

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report: **June 28, 2021**  
(Date of earliest event reported)

**PRINCIPAL FINANCIAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-16725**  
(Commission file number)

**42-1520346**  
(I.R.S. Employer  
Identification Number)

**711 High Street, Des Moines, Iowa 50392**  
(Address of principal executive offices)

**(515) 247-5111**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	PFG	Nasdaq Global Select Market

- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§203.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company
- If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## **Item 7.01 Regulation FD Disclosure.**

On June 28, 2021, Principal Financial Group, Inc., a Delaware corporation (“Principal”), announced changes to its portfolio and capital management strategy to drive profitable growth, reduce capital intensity, sharpen its strategic focus, and generate long-term value for shareholders. These changes were approved by the Principal Board of Directors (the “Board”) following a comprehensive review of Principal’s business mix and capital management options (the “Strategic Review”) that was undertaken as a part of Principal’s entry into a cooperation agreement with one of Principal’s largest investors, Elliott Investment Management, LP.

The Strategic Review, initiated in February 2021, was led by the Finance Committee of the Board, which is comprised entirely of independent directors. Key outputs of the Strategic Review are as follows:

### **Discontinue sales of U.S. retail fixed annuities and consumer life insurance products; pursue strategic alternatives for related in-force blocks**

Principal will fully exit U.S. retail fixed annuities — discontinuing new sales of its deferred annuities, payout annuities, indexed annuities — and will pursue strategic alternatives, including divestiture, of the related in-force blocks, which have policy reserves of approximately \$18 billion based upon GAAP reserve balances as of March 31, 2021. Principal will continue selling its variable annuity offering, which plays an important role within its complete suite of retirement solutions.

In U.S. individual life insurance, Principal will fully exit the retail consumer market - discontinuing new sales of its term life and universal life products to retail consumers. Building on its prior announcement to cease sales of universal life insurance with secondary guarantees (“ULSG”), Principal will pursue strategic alternatives, including divestiture, for the in-force ULSG block (approximately \$7 billion of policy reserves based upon GAAP reserve balances as of March 31, 2021) as well as other related in-force blocks. Principal will continue to support business owners and key executives, allowing for an even sharper focus on the business market and products with limited interest rate exposure.

### **Invest and expand in growth areas**

Principal will prioritize fee-based businesses and focus on three key areas: retirement in the U.S. and emerging markets, global asset management, and U.S. specialty benefits and protection in the small-to-medium-sized business market. These businesses are poised for continued growth, are more capital efficient, and leverage Principal’s leading position and other competitive advantages, including integrated and differentiated solutions, presence in high-growth markets and preferred customer access.

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### **Strengthen its capital management strategy**

Principal is committed to actively returning excess capital to shareholders. Consistent with a targeted capital level of \$800 million at the holding company, a risk-based capital ratio of 400%, a debt-to-capital ratio of 20% to 25%, and an annual common stock dividend with a targeted payout ratio of 40%, the Board has approved a new authorization for the repurchase of up to \$1.2 billion of Principal's outstanding common stock. This new authorization is in addition to the approximately \$675 million that remains under Principal's prior authorization as of March 31, 2021. Principal expects to repurchase between \$1.3-\$1.7 billion of common shares from March 31, 2021 through the end of 2022 by utilizing capital generated from operations and reducing excess capital to target levels while retiring \$300 million of debt maturing in 2022. This repurchase amount does not include the impacts from any transactions which may result from the strategic review announced today.

The share repurchases mentioned above will be made in the open market or through privately negotiated transactions, from time to time and depending on market conditions. The stock repurchase program may be modified, extended, or terminated at any time by the Board.

Further details regarding the Strategic Review will be discussed at Principal's June 29 investor day. To register, visit [principal.com/investorday](http://principal.com/investorday).

A press release announcing the results of the Strategic Review is included herewith as Exhibit 99.

### **Item 9.01 Financial Statements and Exhibits**

[99.1](#) [Press Release Concerning Results of Strategic Review, dated June 28, 2021](#)  
104 Cover Page to this Current Report on Form 8-K in Inline XBRL

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRINCIPAL FINANCIAL GROUP, INC.

By: /s/ Christopher J. Littlefield

Name: Christopher J. Littlefield

Title: Executive Vice President, General Counsel and Secretary

Date: June 28, 2021

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Release: On receipt, June 28, 2021  
Media Contact: Jane Slusark, 515-362-0482, [slusark.jane@principal.com](mailto:slusark.jane@principal.com)  
Investor Contact: John Egan, 515-235-9500, [egan.john@principal.com](mailto:egan.john@principal.com)

### **Principal Financial Group<sup>®</sup> Announces Results of Strategic Review**

- New initiatives focus Principal<sup>®</sup> on its higher-growth retirement, global asset management and U.S. benefits and protection businesses, making it a more capital-efficient company
- Principal to discontinue sales of all U.S. retail fixed annuities and consumer life insurance products — and to pursue strategic alternatives for related in-force blocks
- Review outcome strengthens Principal's commitment to capital return, including a new incremental share repurchase authorization of \$1.2 billion

(DES MOINES, Iowa) – **Principal Financial Group<sup>®</sup>** (Nasdaq: PFG) today announced changes to its portfolio and capital management strategy to drive profitable growth, reduce capital intensity, sharpen its strategic focus, and generate long-term value for shareholders. These changes were approved by the Principal Board of Directors following a comprehensive review of the company's business mix and capital management options that was undertaken as a part of a cooperation agreement with one of Principal's largest investors, Elliott Investment Management, L.P.

“This thorough and intensive review considered strategic fit, client needs, financial impact, and the risk profile of our business lines. The outcome will result in a more focused portfolio and stronger capital management strategy that we believe positions Principal for strengthened leadership in higher growth markets and greater capital efficiency, leading to higher expected shareholder returns,” said Dan Houston, chairman, president, and CEO of Principal. “We identified opportunities to reduce complexity and risk, improve our return profile, and increase our cash flow conversion to better enable us to execute on our strategy, reinvest in growth, and support our financial strength. We've also announced a new \$1.2 billion share repurchase authorization, which underscores our commitment to return excess capital to shareholders. I am confident that as we move forward, we'll be positioned to win and grow in meaningful ways for our shareholders, customers, and employees, both today and into the future.”

Mark Cicirelli, U.S. Head of Insurance for Elliott, said, “We applaud today's announcements, which represent a significant step on a path towards higher growth, higher returns, and greater capital efficiency. We appreciate the constructive dialogue and the company's demonstrated commitment to build a less capital-intensive business and to focus on its higher-growth target markets. We believe Principal's refined focus will result in substantial returns of capital to investors and that the implementation of today's decisions will leave Principal better positioned to leverage its quality franchise and create significant additional value for both its shareholders and its customers.”

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The review, initiated in February 2021, was led by the independent Finance Committee of the Principal Board of Directors. Key outputs of the review follow below.

**Discontinue sales of U.S. retail fixed annuities and consumer life insurance products; pursue strategic alternatives for related in-force blocks**

Principal will fully exit U.S. retail fixed annuities — discontinuing new sales of its deferred annuities, payout annuities, indexed annuities — and will pursue strategic alternatives, including divestiture, of the related in-force blocks, which have policy reserves of approximately \$18 billion<sup>1</sup>. Principal will continue selling its variable annuity offering, which plays an important role within its complete suite of retirement solutions.

In U.S. individual life insurance, Principal will fully exit the retail consumer market — discontinuing new sales of term life and universal life products to retail consumers. Building on its prior announcement to cease sales of universal life insurance with secondary guarantees (“ULSG”), Principal will pursue strategic alternatives, including divestiture, for the in-force ULSG block (approximately \$7 billion of policy reserves)<sup>1</sup> as well as other related in-force blocks. The company will continue to support business owners and key executives, allowing for an even sharper focus on the business market and products with limited interest rate exposure.

**Invest and expand in growth areas**

Principal will prioritize fee-based businesses and focus on three key areas: retirement in the U.S. and select emerging markets, global asset management, and U.S. specialty benefits and protection in the small-to-medium-sized business market. These businesses are poised for continued growth, are more capital-efficient, and leverage Principal’s leading position and other competitive advantages, including integrated and differentiated solutions, presence in high-growth markets and preferred customer access.

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<sup>1</sup> Based upon GAAP reserve balances as of March 31, 2021

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### **Strengthen its capital management strategy**

Principal is committed to actively returning excess capital to shareholders. Consistent with a targeted capital level of \$800 million at the holding company, a risk-based capital ratio of 400%, a debt-to-capital ratio of 20% to 25%, and an annual common stock dividend with a targeted payout ratio of 40%, Principal's Board of Directors has approved a new authorization for the repurchase of up to \$1.2 billion of the company's outstanding common stock. This new authorization is in addition to the approximately \$675 million that remains under the company's prior authorization as of March 31, 2021. Principal expects to repurchase between \$1.3-\$1.7 billion of common shares from March 31, 2021 through the end of 2022 by utilizing capital generated from operations and reducing excess capital to target levels while retiring \$300 million of debt maturing in 2022. This repurchase amount does not include additional excess capital that might be generated from any transactions resulting from the strategic review announced today.

As these initiatives are implemented, Principal will become increasingly well positioned as a capital-efficient company, producing higher expected shareholder returns, and poised to lead in higher-growth markets. Further details will be discussed at the company's June 29 investor day. To register, visit [principal.com/investorday](http://principal.com/investorday).

The Principal Board of Directors and Finance Committee were assisted in the strategic review by several independent and objective consultants with significant expertise. These advisors included Goldman Sachs & Co., LLC serving as financial advisor, a leading global consultancy serving as strategic advisor, Milliman serving as actuarial consultant, and Skadden, Arps, Slate, Meagher & Flom LLP serving as legal counsel.

The share repurchases mentioned above will be made in the open market or through privately negotiated transactions, from time to time and depending on market conditions. The stock repurchase program may be modified, extended, or terminated at any time by the Board of Directors.

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### **Forward-looking and cautionary statements**

This news release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words “believe,” “expect,” “anticipate,” “project,” “estimate,” “budget,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” “significant,” “will,” “would,” “objective,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “strategy,” “target,” and similar expressions, among others, generally identify forward-looking statements, which speak only as of the date the statements were made. Forward-looking statements are made based upon management’s current expectations and beliefs concerning future developments and their potential effects on us. Such forward-looking statements are not guaranteeing future performance. Future events and their effects on the company may not be those anticipated, and actual results may differ materially from the results anticipated in these forward-looking statements. Those risks and uncertainties include, but are not limited to, the risk factors listed in Item 1A, “Risk Factors,” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, and the other filings we make with the U.S. Securities and Exchange Commission. We disclaim any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by law.

### **About Principal Financial Group®**

Principal Financial Group® (Nasdaq: PFG) is a global financial company with 18,000 employees passionate about improving the wealth and well-being of people and businesses. In business for more than 140 years, we’re helping more than 38 million customers plan, insure, invest, and retire, while working to support the communities where we do business, improve our planet, and build a diverse, inclusive workforce. Principal® is proud to be recognized as one of the World’s Most Ethical Companies, a member of the Bloomberg Gender Equality Index, and a Top 10 “Best Places to Work in Money Management.” Learn more about Principal and our commitment to sustainability, inclusion, and purpose at [principal.com](https://www.principal.com).

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