

Easy Enrollment Helps Simplify the Process

For plan sponsors who are uncomfortable with pure automatic enrollment, Easy Enrollment from The Principal is another “do-it-for-me” approach that helps simplify the process for employees to get started in a plan, increase contributions automatically over time, and select an asset allocation investment option. Available on paper or online, it involves just three steps:

1 Enroll using Smart Start.

This feature allows employees to choose a salary deferral rate pre-set by their employer, which typically coincides with the employer match. The number of plan sponsors using Smart Start from The Principal, an element of Easy Enrollment, **has increased four-fold with nearly 7,000 plan sponsors using this feature.** Although Smart Start allows the plan sponsor to set a pre-selected salary deferral percentage, employees can also choose a different percentage if preferred. However, the pre-set salary deferral rate can help them enroll more confidently.

2 Automatically increase deferrals with Principal Step Ahead Retirement Option.

This feature lets employees select a percentage increase each year for a fixed number of years. **The number of participants utilizing the Step Ahead feature in 2006 nearly tripled from 2005, with nearly 30,000 using the feature. The average annual increase selected was 1.27 percent for an average period of five years.** The combination of automatic enrollment with the Principal Step Ahead Retirement Option feature can help employees become better prepared to more adequately fund their retirement. Employees enroll in the plan at an initial deferral rate and the Step Ahead feature allows participants’ deferral rates to slowly increase over time to help reach retirement savings goals.

3 Allocate contributions to investment options or leave it to the professionals.

Employees who are not comfortable selecting their investment option mix can choose lifecycle/lifestage “do-it-for-me” investment options such as Principal LifeTime portfolios, Russell LifePoints® portfolios, Principal Strategic Asset Management (SAM) Portfolios, or the Principal Managed Accounts ProgramSM.

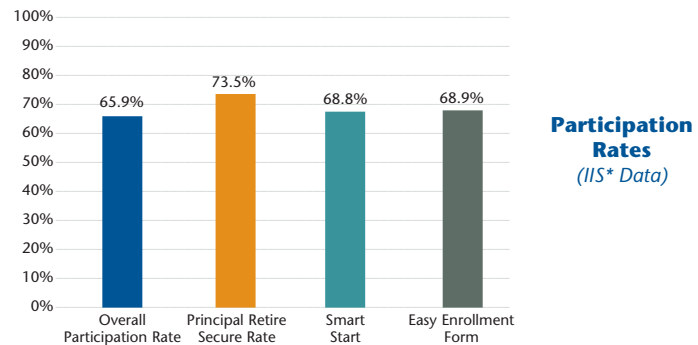


Fast Facts

Participation rates were 4% higher for plans using the Easy Enrollment Form.

By the end of 2006, nearly 11,000 plans were using the Easy Enrollment Form from The Principal, which was a significant increase from just over 3,000 in 2005.

Participation rates were higher with one-on-one meetings and “do-it-for-me” features.



*Individual Investor Services (IIS)

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