

# PRINCIPAL LIFE INSURANCE CO

## FORM 424B2

(Prospectus filed pursuant to Rule 424(b)(2))

Filed 12/15/2005

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

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**Principal Life Insurance Company**  
**Secured Medium-Term Notes**  
**Issued Through**  
**Principal Life Income Fundings Trust 16 (the "Trust")**

The description of this pricing supplement of the particular terms of the Secured Medium-Term Notes offered hereby, and the Funding Agreement (specified below) issued by Principal Life Insurance Company ("Principal Life") to the Trust, 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:          | \$75,000,000 | Purchasing Agent(s) Discount: | None              |
| Issue Price:               | 100%         | Original Issue Date:          | December 20, 2005 |
| Net Proceeds to the Trust: | \$75,000,000 | Stated Maturity Date:         | December 19, 2008 |

|                                |  |   |          |
|--------------------------------|--|---|----------|
| Specified Currency:            | U.S. Dollars   |   |          |
| Interest Payment Dates:        | The nineteenth day of March, June, September and December of each year |   |          |
| Initial Interest Payment Date: | March 20, 2006   |   |          |
| Regular Record Date:           | 15 calendar days prior to the Interest Payment Date                    |   |          |
| Type of Interest Rate:         | <input type="checkbox"/> Fixed Rate                                    | <input checked="" type="checkbox"/> Floating Rate |          |
| Fixed Rate Notes:              | <input type="checkbox"/> Yes   | <input checked="" type="checkbox"/> No.           | If, Yes, |
| Interest Rate:                 |  |   |          |
| Floating Rate Notes:           | <input checked="" type="checkbox"/> Yes                                | <input type="checkbox"/> No.                      | If, Yes, |
| Regular Floating Rate Notes:   | <input checked="" type="checkbox"/> Yes                                | <input type="checkbox"/> No.                      | If, Yes, |
| Interest Rate:                 | 3-Month LIBOR + .05%   |   |          |
| Interest Rate Basis(es):       | See below.   |   |          |
| Floating Rate/Fixed Rate Note: | <input type="checkbox"/> Yes   | <input checked="" type="checkbox"/> No.           | If, Yes, |
| Floating Interest Rate:        |  |   |          |
| Interest Rate Basis(es):       |  |   |          |
| Fixed Interest Rate:           |  |   |          |
| Fixed Rate Commencement Date:  |  |   |          |



Inverse Floating Rate Note:  Yes  No. If, Yes,  
Fixed Interest Rate:  
Floating Interest Rate:  
Interest Rate Basis(es):

Initial Interest Rate, if any: 3-Month Libor + .05% determined on the second London Banking Day preceding the Original Issue Date

Initial Interest Reset Date: March 20, 2006

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

- |   |   |
|---|---|
| <input type="checkbox"/> CD Rate          | <input type="checkbox"/> Commercial Paper Rate                |
| <input type="checkbox"/> CMT Rate         | <input type="checkbox"/> Eleventh District Cost of Funds Rate |
| <input checked="" type="checkbox"/> LIBOR | <input type="checkbox"/> Federal Funds Rate                   |
| <input type="checkbox"/> EURIBOR          | <input type="checkbox"/> Treasury Rate                        |
| <input type="checkbox"/> Prime Rate       | <input type="checkbox"/> Other (See Attached)                 |

If LIBOR:  LIBOR Reuters Page  LIBOR Moneyline Telerate  
Page 3750  
LIBOR Currency: U.S. Dollars

If CMT Rate:

Designated CMT Telerate Page:

If 7052:

- |   |  |
|---|--|
| <input type="checkbox"/> Weekly Average | <input type="checkbox"/> Monthly Average |
|---|--|

Designated CMT Maturity Index:

Index Maturity: 3-Month

Spread: + .05%

Spread Multiplier: Not Applicable

Interest Reset Date(s): Each Interest Payment Date

Interest Rate Determination Date(s): The second London Banking Day preceding the related Interest Reset Date

Maximum Interest Rate, if any: Not applicable

Minimum Interest Rate, if any: Not applicable

Calculation Agent: Citibank, N.A.

Exchange Rate Agent: Not applicable

Computation of Interest:

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

Day Count Convention:

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

Amortizing Note:  Yes  No. If, Yes,  
Amortizing Schedule:  
Additional/Other Terms:

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

Redemption Provisions:  Yes  No. If, Yes,  
Initial Redemption Date:  
Initial Redemption Percentage:  
Annual Redemption Percentage  
Reduction (if any):

Redemption:

- In whole only and not in part
- May be in whole or in part

Additional Other Terms:

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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):

Additional Amounts to be Paid for Withholding Tax (not applicable unless specified):

Securities Exchange Listing:  Yes  No. If, Yes, Name of Exchange:

Authorized Denominations: \$100,000 and integral multiples of \$1,000

Ratings:  
 The Notes issued under the Program are rated AA by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P").  
 Principal Life expects the Notes to be rated Aa2 by Moody's Investors Service, Inc. ("Moody's").

Purchasing Agents Acting as Agent:  Yes  No. If, Yes:

| <u>Purchasing Agent(s)</u> | <u>Principal Amount</u> |
|----------------------------|-------------------------|
| Goldman, Sachs & Co.       | \$ 75,000,000           |
| Total:                     | \$ 75,000,000           |

Purchasing Agents Acting as Agent:  Yes  No. If, Yes:

| <u>Purchasing Agent(s)</u> | <u>Principal Amount</u> |
|----------------------------|-------------------------|
| <hr/>                      |                         |
| Total:                     |                         |

State of Organization of the Trust: New York

Additional/Other Terms: Not applicable

Special Tax Considerations: Interest payable on the Notes will be treated as "qualified stated interest" for United States federal income tax purposes, as it meets the specified criteria referenced in the prospectus supplement under the heading "Material United States Federal Income Tax Considerations—U.S. Holders— *Interest and Original Issue Discount*" .

## 2. The Funding Agreement

Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 6-12923

Deposit: \$75,000,015

Net Deposit: \$75,000,000

Effective Date: December 20, 2005

Stated Maturity Date: December 19, 2008

Specified Currency: U.S. Dollars





Interest Payment Dates: The nineteenth day of March, June, September and December of each year

Initial Interest Payment Date: March 20, 2006

Type of Interest Rate:  Fixed Rate  Floating Rate

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

Interest Rate:

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

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

Interest Rate: 3-Month LIBOR + .05%

Interest Rate Basis(es): See below

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

Floating Interest Rate:

Interest Rate Basis(es):

Fixed Interest Rate:

Fixed Rate Commencement Date:

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

Fixed Interest Rate:

Floating Interest Rate:

Interest Rate Basis(es):

Initial Interest Rate, if any: 3-Month Libor + .05% determined on the second London Banking Day preceding the Original Issue Date

Initial Interest Reset Date: March 20, 2006

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

|   |   |
|---|---|
| <input type="checkbox"/> CD Rate          | <input type="checkbox"/> Commercial Paper Rate                |
| <input type="checkbox"/> CMT Rate         | <input type="checkbox"/> Eleventh District Cost of Funds Rate |
| <input checked="" type="checkbox"/> LIBOR | <input type="checkbox"/> Federal Funds Rate                   |
| <input type="checkbox"/> EURIBOR          | <input type="checkbox"/> Treasury Rate                        |
| <input type="checkbox"/> Prime Rate       | <input type="checkbox"/> Other (See Attached)                 |

If LIBOR:  LIBOR Reuters Page  LIBOR Moneyline Telerate Page 3750

LIBOR Currency: U.S. Dollars

If CMT Rate:

Designated CMT Telerate Page:

If 7052:  Weekly Average  Monthly Average

Designated CMT Maturity Index:

Index Maturity: 3-Month

Spread: +.05%

Spread Multiplier: Not Applicable

Interest Reset Date(s): Each Interest Payment Date

Interest Rate Determination Date(s): The second London Banking Day preceding the related Interest Reset Date

Maximum Interest Rate, if any: Not applicable

Minimum Interest Rate, if any: Not applicable

Computation of Interest:

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

Day Count Convention:

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

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Amortizing Funding Agreement:  Yes  No. If, Yes,  
Amortizing Schedule:  
Additional/Other Terms:

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

Redemption Provisions:  Yes  No. If, Yes,  
Initial Redemption Date:  
Initial Redemption Percentage:  
Annual Redemption Percentage Reduction (if any):  
Redemption:  In whole only and not in part  
 May be in whole or in part  
Additional/Other Terms:

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):

Additional Amounts to be Paid For Withholding Tax (not applicable unless specified):

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: Not applicable

Special Tax Considerations: Not applicable

### 3. The Guarantee

Guarantee Issuer: Principal Financial Group, Inc.

Effective Date: December 20, 2005

Additional/Other Terms: Not applicable

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**End of Filing**

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