

# PRINCIPAL LIFE INSURANCE CO

## FORM 424B5

(Prospectus filed pursuant to Rule 424(b)(5))

Filed 12/27/2004

Address	711 HIGH STREET C/O THE PRINCIPAL FINANCIAL GROUP DES MOINES, Iowa 50392-0300
Telephone	515--24-8-38
CIK	0000009712
Fiscal Year	12/31





**Principal Life Insurance Company**  
**Principal<sup>®</sup> Life CoreNotes<sup>®</sup> (Callable)**  
**Issued Through**  
**Principal Life Income Fundings Trust 2004-81 (the "Trust")**

The description of this pricing supplement of the particular terms of the Principal<sup>®</sup> Life CoreNotes<sup>®</sup> 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. The Notes**

Principal Amount:	\$6,429,000.0	Purchasing Agent Discount:	1.500%
Issue Price:	100.0%	Original Issue Date:	12/29/2004
Net Proceeds to the Trust:	\$6,332,565.0	Stated Maturity Date:	12/15/2014

Interest Payment Dates: The 15th day of every sixth month commencing on 06/15/2005.

Initial Interest Payment Date: 06/15/2005

Regular Record Date: The 1st day of every sixth month commencing on 06/01/2005.

Type of Interest Rate:  Fixed Rate  Floating Rate

Fixed Rate Notes:  Yes  No. If, Yes,

Interest Rate: 5.00%

Floating Rate Notes:  Yes  No. If, Yes,

Regular Floating Rate Notes:  Yes  No. If, Yes,

Interest Rate:

Interest Rate Basis(es):

Floating Rate/Fixed Rate Note:  Yes  No. If, Yes,

Floating Interest Rate:

Interest Rate Basis(es):

Fixed Interest Rate:

Fixed Rate Commencement Date:

Initial Interest Rate, if any: N/A

Initial Interest Reset Date:

N/A

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*“Principal<sup>®</sup>” is a registered service mark of Principal Financial Services, Inc. and is used under license.*

*“CoreNotes<sup>®</sup>” is a registered service mark of Merrill Lynch & Co.*

Interest Rate Basis(es). Check all that apply:

- N/A
- CD Rate  CMT Rate  
 Commercial Paper Rate  LIBOR  
 Treasury Rate  Prime Rate  
 Other (See Attached)

If LIBOR:

- LIBOR Reuters Page  LIBOR Moneyline Telerate Page  
LIBOR Currency:

If CMT Rate:

Designated CMT Telerate Page:

If 7052:

Designated CMT Maturity Index:

- Weekly Average  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

Calculation Agent:

Citibank, N.A.

Computation of Interest:

N/A

(not applicable unless different than as specified in the prospectus and prospectus supplement)

Day Count Convention:

N/A

(not applicable unless different than as specified in the prospectus and prospectus supplement)

Discount Note:

- Yes  No. If, Yes,

Total Amount of Discount:

Initial Accrual Period of Discount:

Additional/Other Terms:

Terms of Survivor's Option:

Annual Put Limitation:

- \$2,000,000 or 2%; or

- \$ \_\_\_\_\_ or \_\_\_%

Individual Put Limitation:

- \$250,000; or

- \$ \_\_\_\_\_

Trust Put Limitation:

- 2%; or \$ \_\_\_\_\_

Redemption Provisions:

- Yes  No. If, Yes,

Initial Redemption Date:

12/15/2005

Redemption:

- In whole only and not in part

- May be in whole or in part

Additional Other Terms:

Any redemption date will be an Interest Payment Date falling on or after the Initial Redemption Date

Repayment:

- Yes  No. If, Yes,

Repayment Date(s):

Repayment Price:

Repayment:

- In whole only and not in part

- May be in whole or in part

Additional/Other Terms:

Sinking Fund (not applicable unless specified): N/A

Securities Exchange Listing:

- Yes  No. If, Yes, Name of Exchange:

Authorized Denominations:

\$1,000

Ratings:

The Notes issued under the Program are rated AA by Standard & Poor's ("S&P").  
Principal Life expects the Notes to be rated Aa2 by Moody's Investors Service, Inc. ("Moody's").

Purchasing Agent(s) Purchasing Notes as Principal:  Yes  No. If, Yes,

Purchasing Agent(s)	Principal Amount
Merrill Lynch	\$6,429,000.0
Total:	\$6,429,000.0

State of Organization of the Trust: New York

Additional/Other Terms: None

Special Tax Considerations: None

**2. The Funding Agreement**

Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 4-51528

Deposit: \$6,429,015.0

Net Deposit: \$6,332,565.0

Effective Date: 12/29/2004

Stated Maturity Date: 12/15/2014

Interest Payment Dates: The 15th day of every sixth month commencing on 06/15/2005.

Initial Interest Payment Date: 06/15/2005

Type of Interest Rate:  Fixed Rate  Floating Rate

Fixed Rate Funding Agreement:  Yes  No. If, Yes,

Interest Rate: 5.00%

Floating Rate Funding Agreement:  Yes  No. If, Yes,

Regular Floating Rate Funding Agreement:  Yes  No. If, Yes,

Interest Rate:

Interest Rate Basis(es):

Floating Rate/Fixed Rate Funding Agreement:  Yes  No. If, Yes,

Floating Interest Rate:

Interest Rate Basis(es):

Fixed Interest Rate:

Fixed Rate Commencement Date:

Initial Interest Rate, if any: N/A

Initial Interest Reset Date: N/A

Interest Rate Basis(es). Check all that apply: N/A

- |  |                                     |
|--|-------------------------------------|
| <input type="checkbox"/> CD Rate               | <input type="checkbox"/> CMT Rate   |
| <input type="checkbox"/> Commercial Paper Rate | <input type="checkbox"/> LIBOR      |
| <input type="checkbox"/> Treasury Rate         | <input type="checkbox"/> Prime Rate |

Other (See Attached)

If LIBOR:

LIBOR Reuters Page  
LIBOR Currency:

LIBOR Moneyline Telerate Page

If CMT Rate:

Designated CMT Telerate Page:

If 7052:

Designated CMT Maturity Index:

Weekly Average

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: N/A  
(not applicable unless different than as specified in the prospectus and prospectus supplement)

Day Count Convention: N/A  
(not applicable unless different than as specified in the prospectus and prospectus supplement)

Discount Funding Agreement:  Yes  No. If, Yes,  
 Total Amount of Discount:  
 Initial Accrual Period of Discount:  
 Additional/Other Terms:

Terms of Survivor's Option:  
 Annual Put Limitation:  \$2,000,000 or 2%; or  
 \$ \_\_\_\_\_ or \_\_\_%  
 Individual Put Limitation:  \$250,000; or  
 \$ \_\_\_\_\_  
 Trust Put Limitation:  2%; or \$ \_\_\_\_\_

Redemption:  Yes  No. If, Yes,  
 Initial Redemption Date: 12/15/2005  
 Redemption:  In whole only and not in part  
 May be in whole or in part  
 Additional Other Terms: Any redemption date will be an Interest Payment Date falling on or after the Initial Redemption Date

Repayment:  Yes  No. If, Yes,  
 Repayment Date(s):  
 Repayment Price:  
 Repayment:  In whole only and not in part  
 May be in whole or in part  
 Additional/Other Terms:

Sinking Fund (not applicable unless specified): N/A

Ratings:  
 The Funding Agreement issued under the Program is rated AA by S&P.  
 Principal Life expects the Funding Agreement to be rated Aa2 by Moody's.

Additional/Other Terms: None

Special Tax Considerations: None

### 3. The Guarantee

Guarantee Issuer: Principal Financial Group, Inc.

Effective Date: 12/29/2004

Additional/Other Terms: None

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**End of Filing**

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