

PRINCIPAL FINANCIAL GROUP INC

Form 11-K

June 24, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the fiscal year ended: December 31, 2015

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)

TABLE OF CONTENTS

	Page
Report of Independent Registered Public Accounting Firm	<u>3</u>
Financial Statements	
Statements of Net Assets Available for Benefits	<u>4</u>
Statements of Changes in Net Assets Available for Benefits	<u>5</u>
Notes to Financial Statements	<u>6</u>
Supplemental Schedule:	
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	<u>21</u>
Signature	<u>23</u>
Exhibit Index	<u>24</u>

Report of Independent Registered Public Accounting Firm

The Benefit Plans Administration 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 (the Plan) as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. 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 the 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 Principal Select Savings Plan for Individual Field at December 31, 2015 and 2014, and the changes in its net assets available for benefits for the year ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2015, and for the year then ended, has been subjected to audit procedures performed in conjunction with the audit of the Principal Select Savings Plan for Individual Field financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

Des Moines, Iowa  
June 24, 2016

Page 3 of 25

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The Principal Select Savings Plan for Individual Field  
Statements of Net Assets Available for Benefits

	December 31,	
	2015	2014
Assets		
Investments at fair value:		
Unallocated investment options:		
Guaranteed interest accounts	\$2,089,596	\$2,150,729
Separate accounts	139,734,695	140,113,526
Principal Financial Group, Inc. Employee Stock Ownership Plan	17,748,004	19,279,179
Collective investment trust	150,669	—
Plan interest in Principal Select Savings Stable Value Master Trust	9,179,044	9,885,667
Total invested assets at fair value	168,902,008	171,429,101
Receivables:		
Contributions receivable from employer	—	230
Notes receivable from participants	3,021,059	3,064,032
Total receivables	3,021,059	3,064,262
Net assets reflecting investments at fair value	171,923,067	174,493,363
Adjustments from fair value to contract value for a fully benefit-responsive investment contract	49,391	(2,696)
Net assets available for benefits	\$171,972,458	\$174,490,667

See accompanying notes.

The Principal Select Savings Plan for Individual Field  
Statement of Changes in Net Assets Available for Benefits

	For the year ended December 31, 2015
Additions	
Investment income:	
Interest	\$26,045
Dividends	556,448
Net depreciation of investments	(1,625,920 )
Interest in Principal Select Savings Stable Value Master Trust	137,097
Total investment income	(906,330 )
Interest income on notes receivable from participants	142,371
Contributions:	
Employer	3,423,093
Participants	9,828,413
Transfers from affiliated and unaffiliated plans, net	1,137,172
Total contributions	14,388,678
Total additions	13,624,719
Deductions	
Benefits paid to participants	16,107,660
Administrative expenses	35,268
Total deductions	16,142,928
Net increase	(2,518,209 )
Net assets available for benefits at beginning of year	174,490,667
Net assets available for benefits at end of year	\$171,972,458

See accompanying notes.

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements  
Year Ended December 31, 2015

1. Significant Accounting Policies  
Basis of Accounting

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 and Income Recognition

Investments held by the Plan are stated at fair value, which 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). See Note 5 for further discussion and disclosures related to fair value measurements.

Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants

The notes receivable from participants are reported at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when earned.

Payment of Benefits

Benefits are recorded when paid.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility, 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 participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from those estimates.

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Recent Accounting Pronouncement

In July 2015, the Financial Accounting Standards Board issued authoritative guidance that simplifies the benefit-responsive investment contracts, investment and fair value measurement disclosure requirements. This guidance is effective for annual periods beginning after December 15, 2015, and will not have a material impact on the Plan's financial statements.

2. Description of the Plan

The Plan is a defined contribution 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 Insurance Company or affiliates (the Company).

Information about the Plan, including eligibility, and benefit provisions is contained in the Summary Plan Description. Copies of the Summary Plan Description are available from the Company's Benefit Administration Department or the Company's intranet. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Plan Administrator is responsible for the control and administration of the Plan. The Plan Administrator is the Benefit Plans Administration Committee (BPAC). For the purposes of investment and protection of Plan assets, the named fiduciary of the Plan is the Benefit Plans Investment Committee. The Plan is funded through a trust fund that holds group annuity contracts issued by Principal Life Insurance Company (Principal Life). The Principal Financial Group, Inc. (PFG) Employee Stock Ownership Plan (ESOP), which consists of common stock of PFG, is held in a separate trust. PFG is the ultimate parent of Principal Life. The Trustees of the Trust that hold the group annuity contracts are employees of Principal Life. Bankers Life is the Trustee of the Trust that holds PFG common stock in the ESOP. The Trustee of the collective investment trust (CIT) is Delaware Charter Guarantee & Trust Company (DCG) doing business as Principal Trust Company, an affiliate of Principal Life. Principal Life is the recordkeeper of the Plan.

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

2. Description of the Plan (continued)

Contributions

On January 1, 2006, the Company 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 Plan and forgo receipt of the additional benefits offered by amendments to the Plan. The participants who elected to retain the prior benefit provisions are referred to as “Grandfathered Choice Participants.”

Matching contributions for participants other than Grandfathered Choice Participants were increased from 50% to 75% of deferrals, with the maximum matching deferral increasing from 6% to 8% of eligible pay-period compensation.

Vesting

Participants are eligible for immediate entry into the Plan with vesting at 100% after three years. The funds accumulate along with interest and investment return and are available for withdrawal by participants at retirement, termination, or when certain withdrawal specifications are met. The participants may also obtain loans of their vested accrued benefit, subject to certain limitations described in the governing document (the Plan Document). The federal and state income taxes of the participant are deferred (except in the case of Roth deferrals) on the contributions until the funds are withdrawn from the Plan.

Forfeitures

Upon termination of employment, participants forfeit their non-vested balances. Forfeited amounts are used to reduce Company contributions. As of December 31, 2015 and 2014, forfeited non-vested account balances totaled \$53,082 and \$21,365, respectively. In 2015 and 2014, employer contributions were reduced by \$386,416 and \$344,843, respectively, from forfeited non-vested accounts.

Participant Loans

The Plan provides for loans to active participants, which are considered a participant-directed investment of his/her account. The loan is a Plan asset, but only the borrowing participant’s account shares in the interest paid on the loan or bears 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. Beginning December 17, 2015, the rate for loans issued was 5.50%. The rate for loans prior to December 17, 2015 was 5.25%.



The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

2. Description of the Plan (continued)

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, affected participants will become fully vested in their accounts.

3. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (the IRS) dated July 9, 2012, 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. The Plan is required to operate in conformity with the terms of the Plan Document and the Code to maintain its qualification. BPAC and the Company intend to operate the Plan in conformity with the provisions of the Plan Document and the Code. BPAC and the Company acknowledge that inadvertent errors may occur in the operation of the Plan. If such inadvertent errors occur, BPAC and the Company represent that they 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.

Plan management is required to evaluate uncertain tax positions taken by the Plan. The financial statement effects of an uncertain tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. BPAC has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2015, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions.

The Plan is subject to routine audits by taxing jurisdictions. The Plan believes it is no longer subject to income tax examinations for years prior to 2011.

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

4. Investments (Excluding Interest in Master Trust)

The following table presents individual investments that represented 5% or more of the Plan's net assets available for benefits as of December 31, 2015 and 2014. Principal Life and PFG are parties-in-interest with respect to these investments.

	December 31,	
	2015	2014
Mid-Cap Separate Account	\$18,859,833	\$17,303,610
Principal Financial Group, Inc. ESOP	17,748,004	19,279,179
U.S. Property Separate Account	16,230,062	14,096,980
Large-Cap Stock Index Separate Account	15,577,306	16,817,563
Diversified International Separate Account	9,742,242	9,774,405
Small-Cap Stock Index Separate Account	*	9,007,642

\*Less than 5% of the fair value of net assets available for benefits at respective date.

During 2015 and 2014, the Plan's investments that are related to Principal Life (depreciated) appreciated in value as follows:

	For the year ended	
	December 31,	
	2015	2014
Guaranteed interest accounts	\$9,654	\$6,344
Separate accounts of insurance company	891,919	9,649,285
Principal Financial Group, Inc. ESOP	(2,517,889)	1,086,055
Collective investment trust	(9,604)	—
	\$(1,625,920)	\$10,741,684

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

5. Fair Value of Financial Instruments (excluding interest in Master Trust)

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 and the CIT and are reflected at the net asset value (NAV) price.

Level 3 - Fair values are based on significant unobservable inputs for the asset. Our Level 3 assets are guaranteed interest accounts.

Transfers between fair value hierarchy levels are recognized at the beginning of the reporting period. There were no transfers between levels during 2015 and 2014.

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. There were no significant changes to the valuation processes during 2015.

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

5. Fair Value of Financial Instruments (excluding interest in Master Trust) (continued)

The unallocated investment options consist of guaranteed interest accounts under a guaranteed benefit policy (as defined in section 401(b) of ERISA and separate accounts (as defined in ERISA section 3(17)) of Principal Life. The guaranteed interest accounts and separate accounts are reported at fair value as determined by Principal Life. These unallocated investment options are non-benefit-responsive.

**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 or transfer the funds prior to maturity for an event other than death, disability, termination, or retirement. The 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 Principal Life's administrative expenses. The fair value of the guaranteed interest accounts is reflected in Level 3.

**Separate Accounts**

Separate accounts are designed to deliver safety and stability by preserving principal and accumulating earnings. The separate account assets include, but are not limited to, contributions invested in domestic and international common stocks, high-quality short-term debt securities, real estate, private market bonds and mortgages, and high-yield fixed income securities that are slightly below investment grade, all of which are valued at fair value. The NAV of each of the separate accounts is calculated in a manner consistent with 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. The fair value of the underlying funds and securities is used to determine the NAV of the separate account, which is not publicly quoted. The fair value of the underlying mutual funds and equity securities are based on quoted prices of identical assets. The fair value of the underlying fixed income securities are based on third-party pricing vendors that utilize observable market information. As of December 31, 2015, all separate accounts are reflected in Level 2.

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

5. Fair Value of Financial Instruments (excluding interest in Master Trust) (continued)

One separate account invests in real estate. 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. The fair value of the separate account is based on NAV and is considered a Level 2 asset.

There are currently no redemption restrictions on these investments.

Principal Financial Group, Inc. ESOP

The ESOP is reported at fair value based on the quoted closing market price of its stock on the last business day of the Plan year and is reflected in Level 1.

Collective Investment Trust

The CIT invests in a variety of common stocks, bonds, U.S. government and government agency securities, senior floating rate interests (bank loans) and derivatives. The CIT values securities at market value using the last reported sale price when market quotations are readily available. If no sales are reported securities are valued using the last reported bid price or an evaluated bid price provided by a pricing service. Pricing services use modeling techniques that incorporate security characteristics, market conditions and dealer-supplied valuations to determine an evaluated bid price. When market quotations are not readily available, DCG determines the fair value. The NAV of the CIT is calculated in a manner consistent with 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. The fair value of the underlying funds and securities is used to determine the NAV of the CIT. The CIT is reflected in Level 2.

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

## 5. Fair Value of Financial Instruments (excluding interest in Master Trust) (continued)

## Assets Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis are summarized below.

	As of December 31, 2015			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Assets				
Guaranteed interest accounts	\$2,089,596	\$—	\$—	\$2,089,596
Separate accounts:				
Fixed-income security	7,451,242	—	7,451,242	—
Lifetime balanced asset allocation	26,834,758	—	26,834,758	—
Large U.S. equity	35,537,798	—	35,537,798	—
Small/mid U.S. equity	35,154,939	—	35,154,939	—
International equity	16,872,209	—	16,872,209	—
U.S. real estate	16,230,062	—	16,230,062	—
Other	1,653,687	—	1,653,687	—
Principal Financial Group, Inc. ESOP	17,748,004	17,748,004	—	—
Collective investment trust	150,669	—	150,669	—
Total invested assets, excluding Plan interest in Master Trust	\$159,722,964	\$17,748,004	\$139,885,364	\$2,089,596

	As of December 31, 2014			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Assets				
Guaranteed interest accounts	\$2,150,729	\$—	\$—	\$2,150,729
Separate accounts:				
Fixed-income security	8,131,045	—	8,131,045	—
Lifetime balanced asset allocation	27,749,253	—	27,749,253	—
Large U.S. equity	36,517,333	—	36,517,333	—
Small/mid U.S. equity	33,623,290	—	33,623,290	—
International equity	17,977,299	—	17,977,299	—
U.S. real estate	14,096,980	—	14,096,980	—
Other	2,018,326	—	2,018,326	—
Principal Financial Group, Inc. ESOP	19,279,179	19,279,179	—	—
Total invested assets, excluding Plan interest in Master Trust	\$161,543,434	\$19,279,179	\$140,113,526	\$2,150,729

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

## 5. Fair Value of Financial Instruments (excluding interest in Master Trust) (continued)

## Changes in Level 3 Fair Value Measurements

The reconciliation for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2015 and 2014, was as follows:

	For the year ended December 31, 2015					Changes in Unrealized Gains Included in Changes in Net Assets Available for Benefits Relating to Positions Still Held
	Beginning Asset Balance as of January 1, 2015	Interest*	Purchases**	Transfers in (Out) of Level 3	Ending Asset Balance as of December 31, 2015	
				Sales**		
Assets						
Guaranteed interest accounts \$	2,150,729	\$ 35,699	\$ 275,301	\$(372,133)	\$ -2,089,596	\$ 9,654
Total \$	2,150,729	\$ 35,699	\$ 275,301	\$(372,133)	\$ -2,089,596	\$ 9,654

	For the year ended December 31, 2014					Changes in Unrealized Gains Included in Changes in Net Assets Available for Benefits Relating to Positions Still Held
	Beginning Asset Balance as of January 1, 2014	Interest*	Purchases**	Transfers in (Out) of Level 3	Ending Asset Balance as of December 31, 2014	
				Sales**		
Assets						
Guaranteed interest accounts \$	2,119,758	\$ 34,329	\$ 473,952	\$(477,310)	\$ -2,150,729	\$ 6,344
Total \$	2,119,758	\$ 34,329	\$ 473,952	\$(477,310)	\$ -2,150,729	\$ 6,344

\*Includes interest and unrealized gains or losses.

\*\* Includes contributions, transfers from affiliated and unaffiliated plans, transfers to other investments via participant election, benefits paid to participants, and administrative expenses.

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

5. Fair Value of Financial Instruments (excluding interest in Master Trust) (continued)

Quantitative Information about Level 3 Fair Value Measurements

The following table provides quantitative information about the significant unobservable inputs used for recurring fair value measurements categorized within Level 3.

As of December 31, 2015

Assets

Measured

at fair

value

Valuation technique Unobservable input description Input/range of inputs

Assets

Guaranteed interest accounts \$2,089,596	See note (1)	Interest rate on account	0.10% – 2.40%
		Applicable interest rate	1.10% – 2.43%
		Maturity date	12/31/2015 – 12/31/2021

(1) If the applicable interest rate is equal to or less than the interest rate on the account, the fair market value is equal to the contract value.

If the applicable interest rate is greater than the interest rate on the account, the fair market 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.

6. Interest in Principal Select Savings Stable Value Master Trust

A portion of the Plan's investments are in the Principal Select Savings Stable Value Master Trust (Master Trust), which was established for the investment of assets of the Plan and the Company's other defined contribution plan, The Principal Select Savings Plan for Employees. Each participating retirement plan has an undivided interest in the Master Trust. The Master Trust invests in a Short Term Investment Fund (STIF) and the Morley Stable Income Bond Fund (Bond Fund), which is a collective investment trust that invests in investment-grade fixed income securities. The Bond Fund is maintained by Union Bond & Trust Company, an affiliate of Principal Life. The Master Trust has also entered into a fully benefit-responsive synthetic guaranteed investment contract (synthetic GIC) with Principal Life (the Contract). The STIF, Bond Fund, and Contract together are the holdings of the Stable Value Fund (Fund). The Fund is valued at contract value as reported to the Plan by Morley Financial Services, the investment manager of the Bond Fund and an affiliate of Principal Life. As of December 31, 2015 and 2014, the Plan's interest in the net assets of the Master Trust was approximately 11% and 12%, respectively. Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon the Plan's interest in the Master Trust.



The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

6. Interest in Principal Select Savings Stable Value Master Trust (continued)

The Contract provides a crediting rate that amortizes portfolio gains and losses over time and accounts for benefit payments to Plan participants at contract value. Under the Contract, Principal Life agrees to pay any deficiency if the investments in the Bond Fund have been exhausted for benefit payments and the contract value is greater than zero. The objective of the Fund is to preserve capital and smooth the returns credited to Plan participants. The crediting interest rate is based on a formula agreed upon with Principal Life, but it may not be less than 0%. Such interest rates are reviewed on a monthly basis for resetting.

As required by Accounting Standards Codification (ASC) 962, Plan Accounting - Defined Contribution Pension Plans, the Statements of Net Assets Available for Benefits present the fair value of the investment in the Master Trust, as well as the adjustment of the investment in the Master Trust from fair value to contract value relating to the synthetic GICs. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Certain events limit the ability of the Plan to transact at contract value with Principal Life when material events withdrawals are greater than 25% of the Contract as of the start of each contract year. These events include (1) certain termination of employment of a group of participants (including through layoffs or early retirement incentive programs instituted by the Company), (2) a certain spin-off or sale of the Company's business entity or location, (3) certain adoptions of amendments to the Plan, any change in practice, or any change in participant withdrawal rights under the Plan. The Plan does not believe that the occurrence of any such material event is probable.

The annual average yields earned by the guaranteed investment contract were as follows:

	As of December 31,	
Average yields:	2015	2014
Based on actual earnings	1.36%	1.05%
Based on interest rate credited to participants	1.36%	1.06%

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

## 6. Interest in Principal Select Savings Stable Value Master Trust (continued)

The net assets, including investments, of the Master Trust are as follows:

	December 31,	
	2015	2014
STIF	\$4,056,997	\$4,750,918
Bond Fund	79,994,980	80,076,002
Total assets	84,051,977	84,826,920
Receivables (payables)	231,732	(64,748)
Net assets at fair value	84,283,709	84,762,172
Adjustments from fair value to contract value for fully benefit-responsive investment contract	453,518	(23,117)
Total net assets at contract value	\$84,737,227	\$84,739,055
Plan interest in Principal Select Savings Stable Value Master Trust at fair value	\$9,179,044	\$9,885,667
Adjustment from fair value to contract value for a fully benefit-responsive investment contract	49,391	(2,696)
Plan interest in Principal Select Savings Stable Value Master Trust at contract value	\$9,228,435	\$9,882,971

Investment income for the Master Trust is as follows:

	For the year ended December 31, 2015
Interest income	\$ 1,145,613
Other income	550
Total investment income	\$ 1,146,163

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

6. Interest in Principal Select Savings Stable Value Master Trust (continued)

The NAV of each of the investments is calculated in a manner consistent with GAAP for investment companies and is determinative of their fair value. As of December 31, 2015, the Bond Fund was reflected as Level 2 and the STIF was reflected as Level 1. The Bond Fund generally invests in fixed income securities. When available, the fair value of the fixed income securities is based on quoted prices of identical assets in active markets. When quoted prices are not available, the first priority is to obtain prices from third-party pricing vendors and to ensure we understand their pricing methodologies and to confirm they are utilizing observable market information. The STIF is a money market fund valued using public quotations.

Master Trust assets measured at fair value on a recurring basis are summarized below.

As of December 31, 2015				
Assets	Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
STIF	\$4,056,997	\$4,056,997	\$—	\$ —
Bond Fund	79,994,980	—	79,994,980	—
Total invested assets	\$84,051,977	\$4,056,997	\$79,994,980	\$ —

As of December 31, 2014				
Assets	Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
STIF	\$4,750,918	\$4,750,918	\$—	\$ —
Bond Fund	80,076,002	—	80,076,002	—
Total invested assets	\$84,826,920	\$4,750,918	\$80,076,002	\$ —

Within the Master Trust, the Plan held a wrap contract with an inconsequential fair value as of December 31, 2015 and 2014.

The Bond Fund represented 5% or more of the Master Trust's net assets at contract value as of December 31, 2015.

The Bond Fund and the STIF represented 5% or more of the Master Trust's net assets at contract value as of December 31, 2014.

The Principal Select Savings Plan for Individual Field  
Notes to Financial Statements (continued)

7. Related Party Transactions

In addition to the transactions with parties-in-interest discussed herein, Principal Life provides recordkeeping services to the Plan and receives fees, which are paid by Plan investments. These transactions are exempt from the prohibited transactions rules of ERISA. The Company may pay other Plan expenses from time to time. As part of the Principal Select Savings Stable Value Fund investment, the Plan purchases a wrap contract from Principal Life. The ESOP received \$556,448 in dividends from Principal Financial Group, Inc. in 2015.

8. Form 5500

The following table reconciles net assets available for benefits per the Statements of Net Assets Available for Benefits to the Form 5500:

	December 31,	
	2015	2014
Net assets available for benefits per the Statements of Net Assets Available for Benefits	\$ 171,972,458	\$ 174,490,667
Adjustments from contract value to fair value for fully benefit-responsive investment contract	(49,391	) 2,696
Net assets available for benefits per the Form 5500	\$ 171,923,067	\$ 174,493,363

The following table reconciles the Statement of Changes in Net Assets Available for Benefits to the Form 5500:

	December 31, 2015
Net change from contract value to fair value for fully benefit-responsive investment contracts	\$ (52,087 )
Master Trust investment income	137,097
Net investment loss from Master Trust investment accounts per the Form 5500	\$ 85,010

GAAP requires that the Plan reports interest in fully benefit-responsive contracts at contract value, while the Form 5500 is required to report these investments at fair value.

## 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, 2015

Identity of Issuer	Description of Investment	Current Value
Principal Life Insurance Company*	Deposits in guaranteed interest accounts	\$2,089,596
Principal Life Insurance Company*	Deposits in insurance company Small-Cap Value II Separate Account	2,408,025
Principal Life Insurance Company*	Deposits in insurance company Large-Cap Growth Separate Account	6,659,331
Principal Life Insurance Company*	Deposits in insurance company U.S. Property Separate Account	16,230,062
Principal Life Insurance Company*	Deposits in insurance company Core Plus Bond Separate Account	4,732,340
Principal Life Insurance Company*	Deposits in insurance company Diversified International Separate Account	9,742,242
Principal Life Insurance Company*	Deposits in insurance company Large-Cap Stock Index Separate Account	15,577,306
Principal Life Insurance Company*	Deposits in insurance company Government and High Quality Bond Separate Account	1,806,688
Principal Life Insurance Company*	Deposits in insurance company Mid-Cap Separate Account	18,859,833
Principal Life Insurance Company*	Deposits in insurance company International Emerging Markets Separate Account	7,129,967
Principal Life Insurance Company*	Deposits in insurance company Large-Cap Value Separate Account	2,525,930
Principal Life Insurance Company*	Deposits in insurance company Inflation Protection Separate Account	912,214

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Identity of Issue	Description of Investment	Current Value
Principal Life Insurance Company*	Deposits in insurance company Large-Cap Growth I Separate Account	\$5,012,269
Principal Life Insurance Company*	Deposits in insurance company Lifetime Strategic Income Separate Account	2,603,014
Principal Life Insurance Company*	Deposits in insurance company Principal Financial Group, Inc. Stock Separate Account	1,653,687
Principal Life Insurance Company*	Deposits in insurance company Small-Cap Growth I Separate Account	5,408,653
Principal Life Insurance Company*	Deposits in insurance company Small-Cap Stock Index Separate Account	8,478,428
Principal Life Insurance Company*	Deposits in insurance company Equity Income Separate Account	5,762,962
Principal Life Insurance Company*	Deposits in insurance company Lifetime 2010 Separate Account	1,805,392
Principal Life Insurance Company*	Deposits in insurance company Lifetime 2020 Separate Account	6,120,592
Principal Life Insurance Company*	Deposits in insurance company Lifetime 2030 Separate Account	7,994,475
Principal Life Insurance Company*	Deposits in insurance company Lifetime 2040 Separate Account	4,101,064
Principal Life Insurance Company*	Deposits in insurance company Lifetime 2050 Separate Account	3,394,119
Principal Life Insurance Company*	Deposits in insurance company Lifetime 2060 Separate Account	816,102
Principal Trust Company*	Common/Collective Trust Diversified Real Asset Tier 2	150,669
Principal Financial Group, Inc.*	394,575 shares of Principal Financial Group, Inc. ESOP	17,748,004
Loans to participants*	Notes receivable from participants with varying maturity dates and interest rates ranging from 5.25% to 10.25%	3,021,059
		\$162,744,023

\* Indicates party-in-interest to the Plan.



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 24, 2016 By /s/ Elizabeth L. Raymond  
Elizabeth L. Raymond  
Committee Chair



Exhibit Index

The following exhibit is filed herewith:

EXHIBIT	Page
23 - Consent of Ernst & Young LLP	25

Page 24 of 25