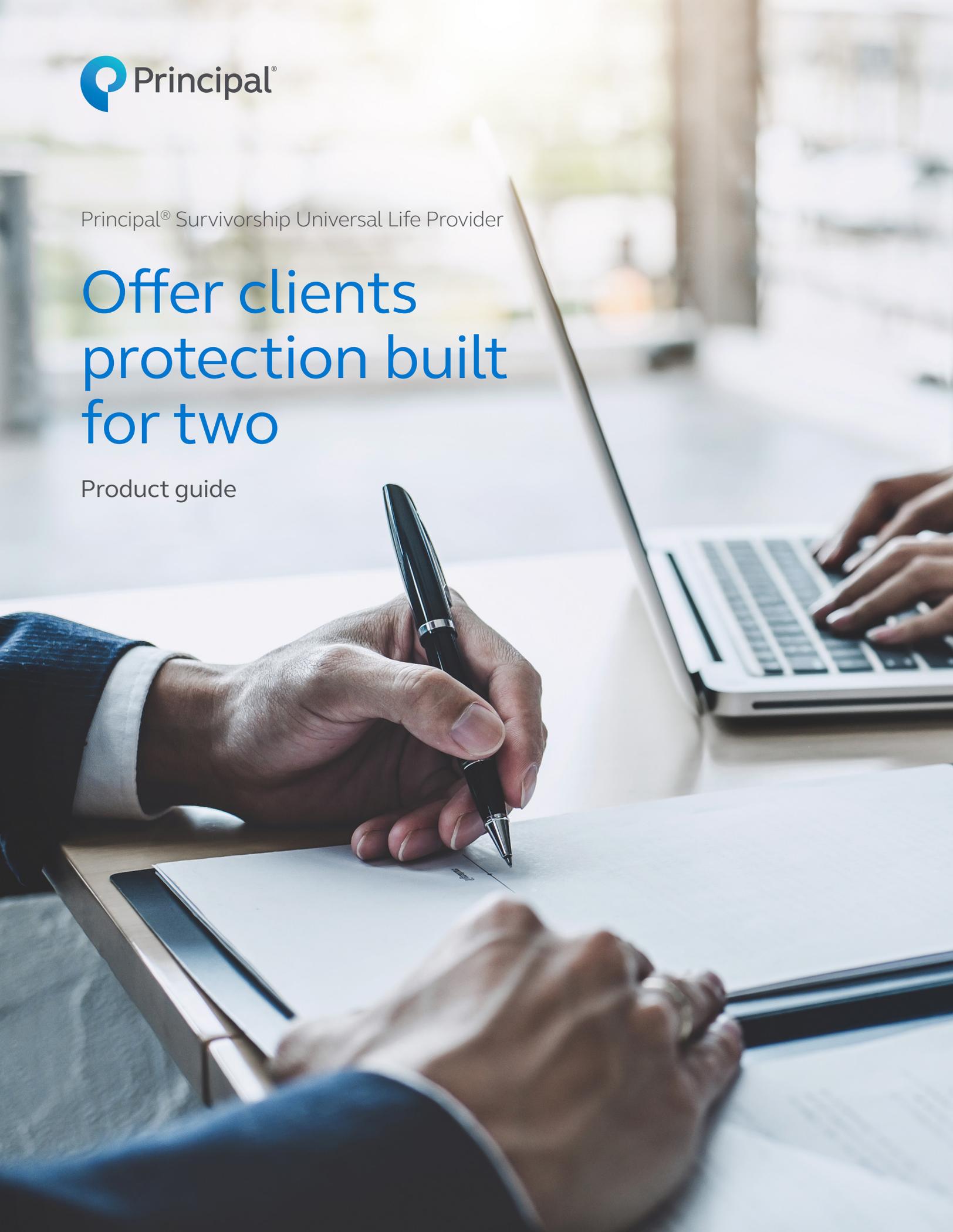




Principal® Survivorship Universal Life Provider

# Offer clients protection built for two

Product guide



# The benefits of coverage for two

Principal® Survivorship Universal Life Provider is an affordable, flexible premium universal life policy that insures two people and pays a death benefit at the death of the surviving one. It can provide coverage for a variety of business and individual needs and offers the following benefits:

- **A single policy covers two individuals**, which can cost less than two separate policies.
- **Affordable long-term protection is available on a current assumption basis, or the optional Extended No-Lapse Guarantee Rider<sup>1</sup> can be added** to provide guaranteed coverage to age 100 of the youngest insured.
- **Coverage is available even if one insured is uninsurable**, providing an insurance option to those whose health is less than ideal.

## Target markets

- **Estate planning.** The death benefit a beneficiary receives can be used to meet cash and income replacement needs. It can help minimize the effect of potential federal and/or state estate taxes.
- **Wealth transfer.** Clients in or near retirement can reposition assets to help increase wealth transferred to the next generation.
- **Business transition planning.** Family-owned businesses and companies owned equally by two partners can use a policy to provide the funds needed for the smooth transfer of ownership after both partners pass away.
- **Charitable giving.** Policy proceeds are paid to one or more charities of the clients' choosing.
- **Special needs planning.** The death benefit from a policy is a way parents can help ensure the costs of ongoing care for their child with special needs will continue to be paid when the parents are gone.

## Top prospects

- Business owners, key employees, and their families
- Ages 55-75
- Coverage need of \$1 million or greater

<sup>1</sup> All guarantees are based on the claims-paying ability of the issuing insurance company. They are not obligations of, nor backed by, the broker/dealer and/or insurance agency selling the policy, 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.

# General policy information

This is a summary of policy terms only. Please refer to the policy for actual terms and conditions.

<p><b>Key underwriting and policy issue information</b></p>	<p><b>Issue ages</b></p> <ul style="list-style-type: none"> <li>• 20-85</li> <li>• Second life may be issued to age 90</li> <li>• Sex-distinct and unisex rates are available</li> <li>• One life can be uninsurable.</li> <li>• Uninsurable classes apply:             <ul style="list-style-type: none"> <li>– Table UA — 600% of standard mortality</li> <li>– Table UB — 3,000% of standard mortality</li> <li>– Table UC — 9,900% of standard mortality</li> </ul> </li> </ul> <p><b>Substandard ratings from Table 2-16</b></p> <table border="1"> <thead> <tr> <th>Issue age</th> <th>Substandard rating available</th> </tr> </thead> <tbody> <tr> <td>20-75</td> <td>Table 2-16, plus flat extras</td> </tr> <tr> <td>76-80</td> <td>Table 2-6, plus flat extras</td> </tr> <tr> <td>81-85</td> <td>Table 2-3, plus flat extras</td> </tr> </tbody> </table> <p>Note: COVID underwriting restrictions may impact product availability. Check with your underwriter for current guidelines.</p>	Issue age	Substandard rating available	20-75	Table 2-16, plus flat extras	76-80	Table 2-6, plus flat extras	81-85	Table 2-3, plus flat extras
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20-75	Table 2-16, plus flat extras								
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81-85	Table 2-3, plus flat extras								
<p><b>Maturity age</b></p>	<p>Younger insured’s age 121:</p> <ul style="list-style-type: none"> <li>• The maturity age is extended to the date of death with the Maturity Date Extension Provision.</li> </ul>								
<p><b>Surrender charge duration</b></p>	<p>19 years for all issue ages</p>								
<p><b>Interest crediting</b></p>	<ul style="list-style-type: none"> <li>• Guaranteed minimum - 1%</li> <li>• Portfolio crediting methodology</li> </ul>								
<p><b>Term conversion</b></p>	<ul style="list-style-type: none"> <li>• Two term policies can be converted to a new SUL policy.</li> <li>• Conversion is allowed up to twice the face amount of the smaller of the two term policies.</li> <li>• Conversion is subject to normal SUL face amount limits at the time of conversion.</li> </ul>								
<p><b>No-Lapse Guarantee provision</b></p>	<ul style="list-style-type: none"> <li>• Based on age of younger insured</li> <li>• Ages 20-75: 10 years; age 76: 9 years; age 77: 8 years; age 78: 7 years; age 79: 6 years; ages 80+: 5 years</li> </ul>								

<b>Planned premium</b>	<p>Frequency options:</p> <ul style="list-style-type: none"> <li>• Annual</li> <li>• Semiannual</li> <li>• Quarterly</li> <li>• Monthly</li> </ul>
<b>Policy dating</b>	<ul style="list-style-type: none"> <li>• Follows underwriting approval in the home office.</li> <li>• Issue date range: 1st -28th; if received on the 29th, 30th or 31st, then date on the first of the following month.</li> <li>• Backdating is allowed for up to six months before the application date or the exam date, whichever is later. Policies may not be backdated beyond the state approval date. State variations apply.</li> <li>• Cash upon delivery is allowed.</li> </ul>
<b>Internal Revenue Code Sec. 7702 testing</b>	<ul style="list-style-type: none"> <li>• Cash Value Accumulation Test (CVAT) is the quotation default and is available with Death Benefit Options 1 and 2.</li> <li>• Guideline Premium Test (GPT) is available with Death Benefit Options 1 and 2.</li> </ul>
<b>Policy loans</b>	<ul style="list-style-type: none"> <li>• No minimum loan amount</li> <li>• Loan balance charge rate – current and guaranteed: <ul style="list-style-type: none"> <li>– Years 1-10: 2.5%</li> <li>– Years 11+: 1.5%</li> <li>– Extended maturity: 1.0%</li> </ul> </li> <li>• Loan account crediting rate: 1.0% in all years</li> <li>• 1035 Exchanges with policy loans allowed</li> </ul>
<b>Partial surrenders</b>	<ul style="list-style-type: none"> <li>• Available after the first policy anniversary</li> <li>• \$500 minimum</li> <li>• Up to two unscheduled partial surrenders allowed per year</li> <li>• The sum of the two partial surrenders limited to 75% of the net surrender value as of the date of the first partial surrender</li> <li>• No transaction charge</li> </ul>

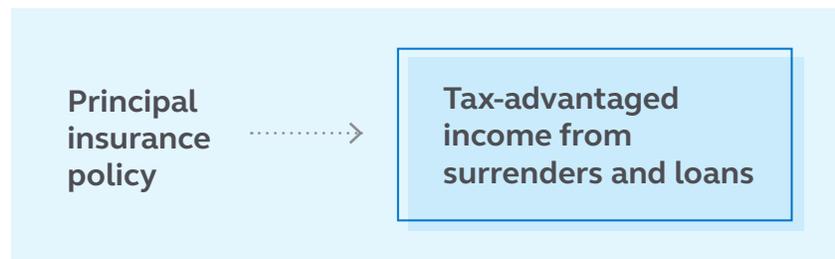
# Accessing account values

**Do your clients have a one-time cash need? Or maybe they want to receive income on a more regular basis. Their insurance policy can help.**

This policy is designed more for affordable long-term protection than cash value growth and income. However, partial surrenders and/or policy loans can be used to withdraw values from the policy. Withdrawals are generally received free of income tax, so policy owners keep more of what they've earned.<sup>2</sup> Plus, unlike other types of tax-deferred assets, there's no penalty for withdrawals prior to age 59½.<sup>3</sup>

## **Taking a policy loan**

This policy offers a fixed policy loan option. When a loan is taken, an account in the amount of the loan is established as collateral. Values are moved from the accumulated value to the loan account where it is credited with a declared rate of interest.



### **Note:**

Taking loans from the policy and not repaying them may result in the policy terminating by lapse. This would end coverage and could result in a tax liability. Clients should consult their personal tax advisor prior to requesting a loan.

<sup>2</sup> Distributions are generally tax-free as long as cost basis is withdrawn first, and then loans are taken and the policy is in force at death.

<sup>3</sup> As long as the policy is not a modified endowment contract (MEC).

# Principal UnderRight<sup>SM</sup>

We offer underwriting experience, service, and accessibility to help you deliver results that make a difference in your clients' lives every day:

- Competitive turnaround times and top-tier service
- Faster and easier policy issue through Principal Accelerated Underwriting—with no lab testing or exams for the 45-55% of applicants who qualify<sup>4</sup>
- More underwriting convenience for higher face amounts with Principal<sup>®</sup> Business Solutions Enhanced Underwriting
- Ready access to your underwriter plus dedicated case managers
- Reduction or elimination of ratings for healthy applicants through Healthy Lifestyle Credits<sup>5</sup>

## Death benefit options (DBO)

Resulting face amount adjustment		
Benefit paid	Face amount	Face amount + accumulated value
<b>Description</b>	<ul style="list-style-type: none"> <li>• The accumulated value increases while the amount of pure insurance decreases, keeping the death benefit level.</li> <li>• The death benefit will never be less than the accumulated value multiplied by the percentage the Internal Revenue Code (IRC) specifies as necessary to qualify the policy as life insurance.</li> </ul>	<ul style="list-style-type: none"> <li>• A variable death benefit increases or decreases as accumulated value changes.</li> <li>• The death benefit will never be less than the face amount.</li> <li>• The death benefit will be adjusted upward as necessary to comply with IRC requirements to qualify the policy as life insurance.</li> </ul>

**Note:** Partial surrenders and policy loans decrease the accumulated value and death benefit.

<sup>4</sup> Accelerated underwriting is an expedited underwriting program offered by Principal Life Insurance Company. Applicants may qualify based on age, product, face amount, and personal history.

<sup>5</sup> Earn up to two tables of credit that offset table ratings that have been assessed. To improve cases that are Standard risk or better, they must have only one knockout for build, blood pressure, or cholesterol and have enough favorable factors for improvement. Ratings for cardiovascular disease, diabetes, and flat extras are excluded from the HLC. There are no limitations due to age, plan, or face amount.

# DBO changes and face amount adjustments

## DBO changes

- Changes are allowed on or after the first policy anniversary.
- Changes are available on GPT or CVAT.
- Changes are limited to two per policy year.
- Changes will result in a face amount adjustment so that the net amount at risk is the same immediately before and after the change.
- The face amount after any reduction must meet the minimum required.
- A DBO change requires new data pages be provided to the client.
- Changes may require proof of insurability.
- DBO changes after the maximum issue age are available subject to the then current underwriting guidelines.

DBO change	Resulting face amount adjustment
DBO 1 to DBO 2	The face amount decrease will equal the accumulated value on the effective date of the change.
DBO 2 to DBO 1	The face amount increase will equal the accumulated value on the effective date of the change.

A DBO change is subject to the limits as defined in IRC Section 7702 as amended. An additional increase in face amount may be required to maintain compliance with the limits.

## Face amount adjustments

Face amount increases are approved at a risk class determined by us and are allowed if:

- They occur on or after the first policy anniversary.
- Both insureds are alive and the age of the older is 90 or less and the age of the younger is 85 or less.
- The adjustment meets minimum face amount increase requirement of \$100,000.
- Evidence of insurability is provided and is approved by our underwriting team, subject to underwriting guidelines then in effect.
- Net amount at risk does not exceed maximum limits then in effect.

## Face amount decreases:

- Allowed on or after the first policy anniversary
- Limited in years 2-5 to a cumulative 35% of original face amount at issue
  - The 35% limitation does not apply to DBO changes that reduce the face amount, or face amount decreases resulting from partial surrenders.
- May not cause the face amount to fall below the required minimum face amount at issue

# Grace period

**Without ENLG.** If the net surrender value is insufficient to cover the monthly policy charge, and the No-Lapse Guarantee Test is not met, the policy will enter the grace period. The grace period is 61 days and begins when a notice of impending policy termination is mailed to the policy owner. If sufficient payment is not received by the end of the grace period, the policy terminates.

**With ENLG.** When the net surrender value is insufficient to cover the monthly policy charge and the ENLG is not in effect, the policy will enter a 61-day grace period. If by the end of the grace period the minimum payment has not been received, the policy terminates. During the first policy year, the minimum payment is equal to three ENLG monthly premiums. After the first policy year, the minimum payment is equal to the lesser of the shortfall for the monthly policy charge test or the shortfall for the ENLG test.

If the insured dies during a grace period, we will pay the death proceeds to the beneficiary(ies) subject to the death benefit of the policy.

# Reinstatement

See the policy for reinstatement requirements.

# Policy and surrender charges

<p><b>Premium expense charge</b></p>	<ul style="list-style-type: none"> <li>• Current:             <ul style="list-style-type: none"> <li>– 6% of premium up to target in all years</li> <li>– 12.5% of premium in excess of target in year 1</li> <li>– 7.5% of premium in excess of target in years 2+</li> </ul> </li> <li>• Guaranteed: 15% of premium in all years</li> </ul>
<p><b>Monthly policy issue charge</b></p>	<ul style="list-style-type: none"> <li>• Per \$1,000 of face amount</li> <li>• Varies by age, risk class and tobacco status, table rating, and DBO</li> <li>• Duration is greater of 15 years and attained age 70</li> </ul>
<p><b>Monthly administration charges</b></p>	<ul style="list-style-type: none"> <li>• Current: \$10 per month in all years</li> <li>• Guaranteed: \$20 per month in all years</li> </ul>
<p><b>Cost-of-insurance rates</b></p>	<ul style="list-style-type: none"> <li>• No cost-of-insurance rate bands</li> <li>• Guaranteed: 2017 CSO smoker/non-smoker distinct, age nearest birthday</li> </ul>
<p><b>Surrender charges</b></p>	<ul style="list-style-type: none"> <li>• 19 years</li> <li>• Vary based on joint equivalent issue age, duration, gender, and tobacco status</li> <li>• Charges for a substandard policy are the same as a standard policy</li> <li>• Any face amount increase carries its own surrender charge and surrender charge period</li> </ul>

# Policy riders

The following riders may not all be available in all states, and the terms of each rider may differ by state. Please refer to the applicable rider form.

## Chronic Illness Death Benefit Advance Rider (ICC21 SN 164/SN 164)

Issue ages	20-75 of each insured
Expiry age	Earliest of termination of policy, a face amount decrease after CIDBAR benefits have been received, after receiving Terminal benefits, or a request to cancel the rider.
Cost	There is no cost for this rider at issue. If the rider is exercised, a reduction factor is applied to the requested accelerated benefit amount. A \$150 administrative fee per claim is also applied (\$300 in CA).
Availability	Automatically added at issue for fully underwritten cases with issue ages 20-75 of each insured. Not allowed on Table ratings 4 and higher, or permanent/temporary flat extras of \$7.51 or higher per \$1,000 for either insured. A max. of two Chronic Illness Death Benefit Advance Riders are allowed per insured.
Benefit provided	<p>Applies only to the surviving insured. Pays an accelerated death benefit upon the insured showing proof of chronic illness defined as either being unable to perform at least two of six Activities of Daily Living or having a cognitive impairment.</p> <ul style="list-style-type: none"> <li>• Each accelerated benefit reduces the policy's death benefit by the amount of the benefit.</li> <li>• Each of the following is reduced proportionately, as applicable: accumulated value, surrender charge, loan balance, premium required for the no-lapse guarantee or the Extended No-Lapse Guarantee (if applicable).</li> </ul>
Lifetime maximum accelerated benefit	Lesser of 75% of the death benefit on initial election or \$1 million.
Annual maximum accelerated benefit	Lesser of 25% of the death benefit on initial election, or the annualized per diem acceleration as defined in the rider divided by the accelerated benefit reduction factor. In CA, any amount up to the lifetime maximum accelerated benefit may be taken.
Annual minimum accelerated benefit	Lesser of 10% of the death benefit on initial election, or \$10,000.
Minimum residual death benefit	Greater of 25% of the death benefit on initial election, or \$10,000 face amount or death benefit.

### Extended No-Lapse Guarantee Rider (ICC21 SN 163/ SN 163)

Issue ages	20-80 of younger insured
Expiry age	This rider terminates on the first of termination of the policy or the maximum ENLG date.
Cost	There is no explicit cost for this rider; however, adding it will impact accumulated values.
Availability	At issue only. Once added, it cannot be removed.
Benefit provided	The ENLG Rider guarantees the policy will not enter a grace period on any monthly date prior to attained age 100 of the younger insured as long as the rider is in force and the ENLG is in effect. If elected on a policy, the ENLG Rider replaces the NLG provision.

### Four-Year Term Insurance Rider (ICC19 SN 130/SN 130)

Issue ages	20-79
Expiry age	Four years after policy issue
Cost	There is a cost to have this rider on the policy.
Availability	At issue only. Both insureds must be rated Table 6 or better and have a \$10 flat extra or less.
Benefit provided	<p>Provides a level death benefit equal to 122% of the base policy face amount, payable upon the second death, provided both deaths occur within the first four policy years.</p> <ul style="list-style-type: none"><li>• This rider is designed to provide additional benefits to help pay for increased estate tax costs (under IRC Section 2035) in the event the policy is issued with the insureds as owners, is later transferred to a trust ownership, and both insured die within three years of the transfer and four years of policy issue.</li><li>• This rider provides no cash value.</li></ul>

### Policy Split Option Provision

Issue ages	20-85
Expiry age	None
Cost	There is no cost to have the provision. A one-time administrative fee may be charged at the time of the policy split.
Availability	Automatically made part of the base policy
Benefit provided	<p>Allows the policy owner to split the policy coverage into two individual policies of equal amounts without evidence of insurability, in the event of the following:</p> <ul style="list-style-type: none"><li>• Divorce</li><li>• A substantial change in the unlimited marital deduction</li><li>• Reduction in the maximum federal estate tax bracket below 15%</li></ul> <p>The new policies will be issued at the attained age of each insured. Certain ages and risk classes may not be eligible to exercise this provision.</p>

### Terminal Illness Death Benefit Advance Rider (ICC21 SN 165/SN 165)

Issue ages	20-85
Expiry age	Maturity (age 121)
Cost	There is no cost to have this rider on the policy. A one-time administrative charge of up to \$150 may be imposed when the rider is exercised.
Availability	It is available to all policy owners and covers the insured. There are no special underwriting requirements. It may be added at any time.
Benefit provided	<p>Applies only to the surviving insured. Pays an accelerated benefit upon insured showing proof of a terminal illness as defined in the policy rider form.</p> <ul style="list-style-type: none"><li>• The accelerated benefit that may be received is the lesser of the Accelerated Benefits Cap shown on the current data pages, or 75% of the eligible face amount minus any outstanding policy loans, unpaid loan interest and previously paid accelerated benefit, not to exceed \$1 million.</li><li>• The accelerated benefit is considered a lien against the policy and accrues with interest.</li><li>• At the time of death, the beneficiary receives the policy death benefit minus the benefit advance and applicable interest.</li><li>• The minimum amount of any payment is \$500.</li></ul>



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