

Lifecycle/Lifestyle Investment Options & Managed Accounts

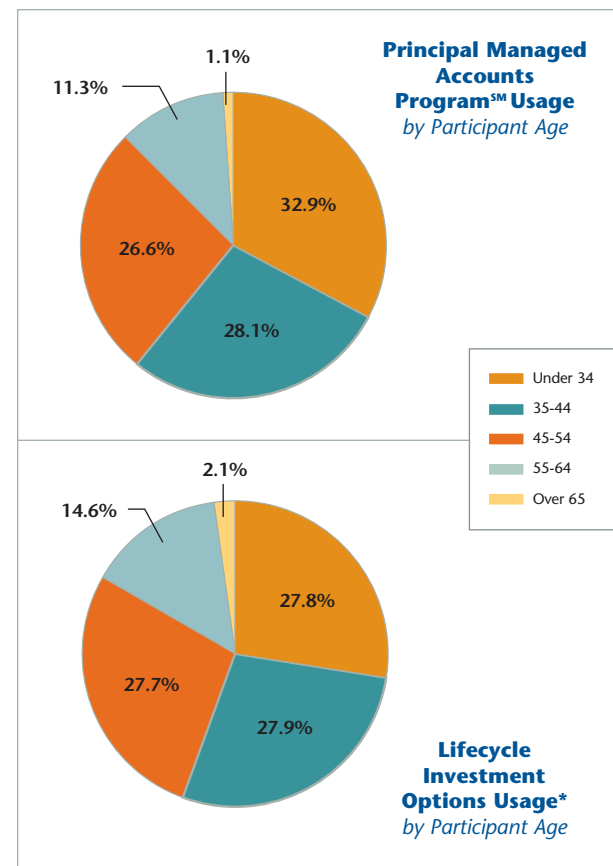
Use of lifecycle/lifestyle investment options continued to grow dramatically in 2006, with approximately 80% of plans sponsors offering them in their investment line-up – this number is more than double from 2004.

Because employees want help in choosing investment options, the popularity of lifecycle and lifestyle investment options continues to swell. At The Principal, just under 4,000 plan sponsors added lifecycle/lifestyle investment options in their retirement plan in 2006.

By the end of 2006 approximately 80 percent of our plan sponsors offered a lifecycle/lifestyle investment option in their investment line-up, which more than doubled from 2004.

An increasing number of plan sponsors had designated lifecycle/lifestyle investments as their default investment option for the plan (nearly 6.3 percent in 2006 vs. 2.9 percent in 2005). Nearly \$9 billion were invested in these investment options by the end of 2006, an increase of 36 percent from 2005.

More than 875,000 participants directed their retirement funds to the Principal LifeTime or Russell LifePoints® investment options by the end of 2006, which is approximately a quarter million more participants than in 2005. In addition, more than 265,000 of the participants invested in the Principal LifeTime or Russell LifePoints® investment options had truly embraced the intent of the investment with 100 percent of the account balance directed to the investment.



* Percentages in graphs are rounded to the nearest integer percentages in order to increase readability and may not total exactly 100%.

The Professional Difference

Forty-one percent of employed adults in the United States prefer to have someone manage investments for them.¹ That is why the Principal Managed Account ProgramSM was introduced to plan sponsors in mid-2005.

By the end of 2006, use of the Principal Managed Account Program grew four times. Roughly one in four larger companies offer, or plan to offer, managed accounts by the end of 2007, according to a study conducted by Hewitt Associates.²

Fast Facts

The average age of participants selecting the Principal Managed Account Program was 43.

Participants in their 30s and 40s and those with salaries below \$50,000 were more likely to select the Principal Managed Account Program.

More plan sponsors in the Midwest were offering the Principal Managed Account Program as an option than in other regions.

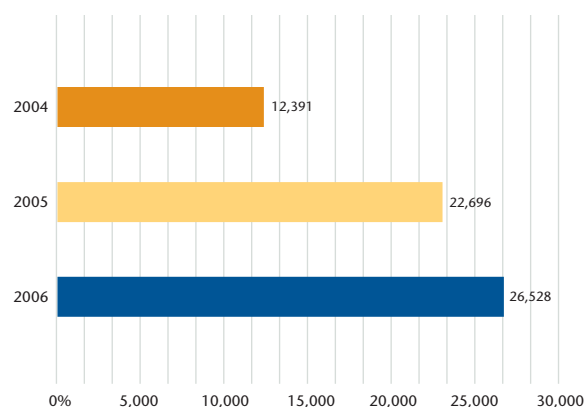
¹ 2007 Second Quarter Principal Financial Group Well-Being Index

² 2007 Hewitt Associates Survey: Trend in Retirement:

<http://www.hewittassociates.com/Intl/NA/en->

[US/AboutHewitt/Newsroom/PressReleaseDetail.aspx?cid=3678](http://www.hewittassociates.com/Intl/NA/en-US/AboutHewitt/Newsroom/PressReleaseDetail.aspx?cid=3678)

Plans Offering Lifecycle/Lifestyle Investment Options



Lifecycle and Managed Accounts Options

To meet the increasing demand among employees, retirement plan sponsors with services provided by The Principal have four “do-it-for-me” options that can help simplify investing for their participants:

- **Principal LifeTime portfolios** – participant selected based on retirement age.
- **Principal Strategic Asset Management (SAM) Portfolios** – participant selected based on risk tolerance.
- **Russell LifePoints® portfolios** – participant selected based on risk tolerance.
- **Principal Managed Account ProgramSM** – participant selected program that provides professional third-party investment advice.