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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 Individual Field** | | |
| (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 20 |

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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 Individual Field 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 Individual Field | | | |
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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 | **$       2,915,965** | $     3,613,821 | |
| Separate accounts of insurance company | **117,701,725** |  | 99,359,168 |
| Principal Financial Group, Inc. ESOP | **16,864,037** |  | 12,871,794 |
| Notes receivable from participants | **2,834,515** |  | 2,612,545 |
| Total invested assets | **140,316,242** |  | 118,457,328 |
|  | | | |
| Contribution receivable from Principal Life Insurance |  |  |  |
| Company | **120,897** |  | 124,766 |
| Contributions receivable from participants | **247,592** |  | 216,242 |
| Net assets available for benefits | **$  140,684,731** | $ 118,798,336 | |
|  | | | |
| *See accompanying notes.* |  |  |  |
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| The Principal Select Savings Plan for Individual Field | | | |
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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 | **$         279,260** | $       338,597 | |
| Dividends | **337,543** |  | 189,713 |
| Net realized and unrealized appreciation (depreciation) in |  |  |  |
| aggregate value of investments | **22,871,270** |  | (66,596,717) |
| Total investment income (loss) | **23,488,073** |  | (66,068,407) |
|  | | | |
| Contributions: |  |  |  |
| Principal Life Insurance Company | **3,160,473** |  | 3,989,907 |
| Employees | **7,997,111** |  | 9,195,693 |
| Transfers from affiliated and unaffiliated plans, net | **536,219** |  | 294,917 |
| Total contributions | **11,693,803** |  | 13,480,517 |
|  | **35,181,876** |  | (52,587,890) |
|  | | | |
| Deductions: |  |  |  |
| Benefits paid to participants | **13,261,029** |  | 16,476,968 |
| Administrative expenses | **34,452** |  | 30,484 |
| Total deductions | **13,295,481** |  | 16,507,452 |
| Net increase (decrease) | **21,886,395** |  | (69,095,342) |
|  | | | |
| Net assets available for benefits at beginning of year | **118,798,336** |  | 187,893,678 |
| Net assets available for benefits at end of year | **$  140,684,731** | $ 118,798,336 | |
|  | | | |
| *See accompanying notes.* |  |  |  |
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| The Principal Select Savings Plan for Individual Field |
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| Notes to Financial Statements |
|  |
| December 31, 2009 |
|  |
| **1. Significant Accounting Policies** |
|  |
| The accounting records of The Principal Select Savings Plan for Individual Field (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 pools of 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. |
|  |
| **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. |
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|  |
| The Principal Select Savings Plan for Individual Field |
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| Notes to Financial Statements (continued) |
|  |
| **1. Significant Accounting Policies (continued)** |
|  |
| **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. |
|  |
| 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. |
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| The Principal Select Savings Plan for Individual Field |
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| Notes to Financial Statements (continued) |
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| **1. Significant Accounting Policies (continued)** |
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| 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. |
|  |
| **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 field management and agents holding a Career Agent |
| Contract from Principal Life (the Company). On January 1, 2006, Principal Life made several |
| changes to the retirement program. Participants 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 participants who elected to retain |
| the prior benefit provisions are referred to as Grandfathered Choice Participants. Matching |
| contributions for participants other than the 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 upon contract effective date 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 |
| hardship 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. |
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| The Principal Select Savings Plan for Individual Field |
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| Notes to Financial Statements (continued) |
|  |
| **2. Description of the Plan (continued)** |
|  |
| At December 31, 2009 and 2008, forfeited nonvested account balances totaled $10,267 and |
| $105,139, respectively. In 2009 and 2008, employer contributions were reduced by $587,648 and |
| $325,054, respectively, from 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. |
|  |
| **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. |
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| The Principal Select Savings Plan for Individual Field | | |
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| Notes to Financial Statements (continued) | | |
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| **4. Investments** |  |  |
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| 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. |  |  |
|  | | |
| The following presents investments 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** |
|  | | |
| Principal Financial Group, Inc. ESOP | **$    16,864,037** | $    12,871,794 |
| Money Market Separate Account | **14,835,808** | 15,890,573 |
| International Emerging Markets Separate Account | **11,975,630** | 6,688,312 |
| Diversified International Separate Account | **11,132,426** | 9,140,563 |
| U.S. Property Separate Account | **8,133,174** | 11,123,522 |
| Mid-Cap Blend Separate Account | **7,065,216** | \* |
|  | | |
| \*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 $22,871,270 and $(66,596,717), respectively, as follows: | | |
|  | | |
|  | **Year Ended December 31** | |
|  | **2009** | **2008** |
|  | | |
| Guaranteed interest account | **$       (10,452)** | $               8,743 |
| Separate accounts of insurance company | **18,048,529** | (57,703,831) |
| Principal Financial Group, Inc. ESOP | **4,833,193** | (8,901,629) |
|  | **$   22,871,270** | $   (66,596,717) |
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| The Principal Select Savings Plan for Individual Field | |
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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 Individual Field |
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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 |
| 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 |
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|  |
| The Principal Select Savings Plan for Individual Field |
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| Notes to Financial Statements (continued) |
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| **5. Fair Value of Financial Instruments (continued)** |
|  |
| 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 closing quoted |
| 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 Individual Field | | | | |
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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** | **Fair Value Hierarchy Level** | | |
|  | **Measured at** |  |  |  |
|  | **Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| **Assets** |  |  |  |  |
| Guaranteed interest accounts | **$     2,915,965** | **$               ** | **$                   ** | **$     2,915,965** |
| Separate accounts of |  |  |  |  |
| insurance company: |  |  |  |  |
| Fixed income security | **21,617,589** | **** | **21,617,589** | **** |
| Lifetime balanced asset |  |  |  |  |
| allocation | **14,955,713** | **** | **14,955,713** | **** |
| U.S. large cap equity | **25,460,308** | **** | **25,460,308** | **** |
| U.S. small/mid cap equity | **24,426,885** | **** | **24,426,885** | **** |
| U.S. real estate | **8,133,174** | **** | **** | **8,133,174** |
| International equity | **23,108,056** | **** | **23,108,056** | **** |
| Principal Financial Group, |  |  |  |  |
| Inc. ESOP | **16,864,037** | **16,864,037** | **** | **** |
| Notes receivable from |  |  |  |  |
| participants | **2,834,515** | **** | **** | **2,834,515** |
| Total assets | **$ 140,316,242** | **$ 16,864,037** | **$109,568,551** | **$ 13,883,654** |
|  | | | | |
|  |  | **As of December 31, 2008** | |  |
|  | **Assets** | **Fair Value Hierarchy Level** | | |
|  | **Measured at** |  |  |  |
|  | **Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| **Assets** |  |  |  |  |
| Guaranteed interest accounts | $     3,613,821 | $                   | $                   | $          3,613,821 |
| Separate accounts of |  |  |  |  |
| insurance company | 99,359,168 |  | 88,235,646 | 11,123,522 |
| Principal Financial Group, |  |  |  |  |
| Inc. ESOP | 12,871,794 | 12,871,794 |  |  |
| Notes receivable from |  |  |  |  |
| participants | 2,612,545 |  |  | 2,612,545 |
| Total assets | $  118,457,328 | $ 12,871,794 | $   88,235,646 | $         17,349,888 |
|  | | | | |
|  | | | | |
|  | | | | |
|  |  |  |  | Page 13 of 21 |

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| The Principal Select Savings Plan for Individual Field | | | | | | | | |
|  | | | | | | | | |
| 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** |
|  |  |  |  |  | **Purchases,** **Sales,** **Issuances,** **and** **Settlements** **\*\*** |  |  |
|  | **Beginning** **Asset Balance** **as of** **January 1,** **2009** | | **Total** **Realized/** **Unrealized** **Appreciation** **(Depreciation)** | |  |  |
|  |  | **Ending Asset** **Balance as of** **December 31,** **2009** |
|  | **Transfers in** **(Out) of** **Level 3** |
|  |
|  |
| **Assets** |  |  |  |  |  |  |  |  |
| Guaranteed interest accounts | **$       3,613,821** | | **$        89,925** | | **$  (787,781)** | **$          ** | **$ 2,915,965** | **$           (10,452)** |
| U.S. real estate |  | **11,123,522** |  | **(3,585,351)** | **595,003** | **** | **8,133,174** | **(3,630,115)** |
| Notes receivable from |  |  |  |  |  |  |  |  |
| participants |  | **2,612,545** |  | **** | **221,970** | **** | **2,834,515** | **** |
| Total | **$    17,349,888** | | **$   (3,495,426)** | | **$     29,192** | **$          ** | **$ 13,883,654** | **$     (3,640,567)** |
|  | | | | | | | | |
|  |  |  |  | **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** |
|  |  |  |  |  | **Purchases,** **Sales,** **Issuances,** **and** **Settlements** **\*\*** |  |  |
|  | **Beginning**            **Asset Balance**             **as of**             **January 1,**            **2008** | | **Total** **Realized/** **Unrealized** **Appreciation** **(Depreciation)** | |  |  |
|  |  | **Ending Asset** **Balance as of** **December 31,** **2008** |
|  | **Transfers in** **(Out) of** **Level 3** |
|  |
|  |
| **Assets** |  |  |  |  |  |  |  |  |
| Guaranteed interest accounts | $        2,813,830 | | $         116,637 | | $     683,354 | $                  | $     3,613,821 | $               8,743 |
| Separate accounts of insurance | |  |  |  |  |  |  |  |
| company |  | 15,718,644 |  | (1,668,464) | (2,926,658) |  | 11,123,522 | (3,269,220) |
| Notes receivable from |  |  |  |  |  |  |  |  |
| participants |  | 2,766,013 |  |  | (153,468) |  | 2,612,545 |  |
| Total | $       21,298,487 | | $     (1,551,827) | | $  (2,396,772) | $                  | $     17,349,888 | $      (3,260,477) |
|  | | | | | | | | |
| \*\* Includes 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 Individual Field |
|  |
| 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 $418,015 and $249,692 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 Individual Field | | | |
|  |  |  |  |
|  | EIN: 42-0127290 | Plan Number: 004 |  |
|  | | | |
| 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 | | $ 2,915,965 |
|  |  | |  |
| Principal Life | Deposits in insurance company Small-Cap Value II | |  |
| Insurance Company\* | Separate Account |  | 1,868,875 |
|  |  | |  |
| Principal Life | Deposits in insurance company Money Market | |  |
| Insurance Company\* | Separate Account |  | 14,835,808 |
|  |  | |  |
| Principal Life | Deposits in insurance company U.S. Property Separate | |  |
| Insurance Company\* | Account |  | 8,133,174 |
|  |  | |  |
| Principal Life | Deposits in insurance company Bond and Mortgage | |  |
| Insurance Company\* | Separate Account |  | 5,480,460 |
|  |  | |  |
| Principal Life | Deposits in insurance company Diversified | |  |
| Insurance Company\* | International Separate Account | | 11,132,426 |
|  |  | |  |
| Principal Life | Deposits in insurance company Governmental and | |  |
| Insurance Company\* | High Quality Bond Separate Account | | 1,301,321 |
|  |  | |  |
| Principal Life | Deposits in insurance company Medium Company | |  |
| Insurance Company\* | Blend Separate Account | | 7,065,216 |
|  |  | |  |
| Principal Life | Deposits in insurance company Large-Cap Stock Index | |  |
| Insurance Company\* | Separate Account |  | 6,715,057 |
|  |  | |  |
| Principal Life | Deposits in insurance company Partner Large-Cap | |  |
| Insurance Company\* | Blend I Separate Account | | 5,786,758 |
|  | | | |
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|  |  |  | Page 16 of 21 |

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| The Principal Select Savings Plan for Individual Field | | | |
|  |  |  |  |
|  | EIN: 42-0127290 | Plan Number: 004 |  |
|  | | | |
| 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 | Deposits in insurance company Partner Mid-Cap | |  |
| Insurance Company\* | Growth Separate Account | | $ 5,088,411 |
|  |  | |  |
| Principal Life | Deposits in insurance company Small-Cap Stock Index | |  |
| Insurance Company\* | Separate Account |  | 6,566,044 |
|  |  | |  |
| Principal Life | Deposits in insurance company Large Company | |  |
| Insurance Company\* | Growth Separate Account | | 4,222,535 |
|  |  | |  |
| Principal Life | Deposit in insurance company International Emerging | |  |
| Insurance Company\* | Markets Separate Account | | 11,975,630 |
|  |  | |  |
| Principal Life | Deposit in insurance company Principal Financial | |  |
| Insurance Company\* | Group, Inc. Stock Separate Account | | 1,732,194 |
|  |  | |  |
| Principal Life | Deposits in insurance company Partner Large-Cap | |  |
| Insurance Company\* | Value Separate Account | | 3,206,153 |
|  |  | |  |
| Principal Life | Deposits in insurance company Lifetime2010 Separate | |  |
| Insurance Company\* | Account |  | 1,454,845 |
|  |  | |  |
| Principal Life | Deposits in insurance company Lifetime2020 Separate | |  |
| Insurance Company\* | Account |  | 4,232,719 |
|  |  | |  |
| Principal Life | Deposits in insurance company Lifetime2030 Separate | |  |
| Insurance Company\* | Account |  | 3,714,729 |
|  |  | |  |
| Principal Life | Deposits in insurance company Lifetime2040 Separate | |  |
| Insurance Company\* | Account |  | 2,911,807 |
|  | | | |
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| The Principal Select Savings Plan for Individual Field | | | | |
|  |  |  |  |  |
|  | EIN: 42-0127290 | Plan Number: 004 |  |  |
|  | | | | |
| 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 | Deposits in insurance company Lifetime2050 Separate | |  |  |
| Insurance Company\* | Account |  | $ 1,624,513 | |
|  |  | |  |  |
| Principal Life | Deposits in insurance company Large Company Value | |  |  |
| Insurance Company\* | Stock Separate Account | |  | 1,326,088 |
|  |  | |  |  |
| Principal Life | Deposits in insurance company Partner Large-Cap | |  |  |
| Insurance Company\* | Growth I Separate Account | |  | 2,471,523 |
|  |  | |  |  |
| Principal Life | Deposits in insurance company Lifetime Strategic | |  |  |
| Insurance Company\* | Income Separate Account | |  | 1,017,100 |
|  |  | |  |  |
| Principal Life | Deposits in insurance company Partner Small-Cap | |  |  |
| Insurance Company\* | Growth II Separate Account | |  | 3,838,339 |
|  |  | |  |  |
| Principal Financial | 701,499 shares of Principal Financial Group, Inc. | |  |  |
| Group, Inc. | ESOP |  |  | 16,864,037 |
|  |  | |  |  |
| Various participants | Notes receivable from participants with interest rates | |  |  |
|  | ranging from 5.25% to10.25% | |  | 2,834,515 |
| Total invested assets |  |  | $ 140,316,242 | |
|  | |  |  |  |
| \*Indicates party in interest to the Plan. | |  |  |  |
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|  |  |  |  | Page 18 of 21 |

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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 Individual Field has duly caused this annual report to be signed | |
| on its behalf by the undersigned hereunto duly authorized. | |
|  | |
|  | THE PRINCIPAL SELECT SAVINGS PLAN FOR |
| INDIVIDUAL FIELD | |
|  | 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** | | | |
| The following exhibit is filed herewith: | |  |  |
|  |  |  | Page |
|  |  |  |  |
| 23 | Consent of Ernst & Young LLP |  | 21 |
|  | | | |
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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 Individual Field 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 Individual Field 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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