

Principal Life Income Fundings Trust 21

Form 424B5

June 13, 2006

Pricing Supplement Dated June 9, 2006
 (To Prospectus dated February 16, 2006, and Prospectus Supplement dated February 16, 2006)

Filed pursuant to Rule 424(b)(5)
 Registration Statement Nos. 333-129763 and 333-129763-01
 CUSIP: 74254PMJ8

**Principal Life Insurance Company
 Secured Medium-Term Notes (that are also Asset-Backed Securities)
 Issued Through and Obligations of
 Principal Life Income Fundings Trust 21 (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

| | | | |
|----------------------------|----------------|-------------------------------|---------------|
| Principal Amount: | \$ 150,000,000 | Purchasing Agent(s) Discount: | 0.296% |
| Issue Price: | 100% | Original Issue Date: | June 16, 2006 |
| Net Proceeds to the Trust: | \$ 149,556,000 | Stated Maturity Date: | June 16, 2016 |

Specified Currency: U.S. Dollars

Interest Payment Dates: March 16, June 16, September 16 and December 16 of each year

Initial Interest Payment Date: September 16, 2006

Regular Record Date: 15 calendar days prior to the Interest Payments Date

Type of Interest Rate: Fixed Rate Floating Rate

Fixed Rate Notes: Yes No. If, Yes,

Interest Rate:

Floating Rate Notes: Yes No. If, Yes,

Edgar Filing: Principal Life Income Fundings Trust 21 - Form 424B5

Regular Floating Rate Notes: Yes No. If, Yes,
Interest Rate: 3-Month LIBOR +
.20%
Interest Rate Basis(es): See below

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

Edgar Filing: Principal Life Income Fundings Trust 21 - Form 424B5

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

Initial Interest Rate: 3-Month LIBOR + .20% determined on the second London Banking Day preceding the Original Issue Date

Initial Interest Reset Date: September 16, 2006

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 checked="" 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 LIBOR Moneyline Telerate Page 3750
LIBOR Currency: U.S. Dollars

If CMT Rate:

Designated CMT Telerate Page:

If 7052: Weekly Average Monthly Average

Designated CMT Maturity Index:

Index Maturity: 3-Month

Spread (+/-): +.20%

Spread Multiplier: Not applicable

Interest Reset Date(s): Each Interest Payment Date

Interest Rate Determination Date(s): The second London Banking Day preceding the related Interest Reset Date

Maximum Interest Rate, if any: Not applicable

Minimum Interest Rate, if any: Not applicable

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):

Edgar Filing: Principal Life Income Fundings Trust 21 - Form 424B5

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:

Redemption Provisions: Yes No. If, Yes,
Initial Redemption Date:
Initial Redemption Percentage:
Annual Redemption Percentage
Reduction (if any):
Redemption: In whole only and not in part
 May be in whole or in part
Additional/Other Terms:

Edgar Filing: Principal Life Income Fundings Trust 21 - Form 424B5

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

Ratings:

The Notes issued under the Program are rated AA by Standard & Poor's Rating 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:

| Purchasing Agent(s) | Principal Amount |
|-------------------------------|-------------------------|
| Citigroup Global Markets Inc. | \$ 150,000,000 |
| Total: | \$ 150,000,000 |

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

| Purchasing Agent(s) | Principal Amount |
|----------------------------|-------------------------|
| | |

Total:

State of Organization of the Trust: New York

Additional/Other Terms: Notwithstanding anything in the Prospectus or the Prospectus Supplement to the contrary, the Indenture Trustee with respect to the Notes will be Law Debenture Trust Company of New York.

Special Tax
Considerations:

2. The Funding Agreement

Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 7-08001

Deposit Amount: \$150,000,015

Net Deposit: \$149,556,000

Effective Date: June 16, 2006

Stated Maturity Date: June 16, 2016

Specified Currency: U.S. Dollars

Interest Payment Dates: March 16, June 16, September 16 and December 16 of each year

Initial Interest Payment Date: September 16, 2006

Type of Interest Rate: Fixed Rate Floating Rate

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

Interest Rate:

Edgar Filing: Principal Life Income Fundings Trust 21 - Form 424B5

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

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

Interest Rate: 3-Month LIBOR + .20%
Interest Rate Basis(es): See below

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: 3-Month LIBOR + .20% determined on the second London Banking Day preceding the Original Issue Date

Initial Interest Reset Date: September 16, 2006

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 Funds Open Rate
- Federal Funds Rate
- Treasury Rate
- Other (See Attached)

If LIBOR: LIBOR Reuters Page LIBOR Currency: LIBOR Moneyline Telerate Page 3750

If CMT Rate:
Designated CMT Telerate Page:
If 7052: Weekly Average Monthly Average
Designated CMT Maturity Index:

Index Maturity: 3-Month

Spread (+/-): +.20%

Spread Multiplier: Not applicable

Edgar Filing: Principal Life Income Fundings Trust 21 - Form 424B5

Interest Reset Date(s): Each Interest Payment Date

Interest Rate Determination Date(s): The second London Banking Day preceding the related Interest Reset Date

Maximum Interest Rate, if any: Not applicable

Minimum Interest Rate, if any: Not applicable

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,
Initial Redemption Date:
Initial Redemption Percentage:
Annual Redemption Percentage
Reduction (if any):
Redemption: In whole only and not
 in part
 May be in whole or in
 part

Additional Other Terms:

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 Agreement 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 16, 2006

Additional/Other Terms: