Key employee retention and retirement

Narrow down your options
For S corporations and limited liability companies (LLCs)

Retaining your key employees and helping them plan for retirement is just good business. But, how do you know which type of plan is right for you and your business? We’ll help you figure that out.

Which objectives are most important to you?

As you think about that, keep in mind any existing plans or pain points related to your business:

• Business succession plans
• Cost
• Retaining employees
• Income taxes
• Owner fringe benefits
• Cash flow

First, determine who should be included in the plan. Then, choose your primary objective and look at the potential solutions.

—who should be included?

 Owners

Retaining Top Hat® employees
Principal® Bonus (with restrictive agreement)
Principal® Deferred Compensation
• Defined Benefit
• Defined Contribution
• Incentive Bonus
• Select Reward
• SERP
Principal® Loan Split Dollar
Endorsement Split Dollar

Retaining non-Top Hat employees
Principal Bonus (with restrictive agreement)
Principal Deferred Compensation
• Incentive Bonus
• Select Reward
Principal Loan Split Dollar

Obtaining a current tax deduction for the company
Principal Bonus

Obtaining tax deferral on employer contributions
Principal Bonus (simulated deferral)

Contributing W-2 (wages) or K-1 (dividend income)
Principal® Bonus – S Owner

Contributing guaranteed payments or profit distributions
Principal® Bonus – LLC Member

Contributing tax deferral on employer contributions
Principal Deferred Compensation
• Defined Contribution
• Incentive Bonus
• Select Reward
• SERP
Once you've honed in on a solution that's right for you, it's time to start thinking about the details. How will you finance the plan? How will you administer it? Principal can help you with that, too.

**Financing that helps meet your needs**
Life insurance can be a great way to finance a key employee benefit plan. It can offer tax advantages, and income potential for both you and your key employees. Working with Principal gives you access to quality life insurance products designed specifically for business solutions. And you may benefit from our simpler, time-saving underwriting process.

**Administrative services that help make your life easier**
You don’t have to take care of the ongoing management of your plan all by yourself. We provide dedicated, ongoing support for most employer-owned and employer-sponsored plans. And we’ll be here not just today, but throughout the life of your plan.

Teams of dedicated administrators are here to assist you. From implementation to plan-level reporting and ongoing policy and plan administration, you’ll benefit from our support and online services.

1 Top Hat employees are defined by the Department of Labor as a select group of management or highly compensated employees.
2 Principal Deferred Compensation – Defined Contribution also allows for salary deferral.
3 Allows payroll tax leverage. If more than one owner, distributions must be in proportion to ownership.
4 Compensation must meet “reasonable compensation” regulations.

**For more information**
Contact your financial professional today. Visit principal.com.