



Principal® Deferred Compensation - Defined Contribution plan

Keep your business strong and key employees motivated.





A retirement benefit that helps you **recruit, retain,** and **reward** key employees.

What is a deferred comp plan?

It's much simpler than you may think. A deferred compensation plan is an employer-sponsored benefit for the key employees you choose. It's basically an agreement between you and your key employees.

Those who participate defer a portion of their annual compensation into the plan before taxes. And you promise to distribute that money, plus any earnings and additional employer contributions, to them at a future time.

Keep your key employees satisfied with benefits they need and value.

Things are going well for your organization. Much of this success is credited to your key employees. Their leadership and expertise are hard to match—and hard to find. What can you do **now** to help ensure your top talent remains committed to you—and **not** the competition?

Enhance your benefits package with a **nonqualified deferred compensation plan**. It can give you a competitive advantage by:

- Encouraging the best employees to join your organization as it grows.
- Keeping your key employees satisfied and motivated for the long term.
- Rewarding them for reaching goals.
- Helping employees bridge the retirement gap resulting from 401(k) plan testing and limitations.

No matter which of the areas above you are trying to address, we have a solution for your organization. To help you select the right plan, we'll listen to your challenges, understand your needs and goals, and work with you and your financial professional to:



Discover. Identify the issues your organization wants to resolve and what you want to achieve.



Solve. Learn how this plan can help solve problems and achieve your objectives.



Design. Use the plan's flexibility to tailor a plan to your organization's and participants' needs.



Collaborate. Trust the service and expertise we'll provide to you and your key employees every step of the way, year after year.



Stay current. Make changes to your plan as your organization's needs and goals change.

Discover.

What are your **organization's** goals?

It's important for your organization to have a valued and affordable benefits package—plus a little more for your key employees. So think about the goals you want your benefits package to achieve—both short- and long-term, such as:

Notes		
Recruit	Attract the best employees as part of a competitive benefits package.	
Retain	Encourage key employees to remain loyal to your organization.	
Reward	Provide performance-based contributions to achieve organizational goals.	
Ownership experience	Create phantom shares to provide an ownership experience without the dilution that comes from actual equity grants.	
Retire	Help your key employees save enough for retirement above what 401(k) plans allow.	

What are your **key employees'** goals?

To have a successful plan, you need to address what your top employees want, so you can customize the plan to help your key employees with a variety of goals, including:

Notes		
Retirement savings	Save beyond 401(k) plan limitations with employee deferrals or optional employer contributions.	
Other savings goals	Control timing of payouts to meet other savings goals before or after retirement, such as college education or second home.	
Managing taxes	Help manage the impact of taxes using the plan's flexibility for when benefits are paid.	
401(k) restoration	Use employee deferrals or employer contributions from deferred comp to restore benefits limited under a 401(k) plan.	

Solve.

Is deferred comp right for you and your key employees?

Once you've identified the most important goals, then consider the role that a deferred comp plan can play in helping achieve those goals. The plan offers benefits and considerations for both the organization and the key employees.

Benefits for your key employees:

- Take advantage of pre-tax deferrals, tax-deferred growth, and compounded earnings.
- Defer up to 100% of compensation to meet savings goals.
- Design a personalized investment strategy.
- Enjoy flexibility and take payouts from the plan without the same age restrictions as 401(k) plans.

Benefits for you:

- Make optional company contributions.
- Restore 401(k) plan contributions limited by IRS testing.
- Easier to administer with no discrimination testing, minimum participation, or Form 5500 filing, if set up properly.

Considerations for your key employees:

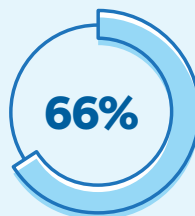
- There are no rollovers or loans like qualified retirement plans.
- Compensation deferred into the plan isn't protected in the event of company bankruptcy.
- The decision to defer compensation must be made the year ahead of earning the income.

Considerations for you:

- The corporate tax deduction is deferred until benefits are paid, rather than a current deduction.
- There's a potential charge to earnings on assets purchased to finance the plan.

Recruiting and retention¹

59% view the plan as a valuable **recruiting** tool.



66% view the plan as a valuable **retention** tool.

Design.

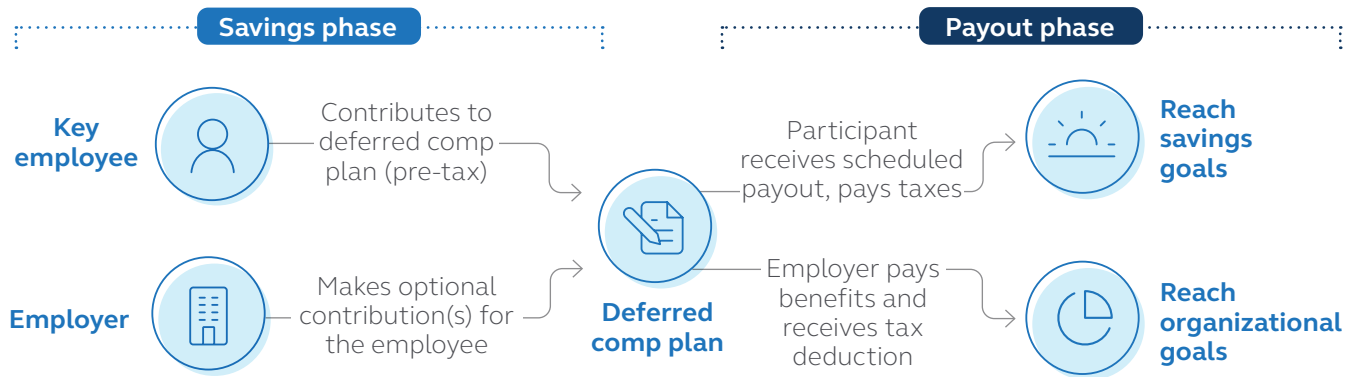
How's the plan created?

You're in control of making the plan yours—it's based on the specific goals of your organization and unique needs of your key employees. Together with your financial professional, we'll walk you through the decisions that need to be made to design a plan that makes sense for your organization:

Notes		
Who participates	Select the groups of key employees ("top hat" employees or independent contractors) to participate in this plan.	
What can be contributed	You can allow key employee deferrals (up to 100% of compensation) and/or provide employer contributions with the flexibility to vary benefits by employees.	
What happens with the contributions	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.	
How benefits are paid	Decide how payouts can be received from the plan. Benefits can be distributed as a lump sum or in annual installments.	

How it works

This chart shows how money is contributed to the deferred comp plan and paid out at a later date. It also points out that when the benefit is distributed to the key employee, the employer receives an income-tax deduction and the key employee pays income tax on it.



How does an organization pay for it?

Notes

How the plan is financed

Keeping your promise to pay benefits to participants in the future is important. Any one of these three (or combination of) financing options can help you do that. Dual financing with taxable investments and COLI is a popular method to leverage taxable investments for short-term plan distributions, with the benefits of COLI for distributions with a longer horizon. Plus, we'll provide a detailed financial model comparing the options to help you make this decision.

- **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 policy to pay future obligations.

Collaborate.

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 to ensure your organization's goals are met—and your plan is 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 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.

Participants consider a deferred comp plan important in:¹



60% Deciding to
take a new job



80% Preparing for
retirement

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 are aware they are eligible, so they can make an informed decision to participate.

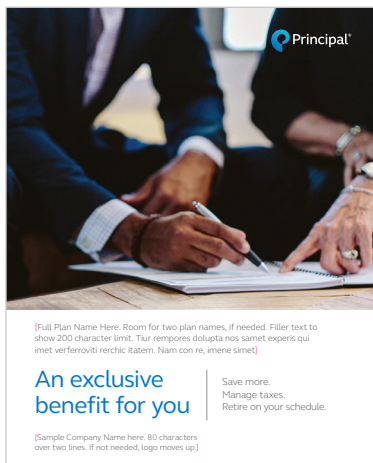
Step 2: Enrollment

Participants can conveniently enroll online at principal.com. Our deferred compensation plan specialists are available to answer questions.

Step 3: Ongoing education and planning

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.



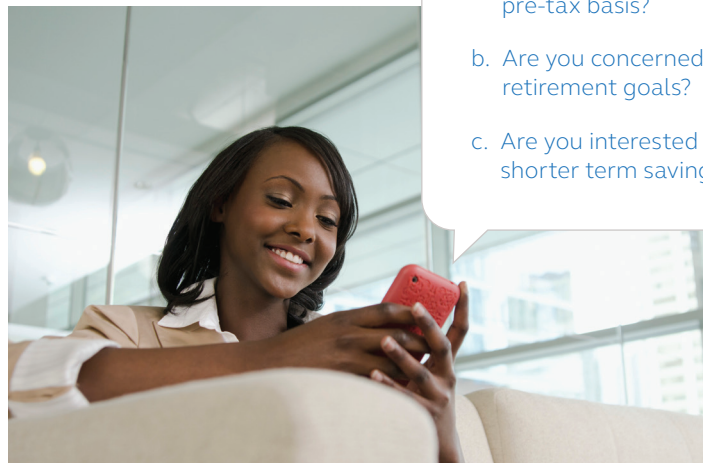
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An exclusive benefit for you

Save more.
Manage taxes.
Retire on your schedule.

[Sample Company Name here. 80 characters over two lines. If not needed, logo moves up.]

Education materials prepare participants for the decisions they'll make at enrollment.



Employees create their own tailored experience through dynamic, interactive digital education.

The first question is simple. Can you afford to defer some current income? If you can, these additional questions will help you learn more.

- Are you interested in saving on a pre-tax basis?
- Are you concerned about meeting retirement goals?
- Are you interested in meeting shorter term savings goals?

Stay current.

How does the plan keep up with your organization's needs and goals?

The deferred comp plan is your plan. Its long-term success depends on how well it keeps pace with your organization's needs and goals—today and tomorrow. So 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 payout at retirement.

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.

Financial health dashboard helps ensure the plan's financing continues to meet your goals.

Annual service reviews to discuss how the plan is doing.

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

Plan sponsor quote from Principal research survey

Ready to start?

Once you decide that a deferred comp plan is right for your organization and key employees, we'll bring our expertise and resources to the table to help you put this plan in place within your desired timing. We'll begin by:

- Gathering information from you about your organization.
- Tailoring the plan to 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 34 years, and have over 80 years of retirement plan experience. We're the No. 1 provider of deferred comp plans² and a top three defined contribution recordkeeper.³

What sets us apart from others is our:

- Commitment to and experience in the business and retirement plan markets.
- Unique plan design and flexibility to tailor it to specific needs and goals.
- Specialized team of legal, accounting, and financing resources with more than 200 years of experience to provide support.
- Service and commitment to building long-lasting relationships.

A member of the FORTUNE 500®, our employees are passionate about helping clients of all income and portfolio sizes achieve their goals. You can count on us to offer innovative ideas, investment expertise, and real-life solutions to help make financial progress possible.

 [Learn more](#)

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

¹ 2022 Trends in Nonqualified Deferred Compensation, conducted by Principal.

² Based on number of NQDC plans (excluding 457 plans), PLANSPONSOR 2022 Defined Contribution Recordkeeping Survey, July 2022.

³ Based on number of defined contribution plan participants, 2022 PLANSPONSOR Recordkeeping Survey, July 2022.



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Before investing, carefully consider the investment option objectives, risks, charges and expenses. Contact a financial professional or visit principal.com for a prospectus or, if available, a summary prospectus containing this and other information. Please read it carefully before investing.

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