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| UNITED STATES | | |
| SECURITIES AND EXCHANGE COMMISSION | | |
| Washington, D.C. 20549 | | |
|  | | |
| **FORM 11-K** | | |
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|  | | |
| (Mark One) | |  |
| [x] | ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES | |
|  | EXCHANGE ACT OF 1934 | |
| For the fiscal year ended: **December 31, 2009** | | |
|  | | |
| OR | | |
|  | | |
|  | | |
| [ ] | TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES | |
|  | EXCHANGE ACT OF 1934 | |
| For the transition period from \_\_\_\_\_\_\_\_\_\_\_\_ to \_\_\_\_\_\_\_\_\_\_\_\_ | | |
|  | | |
| Commission file number: **1-16725** | | |
|  | | |
| **The Principal Select Savings Plan for Employees** | | |
| (Full title of the plan) | | |
|  | | |
|  | | |
| **Principal Financial Group, Inc.** | | |
| (Name of Issuer of the securities held pursuant to the plan) | | |
|  | | |
| **711 High Street** | | |
| **Des Moines, Iowa 50392** | | |
| (Address of principal executive offices) (Zip Code) | | |
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|  |  | Exhibit Index  Page 21 |

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|  |
| Report of Independent Registered Public Accounting Firm |
|  |
| The Management Resources Committee |
| Principal Life Insurance Company |
|  |
| We have audited the accompanying statements of net assets available for benefits of |
| The Principal Select Savings Plan for Employees as of December 31, 2009 and 2008, and the |
| related statements of changes in net assets available for benefits for the years then ended. These |
| financial statements are the responsibility of the Plans management. Our responsibility is to |
| express an opinion on these financial statements based on our audits. |
|  |
| We conducted our audits in accordance with auditing standards of the Public Company Accounting |
| Oversight Board (United States). Those standards require that we plan and perform the audit to obtain |
| reasonable assurance about whether the financial statements are free of material misstatement. We were |
| not engaged to perform an audit of the Plans internal control over financial reporting. Our audits included |
| consideration of internal control over financial reporting as a basis for designing audit |
| procedures that are appropriate in the circumstances, but not for the purpose of expressing an |
| opinion on the effectiveness of the Plans internal control over financial reporting. Accordingly, |
| we express no such opinion. An audit also includes examining, on a test basis, evidence |
| supporting the amounts and disclosures in the financial statements, assessing the accounting |
| principles used and significant estimates made by management, and evaluating the overall |
| financial statement presentation. We believe that our audits provide a reasonable basis for our |
| opinion. |
|  |
| In our opinion, the financial statements referred to above present fairly, in all material respects, |
| the net assets available for benefits of the Plan at December 31, 2009 and 2008, and the changes |
| in its net assets available for benefits for the years then ended, in conformity with U.S. generally |
| accepted accounting principles. |
|  |
| Our audits were performed for the purpose of forming an opinion on the financial statements |
| taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of |
| December 31, 2009, is presented for purposes of additional analysis and is not a required part of |
| the financial statements but is supplementary information required by the Department of Labors |
| Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income |
| Security Act of 1974. This supplemental schedule is the responsibility of the Plans management. |
| The supplemental schedule has been subjected to the auditing procedures applied in our audits of |
| the financial statements and, in our opinion, is fairly stated in all material respects in relation to |
| the financial statements taken as a whole. |
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| /s/ Ernst & Young LLP |
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| June 29, 2010 |
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| The Principal Select Savings Plan for Employees | | |
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| Statements of Net Assets Available for Benefits | | |
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|  | | |
|  | **December 31** | |
|  | **2009** | **2008** |
| **Assets** |  |  |
| Investments: |  |  |
| Unallocated investment options, at fair value: |  |  |
| Guaranteed interest accounts | **$      51,968,974** | $     52,824,799 |
| Separate accounts of insurance company | **927,833,298** | 750,825,585 |
| Principal Financial Group, Inc. ESOP | **60,280,300** | 45,034,534 |
| Notes receivable from participants | **18,460,785** | 18,210,049 |
| Total invested assets | **1,058,543,357** | 866,894,967 |
|  | | |
| Contribution receivable from Principal Life Insurance |  |  |
| Company | **184** |  |
| Net assets available for benefits | **$  1,058,543,541** | $   866,894,967 |
|  | | |
| *See accompanying notes.* |  |  |

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| The Principal Select Savings Plan for Employees | | |
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| Statements of Changes in Net Assets Available for Benefits | | |
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|  | **Year Ended December 31** | |
|  | **2009** | **2008** |
| Investment income (loss): |  |  |
| Interest | **$      2,910,678** | $      3,361,323 |
| Dividends | **1,220,564** | 735,118 |
| Net realized and unrealized appreciation (depreciation) in |  |  |
| aggregate value of investments | **162,845,311** | (438,848,550) |
| Total investment income (loss) | **166,976,553** | (434,752,109) |
|  | | |
| Contributions: |  |  |
| Principal Life Insurance Company | **30,701,738** | 37,210,263 |
| Employees | **60,834,331** | 75,430,533 |
| Transfers from affiliated and unaffiliated plans, net | **** | 391,098 |
| Total contributions | **91,536,069** | 113,031,894 |
|  | **258,512,622** | (321,720,215) |
|  | | |
| Deductions: |  |  |
| Benefits paid to participants | **66,015,483** | 58,166,064 |
| Transfers to affiliated and unaffiliated plans, net | **536,219** |  |
| Administrative expenses | **312,346** | 220,093 |
| Total deductions | **66,864,048** | 58,386,157 |
| Net increase (decrease) | **191,648,574** | (380,106,372) |
|  | | |
| Net assets available for benefits at beginning of year | **866,894,967** | 1,247,001,339 |
| Net assets available for benefits at end of year | **$ 1,058,543,541** | $  866,894,967 |
|  | | |
| *See accompanying notes.* |  |  |

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| The Principal Select Savings Plan for Employees |
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| Notes to Financial Statements |
|  |
| December 31, 2009 |
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|  |
| **1. Significant Accounting Policies** |
|  |
| The accounting records of The Principal Select Savings Plan for Employees (the Plan) are |
| maintained on the accrual basis of accounting. |
|  |
| **Valuation of Investments** |
|  |
| The unallocated investment options consist of guaranteed interest accounts under a guaranteed |
| benefit policy (described in ERISA 401(b)) and separate accounts (described in ERISA 3(17)) of |
| insurance company; Principal Life Insurance Company (Principal Life). The guaranteed interest |
| accounts and separate accounts are reported at fair value as determined by Principal Life. The |
| Principal Financial Group Inc. ESOP, which consists of common stock of Principal Financial |
| Group, Inc., the ultimate parent of Principal Life, is reported at the quoted closing market price |
| of the stock on the last business day of the Plan year. |
|  |
| These unallocated investment options are non-benefit-responsive and are valued at fair value. |
| The guaranteed interest accounts fair value is the amount plan participants would receive |
| currently if they were to withdraw or transfer funds within the Plan prior to their maturity for an |
| event other than death, disability, termination, or retirement. This fair value represents |
| guaranteed interest account values adjusted to reflect current market interest rates only to the |
| extent such market rates exceed contract crediting rates. This value represents contributions |
| allocated to the guaranteed interest accounts, plus interest at the contractually guaranteed rate, |
| less funds used to pay Plan benefits and the insurance company's administrative expenses. The |
| separate accounts of insurance company represent contributions invested in domestic and |
| international common stocks, high-quality short-term debt securities, real estate, private market |
| bonds and mortgages, and high-yield fixed-income securities which are slightly below |
| investment grade, all of which are valued at fair value. |
|  |
| The notes receivable from participants are reported at cost (unpaid balances), which |
| approximates fair value. |
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| The Principal Select Savings Plan for Employees |
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| Notes to Financial Statements (continued) |
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| **1. Significant Accounting Policies (continued)** |
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| **Risks and Uncertainties** |
|  |
| The Plan invests in various investment securities. Investment securities are exposed to various |
| risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain |
| investment securities, it is at least reasonably possible that changes in the values of investment |
| securities will occur in the near term and that such changes could materially affect the amounts |
| reported in the statements of net assets available for benefits. |
|  |
| **Use of Estimates** |
|  |
| The preparation of financial statements in conformity with U.S. generally accepted accounting |
| principles requires management to make estimates and assumptions that affect the amounts |
| reported in the financial statements and accompanying notes. Actual results could differ from |
| those estimates. |
|  |
| **New Accounting Pronouncements** |
|  |
| In April 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position |
| 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability* |
| *Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP 157-4)*. |
| FSP 157-4 amended FASB Statement No. 157 (codified as Accounting Standards Codification |
| (ASC) 820) to provide additional guidance on estimating fair value when the volume and level of |
| activity for an asset or liability have significantly decreased in relation to its normal market |
| activity. FSP 157-4 also provided additional guidance on circumstances that may indicate that a |
| transaction is not orderly and on defining major categories of debt and equity securities to |
| comply with the disclosure requirements of ASC 820. The Plan adopted the guidance in FSP |
| 157-4 for the reporting period ended December 31, 2009. Adoption of FSP 157-4 did not have a |
| material effect on the Plans net assets available for benefits or its changes in net assets available |
| for benefits. |
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| The Principal Select Savings Plan for Employees |
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| Notes to Financial Statements (continued) |
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| **1. Significant Accounting Policies (continued)** |
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| In September 2009, the FASB issued Accounting Standards Update 2009-12, *Investments in* |
| *Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2009-12). |
| ASU 2009-12 amended ASC 820 to allow entities to use net asset value (NAV) per share (or its |
| equivalent), as a practical expedient, to measure fair value when the investment does not have a |
| readily determinable fair value and the net asset value is calculated in a manner consistent with |
| investment company accounting. The Plan adopted the guidance in ASU 2009-12 for the |
| reporting period ended December 31, 2009 and has utilized the practical expedient to measure |
| the fair value of investments within the scope of this guidance based on the investments NAV. |
| In addition, as a result of adopting ASU 2009-12, the Plan has provided additional disclosures |
| regarding the nature and risks of investments within the scope of this guidance. Refer to Note 5 |
| for these disclosures. Adoption of ASU 2009-12 did not have a material effect on the Plans net |
| assets available for benefits or its changes in net assets available for benefits. |
|  |
| In January 2010, the FASB issued Accounting Standards Update 2010-06, *Improving* |
| *Disclosures about Fair Value Measurements,* (ASU 2010-06). ASU 2010-06 amended ASC 820 |
| to clarify certain existing fair value disclosures and require a number of additional disclosures. |
| The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each |
| class of assets and liabilities measured at fair value and provided guidance on how to |
| determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also |
| clarified the requirement for entities to disclose information about both the valuation techniques |
| and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU |
| 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for |
| any significant transfers between Levels 1, 2 and 3 of the fair value hierarchy and present |
| information regarding the purchases, sales, issuances and settlements of Level 3 assets and |
| liabilities on a gross basis. With the exception of the requirement to present changes in Level 3 |
| measurements on a gross basis, which is delayed until 2011, the guidance in ASU 2010-06 |
| becomes effective for reporting periods beginning after December 15, 2009. |
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| The Principal Select Savings Plan for Employees |
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| Notes to Financial Statements (continued) |
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| **2. Description of the Plan** |
|  |
| The Plan is a defined contribution plan (401(k) plan) that was established January 1, 1985. The |
| Plan is available to substantially all employees of Principal Life or its subsidiaries (the |
| Company). On January 1, 2006, Principal Life made several changes to the retirement program. |
| Employees who were age 47 or older with at least ten years of service on December 31, 2005, |
| could elect to retain the prior benefit provisions under the qualified defined benefit retirement |
| Plan and the 401(k) Plan and forgo receipt of the additional benefits offered by amendments to |
| Principal Lifes 401(k). The employees who elected to retain the prior benefit provisions are |
| referred to as Grandfathered Choice Participants. Matching contributions for participants other |
| than Grandfathered Choice Participants were increased from 50% to 75% of deferrals, with the |
| maximum matching deferral increasing from 6% to 8%. Participants are eligible for immediate |
| entry into the Plan with vesting at 100% after three years. The funds accumulate along with |
| interest and investment return and are available for withdrawal by participants at retirement, |
| termination, or when certain withdrawal specifications are met. The participants may also obtain |
| loans of their vested accrued benefit, subject to certain limitations described in the Plan |
| document. The federal and state income taxes of the participant are deferred on the contributions |
| until the funds are withdrawn from the Plan. |
|  |
| At December 31, 2009 and 2008, forfeited nonvested account balances totaled $44,761 and |
| $552,625, respectively. In 2009 and 2008, employer contributions were reduced by $2,590,822 |
| and $1,564,538, respectively, from forfeited nonvested accounts. |
|  |
| Although it has not expressed any intent to do so, the Company has the right to terminate the |
| Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 |
| (ERISA). In the event of Plan termination, participants will become fully vested in their |
| accounts. |
|  |
| Information about the Plan agreement, eligibility, and benefit provisions is contained in the |
| Summary Plan Description. Copies of the Summary Plan Description are available from the |
| Benefit Administration Department or the Intranet. |
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| The Principal Select Savings Plan for Employees |
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| Notes to Financial Statements (continued) |
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| **3. Income Tax Status** |
|  |
| The Plan has received a determination letter from the Internal Revenue Service (the IRS) dated |
| February 28, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue |
| Code (the Code), and therefore, the related trust is exempt from taxation. Subsequent to this |
| determination by the IRS, the Plan was amended and restated. Once qualified, the Plan is |
| required to operate in conformity with the terms of the Plan document and the Code to maintain |
| its qualification. The Plan sponsor intends to operate the Plan in conformity with the provisions |
| of the Plan document and the Code. The Plan sponsor acknowledges that inadvertent errors may |
| occur in the operation of the Plan. If such inadvertent errors occur, the Plan sponsor represents |
| that it will take the necessary steps to bring the Plans operations into compliance with the Code, |
| including voluntarily and timely correcting such errors in accordance with procedures |
| established by the IRS. |
|  |
| **4. Investments** |
|  |
| Contributions are invested in unallocated guaranteed interest accounts supported by the general |
| account of insurance company (a pooled account invested primarily in fixed income securities |
| having a range of maturities); in separate accounts of insurance company, the portfolios of which |
| are primarily invested in domestic and international common stocks, high-quality short-term debt |
| securities, real estate, private market bonds and mortgages, and high-yield fixed-income |
| securities which are slightly below investment grade, as appropriate for each separate account; |
| and The Principal Financial Group Inc. ESOP, which consists of common stock of Principal |
| Financial Group, Inc., the ultimate parent of Principal Life. Participants elect the investment(s) in |
| which to have their contributions invested. |
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| The Principal Select Savings Plan for Employees | | |
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| Notes to Financial Statements (continued) | | |
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| **4. Investments (continued)** |  |  |
|  | | |
| The following presents investment that represent 5% or more of the Plans net assets available | | |
| for benefits in 2009 and 2008. Principal Life is a party in interest with respect to these | | |
| investments. |  |  |
|  | | |
|  | **December 31** | |
|  | **2009** | **2008** |
|  | | |
| Diversified International Separate Account | **$  89,803,495** | $  70,448,118 |
| Large-Cap Stock Index Separate Account | **82,394,133** | 64,065,482 |
| International Emerging Markets Separate Account | **82,278,171** | 45,607,591 |
| Bond and Mortgage Separate Account | **71,326,432** | 56,932,329 |
| U.S. Property Separate Account | **70,014,680** | 97,825,182 |
| Money Market Separate Account | **69,773,529** | 72,857,964 |
| Small-Cap Stock Index Separate Account | **62,209,141** | 48,923,664 |
| Principal Financial Group, Inc. ESOP | **60,280,300** | 45,034,534 |
| Guaranteed Interest Accounts | **\*** | 52,824,799 |
|  | | |
| \*Less than 5% of the fair value of net assets available for benefits at respective date. | | |
|  | | |
| During 2009 and 2008, the Plans investments that are related to Principal Life (depreciated) | | |
| appreciated in value by $162,845,311 and $(438,848,550), respectively, as follows: | | |
|  | | |
|  | **Year Ended December 31** | |
|  | **2009** | **2008** |
|  | | |
| Guaranteed interest accounts | **$      (332,450)** | $          122,313 |
| Separate accounts of insurance company | **147,329,049** | (384,805,975) |
| Principal Financial Group, Inc. ESOP | **15,848,712** | (54,164,888) |
|  | **$ 162,845,311** | $ (438,848,550) |
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| The Principal Select Savings Plan for Employees | |
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| Notes to Financial Statements (continued) | |
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| **5. Fair Value of Financial Instruments** | |
|  | |
| **Valuation Hierarchy** | |
|  | |
| Fair value is defined as the price that would be received to sell an asset in an orderly transaction | |
| between market participants at the measurement date (an exit price). The fair value hierarchy | |
| prioritizes the inputs to valuation techniques used to measure fair value into three levels. | |
|  | |
|  | Level 1  Fair values are based on unadjusted quoted prices in active markets for |
|  | identical assets. Our Level 1 assets include the Principal Financial Group, Inc. ESOP. |
|  | |
|  | Level 2  Fair values are based on inputs other than quoted prices within Level 1 that are |
|  | observable for the asset, either directly or indirectly. Our Level 2 assets are separate |
|  | accounts of insurance company and all transactions are being transacted at the NAV price |
|  | at the day of the transaction. |
|  | |
|  | Level 3  Fair values are based on significant unobservable inputs for the asset. Our |
|  | Level 3 assets include guaranteed interest accounts, real estate separate accounts of the |
|  | insurance company, and notes receivable from participants. |
|  | |
| **Determination of Fair Value** | |
|  | |
| The following discussion describes the valuation methodologies used for assets measured at fair | |
| value on a recurring basis. The techniques utilized in estimating the fair values of financial | |
| instruments are reliant on the assumptions used. Care should be exercised in. deriving | |
| conclusions based on the fair value information of financial instruments presented below. | |
|  | |
| Fair value estimates are made at a specific point in time, based on available market information | |
| and judgments about the financial instrument. Such estimates do not consider the tax impact of | |
| the realization of unrealized gains or losses. In addition, the disclosed fair value may not be | |
| realized in the immediate settlement of the financial instrument. We did not make any significant | |
| changes to our valuation processes during 2009. | |
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|  |
| The Principal Select Savings Plan for Employees |
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| Notes to Financial Statements (continued) |
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| **5. Fair Value of Financial Instruments (continued)** |
|  |
| *Guaranteed Interest Accounts* |
|  |
| The guaranteed interest accounts cannot be sold to a third party, thus, the only option to exit the |
| guaranteed interest accounts is to withdraw the funds prior to maturity. The fair value of the |
| account is the value paid when funds are withdrawn prior to their maturity. If the applicable |
| interest rate is greater than the interest rate on the account, the fair value is the contract value |
| reduced by a percentage. This percentage is equal to the difference between the applicable |
| interest rate and the interest rate on the account, multiplied by the number of years (including |
| fractional parts of a year) until the maturity date. |
|  |
| *Separate Accounts of Insurance Company* |
|  |
| Net asset value (NAV) of each of the separate accounts is calculated in a manner consistent with |
| U.S. GAAP for investment companies and is determinative of their fair value and represents the |
| price at which the Plan would be able to initiate a transaction. Several of the separate accounts |
| invest in publicly quoted mutual funds or actively managed stocks. The fair value of the |
| underlying mutual funds or stock is used to determine the NAV of the separate account, which is |
| not publicly quoted. Some of the separate accounts also invest in fixed income securities. The |
| fair value of the underlying securities is based on quoted prices of similar assets and used to |
| determine the NAV of the separate account. One separate account invests in real estate, for |
| which the fair value of the underlying real estate is based on unobservable inputs and used to |
| determine the NAV of the separate account. The fair value of the underlying real estate is |
| estimated using discounted cash flow valuation models that utilize public real estate market data |
| inputs such as transaction prices, market rents, vacancy levels, leasing absorption, market cap |
| rates and discount rates. In addition, each property is appraised annually by an independent |
| appraiser. Currently, this specific separate account has a temporary withdrawal limitation related |
| to turmoil in the credit markets that resulted in a sharp slowdown in the sale of commercial real |
| estate assets. The uncertain environment led to significantly increased requests for withdrawals. |
| To allow for orderly administration and management benefiting all separate account investors, |
| Principal Life implemented a pre-existing contractual limitation to delay withdrawal requests. |
| Currently, certain, high need payments, such as death, disability, certain eligible retirements, and |
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|  |
| The Principal Select Savings Plan for Employees |
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| Notes to Financial Statements (continued) |
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| **5. Fair Value of Financial Instruments (continued)** |
|  |
| hardship withdrawals, are not subject to the withdrawal limitation. Other withdrawal requests are |
| subject to the limitation until certain liquidity levels are achieved, mainly via proceeds from sales |
| of underlying properties, rents from tenants and new investor contributions. Since the inception |
| of the withdrawal limitation, all sources of cash are first used to satisfy cash requirements at the |
| properties, meet debt maturities, maintain compliance with debt covenants and meet upcoming |
| separate account obligations. Outstanding withdrawal requests will be paid in multiple payments. |
| Except for certain de minimis payments, payments will be made proportionately among all other |
| outstanding withdrawal requests, based upon available liquidity*.* All withdrawals are being |
| transacted at the NAV price at the date of distribution. Currently, there is no estimate of when |
| this restriction will end. The restriction has been in place since September 26, 2008. |
|  |
| Principal Financial Group, Inc. ESOP |
|  |
| The Principal Financial Group Inc. ESOP, which consists of common stock of Principal |
| Financial Group, Inc., the ultimate parent of Principal Life, is reported at the quoted closing |
| market price on the last business day of the Plan year. |
|  |
| *Notes Receivable from Participants* |
|  |
| Participant loans are reported at unpaid balances which approximates fair value. There is no |
| existing external exit market for these loans as all transactions are restricted to participants. |
| These loans cannot be assumed or sold to outside parties. There is no credit risk involved with |
| these loans as any participant defaults are deemed taxable distributions to the participant. |
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| The Principal Select Savings Plan for Employees | | | | |
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| Notes to Financial Statements (continued) | | | | |
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| **5. Fair Value of Financial Instruments (continued)** | | |  |  |
|  | | | | |
| **Assets and Liabilities Measured at Fair Value on a Recurring Basis** | | | |  |
|  | | | | |
| Assets and liabilities measured at fair value on a recurring basis as of 2009 and 2008 are | | | | |
| summarized below. |  |  |  |  |
|  | | | | |
|  |  | **As of December 31, 2009** | |  |
|  | **Assets Measured** | **Fair Value Hierarchy Level** | | |
|  | **at Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| **Assets** |  |  |  |  |
| Guaranteed interest account | **$ 51,968,974** | **$ ** | **$ ** | **$ 51,968,974** |
| Separate accounts of insurance |  |  |  |  |
| company: |  |  |  |  |
| Fixed income security | **153,836,579** | **** | **153,836,579** | **** |
| Lifetime balanced asset |  |  |  |  |
| allocation | **131,406,126** | **** | **131,406,126** | **** |
| U.S. large cap equity | **219,973,540** | **** | **219,973,540** | **** |
| U.S. small/mid cap equity | **180,520,707** | **** | **180,520,707** | **** |
| U.S. real estate | **70,014,680** | **** | **** | **70,014,680** |
| International equity | **172,081,666** | **** | **172,081,666** | **** |
| Principal Financial Group, Inc. |  |  |  |  |
| ESOP | **60,280,300** | **60,280,300** | **** | **** |
| Notes receivable from participants | **18,460,785** | **** | **** | **18,460,785** |
| Total assets | **$ 1,058,543,357** | **$ 60,280,300** | **$ 857,818,618** | **$ 140,444,439** |
|  | | | | |
|  |  | **As of December 31, 2008** | |  |
|  | **Assets Measured** | **Fair Value Hierarchy Level** | | |
|  | **at Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| **Assets** |  |  |  |  |
| Guaranteed interest account | $ 52,824,799 | $  | $  | $ 52,824,799 |
| Separate accounts of insurance |  |  |  |  |
| company | 750,825,585 |  | 653,000,404 | 97,825,181 |
| Principal Financial Group, Inc. |  |  |  |  |
| ESOP | 45,034,534 | 45,034,534 |  |  |
| Notes receivable from participants | 18,210,049 |  |  | 18,210,049 |
| Total assets | $ 866,894,967 | $ 45,034,534 | $ 653,000,404 | $ 168,860,029 |
|  | | | | |
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| The Principal Select Savings Plan for Employees | | | | | | | |
|  | | | | | | | |
| Notes to Financial Statements (continued) | | | | | | | |
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|  | | | | | | | |
|  | | | | | | | |
| **5. Fair Value of Financial Instruments (continued)** | | | |  |  |  |  |
|  | | | | | | | |
|  | | | | | | | |
| **Changes in Level 3 Fair Value Measurements** | | |  |  |  |  |  |
|  | | | | | | | |
|  | | | | | | | |
| The reconciliation for all assets and liabilities measured at fair value on a recurring basis using | | | | | | | |
| significant unobservable inputs (Level 3) for the years ended December 31, 2009 and 2008, are | | | | | | | |
| as follows: |  |  |  |  |  |  |  |
|  | | | | | | | |
|  | | | | | | | |
|  |  | **Year Ended December 31, 2009** | | |  |  | **Changes in** **Unrealized** **Gains (Losses)** **Included in** **Statements of** **Changes in Net** **Assets Available** **for Benefits** **Relating to** **Positions Still** **Held** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  | **Total Realized/** **Unrealized** **Appreciation** **(Depreciation)** | **Purchases,** **Sales,** **Issuances, and** **Settlements \*\*** |  |  | **Ending Asset** **Balance as of** **December 31,** **2009** |
|  | **Beginning Asset**             **Balance as of**             **January 1, 2009** | **Transfers** **in (Out) of** **Level 3** | |
|  |
|  |
| **Assets** |  |  |  |  |  |  |  |
| Guaranteed interest |  |  |  |  |  |  |  |
| accounts | **$ 52,824,799** | **$ 1,286,114** | **$ (2,141,939)** | **$              ** | | **$ 51,968,974** | **$      (332,450)** |
| U.S. real estate | **97,825,181** | **(31,394,776)** | **3,584,275** |  | **** | **70,014,680** | **(31,609,265)** |
| Notes receivable from |  |  |  |  |  |  |  |
| participants | **18,210,049** | **** | **250,736** |  | **** | **18,460,785** | **** |
| Total | **$ 168,860,029** | **$ (30,108,662)** | **$ 1,693,072** | **$              ** | | **$ 140,444,439** | **$ (31,941,715)** |
|  | | | | | | | |
|  | | | | | | | |
|  |  | **Year Ended December 31, 2008** | | |  |  | **Changes in** **Unrealized** **Gains (Losses)** **Included in** **Statements of** **Changes in Net** **Assets Available** **for Benefits** **Relating to** **Positions Still** **Held** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  | **Total Realized/** **Unrealized** **Appreciation** **(Depreciation)** | **Purchases,** **Sales,** **Issuances, and** **Settlements \*\*** |  |  | **Ending Asset** **Balance as of** **December 31,** **2008** |
|  | **Beginning Asset**                   **Balance as of**                  **January 1, 2008** | **Transfers** **in (Out) of** **Level 3** | |
|  |
|  |
| **Assets** |  |  |  |  |  |  |  |
| Guaranteed interest |  |  |  |  |  |  |  |
| accounts | $ 47,920,796 | $       1,872,970 | $    3,031,033 | $                    | | $     52,824,799 | $             122,313 |
| Separate accounts of |  |  |  |  |  |  |  |
| insurance company | 131,052,835 | (14,632,918) | (18,594,736) |  |  | 97,825,181 | (20,842,206) |
| Notes receivable from |  |  |  |  |  |  |  |
| participants | 17,829,131 |  | 380,918 |  |  | 18,210,049 |  |
| Total | $ 196,802,762 | $   (12,759,948) | $ (15,182,785) | $                    | | $   168,860,029 | $      (20,719,893) |
|  | | | | | | | |
|  | | | | | | | |
| \*\* Includes interest, contributions, transfers from affiliated and unaffiliated plans, transfers to other investments via participant direction, | | | | | | | |
| benefits paid to participants, and administrative expenses. | | |  |  |  |  |  |
|  | | | | | | | |
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|  |
| The Principal Select Savings Plan for Employees |
|  |
| Notes to Financial Statements (continued) |
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|  |
| **6. Notes Receivable From Participants** |
|  |
| The Plan document provides for loans to active participants, which are considered a participant- |
| directed investment of his/her account. The loan is a Plan investment but only the borrowing |
| participants account shall share in the interest paid on the loan or bear any expense or loss |
| incurred because of the loan. The rate of interest is 2% higher than the Federal Reserve Bank |
| Prime Loan rate at the time of the loan. The rate is set the day a loan is approved, and the rate |
| for the loans issued in 2009 and 2008 ranged from 5.25% to 9.25%. The notes receivable balance |
| was reduced by $2,213,491 and $1,180,708 in 2009 and 2008, respectively, for terminated |
| participants that received their account balance, net of the outstanding loans, as a benefit |
| distribution. |
|  |
| **7. Transactions With Party in Interest** |
|  |
| In addition to the transactions with parties in interest discussed in Notes 4 and 5, Principal Life |
| provides recordkeeping services to the Plan and receives fees, which are paid through revenue |
| generated by Plan investments, for those services. Principal Life may pay other Plan expenses |
| from time to time. |
|  |
| **8. Form 5500** |
|  |
| Certain line items of net asset additions and deductions in the 2009 and 2008 Forms 5500 differ |
| from similar classifications in the accompanying financial statements. However, such differences |
| are not considered material and create no differences in net asset balances at December 31, 2009 |
| and 2008. |
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| The Principal Select Savings Plan for Employees | | | |
|  |  |  |  |
|  | EIN: 42-0127290 | Plan Number: 003 |  |
|  | | | |
| Schedule H, Line 4i  Schedule of Assets | | | |
| (Held at End of Year) | | | |
|  | | | |
| December 31, 2009 | | | |
|  | | | |
| **Identity of Issue** | **Description of Investment** | | **Current Value** |
|  |  |  |  |
| Principal Life Insurance |  |  |  |
| Company\* | Deposits in guaranteed interest accounts | | $ 51,968,974 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Small-Cap Value II | |  |
| Company\* | Separate Account |  | 10,371,709 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Large Company | |  |
| Company\* | Growth Separate Account | | 35,763,247 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Money Market | |  |
| Company\* | Separate Account |  | 69,773,529 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company U.S. Property | |  |
| Company\* | Separate Account |  | 70,014,680 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Bond and Mortgage | |  |
| Company\* | Separate Account |  | 71,326,432 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Diversified | |  |
| Company\* | International Separate Account | | 89,803,495 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Large-Cap Stock | |  |
| Company\* | Index Separate Account | | 82,394,133 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Government and High | |  |
| Company\* | Quality Bond Separate Account | | 12,736,618 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Medium Company | |  |
| Company\* | Blend Separate Account | | 52,910,593 |
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| The Principal Select Savings Plan for Employees | | | |
|  |  |  |  |
|  | EIN: 42-0127290 | Plan Number: 003 |  |
|  | | | |
| Schedule H, Line 4i  Schedule of Assets | | | |
| (Held at End of Year) (continued) | | | |
|  | | | |
|  | | | |
| **Identity of Issue** | **Description of Investment** | | **Current Value** |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company International | |  |
| Company\* | Emerging Markets Separate Account | | $ 82,278,171 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Large Company | |  |
| Company\* | Value Separate Account | | 12,084,911 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Partner Large-Cap | |  |
| Company\* | Blend I Separate Account | | 39,304,219 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Partner Large-Cap | |  |
| Company\* | Growth I Separate Account | | 13,428,403 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Lifetime Strategic | |  |
| Company\* | Income Separate Account | | 4,923,295 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Partner Mid-Cap | |  |
| Company\* | Growth Separate Account | | 30,107,869 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Partner Small-Cap | |  |
| Company\* | Growth II Separate Account | | 24,921,395 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Small-Cap Stock | |  |
| Company\* | Index Separate Account | | 62,209,141 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Partner Large-Cap | |  |
| Company\* | Value Separate Account | | 27,553,165 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Principal Financial | |  |
| Company\* | Group, Inc. Stock Separate Account | | 9,445,462 |
|  | | | |
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| The Principal Select Savings Plan for Employees | | | |
|  |  |  |  |
|  | EIN: 42-0127290 | Plan Number: 003 |  |
|  | | | |
| Schedule H, Line 4i  Schedule of Assets | | | |
| (Held at End of Year) (continued) | | | |
|  | | | |
|  | | | |
| **Identity of Issue** | **Description of Investment** | | **Current Value** |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Lifetime 2010 | |  |
| Company\* | Separate Account |  | $ 11,571,106 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Lifetime 2020 | |  |
| Company\* | Separate Account |  | 32,649,046 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Lifetime 2030 | |  |
| Company\* | Separate Account |  | 37,616,099 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Lifetime 2040 | |  |
| Company\* | Separate Account |  | 27,183,533 |
|  |  | |  |
| Principal Life Insurance | Deposits in insurance company Lifetime 2050 | |  |
| Company\* | Separate Account |  | 17,463,047 |
|  |  | |  |
| Principal Financial | 2,507,500 shares of Principal Financial Group, Inc. | |  |
| Group, Inc.\* | ESOP |  | 60,280,300 |
|  |  | |  |
| Various participants | Notes receivable from participants with interest rates | |  |
|  | ranging from 5.25% to 10.50% | | 18,460,785 |
| Total invested assets |  |  | $1,058,543,357 |
|  | |  |  |
| \*Indicates party in interest to the Plan. | |  |  |
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|  |  |  | Page 19 of 22 |

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|  |  |
| SIGNATURE | |
|  | |
|  | |
| Pursuant to the requirements of the Securities Exchange Act of 1934, the administrator of The | |
| Principal Select Savings Plan for Employees has duly caused this annual report to be signed on | |
| its behalf by the undersigned hereunto duly authorized. | |
|  | |
|  | THE PRINCIPAL SELECT SAVINGS PLAN FOR |
|  | EMPLOYEES |
|  | by Benefit Plans Administration Committee |
|  | |
|  | |
| Date: June 29, 2010 | By /s/ Ralph C. Eucher |
|  | Ralph C. Eucher |
|  | Committee Member |
|  | |
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| **Exhibit Index** | | |
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| The following exhibit is filed herewith: | |  |
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|  | Page | |
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| 23 | Consent of Ernst & Young LLP                                                      22 | |
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| Exhibit 23 |
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|  |
| Consent of Independent Registered Public Accounting Firm |
|  |
| We consent to the incorporation by reference in the Registration Statement (Form S-8, No. 333- |
| 72002) pertaining to The Principal Select Savings Plan for Employees of Principal Financial |
| Group, Inc. of our report dated June 29, 2010, with respect to the financial statements and |
| schedule of The Principal Select Savings Plan for Employees included in this Annual Report |
| (Form 11-K) for the year ended December 31, 2009. |
|  |
|  |
| /s/ Ernst & Young, LLP |
|  |
| Des Moines, Iowa |
| June 29, 2010 |
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