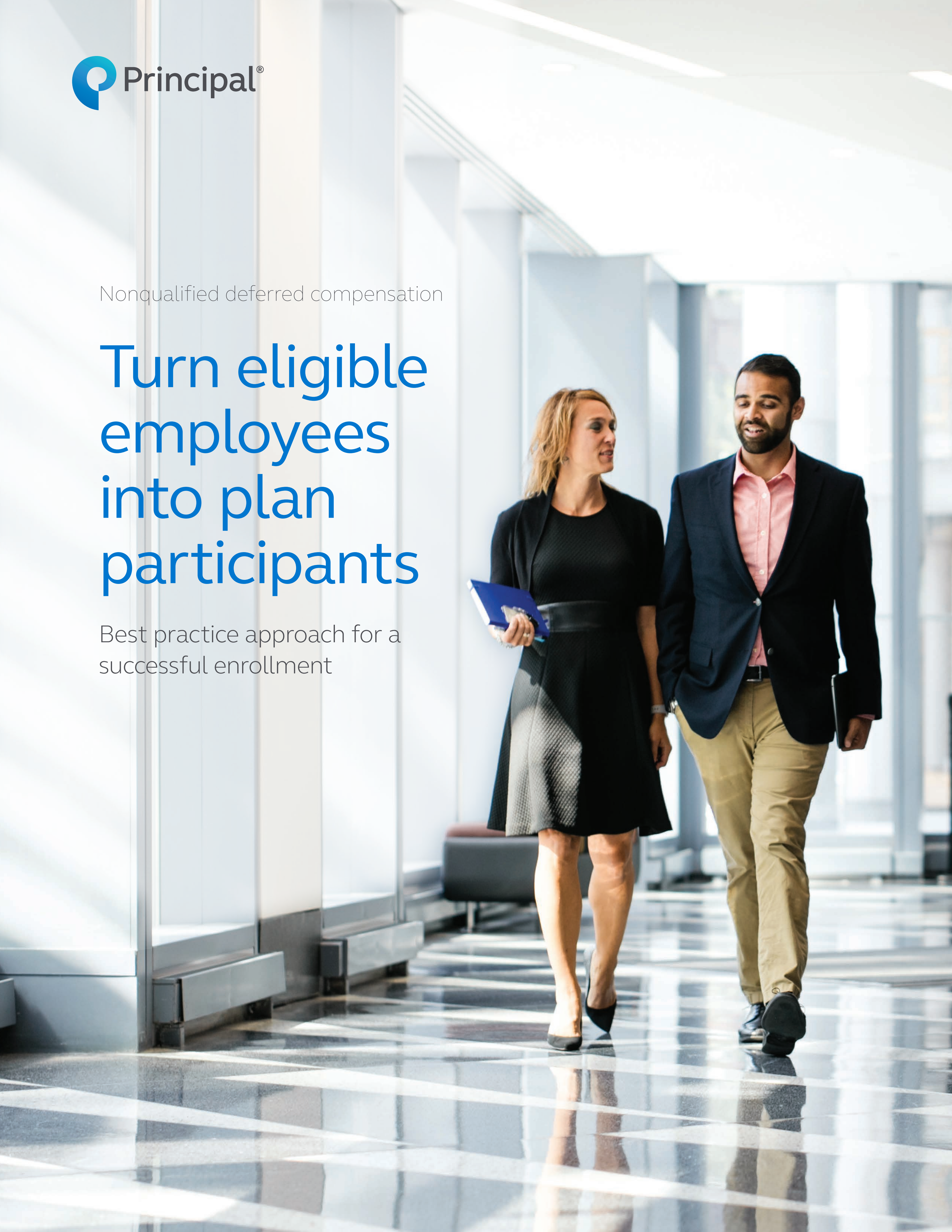

Nonqualified deferred compensation

Turn eligible employees into plan participants

Best practice approach for a successful enrollment

Planning and communication strategy for easy execution

You should feel proud. You've decided to offer an exclusive benefit and savings opportunity to your key employees.

Now it's time to help them make the most of it. And our experience helping plan sponsors like you has built best practices that can help.

Take a look at these ideas for proactive planning and effective communications, with turnkey tools that can help make execution easy.

Proactive planning

The key to a successful and smooth enrollment for you and your participants is to prepare in advance. Then you'll be sure there's time for your changes to take effect before enrollment. For example, end-of-year enrollment requires preparation in the summer. Planning can be done in three simple steps:

STEP 1:

Review your plan offering and request changes

Work with your financial professional and service representative to discuss your plan performance, current needs, and what new options you want to consider. Start this conversation early—take advantage of the discounted service fee for these changes before October and ensure you're ready for end of year enrollment.

Fees for service document updates are as follows:

- $500 from January 1 to October 15
- $1,500 from October 16 to November 30

STEP 2:

Decide which employees are eligible to participate

Log in to your account to make changes to your census data by clicking on Enrollment Center under the Administrative tab. Then select Create Event, where you will find a census template and an option to upload the census.

STEP 3:

Determine your enrollment window

Your online account will also prompt you to select your enrollment dates. We've found that two or three weeks is reasonable and effective.

Effective communications

Once census data is finalized and enrollment dates have been determined, it's time for you to announce annual enrollment to eligible employees. Principal® doesn't notify participants directly but you can find tools to help online. Under the Administrative tab on principal.com, select Enrollment Center and click the Enroll and Educate tab. The sample communication plan below outlines an approach to ensure your eligible employees understand:

- They qualify for this special benefit
- There's a limited time to enroll or make changes to deferral elections
- The features of the plan

We suggest you begin the following communication series shortly before enrollment, or immediately when it opens. The last communication should be sent two days before enrollment closes.

Consult with your financial professional to adapt this approach for your own needs. Should you and your financial professional feel that onsite meetings make sense, contact your client service manager for help in providing meeting materials and coordinating the communications timeline.

And when a new participant becomes eligible, at a time outside of annual enrollment, use this same strategy. You'll find specific communications that help you welcome them to the plan.

MESSAGE 1:

Enrollment is Coming

Notify eligible participants that annual enrollment will begin soon and provide a few educational links. We recommend sending this around two weeks before enrollment begins to highlight critical upcoming dates. Previous trials have shown that participants who received a "heads up" email were quicker and more likely to enroll

MESSAGE 2:

Enrollment is Open

Announce that annual enrollment has begun. This message also provides links for where participants can learn more about the benefit and enroll. It highlights important dates as well.

MESSAGE 3:

Plan Education

Share more about your organization's deferred compensation plan and how it can benefit them. This message directs participants to our education site at **principal.com/nqlearn**. It also reminds them of the enrollment deadline.

MESSAGE 4:

Final Reminder

Remind eligible participants that the enrollment deadline is fast approaching and time is running out for them to take action. We found that this is one of the most impactful ways of helping to ensure they meet the deadline.

Turnkey tools are a click away.

Log in to **principal.com** and visit the Enroll and Educate section, by entering the enrollment center under the Administrative tab. There, you'll find customizable emails and a variety of education materials to share with employees.

Let's connect

Contact your nonqualified plan service team member at 866-694-6386.

Principal®

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