



Russell LifePoints® Portfolios

Target Portfolio Series

Investing for retirement can be intimidating. At the Principal Financial Group® we're always looking for ways to make retirement investing easier. That's why we've joined forces with Russell Investment Group (Russell) to offer Russell LifePoints® portfolios.



What are Russell LifePoints Portfolios?

Russell LifePoints (LifePoints) are five strategically diversified portfolios designed to help simplify the asset allocation process for retirement plan investors. LifePoints portfolios invest in other Russell mutual funds that are actively managed by carefully selected independent managers hired by Russell. This combination of different Russell funds into one portfolio offers varying levels of risk and return in addition to an efficient, unique approach to retirement investing.

Participants have two options:

"Do-it-for-me" investors may choose a Russell LifePoints portfolio from a list of five risk summaries. Or, for an even more personalized approach, participants can take an Investor Profile Quiz to help determine the investment option(s) that more closely matches their preference for potential risk and return.

Why Russell?

We've teamed with Russell because they guide investments for many of the world's largest corporations, institutions, governments and retirement plans.

Russell LifePoints portfolios employ some of the best and brightest investment managers.

Not FDIC or NCUA Insured

May Lose Value • Not a Deposit • No Bank or Credit Union Guarantee
Not Insured by any Federal Government Agency

Choosing solid investment managers may help improve your plan participants' opportunities for investment success and help you support your fiduciary responsibility.

Make Investing Easier

Blending Managers for Long-Term Results

As a global leader in multi-manager investing, Russell uses a number of independent money managers to make investment decisions for each Russell LifePoints portfolio.

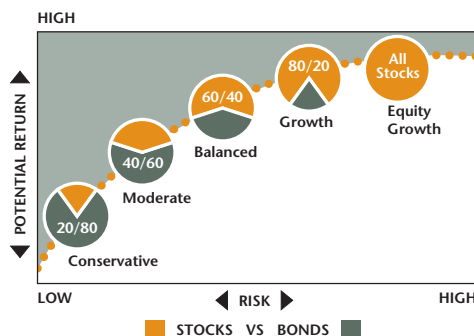
From years of experience, Russell has learned that combining managers with complementary investment styles and different asset classes helps reduce overall volatility without compromising returns. This means your plan participants have access to investment portfolios that are designed to provide consistent, above average returns while helping to manage risk.

Managing Your Fiduciary Responsibility

A retirement plan is one of the most important benefits you can offer as an employer. However, as a retirement plan sponsor, you face plenty of challenges — one of which is acting as a fiduciary. While Russell LifePoints offer participants a one step diversified investment option, they can help you support your fiduciary responsibilities related to asset allocation and manager selection.

The Efficient Frontier

Plan participants who are unsure of how much risk they want to accept can explore optimal portfolio mixes at differing levels of risk. The optimized range of these portfolios is called the “efficient frontier.” As you move from left to right on the graph, risk increases and there are different strategies that can offer potentially higher returns. However, as with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

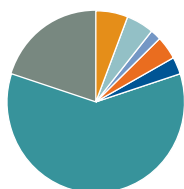


The efficient frontier shown is generally representative of the potential long-term risk/return relationship of the portfolios with their current asset allocation. The asset allocation of these portfolios may change over time and there is no guarantee that future risk/return performance will be consistent, especially over shorter time periods. No portfolio has zero risk, and none guarantees any specific reward.

Russell LifePoints® Portfolios
Target Portfolio Series

Strategically Diversified Portfolios

Profile I – Russell LifePoints® Conservative Strategy



Underlying Fund Allocations

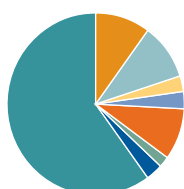
- 6% U.S. Core Equity
- 5% U.S. Quantitative Equity
- 2% Global Equity
- 4% International Developed Markets
- 3% Real Estate Securities
- 60% Strategic Bond
- 20% Short Duration Bond

Composition: The Conservative Strategy is made up of approximately 20 percent stock funds and 80 percent fixed-income funds.

Investment Objective: The fund seeks to provide high current income and low long-term capital appreciation.

Risk Profile: If plan participants fall within this strategy, they can tolerate a very small range of ups and downs in their investment returns and may have an extremely short amount of time until retirement.

Profile II – Russell LifePoints® Moderate Strategy



Underlying Fund Allocations

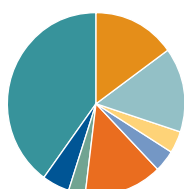
- 10% U.S. Core Equity
- 10% U.S. Quantitative Equity
- 3% U.S. Small & Mid Cap
- 3% Global Equity
- 9% International Developed Markets
- 2% Emerging Markets
- 3% Real Estate Securities
- 60% Strategic Bond

Composition: The Moderate Strategy is made up of approximately 40 percent stock funds and 60 percent fixed-income funds.

Investment Objective: The fund seeks to provide high current income and moderate long-term capital appreciation.

Risk Profile: If plan participants fall within this strategy, they are generally conservative and can tolerate a low level of risk. They may also have a shorter amount of time until retirement.

Profile III – Russell LifePoints® Balanced Strategy



Underlying Fund Allocations

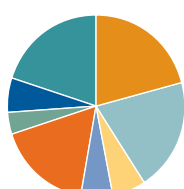
- 15% U.S. Core Equity
- 15% U.S. Quantitative Equity
- 4% U.S. Small & Mid Cap
- 4% Global Equity
- 14% International Developed Markets
- 3% Emerging Markets
- 5% Real Estate Securities
- 40% Strategic Bond

Composition: The Balanced Strategy is made up of approximately 60 percent stock funds and 40 percent fixed-income funds.

Investment Objective: The fund seeks to provide above average capital appreciation and a moderate level of current income.

Risk Profile: If plan participants fall within this strategy, they can tolerate a moderate degree of risk.

Profile IV – Russell LifePoints® Growth Strategy



Underlying Fund Allocations

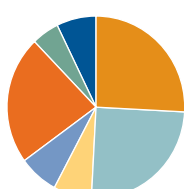
- 21% U.S. Core Equity
- 20% U.S. Quantitative Equity
- 6% U.S. Small & Mid Cap
- 6% Global Equity
- 17% International Developed Markets
- 4% Emerging Markets
- 6% Real Estate Securities
- 20% Strategic Bond

Composition: The Growth Strategy is made up of approximately 80 percent stock funds and 20 percent fixed-income funds.

Investment Objective: The fund seeks to provide high long-term capital appreciation and low current income.

Risk Profile: If plan participants fall within this strategy, they are moderately aggressive and willing to accept a higher level of risk in order to work toward their primary objective of long-term growth.

Profile V – Russell LifePoints® Equity Growth Strategy



Underlying Fund Allocations

- 26% U.S. Core Equity
- 25% U.S. Quantitative Equity
- 7% U.S. Small & Mid Cap
- 7% Global Equity
- 23% International Developed Markets
- 5% Emerging Markets
- 7% Real Estate Securities

Composition: The Equity Growth Strategy is made up of approximately 100 percent stock funds.

Investment Objective: The fund seeks to provide high long-term capital appreciation.

Risk Profile: If plan participants fall within this strategy, they are generally more aggressive and understand that aiming for higher returns means accepting a higher level of risk. They may have a longer amount of time until retirement.

About Russell

Russell Investments provides asset management and investment services to institutional and individual investors around the world. The firm has offices in most major financial centers, serving clients in more than 40 countries. A pioneer in multi-manager investing and the creator of the Russell Indexes, Russell serves investors through a network of many of the top financial services organizations and works directly with more than 3,000 clients, ranging from small- and mid-sized organizations to many of the world's largest and most sophisticated investors responsible for hundreds of billions of dollars. Founded in 1936, Russell is headquartered in Tacoma, Washington. Russell is a subsidiary of Northwestern Mutual, and the company's executive management has a minority equity participation in the firm. More information about Russell's investment products and services is available at www.russell.com.

About The Principal

The Principal (www.principal.com) is among the leaders in offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, life and health insurance, and consumer banking through its diverse family of financial services companies. The Principal is a 401(k) industry leader and total retirement solutions innovator, with more than 60 years in the retirement business. A member of the *FORTUNE* 500, The Principal has over \$311.1 billion in assets under management and serves some 18.6 million customers worldwide from offices in Asia, Australia, Europe, Latin America and the United States.* Principal Financial Group, Inc. is traded on the New York Stock Exchange under the ticker symbol, PFG.

*As of 12/31/07

Russell LifePoints were previously made available through a Separate Account. Separate Accounts are made available through a group annuity contract with Principal Life Insurance Company, Des Moines, IA 50392.

Insurance products and plan administrative services are provided by Principal Life Insurance Company. Securities are offered through Princor Financial Services Corporation, 1-800-547-7754, member SIPC and/or independent broker dealers. Securities sold by a Princor Registered Representative are offered through Princor®. Princor and Principal Life are members of the Principal Financial Group®, Des Moines, IA 50392.

Before investing in mutual funds, investors should carefully consider the investment objectives, risks, charges and expenses of the funds. This and other information is contained in the free prospectus, which can be obtained from your local representative or by contacting us at 1-800-547-7754. Please read the prospectus carefully before investing.

LifePoints® and the Russell logo are a trademark and service mark of Russell Investment Group.

Russell Investment Group is a Washington, USA corporation, which operates through subsidiaries worldwide, including Russell Investments, and is a subsidiary of The Northwestern Mutual Life Insurance Company.

The LifePoints® Funds are exposed to the risks of the underlying fund proportionately to their underlying fund allocation. Investment in LifePoints® Funds involves direct and indirect expenses which together can be higher than those incurred when investing directly in an underlying fund. Currently, direct operating expenses, other than distribution fees, shareholder servicing fees and non-recurring and extraordinary expenses, are waived or reimbursed by Russell Investment Management Company.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Non-US markets entail different risks than those typically associated with US markets, including currency fluctuations, political and economic instability, accounting changes, and foreign taxation. Securities may be less liquid and more volatile. If applicable, please see a Prospectus for further detail.

Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and to political systems which can be expected to have less stability than those of more developed countries. Securities may be less liquid and more volatile than US and longer-established non-US markets. If applicable, please see the Prospectus for further detail.

Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes and tax laws and interest rates all present potential risks to real estate investments.

Mutual funds, portfolio holdings and other investment products are subject to investment risk. Share values will fluctuate and investments, when redeemed, may be worth more or less than their original cost.

Redemption fees and/or transfer restrictions may apply to certain transactions.



WE'LL GIVE YOU AN EDGE®

The Principal Financial Group®, Des Moines, Iowa 50392-0001
www.principal.com

©2008 Principal Financial Services, Inc.

PQ 4042-14 PCRP-DC/ADV | 12/2008 | #10513112010