

Principal Life Income Fundings Trust 23

Form 424B2

September 28, 2006

Pricing Supplement Dated September 26,  
2006  
(To Prospectus dated February 16, 2006, and  
Prospectus Supplement dated February 16,  
2006)

Filed pursuant to Rule 424(b)(2)  
Registration Statement Nos. 333-129763  
and 333-129763-01

CUSIP: 74254PPB2

**Principal Life Insurance Company**  
**Secured Medium-Term Notes (that are also Asset-Backed Securities)**  
**Issued Through and Obligations of**  
**Principal Life Income Fundings Trust 23 (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**

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Principal Amount:	\$250,000,000	Purchasing Agent(s) Discount:	0.35%
Issue Price:	99.987%	Original Issue Date:	September 29, 2006
Net Proceeds to the Trust:	\$249,092,500	Stated Maturity Date:	September 30, 2011

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Specified Currency:	U.S. Dollars		
Interest Payment Dates:	March 30 and September 30 of each year.		
Initial Interest Payment Date:	March 30, 2007		
Regular Record Date:	15 calendar days prior to the Interest Payment Date		
Type of Interest Rate:	x Fixed Rate   o Floating Rate		
Fixed Rate Notes:	x Yes	o No.	If, Yes,
Interest Rate:	5.15%		
Floating Rate Notes:	o Yes	x No.	If, Yes,

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Regular Floating Rate Notes:       Yes       No.      If, Yes,  
Interest Rate:  
Interest Rate Basis(es):

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

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

Initial Interest Reset Date:

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 | <input type="radio"/> Federal Fund Open Rate               |
| <input 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  
LIBOR Currency:

If CMT Rate:

Designated CMT Telerate Page:

If 7052:                                     Weekly Average                                     Monthly Average

Designated CMT Maturity Index:

Index Maturity:

Spread (+/-):

Spread Multiplier:

Interest Reset Date(s):

Interest Rate Determination

Date(s):

Maximum Interest Rate, if any:

Minimum Interest Rate, if any:

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):

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Amortizing Note:  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,  
Redemption Date:  
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

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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 Ratings Services, a division of The McGraw-Hill Companies, Inc. ( S&P ). Principal Life expects the Notes to be rated Aa3 by Moody's Investors Service, Inc. ( Moody's ).

Purchasing Agent(s) Purchasing Notes as  Yes  No. If Yes:  
Principal:

<b><u>Purchasing Agent(s)</u></b>	<b><u>Principal Amount</u></b>
Barclays Capital Inc.	\$ 118,750,000
J.P. Morgan Securities Inc.	\$ 118,750,000
Banc of America Securities LLC	\$ 2,500,000
Credit Suisse Securities (USA) LLC	\$ 2,500,000
Deutsche Bank Securities Inc.	\$ 2,500,000
Lehman Brothers Inc.	\$ 2,500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 2,500,000
Total:	\$ 250,000,000

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

<b><u>Purchasing Agent(s)</u></b>	<b><u>Principal Amount</u></b>
Total:	

State of Organization of the Trust: New York

Additional/Other Terms:

Special Tax Considerations:

**2. The Funding Agreement**

Funding Agreement Issuer:

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Principal Life Insurance  
Company

Funding Agreement No.: 4-53918

Deposit: \$250,000,015

Net Deposit: \$249,092,500

Effective Date: September 29, 2006

Stated Maturity Date: September 30, 2011

Specified Currency: U.S. Dollars

Interest Payment Dates: March 30 and September 30 of each year

Initial Interest Payment Date: March 30, 2007

Type of Interest Rate:  Fixed Rate  Floating Rate

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

Interest Rate: 5.15%

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

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

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Interest Rate:

Interest Rate Basis(es):

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:

Initial Interest Reset Date:

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

If CMT Rate:

Designated CMT Telerate Page:

If 7052:  Weekly Average  Monthly Average

Designated CMT Maturity Index:

Index Maturity:

Spread (+/-):

Spread Multiplier:

Interest Reset

Date(s):

Interest Rate

Determination

Date(s):

Maximum Interest  
Rate, if any:

Minimum Interest  
Rate, if any:

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: Amortizing Schedule Additional/Other Terms       Yes       No.      If, Yes,

Discount Funding Agreement: Total Amount of Discount: Initial Accrual Period of Discount: Additional/Other Terms:       Yes       No.      If, Yes,

Redemption Provisions: Redemption Date: Redemption:       Yes       No.      If, Yes,  
 In whole only and not in part  
 May be in whole or in part  
Additional Other Terms:

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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 Agreements 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: September 29, 2006

Additional/Other Terms If any: