

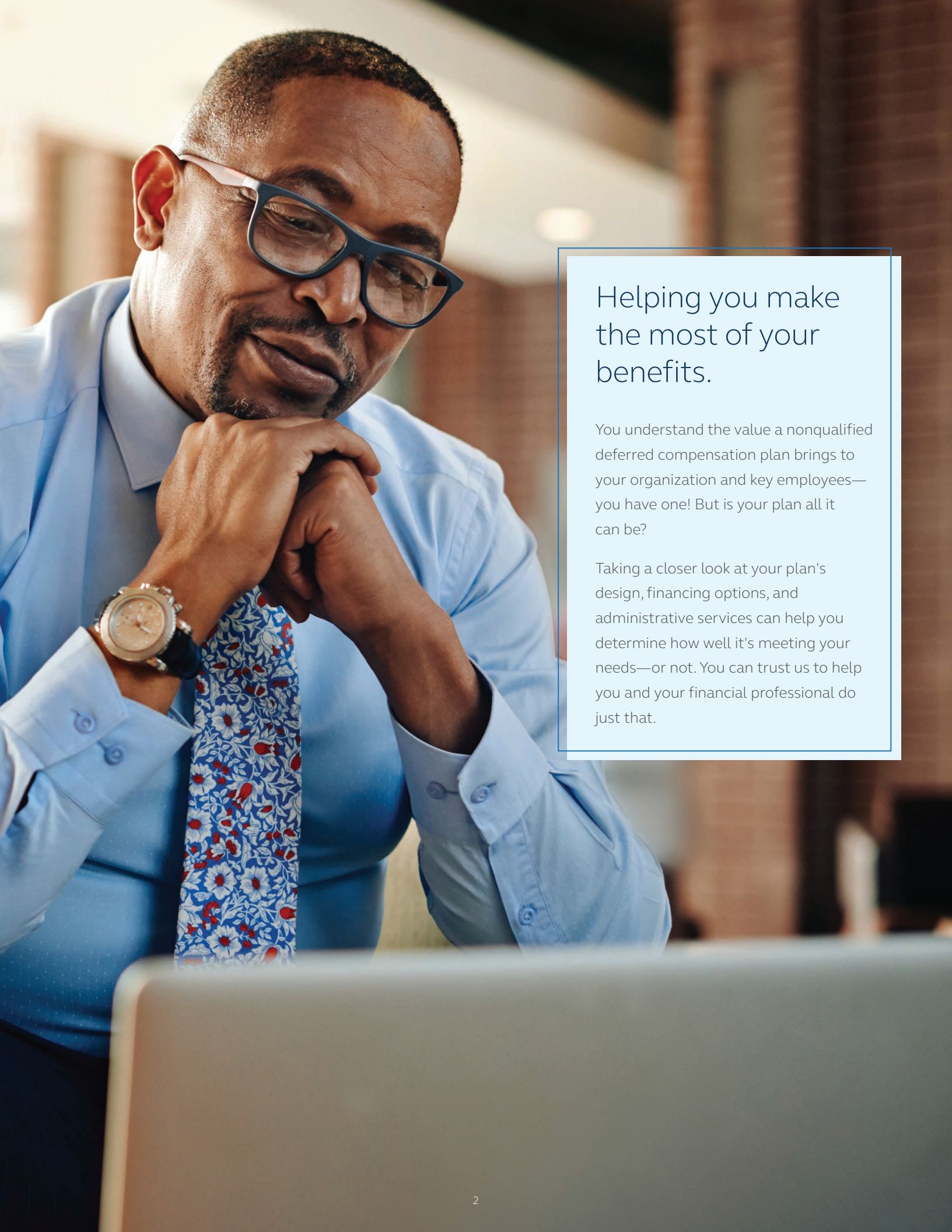


Principal® Deferred Compensation – Defined Contribution plan –  
for employers with existing plans

# Helping to ensure your plan is all it can be







## Helping you make the most of your benefits.

You understand the value a nonqualified deferred compensation plan brings to your organization and key employees—you have one! But is your plan all it can be?

Taking a closer look at your plan's design, financing options, and administrative services can help you determine how well it's meeting your needs—or not. You can trust us to help you and your financial professional do just that.

# How healthy is your plan?

As a sponsor of a deferred comp plan, you've already made a decision you can feel good about by investing in your key employees. You can feel even better about this decision by periodically looking at the health of your plan to ensure it's doing all it can to help meet the needs of your organization and key employees.

We can help you do just that. As the No. 1 provider of nonqualified deferred comp plans<sup>1</sup>, we see hundreds of plans each year. Together with your financial professional, we'll help you with the:



**Design.** Choose the plan design options that help meet your organization's goals.



**Support.** See the support services to help maintain and recognize the value of this program.



**Financing.** Decide which financing option best balances long-term costs and plan benefits.

**Top reasons**  
why plan  
sponsors  
offer deferred  
comp plans<sup>2</sup>

90%

Help participants save  
for **retirement** above  
qualified plan limits

87%

Provide a **competitive**  
benefits package for  
key employees

80%

**Retention** tool for  
key employees

73%

Help key employees  
manage current  
**taxation**

69%

Replace benefits  
reduced or lost by  
**IRS restrictions** on  
qualified plans

62%

Match benefits  
offered by  
**competitors**

<sup>1</sup> Based on number of Section 409A plans, 2021 *PLANSPPONSOR* Defined Contribution Recordkeeping Survey, July 2021.

<sup>2</sup> 2021 Trends in Nonqualified Deferred Compensation, conducted by Principal.

# Design

## How satisfied are you with your plan's features?

You know a deferred comp plan is an important part of your key employees' benefits program. So it's important to ensure your current plan is still providing value to them and your organization. To help you and your financial professional do that, we'll take a look at:

		Notes
<b>Who participates</b>	Select the groups of key employees ("top hat" employees or independent contractors) to participate in this plan.	
<b>What can be contributed</b>	You can allow key employee deferrals (up to 100% of compensation) and/or provide employer contributions with the flexibility to vary benefits by employees. <sup>3</sup>	
<b>What happens with the contributions</b>	You can select a reference investment line-up for participants from a broad range of options. In addition, you can decide how and when key employees may receive the benefits based on organizational needs.	
<b>How benefits are paid</b>	Decide how payouts can be received from the plan. Benefits can be distributed as a lump sum or in annual installments.	

<sup>3</sup> Employees can defer up to 100% of compensation, but plan sponsors typically permit deferrals of less than 100% due to other payroll deductions, such as FICA taxes and health insurance.

# Support

## How do we work with your organization and key employees?

You want to offer key employees the benefits they value—and those that will have a positive influence on them and your organization. Our team of experts will work closely with you and your financial professional to develop a strategy for implementing and servicing your deferred comp plan.

But we don't stop there. Year after year, we'll continue to work closely with you and your financial professional to fine-tune your plan and make sure it's still meeting the goals of your organization. We'll also take a close look at the inner workings of your plan to make sure it's being administered as efficiently as possible.

### Keeping you in-the-know

To help you stay on top of your plan, a range of information is available on our website and corporate accounting reports. You also have easy access to plan asset and liability reporting, investment resources, and other tools and resources to assist with administering your plan. Plus, depending on your plan type and design, you'll receive:

- Access to plan participants' account information.
- Daily valuation of assets/liabilities.
- Asset/liability information and rebalancing services.
- Financing reviews to assess plan performance.
- Updates on enrollment progress.
- Quarterly newsletter featuring legislative news, service updates, and more.



Our educational plan guide walks you through everything you'll need for a successful annual enrollment event.



### Timely news and updates about your deferred comp plan

As 2022 unfolds, we want you to be aware of some key to-do items and recent enhancements to our tools and resources to help you manage your nonqualified deferred comp plan. Your Client Service Manager from Principal® is here to help.

#### For you (plan sponsor)

Actions to take now:

- **Prepare for tax season.** To help your accounting team file corporate taxes, send them year-end reports of your nonqualified plan balance and asset information as soon as possible.
- **Confirm new elections.** Make sure your most recent elections have been updated in your payroll system.
- **Secure your plan by checking access.** Identify which employees have access to your organization's plan—and if they're still employed with you. If they're not, remove them from your system as a plan contact for security purposes.
- **Know when to pay distributions.** See the [employer website](#) for your online distribution notifications. These tips can

#### Business resources and research.

For actionable tips on how to handle some top business concerns, visit [Taking care of your employees](#) to watch these four short videos featuring a recruiter/small business owner:

- Attract and retain talent
- The affordability of benefits
- Mental health and employee well-being
- Do employees know the benefits you already offer?

**How SMBs are feeling.** Key findings from our February research with small- to medium-sized businesses (SMBs) include:<sup>1</sup>

- **What's on employers' minds**
  - Top priorities are recruiting employees, maintaining client relationships, and

Key information about your plan is emailed quarterly.



## Turning your key employees into plan participants

Understanding the benefits of this exclusive plan is the first step—it's what will encourage your key employees to participate. We're here to help every step of the way:

### Step 1: Introduce the plan

Whether this is a brand-new benefit or employees are familiar with this type of plan, we offer custom education to introduce plan basics. We'll help you make sure your employees know they're eligible, so they can make an informed decision to participate.

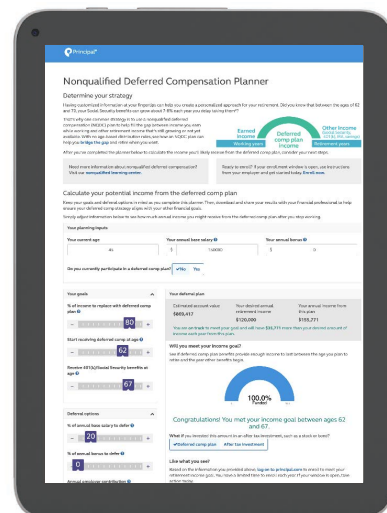
### Step 2: Enroll in the plan

Helping your key employees understand their deferred comp plan is key to successfully enrolling. That's why we've incorporated education into the experience. Your key employees can streamline their decision making and enroll by answering simple questions with easy-to-follow navigation.

### Step 3: Receive ongoing education

Your participants need support to stay on track. We can also provide you with additional communication and education to promote greater understanding and appreciation of the benefit. Participants can find information about their accounts, investment strategy, contributions, and scheduled distributions at principal.com.

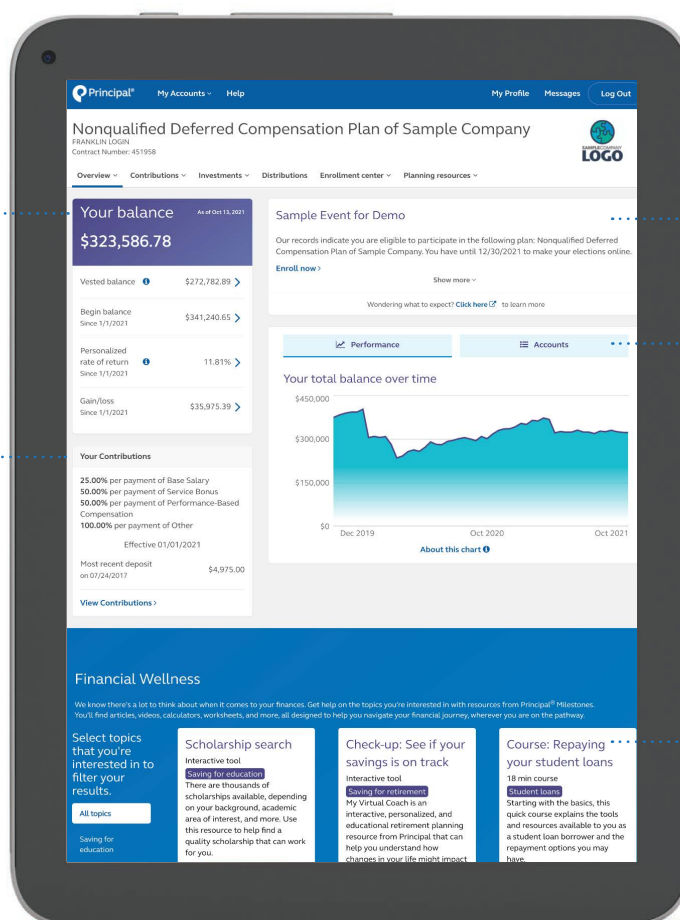
Participants set savings goals and see the impact of their contributions through our Deferred Compensation Planner.



## Participant home screen

Account balance and growth information is front and center.

Contribution and distribution information is available at a glance.



Alerts provide important plan updates or items participants need to take action on.

An asset allocation chart shows distribution of assets.

The latest educational tools and resources are served up for viewing.

## Depend on us for more support—today and tomorrow

Once your plan is in place, we'll make sure to provide:

**Close attention to the plan over time**, such as a participant's account balance from the beginning of the plan until the benefits are paid.

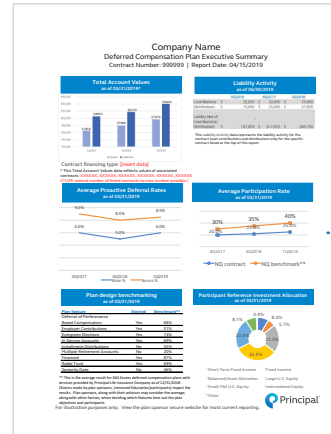
**Experienced specialists** who offer feedback on factors that can influence the plan, such as plan design changes and regulatory updates.

**Analytical tools and resources** are available for new and existing plans—all while watching out for your bottom line.

**Periodic financing reviews** help ensure the plan's financing continues to meet your goals.

**Access to online dashboards** of information.

**Annual service reviews** to discuss how the plan is doing.

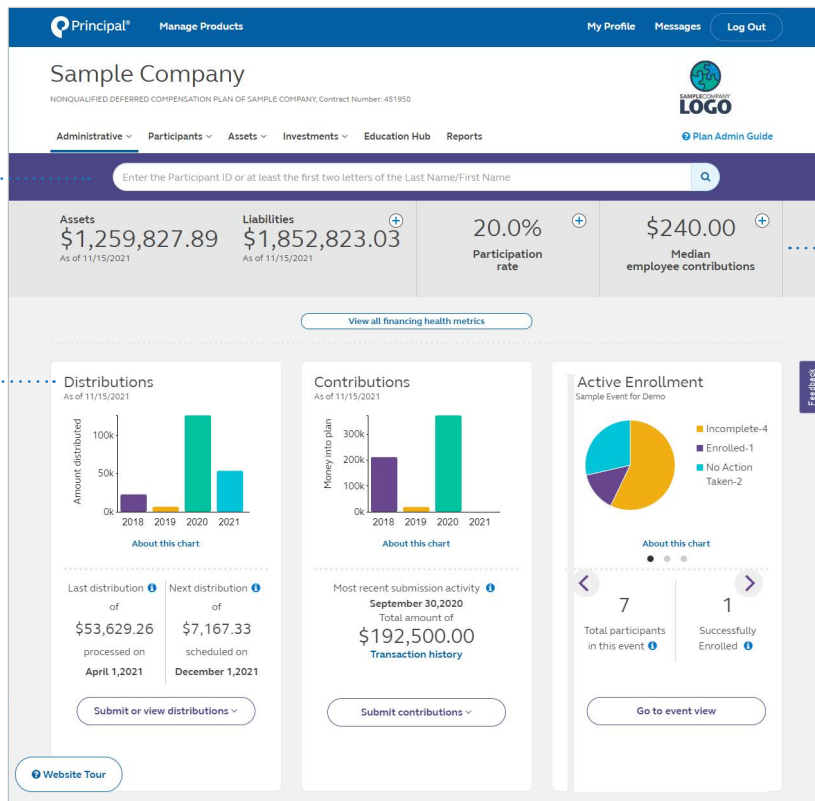


**Understanding plan health.** The nonqualified retirement plan executive summary provides a snapshot of your plan's health.

## Mission control for the plan

Enter a participant's ID or his/her last name for access to basic employee data, account balances, contributions, and distributions through the Participant Snapshot.

Visual format to provide a high-level view of the plan with quick links to learn more.



Quick access to key elements of the plan.

# \$ Financing

## How can you pay plan benefits in the future?

Keeping your promise to pay benefits to participants in the future is important. Any one of the three (or combination of) financing options below can help you do that. Plus, we'll provide a detailed financial model comparing the options to help you make this decision.

### Options for financing your plan

- **Company cash.** No specific plan assets are set aside. Instead, benefits are paid through the company's cash flow.
- **Taxable investments.** The company invests in mutual funds and/or individual securities.
- **Corporate-owned life insurance (COLI).** The company purchases a life insurance policy to pay future obligations.

Notes

### Focused investment management

Choosing investment options can be a challenge. That's why Principal provides a high-level analytical process for identifying and monitoring investment options within each asset class and investment style. This helps ensure quality investment options from well-known investment managers.

### Investment flexibility and choice

To provide you and your plan participants significant flexibility, our solution to investment management services from Principal provides an expansive investment platform. You have access to internally and externally managed investment options, including sub-advised options and name-brand mutual funds.

Most employers and their financial professionals select a broad range of investment options and allow their employees to choose among multiple fund families and money managers, which helps meet their objectives and level of risk tolerance.

These investment options are valued daily with performance information and investment-option details, including a customized investment-option profile.

### Investment mapping strategy

Principal can work with your financial professional to develop an investment option mapping strategy for COLI or taxable investments. It illustrates the approach to use when transferring balances to Principal, as well as providing the final fund lineup. The process involves analyzing the current fund line-up and comparing it to what's available via the Principal platform.



# Everything you need in one place

Once you decide it's time to move your plan and believe Principal is the right plan provider, we'll bring our expertise and resources to the table. You can trust us to provide everything you need to successfully implement and maintain your plan year after year:



Innovative  
plan design



Multiple  
financing options



Efficient plan  
onboarding



Dedicated plan  
administrative  
services

## What sets us apart

Our valued customers receive a level of service and best practices not found just anywhere. We offer:

- Knowledge of the business and retirement plan markets.
- Experience with employers of all sizes and types.
- Unique design and flexibility to tailor the plan to specific needs.
- Personal consultation that focuses first on the right plan design, and then the financing to support it.
- Specialized team of legal, accounting, and financing resources with more than 200 years of combined experience.
- Experienced service specialists available to help throughout the life of the plan.
- Relationships based on trust and service for the long-term.
- Financial strength of a FORTUNE 500® company that has provided a wide range of insurance and financial products and services to individuals, businesses, and institutional clients.

# Transitioning the plan

## How do we work together for success?

You'll work closely with our experienced team members who have extensive training and utilize proven and trusted best practices. They'll guide you through a successful transition, helping to make sure your implementation goals are met throughout the process.

Our priority is to help you complete the transition as easily as possible—and above all, accurately. We'll work toward a smooth and on-time transition for your organization, allowing you to focus on other business priorities. You can also count on us to work with your current service provider as necessary. This includes being able to accept various file formats when receiving the required files from them. Plus, we review and utilize information already on our system—reducing your role in the transition process.

## A tailored plan of action

We understand that your organization, just like our many clients, has unique needs and objectives. And we know flexibility is key in transitioning your deferred comp plan to us. So we'll work with you to create an action plan that's tailored to your specific needs. It'll be a customized transition and communication plan that can include a timeline, plan design analysis, investment mapping, and a strategy for educating your plan participants.

We stay in touch with you and your current service provider throughout every step of the transition process. Conference calls, scheduled communications, and other materials keep you informed and provide the information needed to communicate with your eligible, active, and terminated participants.

“ (We receive) fantastic experience from our service team representatives on up to our client relationship manager. We have a great working relationship (with them). They understand our complicated structure, are well-respected by our senior leadership team, and very responsive.”

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Plan sponsor

<sup>4</sup> This is not a paid advertisement. Plan sponsors are not affiliated with any company of the Principal Financial Group®, and the views expressed are their own.

## Next steps

Once you decide that you'd like to transfer your plan to Principal, we'll bring our expertise and resources to the table to help you put the plan in place within your desired timing. Our next steps will be to:

**1** | Gather the following information from you about your organization and current plan:

- Plan documents (agreement)
- Trust (if applicable)
- Adoption agreement
- Total plan assets and liabilities
- Asset information
- Sample employer and employee statements

**2** | Tailor a plan to help meet your specific needs and goals.

Thousands of employers value the solutions and services we provide. You and your financial professional can count on us, too. We'll do our best to deliver a positive experience for everyone involved.

# An industry leader in your corner

Our history speaks for itself. We've been providing nonqualified deferred compensation plans for more than 30 years, and have over 80 years of retirement plan experience. We're the No. 1 provider of nonqualified deferred comp plans<sup>1</sup> and a top 3 defined contribution recordkeeper<sup>5</sup>.



Thousands of deferred comp employers value the solutions and services we provide. You and your financial professional can count on us, too. We:

- Provide services to over 3,300 plans.<sup>6</sup>
- Dedicate over 200 specialists to our nonqualified solutions.
- Serve over 74,000 plan participants.<sup>6</sup>

<sup>1</sup> Based on number of Section 409A plans, 2021 *PLANSponsor* Defined Contribution Recordkeeping Survey, July 2021.

<sup>5</sup> Based on number of deferred compensation plan participants, 2021 *PLANSponsor* Recordkeeping Survey, July 2021.

<sup>6</sup> As of June 30, 2021.



Contact your financial professional for more information or to help with the next steps in putting a plan in place.



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