

Nonqualified deferred compensation plan

Meet Dan.

The executive who closed his savings gap and retired on time.



After moving more than 13 times in his career, Dan Kowalczyk became a top executive with a Midwest-based precision metal supplier. When consolidating his 401(k) accounts, he realized his rate of savings

needed to increase in order to meet his retirement goal. A nonqualified deferred compensation plan was the solution he needed to get his retirement savings on track.

“...if it hadn’t been for that additional savings tool, I would never have met my goal to retire at 62. It was that important.”

— Dan Kowalczyk, retired business executive, nonqualified plan participant

Q | How did you start to plan and save for retirement early on in your career?

A | I started working in 1966, and my wife and I decided to start saving as soon as we could by buying \$50 bonds with every paycheck. And eventually we moved to some investing and mutual funds.

Then, the 401(k) plan came into vogue and I participated in that. The contribution came out of every paycheck and I didn’t miss the money. I think it’s the best thing to do if you can, try to get to the max on that. The earlier you can start the better chance you have to meet your goals. So, our retirement planning and saving started in a very simple way.

Q | Did you work with a financial professional?

A | The company’s financial professional was very helpful as we put together our plan — asking us tons of questions and understanding us as people, our financial situation and what our goals were.

Our financial professional came up with recommendations on things that would be helpful for us to do. One of them was to consolidate because by that time, with lots of moves, we had a lot of 401(k) plan accounts.

We discussed how one of the things that, unfortunately for executives, limits you is the percentage you can put in that 401(k) plan. Our financial professional said, “Well, I have options for you.”

Q | How did the deferred comp plan fit in with your retirement savings strategy?

A | For my wife and I, it was definitely an additional way to save money and reduce our tax liability. We understood what the downsides were but we didn't fear them. **I had a goal of retiring at age 62 — which fortunately we were able to do at the time.**

I only participated in the plan for probably five years, but still it worked extremely well. And I told my financial professional the last time we talked that **if it hadn't been for that additional savings tool, I would never have met my goal to retire at 62. It was that important.**

Q | What advice do you have for someone considering participating in a deferred comp plan?

A | Boy, it's just never too early to plan for retirement. **[This plan] is a part of a total retirement savings strategy. It's not *the* saving strategy, it's a part of it.** So, the employee should become knowledgeable of what's out there and what the plan offers. So, set up your plan, have a goal, and then figure out how you're going to make it work.

Q | What's the best thing about retirement?

A | During my working career, all the reading I did was for work. After I retired I started reading for pleasure and I've probably read close to 400 books — mostly mystery stories written in the late 1800s to early 1900s. **I'm also able to spend a lot more time with the grandkids and that to me is great because I try to help them prepare for life.**

 [Learn more](#) | Contact your financial professional or go to principal.com.



principal.com

Principal Life Insurance Company, Des Moines, Iowa 50392-0001, principal.com

This is not a paid advertisement. Mr. Kowalczyk participated in an nonqualified deferred compensation plan through his employer with plan administrative services provided by Principal. Mr. Kowalczyk is not affiliated with any company of the Principal Financial Group® and the views and opinions he expresses are his own.

The subject matter in this communication is provided with the understanding that The Principal® is not rendering legal, accounting, or tax advice. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements.

Insurance products issued by Principal National Life Insurance Co. (except in NY) and Principal Life Insurance Co. Plan administrative services offered by Principal Life. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. Securities offered through Principal Securities, Inc., 800-247-1737, Member SIPC and/or independent broker/dealers. Principal National, Principal Life, Principal Funds Distributor, Inc. and Principal Securities are members of the Principal Financial Group®, Des Moines, IA 50392.

Principal, Principal and symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group.

Not FDIC or NCUA insured

**May lose value • Not a deposit • No bank or credit union guarantee
Not insured by any Federal government agency**