

Principal Deferred Income AnnuitySM

Help assure retirement income is available long after you retire

Help cover later-in-life expenses with a qualifying longevity annuity contract

Good news — Americans are living longer than ever. However, unexpected expenses and issues can make it tricky to plan for an extended retirement.

That's where the qualifying longevity annuity contract (QLAC) comes in.

A QLAC gives you **guaranteed income for life in retirement**² — and can help you address potentially increasing medical costs and other unexpected expenses later in life.

Meet Bill



- ▶ He's 69 and has \$520,000 in IRA assets he doesn't need right now
- ▶ He has concerns about future health care costs
- ▶ His family has a history of longevity, so he's expecting to live into his 90s

\$130,000 of IRA assets to purchase a QLAC

Bill places \$130,000 in a QLAC now, creating **\$21,861 a year in guaranteed annual income** starting at age 80.

\$349,774 total income from a QLAC

This is the total amount Bill would receive if he lives to age 95.

\$61,848 in required minimum distributions (RMDs) are delayed

By purchasing a QLAC, Bill avoided taking \$61,848 in required minimum distributions prior to age 80.

This strategy could have a real impact on his ability to pay those later-in-life expenses he's concerned about.

(Keep in mind that in exchange for receiving a guaranteed income stream, Bill would forgo the opportunity to withdraw any funds including earnings, prior to receiving income payments.)



70%

At age 70 **there is a 70% chance** that one spouse will **live to age 92**¹



25%

You can use **\$130,000 or 25%** of your IRA assets, whichever is less, to purchase a Principal Deferred Income AnnuitySM as a QLAC.³

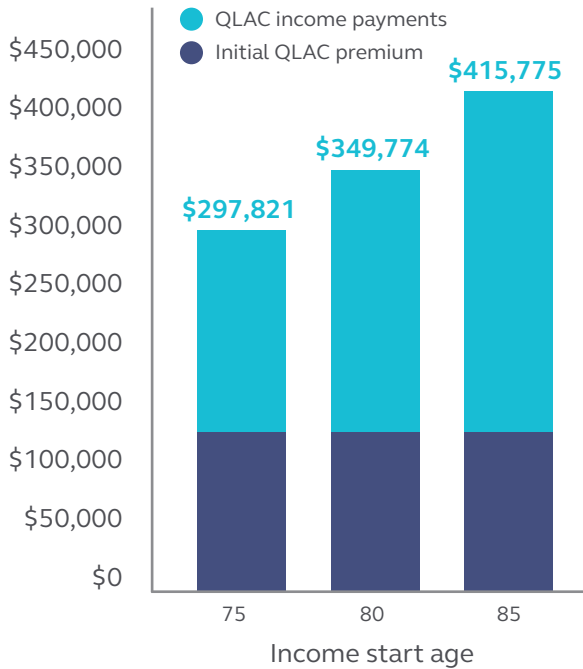
¹ Society of Actuaries, 2012 Individual annuity Mortality Basic Table

² Guarantees are based on the claims-paying ability of Principal Life Insurance Company.

³For example purposes only. The dollar limit applies across all qualified retirement plans and IRAs collectively. The percentage limit applies to each qualified plan separately and to IRAs (excluding Roth and Inherited IRAs) on an aggregate basis. There are restrictions on how premium limit rules can be applied. There are also restrictions on how qualified plan assets can roll over to a QLAC. It is the client's responsibility to ensure QLAC premium limitations are met. Roth IRAs cannot be treated as a QLAC.

Reducing your current required minimum distributions can boost your guaranteed income later in retirement

How does the age Bill begins receiving payments affect his total QLAC payment amount? Assuming Bill lives through age 95, his \$130,000 investment in the QLAC at age 69 would have generated the following income during his life:



The following chart shows the amount of RMDs that would be deferred between ages 70-79 by taking \$130,000 and placing it in a QLAC.

This example assumes the IRA account is growing at a rate of 5% (net of fees) per year, and that the \$130,000 QLAC contribution was made January 1 of the year Bill turned 69.

RMD deferral comparison			
Age	RMD on \$520,000 IRA	RMD on \$390,000 IRA	RMD reduction
70	\$19,927	\$14,945	\$4,982
71	\$20,882	\$15,662	\$5,220
72	\$21,881	\$16,411	\$5,470
73	\$22,927	\$17,195	\$5,732
74	\$24,020	\$18,015	\$6,005
75	\$25,163	\$18,872	\$6,291
76	\$26,359	\$19,769	\$6,590
77	\$27,477	\$20,608	\$6,869
78	\$28,777	\$21,583	\$7,194
79	\$29,980	\$22,485	\$7,495
Total	\$247,393	\$185,545	\$61,848

This case study is hypothetical and for illustrative purposes only. Your results may vary.

Annuity rates of January 8, 2018



Let's get started.

Take action now in order to help address unexpected expenses later in retirement. Contact your financial professional and ask whether a QLAC is right for you.



Not FDIC or NCUA Insured

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

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