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|  |  |  |  |  |  |  |
| Pricing Supplement Dated  September 13, 2007 | | |  | Filed pursuant to Rule 424(b)(2) | | |
| (To Prospectus dated February 16, 2006, and | | |  | Registration Statement Nos. |  | 333-129763 |
| Prospectus Supplement dated February 16, 2006) | | |  |  |  | and 333-129763-01 |
|  |  |  |  |  |  |  |
|  |  |  |  | CUSIP: 74254PUN0 | | |



**Principal Life Insurance Company  
Secured Medium-Term Notes (that are also Asset-Backed Securities)  
Issued Through and Obligations of  
Principal Life Income Fundings Trust 32 (the Trust and the Issuing Entity)**

     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: |  | $ | 150,000,000 |  |  | Purchasing Agent(s) Discount: |  | 0% |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Issue Price: |  |  | 100% |  |  | Original Issue Date: |  | September 18, 2007 | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Net Proceeds to the Trust: |  | $ | 150,000,000 |  |  | Stated Maturity Date: |  | September 17, 2010 | | |
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|  |  |  |  |  |  |  |  |  |  |  |
| Specified Currency: |  | U.S. Dollars | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Interest Payment Dates: |  | March 17, June 17, September 17 and December 17 of each year | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Initial Interest Payment Date: |  | December 17, 2007 | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Regular Record Date: |  | 15 calendar days prior to the Interest Payment Date | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Type of Interest Rate: |  | o Fixed Rate |  | ☒ Floating Rate |  |  | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Fixed Rate Notes: |  | o Yes |  | ☒ No. |  | If, Yes, | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Interest Rate: |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Floating Rate Notes: |  | ☒ Yes |  | o No. |  | If, Yes, | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Regular Floating Rate Notes: |  | ☒ Yes |  | o No. |  | If, Yes, | | | | |
| Interest Rate: |  | 3-Month LIBOR + .40% | | | | | | | | |
| Interest Rate Basis(es): |  | See below | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Floating Rate/Fixed Rate Note: |  | o Yes |  | ☒ No. |  | If, Yes, | | | | |
| Floating Interest Rate: |  |  | | | | | | | | |
| Interest Rate Basis(es): |  |  | | | | | | | | |
| Fixed Interest Rate: |  |  | | | | | | | | |
| Fixed Rate Commencement Date: |  |  | | | | | | | | |

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| Inverse Floating Rate Note: |  | o Yes |  | ☒ No. |  | If, Yes, | | | | |
| Fixed Interest Rate: |  |  | | | | | | | | |
| Floating Interest Rate: |  |  | | | | | | | | |
| Interest Rate Basis(es): |  |  | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Initial Interest Rate, if any: |  | 3-Month LIBOR + .40% determined on the second business day preceding the Original Issue Date. | | | | |  | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Initial Interest Reset Date: |  | December 17, 2007 | | | | |  | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Interest Rate Basis(es). Check all that apply: | | |  |  |  |  |  | | | |
|  |  | o CD Rate |  | o Commercial Paper Rate | | |  | | | |
|  |  | o CMT Rate |  | o Eleventh District Cost of Funds Rate | | |  | | | |
|  |  | o Constant Maturity Swap Rate |  | o Federal Fund Open Rate | | |  | | | |
|  |  | ☒ LIBOR |  | o Federal Funds Rate | | |  | | | |
|  |  | o EURIBOR |  | o Treasury Rate | | |  | | | |
|  |  | o Prime Rate |  | o Other (See Attached) | | |  | | | |
|  |  |  |  |  |  |  |  | | | |
| If LIBOR: |  | ☒ LIBOR Reuters Screen LIBOR01 Page | |  | o LIBOR Moneyline Telerate Page 3750 | |  | | | |
|  |  | LIBOR Currency: U.S. Dollars | | |  |  |  | | | |
|  |  |  |  |  |  |  |  | | | |
| If CMT Rate: |  |  |  |  |  |  |  | | | |
| Designated CMT Telerate Page: | | |  |  |  |  |  | | | |
| If 7052: |  | o Weekly Average |  | o Monthly Average | | |  | | | |
| Designated CMT Maturity Index: | | |  |  |  |  |  | | | |
|  |  |  |  |  |  |  |  | | | |
| Index Maturity: |  | 3-Month | | | | |  | | | |
|  |  |  |  |  |  |  |  | | | |
| Spread (+/-): |  | + .40% | | | | |  | | | |
|  |  |  |  |  |  |  |  | | | |
| Spread Multiplier: |  | Not Applicable | | | | |  | | | |
|  |  |  |  |  |  |  |  | | | |
| Interest Reset Date(s): |  | Each Interest Payment Date | | | | |  | | | |
|  |  |  |  |  |  |  |  | | | |
| Interest Rate Determination Date(s): |  | The second business day preceding the 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 Notes: |  | o Yes |  | ☒ No. |  | If, Yes, |  | | | |
| Amortizing Schedule: |  |  | | | | |  | | | |
| Additional/Other Terms: |  |  | | | | |  | | | |
|  |  |  |  |  |  |  |  | | | |
| Discount Note: |  | o Yes |  | ☒ No. |  | If, Yes, |  | | | |
| Total Amount of Discount: |  |  | | | | |  | | | |
| Initial Accrual Period of Discount: |  |  | | | | |  | | | |
| Additional/Other Terms: |  |  | | | | |  | | | |
|  |  |  |  |  |  |  |  | | | |
| Redemption Provisions: |  | o Yes |  | ☒ No. |  | If, Yes, |  | | | |
| Initial Redemption Date: |  |  | | | | |  | | | |
| Initial Redemption Percentage: |  |  | | | | |  | | | |
| Annual Redemption Percentage Reduction (if any): |  |  | | | | |  | | | |
| Redemption: |  | o In whole only and not in part | | |  |  |  | | | |
|  |  | o May be in whole or in part | | |  |  |  | | | |
| Additional/Other Terms: |  |  | | | | |  | | | |

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|  |  |  |  |  |  |  |
| Repayment: |  | o Yes |  | ☒ No. |  | If, Yes, |
| Repayment Date(s): |  |  | | | | |
| Repayment Price: |  |  | | | | |
| Repayment: |  | o In whole only and not in part | | |  |  |
|  |  | o 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: |  | o 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 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).

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| **Purchasing Agent(s)** |  | **Principal Amount** | | |
|  |  |  |  |  |
| Banc of America Securities LLC |  | $ | 150,000,000 |  |
|  |  |  |  |  |
|  | | | | |
| Total: |  | $ | 150,000,000 |  |

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|  |  |  |  |  |  |  |
| Purchasing Agent(s) Acting as Agent: |  | o Yes |  | ☒ No. |  | If, Yes, |

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| --- | --- | --- | --- | --- |
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| **Purchasing Agent(s)** |  | **Principal Amount** | | |
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|  |  |  |  |  |
|  |  |  |  |  |
|  | | | | |
| Total: |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
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| State of Organization of the Trust: | | New York |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Additional/Other Terms: | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Special Tax Considerations: | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **2. The Funding Agreement** | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Funding Agreement Issuer: | | Principal Life Insurance Company | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Funding Agreement No.: | | 6-14810 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Deposit Amount: |  | $150,000,015 | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Net Deposit: | | $150,000,000 | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Effective Date: | | September 18, 2007 | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Stated Maturity Date: | | September 17, 2010 | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Specified Currency: |  | U.S. Dollars | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Interest Payment Dates: |  | March 17, June 17, September 17 and December 17 of each year | | | | | |  |
|  |  |  |  |  |  |  |  |  |
| Initial Interest Payment Date: |  | December 17, 2007 | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Type of Interest Rate: |  | o Fixed Rate |  | ☒ Floating Rate |  |  | | |
|  |  |  |  |  |  |  |  |  |
| Fixed Rate Funding Agreement: |  | o Yes |  | ☒ No. |  | If, Yes, | | |

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|  |  |  |  |  |  |  |  |  |
| Interest Rate: |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Floating Rate Funding Agreement: |  | ☒ Yes |  | o No. |  | If, Yes, | | |
|  |  |  |  |  |  |  |  |  |
| Regular Floating Rate Funding Agreement: |  | ☒ Yes |  | o No. |  | If, Yes, | | |
| Interest Rate: |  | 3-Month LIBOR + .40% |  |  |  |  |  |  |
| Interest Rate Basis(es): |  | See below |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Floating Rate/Fixed Rate Funding Agreement: |  | o Yes |  | ☒ No. |  | If, Yes, | | |
| Floating Interest Rate: |  |  | | | | | | |
| Interest Rate Basis(es): |  |  | | | | | | |
| Fixed Interest Rate: |  |  | | | | | | |
| Fixed Rate Commencement Date: |  |  | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Inverse Floating Rate Funding Agreement: |  | o Yes |  | ☒ No. |  | If, Yes, | | |
| Fixed Interest Rate: |  |  | | | | | | |
| Floating Interest Rate: |  |  | | | | | | |
| Interest Rate Basis(es): |  |  | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Initial Interest Rate, if any: |  | 3-Month LIBOR + .40% determined on the second business day preceding the Original Issue Date. | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Initial Interest Reset Date: |  | December 17, 2007 | | | | | | |

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|  |  |  |  |  |  |  |
| Interest Rate Basis(es). Check all that apply: | | |  |  |  |  |
|  |  | o CD Rate |  | o Commercial Paper Rate | | |
|  |  | o CMT Rate |  | o Eleventh District Cost of Funds Rate | | |
|  |  | o Constant Maturity Swap Rate |  | o Federal Funds Open Rate | | |
|  |  | ☒ LIBOR |  | o Federal Funds Rate | | |
|  |  | o EURIBOR |  | o Treasury Rate | | |
|  |  | o Prime Rate |  | o Other (See Attached) | | |
|  |  |  |  |  |  |  |
| If LIBOR: |  | ☒ LIBOR Reuters Screen LIBOR01 Page | |  | o LIBOR Moneyline Telerate Page 3750 | |
|  |  | LIBOR Currency: U.S. Dollars | | |  |  |
|  |  |  |  |  |  |  |
| If CMT Rate: | | | | |  |  |
| Designated CMT Telerate Page: | | |  |  |  |  |
| If 7052: |  | o Weekly Average |  | o Monthly Average | | |
| Designated CMT Maturity Index: | | |  |  |  |  |

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|  |  |  |  |  |  |  |
| Index Maturity: |  | 3-Month |  |  |  |  |
|  |  |  |  |  |  |  |
| Spread (+/-): |  | + .40% |  |  |  |  |
|  |  |  |  |  |  |  |
| Spread Multiplier: |  | Not Applicable |  |  |  |  |
|  |  |  |  |  |  |  |
| Interest Reset Date(s): |  | Each Interest Payment Date |  |  |  |  |
|  |  |  |  |  |  |  |
| Interest Rate Determination Date(s): |  | The second business day preceding the related Interest Reset Date | | | | |
|  |  |  |  |  |  |  |
| Maximum Interest Rate, if any: |  | Not Applicable |  |  |  |  |
|  |  |  |  |  |  |  |
| Minimum Interest Rate, if any: |  | Not Applicable |  |  |  |  |
|  |  |  |  |  |  |  |
| Calculation 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 Funding Agreement: |  | o Yes |  | ☒ No. |  | If, Yes, |
| Amortizing Schedule: |  |  |  |  |  |  |
| Additional/Other Terms: |  |  | | | | |
|  |  |  |  |  |  |  |
| Discount Funding Agreement: |  | o Yes |  | ☒ No. |  | If, Yes, |
| Total Amount of Discount: |  |  |  |  |  |  |
| Initial Accrual Period of Discount: |  |  |  |  |  |  |
| Additional/Other Terms: |  |  | | | | |

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

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| Additional/Other Terms if any: |  |  |
|  |  |  |
| Special Tax Considerations: |  |  |
|  |  |  |
| **3. The Guarantee** |  |  |
|  |  |  |
| Guarantee Issuer: |  | Principal Financial Group, Inc. |
|  |  |  |
| Effective Date: |  | September 18, 2007 |
|  |  |  |
| Additional/Other Terms if any: |  |  |