Pricing Supplement Dated 08/06/2004 (To Prospectus dated March 5, 2004, and Prospectus Supplement dated March 5, 2004)

1. The Notes

Initial Interest Rate, if any:

N/A

Filed pursuant to Rule 424(b)(5) Registration Statement Nos. 333-110499 and 333-110499-01

CUSIP: 74254PBP6



Principal Life Insurance Company Principal [®] Life CoreNotes [®] (Callable) Issued Through Principal Life Income Fundings Trust 2004-32 (the "Trust")

The description of this pricing supplement of the particular terms of the Principal [®] Life CoreNotes [®] offered hereby, and the Funding Agreement (specified below) sold by Principal Life Insurance Company to the Trust (specified herein), the payment obligations of which are fully and unconditionally guaranteed by the Guarantee (specified below) issued by Principal Financial Group, Inc. to the Trust, supplements the description of the general terms and provisions of the notes, the funding agreements and the guarantees set forth in the accompanying prospectus and prospectus supplement, to which reference is hereby made.

\$1,997,000.0 Principal Amount: Purchasing Agent Discount: 1.500% Issue Price: 100.0% Original Issue Date: 08/11/2004 Net Proceeds to the Trust: \$1,967,045.0 Stated Maturity Date: 08/15/2014 **Interest Payment Dates:** The 15th day of every sixth month commencing on 02/15/2005. **Initial Interest Payment Date:** 02/15/2005 Regular Record Date: The 1st day of every sixth month commencing on 02/01/2005. Type of Interest Rate: Fixed Rate □ Floating Rate Fixed Rate Notes: If, Yes, X Yes П No. Interest Rate: 5.25% If, Yes, Floating Rate Notes: Yes No. If, Yes, Regular Floating Rate Notes: Yes No. Interest Rate: Interest Rate Basis(es): Floating Rate/Fixed Rate Note: If, Yes, Yes No. Floating Interest Rate: Interest Rate Basis(es): Fixed Interest Rate: Fixed Rate Commencement Date:

Initial Interest Reset Date: N/A

"Principal" is a registered service mark of Principal Financial Services, Inc. and is used under license. "CoreNotes" is a registered service mark of Merrill Lynch & Co.

| Interest Rate Basis(es). Check all that apply: | | N/A CD Rate Commercial Paper Rate Treasury Rate Other (See Attached) | | CMT Rate LIBOR Prime Rate | |
|--|--------------|--|---------------|---------------------------------|--|
| If LIBOR: | | LIBOR Reuters Page IBOR Currency: | | LIBOR Mone | eyline Telerate Page |
| If CMT Rate: Designated CMT Telerate Page: If 7052: Designated CMT Maturity Index: | | Weekly Average | | Monthly Ave | erage |
| Index Maturity: | N/A | | | | |
| Spread (+/-): | N/A | | | | |
| Spread Multiplier: | N/A | | | | |
| Interest Reset Date(s): | N/A | | | | |
| Interest Rate Determination Date(s): | N/A | | | | |
| Maximum Interest Rate, if any: | N/A | | | | |
| Minimum Interest Rate, if any: Calculation Agent: | N/A Citil | oank, N.A. | | | |
| Computation of Interest: (not applicable unless different than as specified in the Day Count Convention: (not applicable unless different than as specified in the country of the co | N/A | ospectus and prospectus su | | | |
| Discount Note: Total Amount of Discount: Initial Accrual Period of Discount: Additional/Other Terms: | | Yes | \boxtimes | No. | If, Yes, |
| Terms of Survivor's Option: Annual Put Limitation: | | | | \$2,000,000 c | or 2%; or |
| Individual Put Limitation: | | | | \$\$250,000; or | _or% |
| Trust Put Limitation: | | | □ ⊠ \$_ | \$ 2%; or | _ |
| Redemption Provisions: Initial Redemption Date: Redemption: Additional Other Terms: | × | Yes 5/2006 In whole only and not in May be in whole or in pa | rt | No. | If, Yes, Date falling on or after the Initial |
| Additional Other Terms. | | emption Date | 11 1110 | rest rayment | Date familig on of after the mittar |
| Repayment: Repayment Date(s): Repayment Price: Repayment: Additional Other Terms: | | Yes In whole only and not in May be in whole or in pa | | No. | If, Yes, |
| Sinking Fund (not applicable unless specified): | N/A | | | | |
| Securities Exchange Listing: | | Yes | X | No. | If, Yes, Name of Exchange: |

Ratings:

The Notes issued under the Program are rated AA by Standard & Poor's ("S&P"). Principal Life expects the Notes to be rated Aa3 by Moody's Investors Service, Inc. ("Moody's").

| Purchasing Agent(s) Pur | chasing Notes | as Principal: | | X | Y | es | |) | If Yes, |
|---|--------------------------|---|-------------|--------------------|--------|------------------------------|-----------|----------|-----------------------|
| | Purchasing Ager | nt(s) | | | | | | | Principal Amount |
| | Merrill Lynch | | | | | | | | \$1,997,000.0 |
| | Total: | | | | | | | | \$1,997,000.0 |
| State of Organization of | the Trust: | | New | York | | | | | |
| Additional/Other Terms: | | | Non | e | | | | | |
| Special Tax Consideration | ons: | | Non | e | | | | | |
| 2. The Funding Agreen | nent | | | | | | | | |
| Funding Agreement Issu | er: | | Princ | cipal Li | fe In | surance (| Compan | y | |
| Funding Agreement No. | : | | 8-01 | 299 | | | | | |
| Deposit: | | | \$1,9 | 97,015. | 0 | | | | |
| Net Deposit: | | | \$1,9 | 67,045. | 0 | | | | |
| Effective Date: | | | 08/1 | 1/2004 | | | | | |
| Stated Maturity Date: | | | 08/1 | 5/2014 | | | | | |
| Interest Payment Dates: | | | The | 15th da | y of | every six | th mont | h comm | nencing on 02/15/2005 |
| Initial Interest Payment l | Date: | | 02/1 | 5/2005 | | | | | |
| Type of Interest Rate: | | | X | Fixed | Rate | e 🗆 | Floatir | g Rate | |
| Fixed Rate Funding | Agreement: | | X | Yes | | | No. | | If, Yes, |
| Interest Rate: | | | 5.25 | % | | | | | |
| Floating Rate Funding | g Agreement: | | | Yes | | X | No. | | If, Yes, |
| Regular Floating Interest Rate: Interest Rate | | Agreement: | | Yes | | | No. | | If, Yes, |
| Floating Rate/Fix Floating Inter Interest Rate Fixed Interest Fixed Rate Co | rest Rate: Basis(es): | | | Yes | | | No. | | If, Yes, |
| Initial Interest Ra | ite, if any: | | N/A | | | | | | |
| Initial Interest Re | eset Date: | | N/A | | | | | | |
| Interest Rate Bas | is(es). Check a | CD Rate Commercial Treasury Rat Other (See A | e Attach | Rate C C Ed) |]] | CMT Rat LIBOR Prime Ra | te | | |
| If LIBOR: | | LIBOR Reut | ers Pa | age 🗆 |] | LIBOR N | /Ioneylii | ne Teler | ate Page |

LIBOR Currency:

If CMT Rate:

Designated CMT Telerate Page:

If 7052: □ Weekly Average

Designated CMT Maturity Index: ☐ Monthly Average

| Index Maturity: | N/A | | | |
|---|--|---|--|---|
| Spread (+/-): | N/A | | | |
| Spread Multiplier: | N/A | | | |
| Interest Reset Date(s): | N/A | | | |
| Interest Rate Determination Date(s): | N/A | | | |
| Maximum Interest Rate, if any: | N/A | | | |
| Minimum Interest Rate, if any: | N/A | | | |
| Computation of Interest: (not applicable unless different than as specified in the Day Count Convention: (not applicable unless different than as specified in the | N/A | | | |
| Discount Funding Agreement: Total Amount of Discount: Initial Accrual Period of Discount: Additional/Other Terms: | □ Yes | X | No. | If, Yes, |
| Terms of Survivor's Option: Annual Put Limitation: | | × □ | \$2,000,000 or 29 \$or | |
| Individual Put Limitation: | | × | \$250,000; or \$ | <u> </u> |
| Trust Put Limitation: | | <u>□</u> \$_ | 2%; or | |
| | ₩ W. | | No. | If, Yes, |
| Redemption: Initial Redemption Date: Redemption: Additional Other Terms: | ☑ Yes 08/15/2006 ☑ In whole only a ☐ May be in whole Any redemption date Redemption Date | nd not e or in | in part part | nent Date falling on or after the Initial |
| Initial Redemption Date: Redemption: | 08/15/2006 ☑ In whole only a ☐ May be in whole Any redemption date | nd note or in will be will be \textsquare | in part part pe an Interest Payr No. in part | |
| Initial Redemption Date: Redemption: Additional Other Terms: Repayment: Repayment Date(s): Repayment Price: Repayment: | 08/15/2006 ☑ In whole only a ☐ May be in whole Any redemption date Redemption Date ☐ Yes ☐ In whole only as | nd note or in will be will be \textsquare | in part part pe an Interest Payr No. in part | nent Date falling on or after the Initial |
| Initial Redemption Date: Redemption: Additional Other Terms: Repayment: Repayment Date(s): Repayment Price: Repayment: Additional/Other Terms: | 08/15/2006 ☑ In whole only a ☐ May be in whole Any redemption date Redemption Date ☐ Yes ☐ In whole only a ☐ May be in whole N/A rated AA by S&P. | nd note or in will be will be \textsquare | in part part pe an Interest Payr No. in part | nent Date falling on or after the Initial |
| Initial Redemption Date: Redemption: Additional Other Terms: Repayment: Repayment Date(s): Repayment Price: Repayment: Additional/Other Terms: Sinking Fund (not applicable unless specified): Ratings: The Funding Agreement issued under the Program is r | 08/15/2006 ☑ In whole only a ☐ May be in whole Any redemption date Redemption Date ☐ Yes ☐ In whole only a ☐ May be in whole N/A rated AA by S&P. | nd note or in will be will be \textsquare | in part part pe an Interest Payr No. in part | nent Date falling on or after the Initial |
| Initial Redemption Date: Redemption: Additional Other Terms: Repayment: Repayment Date(s): Repayment Price: Repayment: Additional/Other Terms: Sinking Fund (not applicable unless specified): Ratings: The Funding Agreement issued under the Program is reprincipal Life expects the Funding Agreement to be rate. | 08/15/2006 ☑ In whole only a ☐ May be in whole Any redemption date Redemption Date ☐ Yes ☐ In whole only as ☐ May be in whole N/A atted AA by S&P. atted Aa3 by Moody's. | nd note or in will be will be \textsquare | in part part pe an Interest Payr No. in part | nent Date falling on or after the Initial |
| Initial Redemption Date: Redemption: Additional Other Terms: Repayment: Repayment Date(s): Repayment Price: Repayment: Additional/Other Terms: Sinking Fund (not applicable unless specified): Ratings: The Funding Agreement issued under the Program is r Principal Life expects the Funding Agreement to be ra Additional/Other Terms: | 08/15/2006 ☑ In whole only a ☐ May be in whole Any redemption date Redemption Date ☐ Yes ☐ In whole only an ☐ May be in whole N/A ated AA by S&P. ated Aa3 by Moody's. None | nd note or in will be will be \textsquare | in part part pe an Interest Payr No. in part | nent Date falling on or after the Initial |
| Initial Redemption Date: Redemption: Additional Other Terms: Repayment: Repayment Date(s): Repayment Price: Repayment: Additional/Other Terms: Sinking Fund (not applicable unless specified): Ratings: The Funding Agreement issued under the Program is r Principal Life expects the Funding Agreement to be ra Additional/Other Terms: Special Tax Considerations: | 08/15/2006 ☑ In whole only a ☐ May be in whole Any redemption date Redemption Date ☐ Yes ☐ In whole only an ☐ May be in whole N/A ated AA by S&P. ated Aa3 by Moody's. None | nd note or in | in part part per an Interest Payr No. in part part | nent Date falling on or after the Initial |
| Initial Redemption Date: Redemption: Additional Other Terms: Repayment: Repayment Date(s): Repayment Price: Repayment: Additional/Other Terms: Sinking Fund (not applicable unless specified): Ratings: The Funding Agreement issued under the Program is r Principal Life expects the Funding Agreement to be ra Additional/Other Terms: Special Tax Considerations: 3. The Guarantee | 08/15/2006 ☑ In whole only a ☐ May be in whole Any redemption date Redemption Date ☐ Yes ☐ In whole only an ☐ May be in whole N/A rated AA by S&P. ted Aa3 by Moody's. None None | nd note or in | in part part per an Interest Payr No. in part part | nent Date falling on or after the Initial |