Pricing Supplement Dated 12/23/2004 (To Prospectus dated March 5, 2004, and Prospectus Supplement dated March 5, 2004)

CUSIP: 74254PDS8



Principal Life Insurance Company Principal<sup>®</sup> Life CoreNotes<sup>®</sup> (Callable) Issued Through Principal Life Income Fundings Trust 2004-81 (the "Trust")

The description of this pricing supplement of the particular terms of the Principal<sup>®</sup> Life CoreNotes<sup>®</sup> offered hereby, and the Funding Agreement (specified below) sold by Principal Life Insurance Company to the Trust (specified herein), 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:	\$6,429,000.0	Purchasing Agent Discount:		1.500%
Issue Price:	100.0%	Original Issue Date:		12/29/2004
Net Proceeds to the Trust:	\$6,332,565.0	Stated Maturity Date:		12/15/2014
Interest Payment Dates:	The 15th day of every sixth month commencing on 06/15/2005.			
Initial Interest Payment Date:	06/15/2005			
Regular Record Date:	The 1st day of every sixth month commencing on 06/01/2005.			
Type of Interest Rate:	⊠ Fixed Rate	o Floating Rate		
Fixed Rate Notes:	⊠ Yes	o No.	If, Yes,	
Interest Rate:	5.00%			
Floating Rate Notes:	o Yes	⊠ No.	If, Yes,	
Regular Floating Rate Notes: Interest Rate: Interest Rate Basis(es):	o Yes	o No.	If, Yes,	
Floating Rate/Fixed Rate Note: Floating Interest Rate: Interest Rate Basis(es): Fixed Interest Rate: Fixed Rate Commencement Date:	o Yes	o No.	If, Yes,	
Initial Interest Rate, if any:	N/A			
Initial Interest Reset Date:	N/A			

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<sup>&</sup>quot;CoreNotes<sup>®</sup>" is a registered service mark of Merrill Lynch & Co.

	Interest Rate Basis(es). Check all that apply:	N/A o CD Rate o Commercial Paper Rate o Treasury Rate o Other (See Attached)	o CMT Rate o LIBOR o Prime Rate	
	If LIBOR:	o LIBOR Reuters Page LIBOR Currency:	o LIBOR Moneyline Tel	lerate Page
	If CMT Rate: Designated CMT Telerate Page: If 7052: Designated CMT Maturity Index:	o Weekly Average	o Monthly Average	
	Index Maturity:	N/A		
	Spread (+/-):	N/A		
	Spread Multiplier:	N/A		
	Interest Reset Date(s):	N/A		
	Interest Rate Determination Date(s):	N/A		
	Maximum Interest Rate, if any:	N/A		
	Minimum Interest Rate, if any:	N/A		
Calcul	ation Agent:	Citibank, N.A.		
(not ap Day C	utation of Interest: oplicable unless different than as specified in the ount Convention:	N/A		
(not ap	oplicable unless different than as specified in the	prospectus and prospectus	supplement)	
Discou To Ini	pplicable unless different than as specified in the int Note: tal Amount of Discount: tial Accrual Period of Discount: lditional/Other Terms:	o Yes		If, Yes,
Discou To Ini Ad Terms An	int Note: tal Amount of Discount: tial Accrual Period of Discount:		<ul> <li>☑ No.</li> <li>☑ \$2,000,000 or 2%; or o \$or_%</li> <li>☑ \$250,000; or</li> </ul>	
Discou To Ini Ad Terms An Inc	ant Note: tal Amount of Discount: tial Accrual Period of Discount: lditional/Other Terms: of Survivor's Option: nual Put Limitation:		⊠ No. ⊠ \$2,000,000 or 2%; or o \$%	
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Discou To To Ini Ad Terms An Inc Tru Reden Ini Red Repay Re Re Re Re Ad Sinkin Securi	Int Note: tal Amount of Discount: tial Accrual Period of Discount: Iditional/Other Terms: of Survivor's Option: unual Put Limitation: lividual Put Limitation: Ist Put Limitation: Ist Put Limitation: Ist Put Limitation: Itial Redemption Date: demption: Iditional Other Terms: ment: payment Date(s): payment Price: payment: Iditional/Other Terms: g Fund (not applicable unless specified): N/A	<ul> <li>o Yes</li> <li>⊠ Yes</li> <li>12/15/2005</li> <li>⊠ In whole only and not i o May be in whole or in pa Any redemption date will o Yes</li> <li>o In whole only and not in o May be in whole or in pa Any be in whol</li></ul>	<ul> <li>☑ No.</li> <li>☑ \$2,000,000 or 2%; or o \$or_%</li> <li>☑ \$250,000; or o \$</li> <li>☑ 2%; or \$</li> <li>o No.</li> <li>n part art</li> <li>be an Interest Payment D</li> <li>☑ No.</li> <li>a part art</li> </ul>	If, Yes, ate falling on or after the Initial Redemption Date If, Yes,

## Ratings:

## 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").

Purchasing Agent(s) Purch	asing Notes as Principal:	🗵 Yes	o No.	If, Yes,
	Purchasing Agent(s)			Principal Amount
	Merrill Lynch Total:			\$ <u>6,429,000.0</u> \$ <u>6,429,000.0</u>
State of Organization of the	e Trust:	New York		
Additional/Other Terms:		None		
Special Tax Considerations	5:	None		
2. The Funding Agreeme	nt			
Funding Agreement Issuer	:	Principal Life Insura	nce Company	<i>y</i>
Funding Agreement No.:		4-51528		
Deposit:		\$6,429,015.0		
Net Deposit:		\$6,332,565.0		
Effective Date:		12/29/2004		
Stated Maturity Date:		12/15/2014		
Interest Payment Dates:		The 15th day of ever	y sixth montl	n commencing on 06/15/2005.
Initial Interest Payment Da	te:	06/15/2005		
Type of Interest Rate:		⊠ Fixed Rate	o Floating	Rate
Fixed Rate Funding Ag	greement:	⊠ Yes	o No.	If, Yes,
Interest Rate:		5.00%		
Floating Rate Funding	Agreement:	o Yes	🛛 No.	If, Yes,
Regular Floating R Interest Rate: Interest Rate Ba	ate Funding Agreement: asis(es):	o Yes	o No.	If, Yes,
Floating Interes Interest Rate Ba Fixed Interest R	asis(es):	o Yes	o No.	If, Yes,
Initial Interest Rate	, if any:	N/A		
Initial Interest Rese	et Date:	N/A		
Interest Rate Basis(	es). Check all that apply:	o CD Rate o Commercial Paper Rate o Treasury Rate o Other (See Attached)	N/A	o CMT Rate o LIBOR o Prime Rate
If LIBOR:		o LIBOR Reuters Page LIBOR Currency:		o LIBOR Moneyline Telerate Page

If CMT Rate:

Designated CMT Telerate Page:

	Index Maturity:	N/A		
	Spread (+/-):	N/A		
	Spread Multiplier:	N/A		
	Interest Reset Date(s):	N/A		
	Interest Rate Determination Date(s):	N/A		
	Maximum Interest Rate, if any:	N/A		
	Minimum Interest Rate, if any:	N/A		
(not ap Day C	utation of Interest: oplicable unless different than as specified in the prospectu ount Convention: oplicable unless different than as specified in the prospectu	N/A		
Discou	int Funding Agreement: Total Amount of Discount: Initial Accrual Period of Discount: Additional/Other Terms:	o Yes	⊠ No.	If, Yes,
Terms	of Survivor's Option: Annual Put Limitation:		⊠ \$2,000,000 or 2%; or	•
	Individual Put Limitation:		o \$or% ⊠ \$250,000; or	
	Trust Put Limitation:		o \$ ⊠ 2%; or \$	
		<b>—</b>		
Reden		⊠ Yes 12/15/2005	o No.	If, Yes,
	Initial Redemption Date: Redemption:	$\boxtimes$ In whole only and n	ot in part	
		o May be in whole or i	n part	
	Additional Other Terms:	Any redemption date v Redemption Date	vill be an Interest Paymen	t Date falling on or after the Initial
Repay	ment	o Yes	🗵 No.	If, Yes,
керау	Repayment Date(s):	0 165	M NO.	11, 165,
	Repayment Price:			
	Repayment:	o In whole only and no		
	Additional/Other Terms:	o May be in whole or i	n part	
Sinkin	g Fund (not applicable unless specified):	N/A		
Rating		IV/A		
	he Funding Agreement issued under the Program is rated A rincipal Life expects the Funding Agreement to be rated A			
Additi	onal/Other Terms:	None		
Specia	l Tax Considerations:	None		
3. The	Guarantee			
Guara	ntee Issuer:	Principal Financial Gro	oup, Inc.	
Effecti	ive Date:	12/29/2004		
Additi	onal/Other Terms:	None		
		4		