

PRINCIPAL LIFE INCOME FUNDINGS TRUST 20

Form 424B2

June 06, 2006

Pricing Supplement Dated June 2, 2006  
 (To Prospectus dated February 16, 2006, and  
 Prospectus Supplement dated February 16, 2006)

Filed Pursuant to Rule 424(b)(2)  
 Registration Statement Nos. 333-129763 and  
 333-129763-01

CUSIP: 74254PMH2

**Principal Life Insurance Company**  
**Secured Medium-Term Notes (Callable) (that are also Asset-Backed Securities)**  
**Issued Through and Obligations of**  
**Principal Life Income Fundings Trust 20 (the Trust and the Issuing Entity )**

The description of this pricing supplement of the particular terms of the Secured Medium-Term Notes offered hereby, and the Funding Agreement (specified below) issued by Principal Life Insurance Company ( Principal Life ) to the Trust, the payment obligations of which are fully and unconditionally guaranteed by the Guarantee (specified below) issued by Principal Financial Group, Inc. to the Trust, supplements the description of the general terms and provisions of the notes, the funding agreements and the guarantees set forth in the accompanying prospectus and prospectus supplement, to which reference is hereby made.

**1. The Notes**

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|                            |              |                               |              |
|----------------------------|--------------|-------------------------------|--------------|
| Principal Amount:          | \$50,000,000 | Purchasing Agent(s) Discount: | 0.0482%      |
| Issue Price:               | 99.828%      | Original Issue Date:          | June 9, 2006 |
| Net Proceeds to the Trust: | \$49,889,900 | Stated Maturity Date:         | June 9, 2011 |

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|                                 |   |   |          |
|---------------------------------|---|---|----------|
| Specified Currency:             | U.S. Dollars  |   |          |
| Interest Payment Dates:         | June 9 and December 9 of each year.   |   |          |
| Initial Interest Payment Dates: | December 9, 2006  |   |          |
| Regular Record Date:            | 15 calendar days prior to the Interest Payment Date                                   |   |          |
| Type of Interest Rate:          | <input checked="" type="checkbox"/> Fixed Rate <input type="checkbox"/> Floating Rate |   |          |
| Fixed Rate Notes:               | <input checked="" type="checkbox"/> Yes   | <input type="checkbox"/> No.            | If, Yes, |
| Interest Rate:                  | 5.70%   |   |          |
| Floating Rate Notes:            | <input type="checkbox"/> Yes  | <input checked="" type="checkbox"/> No. | If, Yes, |
| Regular Floating Rate Notes:    | <input type="checkbox"/> Yes  | <input type="checkbox"/> No.            | If, Yes, |
| Interest Rate:                  |   |   |          |
| Interest Rate Basis(es):        |   |   |          |

Floating Rate/Fixed Rate Note:     Yes         No.        If, Yes,  
Floating Interest Rate:  
Interest Rate Basis(es):  
Fixed Interest Rate:  
Fixed Rate Commencement Date:

Inverse Floating Rate Note:     Yes         No.        If, Yes,  
Fixed Interest Rate:  
Floating Interest Rate:  
Interest Rate Basis(es):

Initial Interest Reset Date:

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Interest Rate Basis(es). Check all that apply:

- CD Rate
- CMT Rate
- Constant Maturity Swap Rate
- LIBOR
- EURIBOR
- Prime Rate
- Commercial Paper Rate
- Eleventh District Cost of Funds Rate
- Federal Fund Open Rate
- Federal Funds Rate
- Treasury Rate
- Other (See Attached)

If LIBOR:

- LIBOR Reuters
  - LIBOR Moneyline Telerate
- LIBOR Currency:

If CMT Rate:

Designated CMT Telerate Page:

If 7052:

- Weekly Average
- Monthly Average

Designated CMT Maturity Index:

Index Maturity:

Spread (+/-):

Spread Multiplier:

Interest Reset Date(s):

Interest Rate Determination Date(s):

Maximum Interest Rate, if any:

Minimum Interest Rate, if any:

Calculation Agent: Citibank, N.A.

Exchange Rate Agent: Not applicable.

Computation of Interest (not applicable unless different than as specified in the prospectus and prospectus supplement):

Day Count Convention (not applicable unless different than as specified in the prospectus and prospectus supplement):

Amortizing Notes:  Yes  No. If, Yes,  
Amortizing Schedule:  
Additional/Other Terms

Discount Note:  Yes  No. If, Yes,  
Total Amount of Discount:  
Initial Accrual Period of Discount:  
Additional/Other Terms:

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Redemption Provisions:  Yes  No. If, Yes,

Redemption Date: June 9, 2009

Redemption:  In whole only and not in part  
 May be in whole or in part

Initial Redemption Percentage: 100%

Additional/Other Terms: The Notes may only be redeemed on the Redemption Date.

Repayment:  Yes  No. If, Yes,

Repayment Date(s):

Repayment Price:

Repayment:  In whole only and not in part  
 May be in whole or in part

Additional/Other Terms:

Sinking Fund (not applicable unless specified):

Additional Amounts to be Paid for Withholding Tax (not applicable unless specified):

Securities Exchange Listing:  Yes  No. If, Yes, Name of Exchange:

Authorized Denominations: \$1,000

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Ratings: The Notes issued under the Program are rated AA by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ( S&P ). Principal Life expects the Notes to be rated Aa2 by Moody's Investors Service, Inc. ( Moody's ).

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

| <u>Purchasing Agent(s)</u> | <u>Principal Amount</u> |
|----------------------------|-------------------------|
| Lehman Brothers Inc.       | \$50,000,000            |
| Total:                     | \$50,000,000            |

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

| <u>Purchasing Agent(s)</u> | <u>Principal Amount</u> |
|----------------------------|-------------------------|
|                            | _____                   |

Total:

State of Organization of the Trust: New York

Additional/Other Terms:

Special Tax Considerations:

**2. The Funding Agreement**

Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 7-07984

Deposit Amount: \$50,000,015

Net Deposit: \$49,889,900

Effective Date: June 9, 2006

Stated Maturity Date: June 9, 2011

Specified Currency: U.S. Dollars

Interest Payment Dates: June 9 and December 9 of each year

Initial Interest Payment Date: December 9, 2006

Type of Interest Rate:  Fixed Rate  Floating Rate

Fixed Rate Funding Agreement:  Yes  No. If, Yes,

Interest Rate: 5.70%

Floating Rate Funding Agreement:  Yes  No. If, Yes,

Regular Floating Rate Funding Agreement:  Yes  No. If, Yes,

Interest Rate:

Interest Rate Basis(es):

Floating Rate/Fixed Rate Funding Agreement:  Yes  No. If, Yes,

Floating Interest Rate:

Interest Rate Basis(es):

Fixed Interest Rate:

Fixed Rate Commencement Date:

Inverse Floating Rate Funding Agreement:  Yes  No. If, Yes,

Fixed Interest Rate:

Floating Interest Rate:

Interest Rate Basis(es):

Initial Interest Rate, if any:

Initial Interest Reset Date:

Interest Rate Basis(es). Check all that apply:

|   |  |
|---|--|
| <input type="radio"/> CD Rate                     | <input type="radio"/> Commercial Paper Rate                |
| <input type="radio"/> CMT Rate                    | <input type="radio"/> Eleventh District Cost of Funds Rate |
| <input type="radio"/> Constant Maturity Swap Rate | <input type="radio"/> Federal Funds Open Rate              |
| <input type="radio"/> LIBOR                       | <input type="radio"/> Federal Funds Rate                   |
| <input type="radio"/> EURIBOR                     | <input type="radio"/> Treasury Rate                        |
| <input type="radio"/> Prime Rate                  | <input type="radio"/> Other (See Attached)                 |

If LIBOR:  LIBOR Reuters Page  LIBOR Moneyline Telerate  
LIBOR Currency:

If CMT Rate:

Designated CMT Telerate Page:

If 7052:  Weekly Average  Monthly Average

Designated CMT Maturity Index:

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Index Maturity:

Spread (+/-):

Spread Multiplier:

Interest Reset Date(s):

Interest Rate Determination  
Date(s):

Maximum Interest Rate, if any:

Minimum Interest Rate, if any:

Calculation of Interest (not applicable unless different than as specified in the prospectus and prospectus supplement):

Day Count Convention (not applicable unless different than as specified in the prospectus and prospectus supplement):

Amortizing Funding Agreement:  Yes  No. If, Yes,  
Amortizing Schedule  
Additional/Other Terms

Discount Funding Agreement:  Yes  No. If, Yes,  
Total Amount of Discount:  
Initial Accrual Period of Discount:  
Additional/Other Terms:

Redemption Provisions:  Yes  No. If, Yes,  
Redemption Date: June 9, 2009  
Redemption:  In whole only and not in part  
 May be in whole or in part  
Initial Redemption Percentage: 100%

Additional/Other Terms: The Funding Agreement may only be redeemed on the Redemption Date.

Repayment:  Yes  No. If, Yes,  
Repayment Date(s):  
Repayment Price:  
Repayment:  In whole only and not in part  
 May be in whole or in part



Additional/Other Terms:

Sinking Fund (not applicable unless specified):

Additional Amounts to be Paid For Withholding Tax (not applicable unless specified):

Ratings: The Funding Agreement issued under the Program is rated AA by S&P. Principal Life expects the Funding Agreements to be rated Aa2 by Moody's.

Additional/Other Terms if any:

Special Tax Considerations:

### **3. The Guarantee**

Guarantee Issuer: Principal Financial Group, Inc.

Effective Date: June 9, 2006

Additional/Other Terms: