



Nonqualified deferred compensation plans

Your opportunities after the sale

Service roles and responsibilities

Thanks for turning to Principal® as your partner for administrative and recordkeeping needs for your clients' nonqualified deferred compensation plans. Whether it's the first time you've implemented a deferred comp plan with us or if you've done it many times, there are unique components of the plan to keep in mind. There are also many opportunities for future business growth as you service these plans.

We're here to provide consistent support to you before, during, and after the sale. Your relationships with clients are valuable, and we can help you meet their needs in a way that complements your capabilities and reinforces the value you provide.

This guide outlines the roles and responsibilities you can play in servicing the plans you have with us—and how we support you throughout the life of a plan.

Key items to coordinate once the plan has transitioned

| Your role | How Principal supports you |
|---|---|
| <ul style="list-style-type: none">• Connect with the plan's service team member from Principal. Talk through the unique servicing needs of the client, their goals for the plan, and how your relationship with the client will operate. Determine what tools you're going to need and when you're going to need them.• Confirm the plan design and when spikes in deposits are likely to occur, as well as any significant business changes expected in the near term.• Make sure you and your team have access to the website for financial professionals so you can provide materials to the client.• Confirm key decision makers on the plan, and determine if any others need to be included. | <p>The service team will document your needs and those of your client, as well as information on the client contacts of the plan. They'll make sure you and your team have access to the website for financial professionals —your source for marketing and education materials for the plan.</p> |


Annual opportunities for you, by quarter

| Quarter | Your role | How Principal supports you |
|----------------------|--|---|
| January-March | <p>For those clients funding plans with corporate-owned life insurance (COLI):</p> <p>Check for factors that may lead to adjustments to avoid the policy becoming a modified endowment contract (MEC) such as:</p> <ul style="list-style-type: none">• The application of bonus dollars• New participants or increases in deferral percentages• Unexpected increases or decreases in cash flows• Large distributions <p>Consider reviewing the scheduled distributions for the year to discuss cash-flow planning with the plan sponsor.</p> <p>Consider adding a money market option to the plan in order to better manage death benefits and future benefit payments.</p> <p>For those clients funding plans with mutual funds: Review tax and financial statements to determine if tax burdens could be mitigated.</p> | <p>Client service associates will help with deferral estimates and calculations you may need as you monitor the plan for policy adjustments.</p> <p>If you determine plan funding changes are needed, contact your service team member to discuss next steps.</p> |
| April-June | <p>Schedule a call with your clients to review their plans' Retirement Plan and Investment Review (RPIR) report. Use this opportunity to set up the service calendar for the rest of the year.</p> <p>Consider asking about retention and reward opportunities.</p> <p>Some plan sponsors may offer performance-based compensation deferral changes at this time. Consult with your clients to determine if this is something they'll offer this year.</p> | <p>Sales and service team members are available to prepare the RPIR, participate in that review call, and support your discussion.</p> <p>Service team members reach out to plan sponsors each May to ask if they are planning to set up a deferral event and provide communications to notify employees.</p> |

| Quarter | Your role | How Principal supports you |
|-------------------------|--|--|
| July-September | <p>Meet with your client to review plan details including:</p> <ul style="list-style-type: none"> • Participation • Regulatory updates • Investment options • Financing review • Tax or payroll issues • Any recommended plan design changes • Anticipated participant departures and identify possible wealth management opportunities with them <p>Remind clients about the upcoming re-enrollment opportunity, and discuss any changes that need to happen prior to the enrollment period.</p> | <p>Your regional vice president (RVP) may participate in this meeting in the first year after the sale. Service team members will attend by phone in subsequent years to provide detailed information on the state of the plan and investment options. The team can consult with you on implementing any plan design changes and how any regulatory issues might impact the plan.</p> <p>Service team members reach out to plan sponsors to remind them to communicate if any participants have left their organizations or if they would like to implement plan design changes in time for annual enrollment.</p> |
| October-December | <p>Assist your clients with annual enrollment activities for participants such as:</p> <ul style="list-style-type: none"> • Education meetings • Run gap analysis • Send deferral calculations • Present a webinar <p>Assess plan participants' current distribution strategy and evaluate if changes are needed.</p> <p>Reach out to your RVP to learn more about the unique considerations participants have when taking money out of a deferred comp plan—and how to apply that knowledge and your own wealth management knowledge in conversations with the plan participants.</p> <p>Look carefully at the gaps that nonqualified deferrals and employer contributions can create, and cover those gaps with personal life insurance and individual disability insurance.</p> | <p>Service team members will consult with you to determine your level of involvement in annual enrollment activities and will work with your clients to obtain updated census data and set enrollment dates. Service team will also provide you and plan sponsors with communication and education tools for participants and support your needs if you plan to conduct annual enrollment meetings.</p> <p>The team will work with you to consult on distribution strategy changes.</p> <p>Your RVP can help you learn to identify and capitalize on individual financial planning opportunities. They can also help you identify other solutions that may meet participants' needs.</p> |

Ongoing service opportunities you can engage in throughout the year

| Your role | How Principal supports you |
|---|--|
| <p>Respond to participants</p> <ul style="list-style-type: none">• Answer participant questions specific to investment benchmarks, investment allocations, and distributions.• Help with enrollment of newly eligible participants. <p>Consult on investment options</p> <ul style="list-style-type: none">• Notify your client and Principal of any fund changes.• Monitor investment options, prepare quarterly investment report, and deliver it to your client.• Attend investment committee meetings. <p>Advise clients on critical plan issues</p> <ul style="list-style-type: none">• Facilitate resolution of any plan or trust service issues.• Answer financing questions based on unforeseen events such as distributions or large bonus payments.• Assist in distribution planning. Nonqualified plans change the timing of Social Security and IRA distributions, presenting an opportunity to wealth management advisors. | <p>Here's how else we help year-round:</p> <ul style="list-style-type: none">• Handle all daily plan administration, reporting, and servicing needs.• Serve as a resource for any IRS 409A questions.• Update you and plan sponsors on topics such as new technology and tools, legislative updates, and plan management through a quarterly, digital newsletter.• Support enrollment needs for newly eligible participants.• Provide you with reports detailing the current investment offering and options available. |

 Let's connect

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