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# COST BASIS ELECTION FORM

- Use this form to change your cost basis method(s) on your existing accounts.
- Principal Funds strongly recommends that you work with your tax advisor when making your cost basis selection.
- Please Note: cost basis does not apply to Retirement or Money Market Accounts.

## 1. ACCOUNT INFORMATION

Principal Funds Account Number(s)	
Account Owner Name	Social Security Number
Legal Street Address (no P.O. Box Addresses), City, State, Zip	
Mailing Address (if different from above), City, State, Zip	
Contact Telephone Number	E-mail Address

## 2. ELECT/CHANGE YOUR COST BASIS METHOD

Principal Funds will provide cost basis information to you and the IRS for shares purchased after January 1<sup>st</sup>, 2012 (covered shares). The cost basis accounting method elected below will be used for all accounts listed on this form.

Please choose **ONE** cost basis method by checking the box next to your chosen method. You may choose to elect different methods for each of your accounts by indicating that in a letter of instruction.

If you are changing your election from Average Cost and have completed prior redemptions, exchanges, or transfers that included covered shares from your account, then the change requested will be on shares purchased after the date of this request and shares acquired prior to this date will continue using Average Cost.

### Cost Basis Election Options

Instructions: Please choose **ONE** cost basis method by checking the box next to your chosen method.

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Average Cost (ACST)  | <input type="checkbox"/> First-In First-Out (FIFO) | <input type="checkbox"/> Last-In First-Out (LIFO)     |
| <input type="checkbox"/> High Cost (HIFO)     | <input type="checkbox"/> Low Cost (LOFO)           | <input type="checkbox"/> Loss/Gain Utilization (LGUT) |
| <input type="checkbox"/> Specific Lot* (SLID) |  |   |

\*When selecting Specific Lot, please choose a secondary method to be used as an alternate in the event specific lot depletion information is not provided.

#### **Secondary Method (for Specific Lot only)\*\***

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> First-In First-Out (FIFO) | <input type="checkbox"/> Last-In First-Out (LIFO)     | <input type="checkbox"/> High Cost (HIFO) |
| <input type="checkbox"/> Low Cost (LOFO)           | <input type="checkbox"/> Loss/Gain Utilization (LGUT) |   |

\*\*Note: If no Secondary Method is selected, the First-In First-Out (FIFO) will be used.

### 3. FUTURE ELECTION OPTION

Your account will be set up to apply the elected cost basis election to any future funds and/or accounts established by the primary owner of this account unless you decline by checking the box below or if you provide a different method at that time. Note: If any future funds and/or accounts are added and there is not a Future Election on file, the fund default of Average Cost will apply.

I/We DO NOT want the cost basis option selected above to apply as a Future Election to any new funds and/or accounts established by the primary owner of this account.

### 4. COST BASIS ELECTION OPTION DEFINITIONS

- **Average Cost (ACST):** Calculates the cost of shares in an account by averaging the cost of all purchases made after January 1, 2012. Shares will be redeemed in a first-in first-out order (FIFO) for the average cost method.
- **First-In First-Out (FIFO):** Shares acquired first in the account are the first shares distributed.
- **Last In First-Out (LIFO):** Shares acquired last in the account are the first shares distributed.
- **High Cost (HIFO):** Shares acquired with the highest cost per share are the first shares distributed.
- **Low Cost (LOFO):** Shares acquired with the lowest cost per share are the first shares distributed.
- **Loss/Gain Utilization (LGUT):** Distributes shares with losses before gains, consistent with the objective of minimizing taxes. For shares that yield a loss, shares owned one year or less (short-term) will be redeemed before shares owned more than one year (long-term). For gains, long-term shares will be redeemed before short-term gains. With favorable long-term gains rates, long-term gains are given priority over short-term gains to reduce tax liability.
- **Specific Lot (SLID):** Shareholder selects which lots to distribute at the time of each redemption.

### 5. SIGNATURE

I/We hereby ratify any instructions given on this account and any account into which I/we exchange and agree that neither the Funds, Principal Management Corporation, nor their Agents will be liable for any loss, cost, or expense for acting upon such instructions (in writing or by telephone or internet, if telephone or internet transactions may be effective for this account) believed by it to be genuine and in accordance with the procedures described in the prospectus.

**X** \_\_\_\_\_ (MM/DD/YYYY)  
Principal Account Owner's/Authorized Signature

**X** \_\_\_\_\_ (MM/DD/YYYY)  
Principal Account Owner's/Authorized Signature