Provider Edge's solid design enables it to better handle some common policy events than other leading products.

ASSUMPTIONS FOR ALL SCENARIOS:

Male, Age 55, Preferred Non-Tobacco, \$1 Million Face Amount, Continuous-Pay Premium to Provide \$1 Cash Value at Age 121



² Additional interest is not guaranteed.

How do the policies you offer measure up in these scenarios?

SCENARIO 2 INTEREST RATE DECREASE: IMPACT TO PROTECTION AGE WHEN CURRENT PREMIUM IS MAINTAINED

| | CURRENT CREDITING RATE | PROTECTION AGE | CURRENT CREDITING RATE REDUCED BY 25% | RESULTING PROTECTION AGE |
|-------------------------------|------------------------|----------------|---------------------------------------|--------------------------|
| PRINCIPAL UL PROVIDER EDGE | 3.90% | 121 | 2.93% | 101 |
| MET LIFE SECURE FLEX | 4.70% | 121 | 3.53% | 96 |
| PRUDENTIAL FOUNDERS PLUS UL | 4.10% | 121 | 3.08% | 96 |
| JOHN HANCOCK PROTECTION UL 15 | 5.05% | 121 | 3.79% | 91 |

UL Provider Edge has less interest rate sensitivity which means greater protection for your clients.

SCENARIO 3 SKIPPED PREMIUM: IMPACT TO PROTECTION AGE

| | PROTECTION AGE WHEN PREMIUM IS PAID IN ALL YEARS | PROTECTION AGE WHEN YEAR 31 PREMIUM IS SKIPPED | DECREASE IN PROTECTION AGE FROM SKIPPED PREMIUM |
|-------------------------------|--|--|---|
| PRINCIPAL UL PROVIDER EDGE | 121 | 116 | -5 Years |
| PRUDENTIAL FOUNDERS PLUS UL | 121 | 113 | -8 Years |
| MET LIFE SECURE FLEX | 121 | 110 | -11 Years |
| JOHN HANCOCK PROTECTION UL 15 | 121 | 102 | -19 Years |

Life happens, but you can minimize the effects to your clients' policies.

The data shown in product comparisons is taken from various company illustrations. Competitor information is current and accurate to the best of our knowledge as of September 2015. The comparisons in this communication are of different products which vary in fees, expenses, features and benefits. The comparisons cannot be used with the public.

SOLUTIONS THAT SELL

Leverage the versatility of Principal UL Provider Edge to meet a variety of personal and business planning needs, such as:

- Buy-sell
- Charitable giving
- Key person
- Estate equalization
- Principal IRA Legacy PlanSM
- Special needs trust
- Family income protection



FAMILY INCOME PROTECTION

OBJECTIVE: Provide financial security for remaining family members at the death of a breadwinner.

CHALLENGE: Find affordable coverage that has flexibility to adjust to changing client needs.

WHY UL PROVIDER EDGE: UL Provider Edge features premium levels that can fit within most budgets; and, when considering it compared to term or Guaranteed UL, it offers flexibility those products can't match:

✓ Flexible premium payments ✓ Cash value ✓ Chronic Illness Rider

TIP: Clients can identify potential needs using the life insurance calculator.

> Go to: principal.com/lifeneeds

TAKE ACTION: See how this applies to clients using the [Income Replacement for Families Sales Idea \(BB11751\)](#).



PRINCIPAL IRA LEGACY PLAN

OBJECTIVE: Re-position individual retirement account (IRA) assets that aren't needed for retirement to create a long-lasting legacy.

CHALLENGE: Identify cost-effective policy that will efficiently leverage IRA assets to maximize the amount passed to beneficiaries.

WHY UL PROVIDER EDGE: Low premium outlay provides cost-effective funding, and additionally, offers the following benefits:

- Chronic illness death benefit advance rider protects against unforeseen chronic illness expenses
- Optional Extended No-Lapse Guarantee (ENLG) rider provides death benefit guarantees
- Cash value provides liquidity in the event of a large unexpected expense
- Portfolio diversification by including an asset that's non-correlated to the market

TAKE ACTION: See how to use this concept in the [Principal IRA Legacy Plan Sales Idea \(BB11731\)](#).



INHERITANCE EQUALIZATION

OBJECTIVE: Create a family distribution plan by using life insurance to offset an asset that isn't easily divisible, such as a business, to equalize shares among heirs.

CHALLENGE: Get a policy that can provide low-cost death benefit protection and meet longevity concerns.

WHY UL PROVIDER EDGE: UL Provider Edge can efficiently transfer wealth to the next generation with low-cost, tax-free death benefit, and offers:

- ENLG rider that can be used to help ensure coverage remains in effect beyond life expectancy.
- Cash value accumulation that may help offset premium outlay
- Flexible premium and death benefit amounts that may be adjusted to meet changing circumstances
- Stability of an asset that's non-correlated to the market

TAKE ACTION: See how to use this concept in the [Inheritance Equalization Overview \(BB9638\)](#).



BUY-SELL PLAN

OBJECTIVE: Plan for future contingency events that may impact business owners' ability to meet their long-term financial goals by funding a buy-sell agreement.

CHALLENGE: Business owners seek effective solutions that offer excellent value to their businesses.

WHY UL PROVIDER EDGE: Low-cost death benefit is a cost-effective financing solution, and could also serve double-duty to provide key person coverage. Plus, benefit from the value-added support and services provided by the Principal Financial Group®:

- Business, Owner and Executive Solutions (BOES) platform provides support before, during and after the sale
- Business Market Administration offers complimentary policy and plan administrative services.
- Principal Accelerated Underwriting is ideal for busy business owners

TAKE ACTION: Access a robust suite of buy-sell agreement resources at principal.com/boes.

TIP: Begin the planning process with a complimentary buy-sell review from The Principal®.

MORE THAN JUST PRODUCT

Turn these and other sales ideas into results. Leverage our comprehensive suite of tools to **LEARN, APPROACH, CONSULT** and **TAKE ACTION**.

► Go to: www.principal.com/ulprovideredge.



TRIPLE PROTECTION

Benefit from three levels of protection with UL Provider Edge.

1 DEATH BENEFIT GUARANTEES FOR COVERAGE LONGEVITY.

UL Provider Edge features a 10-year No-Lapse Guarantee on all policies. Clients who value a longer-term guarantee can use the Extended No-Lapse Guarantee (ENLG) rider to gain guaranteed protection to the lesser of 35 years or age 95³.

Keep these considerations in mind regarding the death benefit guarantee choices:

- If the client is age 50+ at issue, the ENLG rider will provide a guarantee beyond life expectancy.
- In a low interest rate environment, if the client has expectations that rates will rise over time, they may be comfortable that the policy will provide the long-term protection they need without the ENLG rider.
- Adding the ENLG rider has some impact to premium amount. See the examples below.

| | ANNUAL PREMIUM | | DEATH BENEFIT GUARANTEE AGE | |
|-----------------------|----------------|--------------|-----------------------------|--------------|
| | WITH ENLG | WITHOUT ENLG | WITH ENLG | WITHOUT ENLG |
| MALE, AGE 45 | \$7,554 | \$7,402 | 80 | 55 |
| MALE, AGE 65 | \$22,337 | \$21,891 | 95 | 75 |
| FEMALE, AGE 45 | \$6,307 | \$6,174 | 80 | 55 |
| FEMALE, AGE 65 | \$18,339 | \$17,791 | 95 | 75 |

Assumptions: \$1 Million Face Amount, Preferred Non-Tobacco, Solve for \$1 of Cash Value at Age 121, Continuous-Pay in All Years

³Maximum ENLG durations may vary by state.

2 LOW-RISK CASH VALUE FOR ENHANCED FLEXIBILITY.

UL Provider Edge's cash value offers:

- Growth that's non-correlated to the market.
- Premium improvement potential. If the policy's interest rate improves, a lower premium may be required or a greater cash value may be reached.
- An exit strategy for changing needs, by allowing clients to transition to a different type of coverage or realize cost recovery if the policy is no longer needed.

An optional ENLG provides enhanced flexibility — use it when guaranteed coverage is of primary importance. Or, elect not to use it when coverage based on current assumptions meets the need.

3 CHRONIC ILLNESS DEATH BENEFIT ADVANCE RIDER (CIDBAR) FOR UNEXPECTED HEALTH CHANGES.

CIDBAR is an accelerated benefit rider, which allows the insured to access a portion of their death benefit early if diagnosed with a chronic illness and if eligibility requirements are met.⁴

Accelerated benefit riders and LTC riders both provide financial support in the event of chronic medical conditions; however, there are some key differences.

Client control:

- NO** up-front cost
- NO** receipts required
- NO** elimination period
- NO** restrictions on use of benefits

Understand the differences between accelerated benefit riders and LTC riders

| | PRINCIPAL CHRONIC ILLNESS DEATH BENEFIT ADVANCE RIDER | STANDARD LONG-TERM CARE RIDERS |
|--|---|--|
| INTERNAL REVENUE CODE (IRC) TAX STATUS | 101(g) tax code – Intended to qualify for tax-beneficial treatment as life insurance. | 7702(b) tax code – Qualifies for tax-beneficial treatment as health benefits. |
| COST OF BENEFIT | No up-front charges – Benefit amount is discounted at time of claim and administrative charge is applied. | Benefit typically has an annual charge. |
| BENEFIT PAYMENT | Indemnity – Benefits are paid regardless of expense. | Typically reimbursement – Receipts must be shown to prove qualifying LTC expense. |
| UNDERWRITING REQUIREMENTS | No additional underwriting for the rider. | Often require additional underwriting for the rider. |
| HEALTH LICENSE REQUIRED TO SELL | No | Yes |
| PERMANENT CONDITION NEEDED TO QUALIFY | Yes | No |
| BENEFIT DURATION | Annual benefit – Can be used multiple times as lifetime maximum allows. | Generally paid out over a period of years, on a monthly, quarterly, semi-annual or annual basis. |
| BENEFIT CALCULATION | Benefit is calculated at the time of claim – A discount factor is applied to determine the actual payment amount. | Benefit determined at issue – Typically a percentage of face amount (e.g., 1%, 2% or 4%). |
| DEATH BENEFIT | Benefits paid reduce the death benefit amount. | Often has a residual death benefit. |

⁴ May not be available in all states.

CONSIDER THIS: Some riders have a cost to be added whether they're used or not. Are your clients paying for something they may never use?

PRODUCT COMPARISON

UL Provider Edge is one solution from a comprehensive line-up of value-driven products offered by The Principal that ranges from term to variable universal life insurance.

See the comparison below of the fixed universal life products offered to help you identify which may provide the best fit for a given situation. In some cases, using a combination of products may provide an excellent solution.

| | UL Protector IV SM | UL Provider Edge | UL Flex II SM | UL Accumulation II SM | IUL Flex SM |
|--|-------------------------------------|--|--|---|--|
| Design | Guaranteed death benefit protection | Low cost current assumption death benefit protection | Moderate premium and efficient cash value growth | Cash value accumulation and income distribution | Death benefit-focused with efficient cash value accumulation |
| Select when | Lifetime guarantees are required | Low premium is more important than cash value | Policy flexibility combined with strong cash value, especially in years 15-30, is most important | Maximizing cash value growth with a fixed rate is the objective | Greater growth potential than traditional UL provides is desired |
| Maximum death benefit guarantee | Lifetime | Age 95/35 years ³ | Age 95/35 years | 10 years | Age 90/25 years |
| Funding level design | Guarantee premium | Up to target premium | Target premium | Greater than target premium | Target premium |
| Accelerated Underwriting | ✓ | ✓ | ✓ | ✓ | ✓ |

PRINCIPAL UL PROVIDER EDGE MIGHT BE RIGHT FOR YOUR CLIENTS IF THEY COULD BENEFIT FROM:

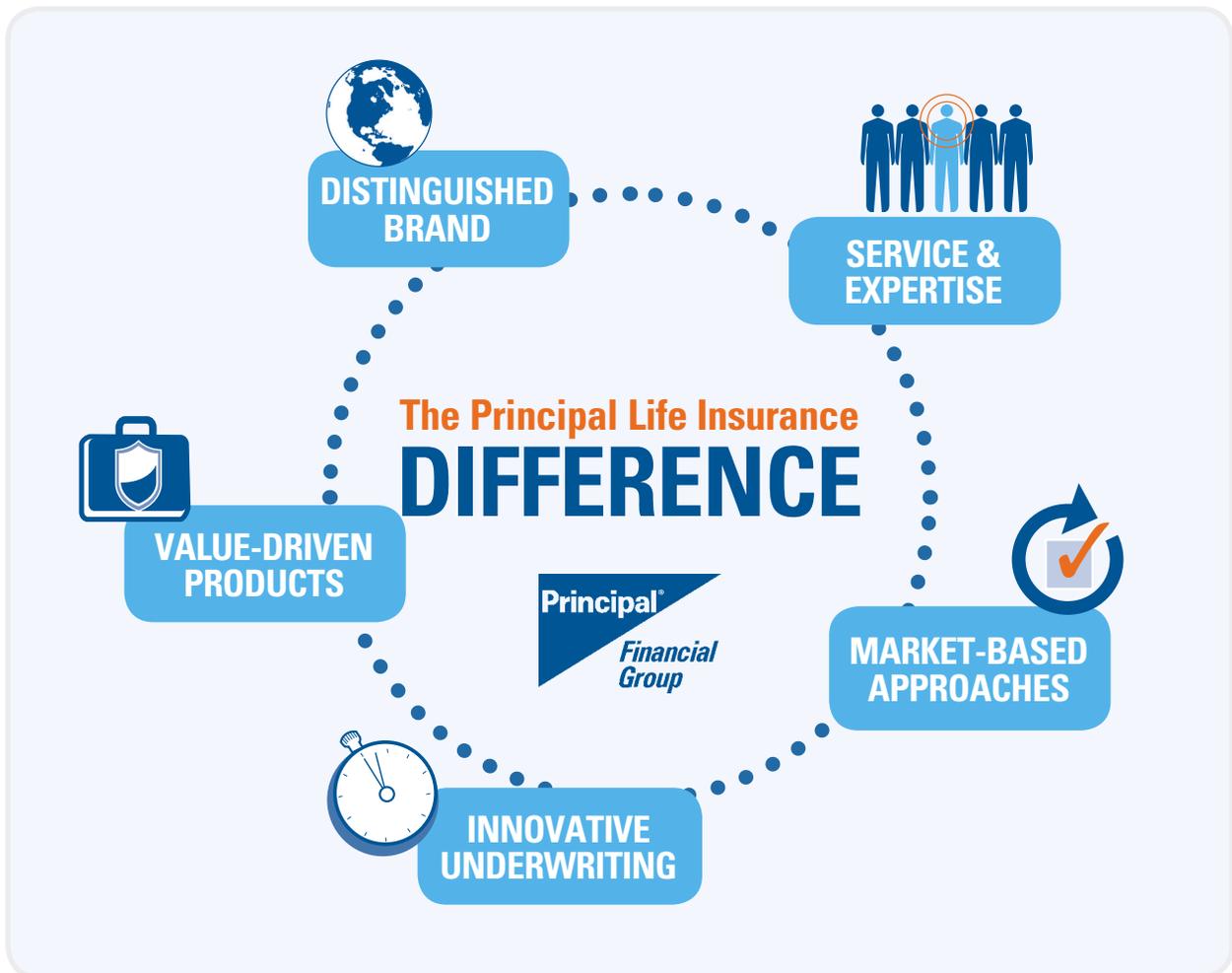
- ✓ Low-cost protection that can fit within most any budget
- ✓ Optional death benefit guarantees to meet longevity concerns
- ✓ Flexibility provided by cash value accumulation
- ✓ Chronic illness rider that provides benefits in the event of changes in health
- ✓ Speed and convenience of Principal Accelerated Underwriting

UL Provider Edge features low-cost protection and flexibility, ideal for a wide range of personal and business needs.

COMMITTED TO YOUR SUCCESS

Our approach to business is different. You and your clients get more than a product, you get a solution tailored to clients' needs that provide lasting value, flexibility and support. All this and more can help you close more cases with support before, during and after the sale.

Experience The Principal difference for your life insurance needs, and see how easy it is to do business with us.



Let's connect.

GET THE TOOLS AND RESOURCES YOU NEED TO START SELLING TODAY
www.principal.com/ulprovideredge
Call the National Sales Desk at 800-654-4278 or your Life RVP for help with your next case.



WE'LL GIVE YOU AN EDGE®

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