PRINCIPAL FINANCIAL GROUP INC
Form 424B5
May 06, 2015

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Filed Pursuant to Rule 424(b)(5)
Registration Statement Nos. 333-195749
333-195749-04

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
4.700% Senior Notes due 2025	$400,000,000	$46,480
Guarantee of 4.700% Senior Notes due 2025 by Principal Financial Services, Inc.		None(2)

(1) The registration fee of $46,480 is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended (the "Securities Act"). Payment of the registration fee at the time of filing of the registrants' registration statement on Form S-3 filed with the Securities and Exchange Commission on May 7, 2014 (Registration Statement Nos. 333-195749, 333-195749-04), was deferred pursuant to Rules 456(b) and 457(r) of the Securities Act, and is paid herewith. The "Calculation of Registration Fee" table shall be deemed to update the "Calculation of Registration Fee" table in such registration statement.

(2) Pursuant to Rule 457(n) promulgated under the Securities Act, no separate fee is required for the guarantees.

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PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 7, 2014)

$400,000,000

PRINCIPAL FINANCIAL GROUP, INC.

4.700% Fixed-to-Floating Rate Junior Subordinated Notes due 2055
Fully and Unconditionally Guaranteed by

PRINCIPAL FINANCIAL SERVICES, INC.

The 4.700% Fixed-to-Floating Rate Junior Subordinated Notes due 2055 (the "Notes") will bear interest from, and including, the date they are issued to, but excluding, May 15, 2020, at a rate of 4.700% per annum, payable semiannually in arrears on May 15 and November 15 of each year, beginning on November 15, 2015 and ending on May 15, 2020. From, and including, May 15, 2020, the Notes will bear interest at a rate per annum equal to the three-month London Interbank Offered Rate ("LIBOR") determined as described in the section entitled "Description of the Notes Floating-Rate Interest Period" in this prospectus supplement, plus 3.044%, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning on August 15, 2020. So long as no event of default with respect to the Notes has occurred and is continuing, we will have the right at one or more times to defer the payment of interest on the Notes as described in the section entitled "Description of the Notes Option to Defer Interest Payments" in this prospectus supplement for one or more consecutive interest periods that together do not exceed five years. During an extension period (as defined herein), interest will continue to accrue on the Notes, and deferred interest on the Notes will bear additional interest at the annual interest rate then applicable to the Notes.

The Notes will mature on May 15, 2055. Payment of the principal on the Notes will be accelerated only in the case of certain events of bankruptcy, insolvency, reorganization or receivership with respect to us or Principal Financial Services, Inc. and certain events relating to the Subsidiary Guarantee (as defined herein). There is no right of acceleration in the case of default in the payment of interest on the Notes or the performance of any of our other obligations with respect to the Notes.

We may redeem the Notes, in whole but not in part, at any time prior to May 15, 2020, within 90 days after the occurrence of a "rating agency event," at a make-whole redemption price calculated as described in the section entitled "Description of the Notes Redemption" in this prospectus supplement. We may redeem the Notes, in whole but not in part, at any time prior to May 15, 2020, within 90 days after the occurrence of a "tax event" or a "regulatory capital event," at a redemption price equal to the principal amount of the Notes plus accrued and unpaid interest to, but excluding, the Redemption Date (as defined herein). On or after May 15, 2020, we may redeem the Notes, at our option, at any time and from time to time, in whole or in part, at a redemption price equal to the principal amount of the Notes to be redeemed plus accrued and unpaid interest to, but excluding, the Redemption Date.

The Notes will be fully, unconditionally and irrevocably guaranteed (the "Subsidiary Guarantee") by our subsidiary, Principal Financial Services, Inc., which is an intermediary holding company whose assets include all of the outstanding shares of our principal operating companies, including Principal Life Insurance Company.

The Notes will be our junior subordinated unsecured obligations, will rank equally with all of our future equally ranking junior subordinated indebtedness, if any, and will be subordinated and junior in right of payment to all of our existing and future senior indebtedness. The Subsidiary Guarantee will be a junior subordinated unsecured obligation of Principal Financial Services, Inc., will rank equally with all of Principal Financial Services, Inc.'s future equally ranking junior subordinated indebtedness, if any, and will be subordinated and junior in right of payment to all of its existing and future senior indebtedness.

The Notes are a new issue of securities with no established trading market. The Notes will not be listed on any securities exchange or included in any automated quotation system.

We are concurrently offering senior notes by means of a separate prospectus supplement (the "concurrent offering"). The senior notes being offered in the concurrent offering (and the related guarantee of those senior notes by Principal Financial Services, Inc.) will constitute senior indebtedness and, therefore, will rank senior in right of payment to the Notes and the Subsidiary Guarantee offered hereby. The offering of the Notes is not conditioned on the completion of the concurrent offering, and vice versa. There can be no assurance that the concurrent offering will be completed.

Investing in the Notes involves risks. See the section entitled "Risk Factors" beginning on page S-7 of this prospectus supplement and the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in the Notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public Offering Price(1)	100.000%	$400,000,000
Underwriting Discounts	1.000%	$4,000,000
Proceeds to Principal Financial Group, Inc. (before expenses)	99.000%	$396,000,000

(1) Plus accrued interest, if any, from May 7, 2015 if settlement occurs after that date.

The underwriters expect to deliver the Notes only in book-entry form through the facilities of The Depository Trust Company ("DTC") for the accounts of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme*, against payment therefor, in New York, New York on or about May 7, 2015.

Joint Book-Running Managers

BofA Merrill Lynch **HSBC** **Wells Fargo Securities**

Barclays **Deutsche Bank Securities** **Goldman, Sachs & Co.**

Co-Managers

BNP PARIBAS **The Williams Capital Group, L.P.**

May 4, 2015

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You should rely only on the information contained in this prospectus supplement, any related free writing prospectus issued by us (which we refer to as a "company free writing prospectus"), the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus or to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement, any related company free writing prospectus and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus supplement, any related company free writing prospectus and the accompanying prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus supplement, any related company free writing prospectus and the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Neither the delivery of this prospectus supplement, any related company free writing prospectus and the accompanying prospectus nor any distribution of securities pursuant to this prospectus supplement and the accompanying prospectus shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated by reference into this prospectus supplement, any related company free writing prospectus and the accompanying prospectus or in our affairs since the date of this prospectus supplement. Our business, financial condition, results of operations and prospects may have changed since that date.

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This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of Notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

Unless otherwise indicated, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to "Principal," the "Company," "we," "us" and "our" or similar terms are to Principal Financial Group, Inc. and its subsidiaries, references to "Principal Financial Services" and the "Subsidiary Guarantor" are to Principal Financial Services, Inc., and references to "Principal Life" are to Principal Life Insurance Company.

We are offering to sell the Notes only in those jurisdictions in the United States, and may offer the Notes in those jurisdictions in Europe, Asia and elsewhere, where it is lawful to make such offers. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. See the section entitled "Underwriting (Conflicts of Interest)" in this prospectus supplement.

You should read this entire prospectus supplement carefully, including the section entitled "Risk Factors," our consolidated financial statements and the related notes thereto and the other information incorporated by reference into this prospectus supplement and the accompanying prospectus and any related company free writing prospectus, before making an investment decision.

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FORWARD-LOOKING STATEMENTS

Some of the statements contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and in the accompanying prospectus may be forward-looking statements, including any statements about our projected financial condition and results of operations, future business operations or strategies, financing plans, competitive position, potential growth opportunities or the effects of competition and of future legislation or regulations. These statements can be identified by the use of forward-looking language such as "will likely result," "may," "should," "expects," "plans," "anticipates," "estimates," "projects," "intends," or the negative of these terms or other similar words or expressions. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and include estimates and assumptions related to economic, competitive and legislative developments. These forward-looking statements are subject to change and uncertainty which are, in many instances, beyond our control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon us. There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on us will be those anticipated by management. Actual results could differ materially from those expected by us, depending on the outcome of various factors. These factors include:

- adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs as well as our access to capital and cost of capital;

- conditions in the global capital markets and the economy generally may materially and adversely affect our business and results of operations;

- continued volatility or declines in the equity, bond or real estate markets could reduce our assets under management ("AUM") and may result in investors withdrawing from the markets or decreasing their rates of investment, all of which could reduce our revenues and net income;

- changes in interest rates or credit spreads or a sustained low interest rate environment may adversely affect our results of operations, financial condition and liquidity, and our net income can vary from period-to-period;

- our investment portfolio is subject to several risks that may diminish the value of our invested assets and the investment returns credited to customers, which could reduce our sales, revenues, AUM and net income;

- our valuation of investments and the determinations of the amount of allowances and impairments taken on our investments may include methodologies, estimations and assumptions which are subject to differing interpretations and, if changed, could materially adversely affect our results of operations or financial condition;

- any impairments of or valuation allowances against our deferred tax assets could adversely affect our results of operations and financial condition;

- we may face losses if our actual experience differs significantly from our pricing and reserving assumptions;

- the pattern of amortizing our deferred acquisition costs ("DAC") and other actuarial balances on our universal life-type insurance contracts, participating life insurance policies and certain investment contracts may change, impacting both the level of the DAC and other actuarial balances and the timing of our net income;

- we may not be able to protect our intellectual property and may be subject to infringement claims;

our ability to pay stockholder dividends and meet our obligations may be constrained by the limitations on dividends Iowa insurance laws impose on Principal Life;

changes in laws or regulations may reduce our profitability;

changes in accounting standards may reduce the transparency of our reported profitability and financial condition;

results of litigation and regulatory investigations may affect our financial strength or reduce our profitability;

from time to time we may become subject to tax audits, tax litigation or similar proceedings, and as a result we may owe additional taxes, interest and penalties in amounts that may be material;

applicable laws and our certificate of incorporation and by-laws may discourage takeovers and business combinations that some stockholders might consider in their best interests;

competition from companies that may have greater financial resources, broader arrays of products, higher ratings and stronger financial performance may impair our ability to retain existing customers, attract new customers and maintain our profitability;

a downgrade in our financial strength or credit ratings may increase policy surrenders and withdrawals, reduce new sales and terminate relationships with distributors, impact existing liabilities and increase our cost of capital, any of which could adversely affect our profitability and financial condition;

guarantees within certain of our products that protect policyholders may decrease our earnings or increase the volatility of our results of operations or financial position under U.S. generally accepted accounting principles ("U.S. GAAP") if our hedging or risk management strategies prove ineffective or insufficient;

if we are unable to attract and retain qualified employees and sales representatives and develop new distribution sources, our results of operations, financial condition and sales of our products may be adversely impacted;

our international businesses face political, legal, operational and other risks that could reduce our profitability in those businesses;

we may need to fund deficiencies in our closed block assets;

a pandemic, terrorist attack, military action or other catastrophic event could adversely affect our net income;

our reinsurers could default on their obligations or increase their rates, which could adversely impact our net income and financial condition;

we face risks arising from acquisitions of businesses;

- a computer system failure or security breach could disrupt our business, damage our reputation and adversely impact our profitability;

- loss of key vendor relationships or failure of a vendor to protect information of our customers or employees could adversely affect our business or result in losses; and

- our financial results may be adversely impacted by global climate changes.

Additional information concerning these and other factors is contained in our filings with the Securities and Exchange Commission (the "SEC"), including but not limited to our Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Form 10-K"), incorporated by reference in this prospectus supplement and the accompanying prospectus, and the risk factors or uncertainties

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listed in the section entitled "Risk Factors" in this prospectus supplement and in the 2014 Form 10-K and in the other documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

We undertake no obligation to update publicly these forward-looking statements to reflect new information, future events or otherwise.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before deciding to invest in the Notes. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the section entitled "Risk Factors" in this prospectus supplement and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, which contain our consolidated financial statements and the related notes.

Principal Financial Group, Inc.

Principal Financial Group, Inc. is a global investment management leader offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement, asset management and insurance through our diverse family of financial services companies. We had $530.3 billion in AUM and approximately 19.9 million customers worldwide as of March 31, 2015.

We primarily focus on small- and medium-sized businesses, which we define as companies with fewer than 1,000 employees, providing a broad array of retirement and employee benefit solutions to meet the needs of the business, the business owner and their employees. We are a leading provider of corporate defined contribution plans in the U.S. We are also the leading employee stock ownership plan consultant. In addition, we are a leading provider of nonqualified plans, defined benefit plans and plan termination annuities. We are also one of the largest providers of specialty benefits insurance product solutions.

We believe small- and medium-sized businesses are an underserved market, offering attractive growth opportunities in the U.S. in retirement services and other employee benefits. We also believe there is a significant opportunity to leverage our U.S. retirement expertise into select international markets that have adopted or are moving toward private-sector defined contribution pension systems. This opportunity is particularly compelling as aging populations around the world are driving increased demand for retirement accumulation, retirement asset management and retirement income management solutions.

We organize our businesses into the following reportable segments:

- ***Retirement and Investor Services***, which offers a comprehensive portfolio of asset accumulation products and services for retirement savings and investment to businesses of all sizes with a concentration on small- and medium-sized businesses, large institutional clients, and employees of businesses and other individuals;

- ***Principal Global Investors***, which manages assets for sophisticated investors around the world, using a multi-boutique strategy that enables the segment to provide an expanded range of diverse investment capabilities including equity, fixed income, real estate and other alternative investments, focusing on providing services to our other segments and third-party institutional clients;

- ***Principal International***, which offers pension accumulation products and services, mutual funds, asset management, income annuities and life insurance accumulation products through acquisitions, start-up operations and joint ventures in Brazil, Chile, China, Hong Kong Special Administrative Region, India, Mexico and Southeast Asia; and

- ***U.S. Insurance Solutions***, which offers individual and group insurance solutions, focusing on providing comprehensive insurance solutions for small- and medium-sized businesses and their owners and executives.

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We also have a Corporate segment, which consists of the assets and activities that have not been allocated to any other segment.

The principal executive office for both Principal Financial Group, Inc. and Principal Financial Services, Inc. is located at 711 High Street, Des Moines, Iowa 50392, and the telephone number is (515) 247-5111.

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The Offering

The terms of the Notes are summarized below solely for your convenience. This summary is not a complete description of the Notes. You should read the full text and more specific details contained elsewhere in this prospectus supplement, any company free writing prospectus and the accompanying prospectus. For a more detailed description of the Notes and the Subsidiary Guarantee, see the discussion in the section entitled "Description of the Notes" in this prospectus supplement and "Description of Junior Subordinated Debentures" and "Description of Guarantee of Principal Financial Services, Inc." in the accompanying prospectus.

Maturity

The Notes will mature on May 15, 2055 (the "maturity date"). If that day is not a business day, payment of principal and interest will be due on the next business day.

Interest

Interest will accrue from May 7, 2015. From, and including, May 7, 2015 to, but excluding, May 15, 2020 or any earlier Redemption Date, the Notes will bear interest at a rate of 4.700% per annum. We will pay accrued interest semiannually in arrears on May 15 and November 15 of each year (or if any such date is not a business day, on the next business day, and no interest will accrue as a result of such postponement), beginning on November 15, 2015 and ending on May 15, 2020, subject to our rights and obligations described in the section entitled "Description of the Notes Option to Defer Interest Payments" in this prospectus supplement. From, and including, May 15, 2020 to, but excluding, the maturity date or any earlier Redemption Date, the Notes will bear interest at a rate per annum equal to three-month LIBOR (as defined herein), plus 3.044%, and we will pay accrued interest quarterly in arrears on February 15, May 15, August 15 and November 15 of each year (or if any of such date is not a business day, on the next business day, except that, if such business day is in the next succeeding calendar month, interest will be payable on the immediately preceding business day, and no interest will accrue or fail to accrue as a result of such postponement or earlier payment), beginning on August 15, 2020, subject to our rights and obligations described in the section entitled "Description of the Notes Option to Defer Interest Payments" in this prospectus supplement.

Option to Defer Interest Payments

So long as no event of default with respect to the Notes has occurred and is continuing, we will have the right, at any time and from time to time, to defer the payment of interest on the Notes for one or more consecutive interest periods that together do not exceed five years as described in the section entitled "Description of the Notes Option to Defer Interest Payments" in this prospectus supplement. We may not defer interest beyond the maturity date, any earlier accelerated maturity date arising from an event of default or any other earlier redemption of the Notes. During an extension period, interest will continue to accrue on the Notes at the then-applicable annual interest rate described above and deferred interest on the Notes will bear additional interest at the then-applicable annual interest rate, compounded on each interest payment date, subject to applicable law. If we have paid all deferred interest (including compounded interest thereon) on the Notes, we can again defer interest payments on the Notes as described above.

Subsidiary Guarantee

Our obligations under the Junior Indenture (as defined herein) and the Notes, including payment of principal of, and premium, if any, and interest on the Notes, will be fully, unconditionally and irrevocably guaranteed by the Subsidiary Guarantor. See the section entitled "Description of the Notes Subsidiary Guarantee" in this prospectus supplement.

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Ranking and Subordination

The Notes will be our junior subordinated unsecured obligations, will rank equally with all of our future equally ranking junior subordinated indebtedness, if any, and will be subordinated and junior in right of payment to all of our existing and future senior indebtedness, which means we will not be able to make any payments on the Notes if we are in default on any of our senior indebtedness. In addition, except to the extent we have a prior or equal claim against our subsidiaries as a creditor or in connection with the junior subordinated obligation of the Subsidiary Guarantor under the Subsidiary Guarantee, the Notes will be effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries, including obligations to policyholders.

The Subsidiary Guarantee will be a junior subordinated unsecured obligation of the Subsidiary Guarantor, will rank equally with all of the Subsidiary Guarantor's future equally ranking junior subordinated indebtedness, if any, and will be subordinated and junior in right of payment to all of its existing and future senior indebtedness, which means the Subsidiary Guarantor will not be able to make any payments on the Notes pursuant to the Junior Indenture or the Subsidiary Guarantee if it is in default on any of its senior indebtedness. In addition, except to the extent the Subsidiary Guarantor has a prior or equal claim against its subsidiaries as a creditor, the Subsidiary Guarantee will be effectively subordinated to all existing and future indebtedness and other liabilities of the Subsidiary Guarantor's subsidiaries, including obligations to policyholders.

See the sections entitled "Description of the Notes Ranking" and " Subordination" in this prospectus supplement for a summary of the ranking and subordination provisions of the Notes and the Subsidiary Guarantee, and see the section entitled "Description of the Notes Subordination" in this prospectus supplement for the definition of "senior indebtedness."

Certain Payment Restrictions Applicable to Us

We will agree in the Junior Indenture that, so long as any Notes remain outstanding, if we have given notice of our election to defer interest payments on the Notes but the related extension period has not yet commenced or an extension period is continuing, we and our subsidiaries generally will not make any payments with respect to any shares of our capital stock, make any payments pursuant to our debt securities or guarantees that rank upon our liquidation on a parity with or junior to the Notes or any debt securities or guarantees of the Subsidiary Guarantor that rank upon its liquidation on a parity with or junior to the Subsidiary Guarantee, subject to certain limited exceptions. During an extension period, the terms of the Notes permit us to make any payment of current or deferred interest on pari passu securities that is made pro rata to the amounts due on such pari passu securities (including the Notes) and any payment of principal or current or deferred interest on pari passu securities that, if not made, would cause us to breach the terms of the instrument governing such pari passu securities. "Pari passu securities" means indebtedness that by its terms ranks in right of payment upon our liquidation on a parity with the Notes. The terms of the Junior Indenture do not limit the amount of pari passu securities that we may issue. Notwithstanding the foregoing, the terms of the Notes will not restrict in any manner the ability of any of our subsidiaries to pay dividends or make any distributions, advances or other payments to us or to any of our other subsidiaries.

See the section entitled "Description of the Notes Interest Rate and Interest Payment Dates Dividend and Other Payment Stoppages During Extension Periods and Under Certain Other Circumstances" in this prospectus supplement.

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Redemption of the Notes

We may redeem the Notes (the date of any such redemption, a "Redemption Date") at the applicable redemption price (the "Redemption Price") set forth below:

- on or after May 15, 2020, at our option, at any time and from time to time, in whole or in part, at a Redemption Price equal to the principal amount of the Notes to be redeemed plus accrued and unpaid interest to, but excluding, the Redemption Date;

- before May 15, 2020, within 90 days after the occurrence of a "tax event" or a "regulatory capital event," in whole but not in part, at a Redemption Price equal to the principal amount of the Notes plus accrued and unpaid interest to, but excluding, the Redemption Date; and

- before May 15, 2020, within 90 days after the occurrence of a "rating agency event," in whole but not in part, at a Redemption Price equal to the make-whole redemption price.

For more information and the definitions of "rating agency event," "tax event," "regulatory capital event" and "make-whole redemption price," see the section entitled "Description of the Notes Redemption" in this prospectus supplement.

Events of Default

An "event of default" with respect to the Notes will occur only upon (i) certain events of bankruptcy, insolvency, reorganization or receivership with respect to us, (ii) certain events of bankruptcy, insolvency, reorganization or receivership with respect to the Subsidiary Guarantor, or (iii) the Subsidiary Guarantee ceasing to be in full force and effect (other than in accordance with its terms) or the Subsidiary Guarantor denying or disaffirming its obligation under the Subsidiary Guarantee.

There will be no right of acceleration in the case of any payment default or other breaches of covenants under the Junior Indenture or the Notes. Notwithstanding the foregoing, in the case of a default in the payment of any interest on the Notes, including any compounded interest, when such interest becomes due and payable and such default continues for a period of 30 days (and, in the case of payment of deferred interest, such default continues for 30 calendar days after the conclusion of any extension period), or in the case of a default in the payment of the principal of (and premium, if any, on) the Notes at the maturity thereof, the holder of a Note may, or if directed by the holders of a majority in aggregate outstanding principal amount of the Notes, the trustee will, subject to the conditions set forth in the Junior Indenture, demand payment of the amount then due and payable and may institute legal proceedings for the collection of such amount if we fail to make payment thereof upon demand.

Form and Denomination

The Notes will be issued in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Notes will be represented by one or more global securities registered in the name of Cede & Co., as nominee for DTC. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global securities through either DTC (in the United States) or Clearstream Banking, *société anonyme*, Luxembourg or Euroclear Bank S.A./N.V., as operator of the Euroclear System (in Europe) if they are participants in those systems, or indirectly through organizations which are participants in those systems. We will issue certificated Notes only in the limited circumstances described in the section entitled "Description of the Notes Book-Entry System" in this prospectus supplement.

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The Indenture and the Trustee

The Notes will be issued pursuant to a Junior Subordinated Indenture to be entered into by Principal Financial Group, Inc., Principal Financial Services, as the subsidiary guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "trustee"), as will be supplemented by a supplemental indenture with respect to the Notes (as supplemented, the "Junior Indenture").

Listing

The Notes are not, and are not expected to be, listed on any securities exchange nor included in any automated quotation system.

Governing Law

The Junior Indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.

Risk Factors

See the section entitled "Risk Factors" beginning on page S-7 in this prospectus supplement and the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in the Notes.

Use of Proceeds

We estimate that the net proceeds from this offering will be approximately $394,750,000 after deducting the underwriting discounts and estimated offering expenses payable by us. We intend to use the estimated net proceeds from this offering, together with the estimated net proceeds from the concurrent offering, to redeem our Series A Non-Cumulative Perpetual Preferred Stock (the "Series A preferred stock") and Series B Non-Cumulative Perpetual Preferred Stock (the "Series B preferred stock"), in whole or in part, and the remainder, if any, for general corporate purposes. See the section entitled "Use of Proceeds" in this prospectus supplement.

Conflicts of Interest

Because more than 5% of the net proceeds of this offering may be directed to Wells Fargo Securities, LLC or its affiliates as a result of the Series A preferred stock and the Series B preferred stock owned by Wells Fargo Securities, LLC, this underwriter may have a "conflict of interest" with us pursuant to Rule 5121 of the Financial Industry Regulatory Authority, Inc. ("FINRA") and, accordingly, this offering will be conducted in compliance with the requirements of Rule 5121. For additional information, see the section entitled "Underwriting (Conflicts of Interest) Relationships; Conflicts of Interest" in this prospectus supplement.

Concurrent Offering

We are concurrently offering senior notes by means of a separate prospectus supplement. The senior notes being offered in the concurrent offering (and the related guarantee of those senior notes by Principal Financial Services, Inc.) will constitute senior indebtedness and, therefore, will rank senior in right of payment to the Notes and the Subsidiary Guarantee offered hereby. The offering of the Notes is not conditioned on the completion of the concurrent offering, and vice versa. There can be no assurance that the concurrent offering will be completed.

RISK FACTORS

An investment in the Notes involves certain risks. In considering whether to purchase the Notes, you should carefully consider the risks described below and all of the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus, including but not limited to, the risks and uncertainties discussed in "Item 1A Risk Factors" of the 2014 Form 10-K and other information that may be incorporated by reference in this prospectus supplement and the accompanying prospectus on or after the date hereof. Our business, financial condition, results of operations and prospects could be materially adversely affected by any of these risks.

We will have the right to defer interest on the Notes for up to five consecutive years.

We will have the right, at any time and from time to time, to defer interest on the Notes for one or more consecutive interest periods that together do not exceed five years. During any such extension period, holders of Notes will receive limited or no current payments on the Notes. At the end of an extension period, if all amounts due are paid, we may start a new extension period of up to five years. Holders will have no remedies against us for nonpayment unless we fail to pay all deferred interest (including compounded interest) at the end of the applicable extension period, at the maturity date, or, if applicable, at the earlier accelerated maturity date or Redemption Date of the Notes.

Deferral of interest payments and other characteristics of the Notes could adversely affect the market price of the Notes.

To the extent a secondary market develops for the Notes, the market price of the Notes is likely to be adversely affected if we defer payments of interest on the Notes. As a result of our deferral right or if investors perceive that there is a likelihood that we will exercise our deferral right, the market for the Notes may become less active or be discontinued during such an extension period or period of anticipation, and the market price of the Notes may be more volatile than the market prices of other securities that are not subject to a similar deferral right. If we do defer interest on the Notes and you sell your Notes during that extension period, you may not receive the same return on your investment as a holder that continues to hold its Notes until we pay the deferred interest at the end of the applicable extension period.

A holder of the Notes will not have rights of acceleration in the case of payment defaults or other breaches of covenants.

The events of default under the Junior Indenture are limited to certain events of bankruptcy, insolvency, reorganization or receivership with respect to us or the Subsidiary Guarantor and certain events relating to the Subsidiary Guarantee. There is no right of acceleration in the case of payment defaults or other breaches of covenants under the Junior Indenture.

The Junior Indenture does not limit the amount of indebtedness that we or our subsidiaries can issue and the Notes will be junior in right of payment to all of our existing and future senior indebtedness.

We and our subsidiaries will not be limited from incurring or issuing any additional indebtedness under the Junior Indenture or the Notes. The Notes will be our junior subordinated unsecured obligations, will rank equally with all of our future equally ranking junior subordinated indebtedness, if any, and will be subordinated and junior in right of payment to all of our existing and future senior indebtedness, which means we will not be able to make any payments on the Notes if we are in default on any of our senior indebtedness. As of March 31, 2015, Principal Financial Group, Inc., on a standalone basis, had $2,449.0 million of senior indebtedness that would have ranked senior in right of payment to the Notes and no indebtedness that would have ranked equally in right of payment with the

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Notes. We are concurrently offering senior notes by means of a separate prospectus supplement, which would be senior in right of payment to the Notes.

The Subsidiary Guarantee will rank equally with all of the Subsidiary Guarantor's future equally ranking junior subordinated indebtedness, if any, and will be subordinated and junior in right of payment to all of its existing and future senior indebtedness, which means the Subsidiary Guarantor will not be able to make any payments on the Notes pursuant to the Junior Indenture or the Subsidiary Guarantee if it is in default on any of its senior indebtedness. As of March 31, 2015, Principal Financial Services had no senior indebtedness that would have ranked senior in right of payment to the Subsidiary Guarantee (other than subsidiary guarantees of our senior indebtedness) and no indebtedness that would have ranked equally in right of payment with the Subsidiary Guarantee. In connection with the concurrent offering, the Subsidiary Guarantor will guarantee the senior notes being offered, which guarantee would be senior in right of payment to the Subsidiary Guarantee.

Any additional indebtedness incurred could reduce the amount of cash we or the Subsidiary Guarantor would have available to satisfy our respective obligations under the Notes and the Subsidiary Guarantee. We and the Subsidiary Guarantor expect from time to time to incur additional indebtedness.

The terms of the Notes will not afford you protection in the event of a highly leveraged transaction that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transaction involving us. We could enter into any such transaction even though the transaction could increase the total amount of our outstanding debt, adversely affect our capital structure or credit rating or otherwise adversely affect the holders of the Notes. The Junior Indenture does not contain provisions that permit the holders of the Notes to require us to repurchase the Notes in the event of a takeover, recapitalization or similar transaction.

We are a holding company with no direct operations and the Subsidiary Guarantor is an intermediary holding company with no direct operations; as a consequence, our ability to satisfy our obligations under the Notes and the Subsidiary Guarantor's ability to satisfy its obligation under the Subsidiary Guarantee will depend in large part on the ability of our and the Subsidiary Guarantor's subsidiaries to pay dividends, and the dividend paying ability of our insurance company subsidiaries is restricted by law.

We are an insurance holding company whose assets include all of the outstanding shares of common stock of the Subsidiary Guarantor. The Subsidiary Guarantor is an intermediary holding company whose assets include all of the outstanding shares of Principal Life and other subsidiaries. Our and the Subsidiary Guarantor's ability to meet our respective obligations depends upon the ability of Principal Life and other subsidiaries to declare and distribute dividends or to advance money in the form of intercompany loans. Our insurance company subsidiaries are subject to various statutory and regulatory restrictions, applicable to insurance companies generally, that limit the amount of cash dividends, loans and advances that those subsidiaries may pay. Regulations relating to capital requirements affecting some of our other subsidiaries also restrict their ability to pay dividends and other distributions and make loans to us. The payment of dividends from Principal Life to the Subsidiary Guarantor is subject to restrictions set forth in the insurance laws of the State of Iowa. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources The Holding Companies: Principal Financial Group, Inc. and Principal Financial Services, Inc." in the 2014 Form 10-K, incorporated by reference herein and in the accompanying prospectus. As a result, our cash flows and ability to service our obligations, including the Notes, are dependent upon the earnings of our subsidiaries, distributions of those earnings to us and other payments or distributions of funds by our subsidiaries to us. It is possible that in the future Principal Life may be unable to pay dividends in an amount sufficient to permit us or the Subsidiary Guarantor to meet our respective obligations due to a lack of statutory net gain from operations, a diminishing statutory policyholders surplus, changes to the Iowa insurance laws

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or regulations, or for some other reason. If the Subsidiary Guarantor or Principal Life were unable to pay sufficient dividends to us in the future, we would be unable to meet our obligation to make scheduled payments under the Notes, which would negatively affect our business and financial condition as well as the trading price of the Notes.

The Notes will be effectively subordinated to the indebtedness and other obligations of our subsidiaries, which could impair our ability to make payments on the Notes, and the Subsidiary Guarantee will be effectively subordinated to all existing and future indebtedness and other obligations of the Subsidiary Guarantor's subsidiaries, which could impair the Subsidiary Guarantor's ability to make payments on the Subsidiary Guarantee.

Except to the extent we have a prior or equal claim against our subsidiaries as a creditor or in connection with the junior subordinated obligation of the Subsidiary Guarantor under the Subsidiary Guarantee, the Notes will be effectively subordinated to all of our subsidiaries' existing and future indebtedness and other liabilities because, as the common stockholder of our subsidiaries, we will be subject to the prior claims of our subsidiaries' creditors, including trade accounts payable and other liabilities arising in the ordinary course of business, the claims of policyholders with respect to our insurance subsidiaries, and the claims of our subsidiaries' preferred stockholders. Creditors of our subsidiaries generally will be paid from the assets of those subsidiaries before holders of the Notes have any claims to those assets by virtue of our equity interest in those subsidiaries. Consequently, the Notes will be effectively subordinated to all liabilities (excluding the Subsidiary Guarantee) of any of our subsidiaries and the claims of their preferred stockholders, policyholders and other creditors.

Moreover, a default by one or more of our subsidiaries could have a material adverse effect on our ability to meet our obligations under the Notes. In particular, in the event of a default by a subsidiary under any of its indebtedness, the subsidiary's creditors could elect to declare such indebtedness, together with any accrued and unpaid interest and other amounts, to be due and payable prior to any distributions by the subsidiary to pay interest or principal due on the Notes. In addition, if we caused a subsidiary to pay a dividend to enable us to make payments in respect of the Notes, and the dividend were deemed a fraudulent transfer or in breach of relevant corporate or insurance laws, the holders of the Notes could be required to return the payment to (or for the benefit of) the creditors of that subsidiary. In addition, our subsidiaries have no obligation to pay any amounts due on the Notes, other than the Subsidiary Guarantor's obligation under the Subsidiary Guarantee. Substantially all of our business is currently conducted through our subsidiaries, and we expect this to continue.

Because the Subsidiary Guarantor is an intermediary holding company, the rights of the Subsidiary Guarantor and the rights of its creditors, including the holders of the Notes as beneficiaries of the Subsidiary Guarantee, to a share of the assets of any subsidiary upon the liquidation or recapitalization of such subsidiary will be subject to the prior claims of such subsidiary's creditors, except to the extent the Subsidiary Guarantor may be a creditor with recognized claims against such subsidiary. Accordingly, the Subsidiary Guarantee will be effectively subordinated to all existing and future indebtedness and other liabilities of the Subsidiary Guarantor's subsidiaries, including their trade accounts payable and other liabilities arising in the ordinary course of business (including obligations to policyholders and preferred stockholders). As of March 31, 2015, in addition to the liabilities arising from obligations to our policyholders, the subsidiaries of the Subsidiary Guarantor had approximately $27.2 million of indebtedness that would have been effectively senior to the Subsidiary Guarantee and, therefore, the Notes. In addition, as of March 31, 2015, collateralized private investment vehicles that are "consolidated variable interest entities" because Principal Financial Group, Inc. is the primary beneficiary had approximately $65.6 million of secured indebtedness outstanding that would have been effectively senior to the Notes.

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We may redeem the Notes on or after May 15, 2020, and at any time in the event of a tax event, rating agency event or regulatory capital event.

We may redeem the Notes, in whole but not in part, at any time prior to May 15, 2020, within 90 days after the occurrence of a "rating agency event," at a Redemption Price equal to the make-whole redemption price calculated as described in the section entitled "Description of the Notes Redemption" in this prospectus supplement. We may redeem the Notes, in whole but not in part, at any time prior to May 15, 2020, within 90 days after the occurrence of a "tax event" or a "regulatory capital event," at a Redemption Price equal to the principal amount of the Notes plus accrued and unpaid interest to, but excluding, the Redemption Date. On or after May 15, 2020, we may redeem the Notes, at our option, at any time and from time to time, in whole or in part, at a Redemption Price equal to the principal amount of the Notes to be redeemed plus accrued and unpaid interest to, but excluding, the Redemption Date.

Events that would constitute a "tax event," a "rating agency event" or a "regulatory capital event" could occur at any time and could result in the Notes to be redeemed earlier than would otherwise be the case. If we choose to redeem the Notes, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes.

We may make certain payments on pari passu securities during an extension period.

During an extension period, the terms of the Notes permit us to make any payment of current or deferred interest on pari passu securities that is made pro rata to the amounts due on such pari passu securities (including the Notes) or any payment of principal or current or deferred interest on pari passu securities that, if not made, would cause us to breach the terms of the instrument governing such pari passu securities. The terms of the Junior Indenture do not limit the amount of pari passu securities that we may issue. The terms of other pari passu securities may require us to make payments of deferred interest that are not made pro rata with payments of deferred interest on the Notes.

If interest payments on the Notes are deferred, the Notes would be treated as issued with original issue discount for U.S. federal income tax purposes at the time of such deferral.

If we were to defer interest payments on the Notes, the Notes would be treated as issued with original issue discount ("OID") at the time of such deferral, and all stated interest due after such deferral would be treated as OID. In such case, a U.S. Holder (as defined in the section entitled "U.S. Federal Income Tax Considerations" in this prospectus supplement) generally would be required to include such OID in income as it accrues, regardless of its regular method of accounting for U.S. federal income tax purposes, using a constant yield method, before such U.S. Holder receives any payment attributable to such income, and would not separately report the actual cash payments of interest on the Notes as taxable income. See the section entitled "U.S. Federal Income Tax Considerations U.S. Holders Interest on the Notes" in this prospectus supplement.

An active after-market for the Notes may not develop.

The Notes constitute a new issue of securities with no established trading market. We do not intend to have the Notes listed on any securities exchange or included in any automated dealer quotation system. We cannot assure you that an active after-market for the Notes will develop or be sustained, that holders of the Notes will be able to sell their Notes or that holders of the Notes will be able to sell their Notes at favorable prices.

If a trading market does develop, general market conditions and unpredictable factors could adversely affect market prices for the Notes, and there can be no assurance about the market prices for

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the Notes. Several factors, many of which are beyond our control, will influence the market value of the Notes. Factors that might influence the market value of the Notes include, but are not limited to:

- our election to defer interest payments on the Notes (see " Deferral of interest payments and other characteristics of the Notes could adversely affect the market price of the Notes");
- the number of holders of the Notes;
- the interest of securities dealers in the Notes;
- prevailing interest rates;
- our creditworthiness, financial condition, performance and prospects;
- whether the ratings on the Notes provided by any ratings agency have changed;
- the market for similar securities; and
- economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally.

If you purchase Notes, whether in this offering or in the secondary market, the Notes may subsequently trade at a discount to the price that you paid for them. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market price of the Notes. Notes purchased in this offering or in the secondary market may subsequently trade at a discount to the price paid for them in any such transaction.

From, and including, May 15, 2020, the Notes will bear interest at a floating rate that may be volatile. Uncertainty relating to the LIBOR calculation process may adversely affect the value of your Notes.

From, and including, May 15, 2020 to, but excluding, the maturity date or any earlier Redemption Date, the Notes will bear interest at an annual floating rate of interest equal to three-month LIBOR, as adjusted periodically, plus a fixed margin. This interest rate may be volatile and subject to wide fluctuations in response to factors that are beyond our control. For instance, regulators and law enforcement agencies from a number of governments, including entities in the United States, the United Kingdom, Japan and Canada, and others, are conducting civil and criminal investigations into the manner of calculating LIBOR and in particular whether the banks that contribute to the British Bankers' Association (the "BBA") in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. Actions by the BBA, regulators or law enforcement agencies could result in changes to the manner in which LIBOR is determined, and there can be no assurance that LIBOR will continue to be calculated as it has been historically, if at all. Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the value of the Notes. Uncertainty as to the nature of such potential changes may adversely affect the trading market for LIBOR-based securities, including the Notes.

To the extent that interest rates were to increase significantly, our interest expense and borrowing costs would correspondingly increase, reducing our cash flow and decreasing funds available for our operations. However, there can be no assurance of an increase in market interest rates, including three-month LIBOR, which are currently at low levels relative to historical rates. We may elect to engage in interest rate hedging, although there can be no assurance that such hedging will be available on commercially reasonable terms or at all. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements.