



Mailing Address:
 Marsh Affinity Group Service
 P.O. Box 14578
 Des Moines, IA 50306-4578

**Principal Life
 Insurance Company**

**Group Universal Life Insurance
 Cancellation (Surrender) Request**

Important! Please use ink to complete this request.

Employee's name	Employer
Employee's social security number	Home and work telephone number
Mailing address	

Cancellation (surrender) of all coverage (complete only for the certificates being cancelled/surrendered)

Please cancel (surrender) the following certificate(s):

Employee name _____ Spouse name _____

The date of cancellation (the "Effective Date") shall be the 1st of the month following the date all requirements are received by Principal Life Insurance Company.

Principal Life is to pay the certificate cash value to the undersigned unless directed otherwise in Remarks or Special Instructions. Liability under the certificate for Principal Life, except for payment of the certificate cash value, shall terminate as of the effective date indicated above.

In consideration of the payment of the certificate cash value, the undersigned acknowledges that all rights, claims, benefits and demands under the certificate are fully settled and satisfied and Principal Life is hereby released from any and all liability. It is hereby expressly represented that no person, firm or corporation other than the undersigned has any interest in this policy and that no insolvency or bankruptcy proceedings have been instituted or are pending against the undersigned.

Remarks or special instructions

Reason for cancellation (surrender)

Notice of Taxability, Withholding and Election

All or part of the payment received by an owner in connection with the surrender of a life insurance contract, including the values used to cancel any outstanding loan indebtedness at the time of surrender, may be includable in the owner's gross income for tax purposes.

The income tax laws of the Federal Government and certain states requires that Principal Life report and automatically withhold on taxable income in excess of specified amounts, unless you elect otherwise by marking the box below. This election will also apply to any applicable state withholding unless otherwise indicated.

If we do not have your correct Social Security or Taxpayer Identification Number (including certification if required) withholding will be required despite any election that you make. If you elect that we not withhold, you are responsible for payments of the estimated tax, if any is due. You may have to pay a penalty under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

I elect not to have tax withheld from any taxable portion of my payment. My Social Security or Taxpayer Identification number is: _____.

Owner signature	Date of request
Beneficiary signature (if named irrevocably)	Assignee signature or creditor beneficiary (if any)



Questions? Call Us at 1-800-255-6614

Additional Information Concerning Federal and Applicable State Reporting and Withholding on Taxable Gain*

All or part of the payment received by an owner in connection with the surrender of a life insurance contract, including the values used to cancel any outstanding loan indebtedness at the time of surrender, may be includable in the owner's gross income for tax purposes. The amount that would be includable in the owner's gross income is the amount by which the cash surrender value, before deducting the loan indebtedness, exceeds the cost basis of the contract. This excess is taxable income in the year of surrender. Generally, the owner's "basis" for the contract is the gross premium cost for tax purposes less all amounts previously received tax free.

Federal and Applicable State Reporting and Withholding Regulations Provide for the following:

1. On the surrender of a life insurance contract issued before August 13, 1982, the IRS regulations provide that the Company may assume that no amounts are includable in the gross income of the owner and we are not required to withhold federal income tax or file a report in the following circumstances:
 - A certificate is surrendered within 10 years of the date of its issuance and the payment, including the values used to cancel any outstanding loan indebtedness, does not exceed \$10,000.
 - A certificate is surrendered 10 years or more after the date of its issuance and the payment, including the values used to cancel any outstanding loan indebtedness, does not exceed \$5,000.
2. For a life insurance contract that is exchanged under Section 1035(a) of the IRS Code, we are required to file a report listing the cost of basis and total value of the contract. This is reportable by us, but it is our understanding that there is no taxable amount reported until payment is received. Any cash received on an exchange, including any loan indebtedness cancelled at the time of exchange, is considered taxable income up to the amount of the gain and we will be required to report it as taxable ordinary income.
3. For surrenders other than outlined above, the company is required to file a federal report of taxable amounts and to withhold on any taxable gain at the rate of 10% unless the owner elects against the withholding.
4. If we do not have your correct Social Security or Taxpayer Identification Number (including certification if required**), withholding at the rate of 10% may be required. Election against this withholding is generally not available. This may apply to:
 - Amount of any gain reportable in connection with the surrender of annuity contract or any policy on which the maturity date has been deferred.
 - Gain at maturity on endowments and annuities.

Additional Information Concerning Backup Withholding

If we do not have your correct Social Security or Taxpayer Identification Number, (including certification if required**), backup withholding at the rate of 20% may be required. Election against backup withholding is generally not available. Backup withholding may apply to:

Any reportable interest on dividends or future premium deposits included in the surrender proceeds.

Additional Information Concerning 1035(a) Tax Free Exchanges

Before executing an exchange under section 1035(a) of the IRS Code, you may wish to seek independent tax advice as to the taxability of the transaction and required procedure. Final responsibility must lie with you and your tax or legal counsel.

The explanation of the Federal and applicable State Income Tax Law is based upon our understanding of the present tax laws and is for general information only. We are not engaged in rendering legal, accounting or tax advice and this explanation should not be viewed as such. If legal or other expert assistance is required, the services of a competent professional person should be sought.

* This information does not relate to an employer deferred compensation plan or an individual retirement plan. To the extent payments are made from life, annuity and endowment contracts held under qualified plan payments as generally applicable.

** If not previously provided, Certification using the Government Form W-9 or a substitute Form W-9 is generally required to elect out of any otherwise required withholding on policies issued after December 31, 1983.