*Sample document only – clients must consult legal counsel*

**Principal****® Deferred Comp – SERP Adoption Agreement**

***Any content changes to this document must be submitted to Principal Life Insurance Company to determine compliance with the roles and responsibilities document.***

***Note:*** *Execution of this Adoption Agreement creates a legal liability of the Employer with significant tax consequences to the Employer and Participants. Principal Life Insurance Company disclaims all liability for the legal and tax consequences which result from the elections made by the Employer in this Adoption Agreement. Nothing set forth in this agreement or related documents may be taken or relied upon as legal, tax, investment, or accounting advice, nor as any investment recommendation. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements. The use of this agreement does not create an attorney-client relationship between the client and Principal Financial Group or any Principal employee.*

*The documents for this agreement include (1) a sample* ***Board Resolution*** *establishing the Principal* *Deferred Comp – SERP arrangement; (2) this sample* ***Deferred Comp – SERP Adoption Agreement****, and (3) a sample* ***Principal Deferred Comp – SERP Agreement****.*

Principal Life Insurance Company, Des Moines, Iowa 50392
A member of the Principal Financial Group®

*Sample document only – clients must consult legal counsel.*

**Principal® Deferred Comp – SERP Adoption Agreement**

This Agreement is the adoption by **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** (the “Employer”) of the SERP (selective executive retirement plan) ("Plan").

**Witnesseth:**

**Whereas,** the Employer desires to adopt the Plan as an unfunded, nonqualified deferred compensation plan for members of a select group of management or highly compensated employees under Sections 201(2), 301(a)(3) and 401(a)(l) of the Employee Retirement Income Security Act of 1974 (“ERISA”) or independent contractors; and

**Whereas,** the provisions of the Plan are intended to comply with the requirements of Section 409A of the Internal Revenue Code and the regulations thereunder, and shall apply to amounts subject to Section 409A; and

**Whereas,** the Employer has been advised by Principal Life Insurance Company (the Recordkeeper) to obtain legal and tax advice from its professional advisors before adopting the Plan,

**Now, therefore,** the Employer hereby adopts the Plan in accordance with the terms and conditions set forth in this Adoption Agreement:

**Article I**

Terms used in this Adoption Agreement shall have the same meaning as in the Plan, unless some other meaning is expressly herein set forth. The Employer hereby represents and warrants that the Plan has been adopted by the Employer upon proper authorization and the Employer hereby elects to adopt the Plan for the benefit of its Participants as referred to in the Plan. By the execution of this Adoption Agreement, the Employer hereby agrees to be bound by the terms of the Plan.

**Article II**

* 1. **Effective date.** This is a newly established Plan, and the Effective Date of the Plan
	is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
	2. **Plan.** The name of the Plan is
	The [Employer] Nonqualified Deferred Comp – SERP Plan (“SERP”) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Article III**

**3. Vesting.** An Active Participant shall be fully vested in the Deferred Compensation Account upon the first to occur of the following events (check all that apply):

[ ]  **(A)** Attaining age \_\_\_\_\_

[ ]  **(B)** Death

[ ]  **(C)** Disability

[ ]  **(D)** Change in control event

[ ]  **(E)** Satisfaction of the selected vesting schedule below (check only one):

[ ]  **(1)** Immediate 100% vesting

[ ]  **(2)** 100% vesting after \_\_ Years of Service, not to exceed 10 years

[ ]  **(3)** **Number of years Vested**

 **of service percentage**

 <1 0%

 1 20%

 2 40%

 3 60%

 4 80%

 5 100%

For this purpose, Years of Service of a Participant shall be calculated from the effective date of plan participation.

**Article IV**

**4. Payment options.** Any benefit payable under the Plan upon a permitted Qualifying Distribution Event may be made to the Participant or the Participant’s Beneficiary (as applicable) in any of the following payment forms, as selected by the Participant in the Participation Agreement:

[ ]  **(A)** A lump sum

[ ]  **(B)** Annual installments over a term certain as elected by the Participant

[ ]  3 years [ ]  5 years [ ]  10 years

**Article V**

**5. Construction.** The provisions of the Plan shall be construed and enforced according to the laws of the State/Commonwealth of \_\_\_\_\_\_\_\_\_, except to the extent that such laws are superseded by ERISA and the applicable provisions of the Code.

**In witness whereof,** this Agreement has been executed as of the day and year stated below.

Signed at: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (City/State)

On this \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_. (Month) (Year)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Print or type name and address of employer)

By \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Print or type name and title of individual authorized to sign on behalf of employer)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Signature) (Date signed)