February 29, 2016

Technical Director
File Reference No. 2015-350
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No.: 2015-350 Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement

Dear Technical Director,

The Principal Financial Group ("The Principal") appreciates the opportunity to offer our views on the Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The Principal is a leader in global investment management offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement, asset management and insurance through our diverse family of financial services companies. We had $527.4 billion in assets under management ("AUM") and approximately 19.1 million customers worldwide as of December 31, 2015.

The Principal participated in the drafting of the Exposure Draft response by the American Council of Life Insurances ("ACLI"), and supports the views expressed in the ACLI's response. In addition to supporting the ACLI letter, we view the items below as key areas of concern.

Disaggregation of Unrealized Gains and Losses

The Principal disagrees with FASB's proposal to report changes in unrealized gains and losses in other comprehensive income and earnings for recurring Level 1 and Level 2 fair value measurements disaggregated by level. The benefits of the additional disclosures being proposed will not exceed the time, effort and expense that will be incurred to build the system to collect the data needed to comply and the additional disclosures will not improve the quality of financial reporting. Our financial statement users have not requested additional information related to gains and losses in other comprehensive income and earnings.

The Principal questions the value of obtaining the breakdown of unrealized gains and losses as this information is presented in total in various disclosures currently available to financial statement users.

Disclosure of Weighted Averages and Time Periods

The Principal believes that for certain financial instrument liabilities reflected at fair value on the balance sheet, the proposed amendment to require that a reporting entity disclose the weighted average of significant unobservable inputs used in Level 3 fair value measurements would be inoperable and would not provide meaningful information. For example, the embedded derivative related to our guaranteed minimum withdrawal benefits for our variable annuity products has various unobservable inputs. We use stochastic modeling to value the derivative, making it difficult to compute and interpret weighted averages for items such as lapse and mortality assumptions. Weighted averages combining multiple products may not be meaningful.

The Principal also opposes the requirement to disclose the time period used to develop unobservable inputs for Level 3 measurements. For example, the embedded derivative related to our guaranteed minimum withdrawal benefits for our variable annuity products has various unobservable inputs such as lapse assumptions that are formulated utilizing company experience. For other assumptions such as market volatility, we use a point in time estimate as well as historical data. Actuarial judgment is used in determining these assumptions. We do not believe disclosing this information in these instances would provide additional meaningful information. Our financial statement users have not requested additional information related to Level 3 fair value measurements. We recommend a more principles based approach allowing latitude for preparers to determine the most meaningful disclosure based on the type of financial instrument, including allowing for qualitative disclosure if it provides more meaningful information.

Proposed Elimination of Disclosures

The Principal supports the FASB's proposed elimination of disclosures related to the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for the timing of transfers between levels and the valuation policies and procedures for Level 3 fair value measurements, as these eliminations align with the goals of improving the overall effectiveness for the financial statement user.

We appreciate your consideration of our comments. If you would like to discuss this letter, please contact me at (515) 248-2292 or Sanders.Angie@principal.com.

Sincerely,

Angela Sanders

Angela Sanders
Senior Vice President and Controller
(515) 248-2292
Sanders.Angie@Principal.com