Filed pursuant to ☑ Rule 424(b)(2) Registration Statement No. o Rule 424(b)(5) 333-129763 and 333-129763-01

Pricing Supplement Dated 7/17/2006 (To Prospectus dated February 16, 2006, and Prospectus Supplement dated February 16, 2006)

333-129/63-01 CUSIP: 74254PMR0



Principal Life Insurance Company

Principal® Life CoreNotes® (Callable) (That are also Asset-Backed Securities) Issued Through and Obligations of Principal Life Income Fundings Trust 2006-46 (the "Trust" and "Issuing Entity")

The description of this pricing supplement of the particular terms of the Principal® Life CoreNotes® 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

| Principal Amount: | TBD | Purchasing Agent Discou | unt: 1.300% | | |
|---|---|---|-------------|--|--|
| Issue Price: | 100.0 % | Original Issue Date: | 7/26/2006 | | |
| Net Proceeds to the Trust: | TBD | Stated Maturity Date: | 7/15/2014 | | |
| Interest Payment Dates: | The 15th day of ev | ery sixth month commencing on 1/15/2007 | 7 | | |
| Initial Interest Payment Date: | 1/15/2007 | | | | |
| Regular Record Date: | 15 calendar days prior to the Interest Payment Date | | | | |
| Type of Interest Rate: | ☑ Fixed Rate | o Floating Rate | | | |
| Interest Rate: | 6.00% | | | | |
| Discount Note: | o Yes | ☑ No | | | |
| Terms of Survivor's Option: Annual Put Limitation: Individual Put Limitation: Trust Put Limitation: | | ☑ \$2,000,000 or 2%; or o \$ or% ☑ \$250,000; or o \$ ☑ 2%; or \$ | | | |
| Redemption Provisions: Initial Redemption Date: Redemption: Additional Other Terms: | ✓ Yes7/15/2008✓ In whole only an o May be in whole only redemption date | | | | |
| Repayment: | o Yes | ☑ No | | | |
| Authorized Denominations: | \$1,000 | | | | |

[&]quot;Principal ®" is a registered service mark of Principal Financial Services, Inc. and is used under license.

[&]quot;CoreNotes ®" is a registered service mark of Merrill Lynch & Co.

Ratings:

Additional/ Other Terms:

None

The Notes issued under the Program are rated AA by Standard & Poor's ("S&P"). Principal Life expects the Notes to be rated Aa2 by Moody's Investors Service, Inc. ("Moody's").

If yes:

Purchasing Agent(s) Purchasing Notes as Principal: o No Purchasing Agent(s) Principal Amount Merrill Lynch TBD Total: TBD State of Organization of the Trust: New York Additional/Other Terms: None 2. The Funding Agreement Funding Agreement Issuer: Principal Life Insurance Company Funding Agreement No.: 6-13530 Deposit: **TBD TBD** Net Deposit: Effective Date: 7/26/2006 Stated Maturity Date: 7/15/2014 **Interest Payment Dates:** The 15th day of every sixth month commencing on 1/15/2007 Initial Interest Payment Date: 1/15/2007 Type of Interest Rate: ☑ Fixed Rate o Floating Rate Interest Rate: 6.00% **Discount Funding Agreement:** ✓ No o Yes Terms of Survivor's Option: Annual Put Limitation: ☑ \$2,000,000 or 2%; or o \$_ _ or _ Individual Put Limitation: ☑ \$250,000; or о\$ Trust Put Limitation: Redemption: o No. If, Yes, 7/15/2008 Initial Redemption Date: Redemption: $\ensuremath{\square}$ In whole only and not in part o May be in whole or in part Additional Other Terms: Any redemption date will be an Interest Payment Date falling on or after the Initial Redemption Date Repayment: ✓ No o Yes Ratings: The Funding Agreement issued under the Program is rated AA by S&P. Principal Life expects the Funding Agreement to be rated Aa2 by Moody's. Additional/Other Terms: None 3. The Guarantee Guarantee Issuer: Principal Financial Group, Inc. 7/26/2006 Effective Date: