

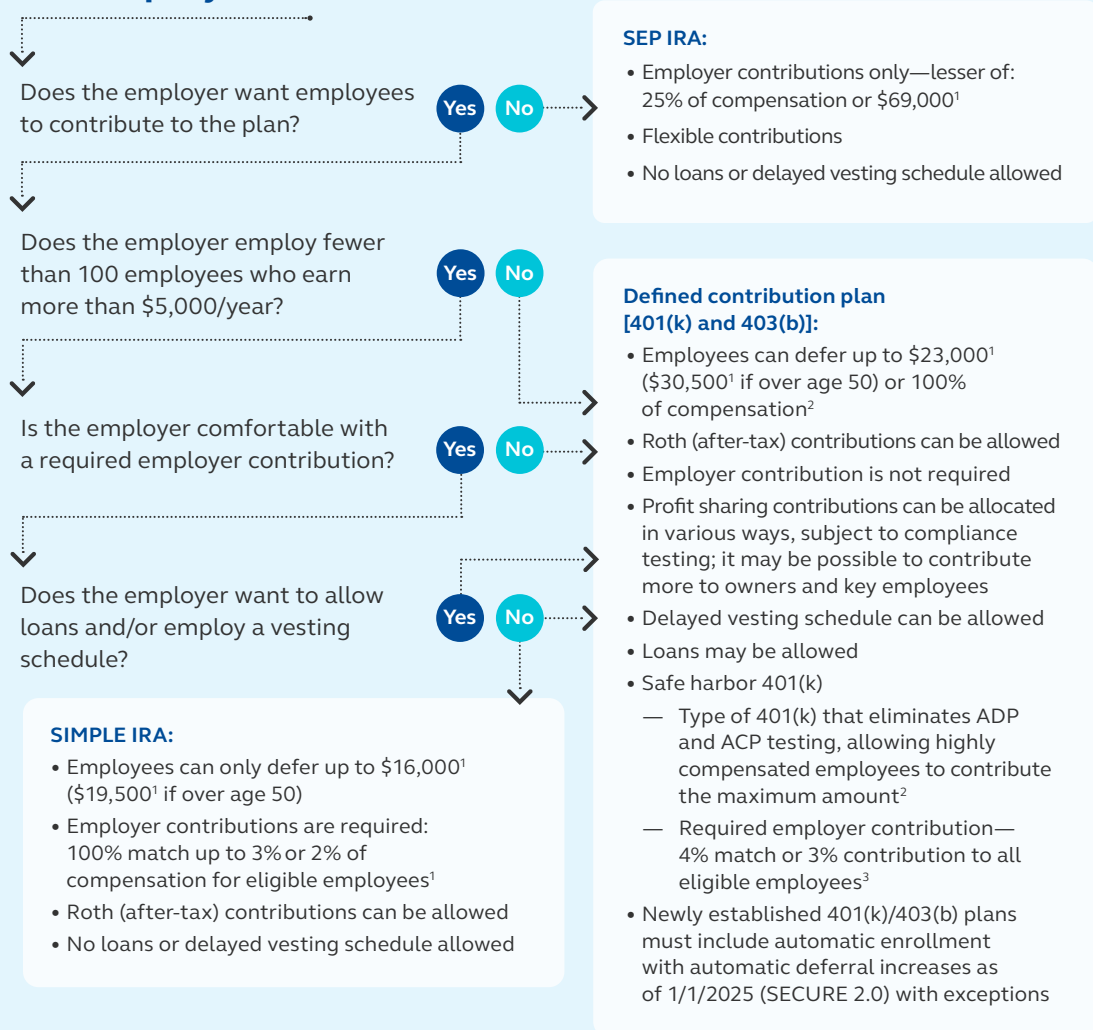
Looking for the right retirement plan for your clients?



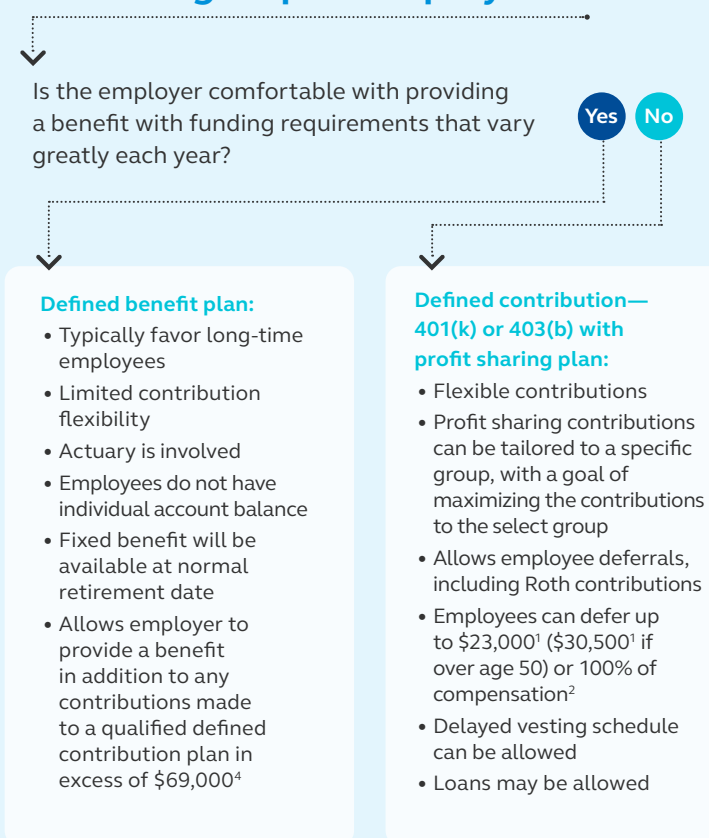
The right retirement plan could be a powerful benefit for attracting and keeping great employees. Finding the right plan to match each client's goals may help contribute to their success. **Let us help you find a plan design that's right for your client's goals.**

Who does the employer want the retirement plan to primarily benefit?

All employees



A select group of employees



 **Contact your local Principal® representative or our Advisor Support Team 800-952-3343.**

Plan type	Overview	Typical plan sponsor	Employer advantages	Considerations
SEP IRA	<ul style="list-style-type: none"> An IRA is established for each eligible employee Employer makes all contributions Generally a plan for small businesses and the self-employed Employer contributions up to lesser of 25% compensation or \$69,000¹ 	Plan may be most appealing to those businesses with 10 employees or fewer that want to: <ul style="list-style-type: none"> Make all contributions Have contribution flexibility Minimize administrative expenses 	<ul style="list-style-type: none"> Company contributions are generally federally tax-deductible Easy administration and flexibility No requirement on frequency and amount of contributions No employer administration fee Minimal paperwork 	<ul style="list-style-type: none"> Less flexibility than other qualified plans—no loan provisions, no delayed vesting, no Roth contributions May be established up until the extended due date of the employer's tax return May require the employer to cover employees who would be excludable under standard 401(k) plan provisions
SIMPLE IRA	<ul style="list-style-type: none"> Employees can only defer up to \$16,000¹ (\$19,500¹ if over age 50) Employers contribute either by matching up to 3% of each eligible employee's salary or contributing 2% of each eligible employee's salary, regardless of participation Employer cannot maintain any other qualified plan in the same calendar year 	Plan may be most appealing to businesses with fewer than 100 employees (including self-employed) that want to: <ul style="list-style-type: none"> Minimize plan expenses Minimize administrative responsibilities Make a set employer contribution 	<ul style="list-style-type: none"> Company contributions are generally federally tax-deductible Easy administration No compliance testing or annual Form 5500 filing needed No employer administration fee Minimal paperwork 	<ul style="list-style-type: none"> An annual employer contribution is required Less flexibility and cannot offer another qualified plan in same year No loans or vesting allowed Plan sponsors permitted to allow employees to treat employee and employer contributions as Roth* Must establish between Jan. 1 and Oct. 1 May require the employer to cover employees who would be excludable under standard 401(k) plan provisions <p><small>*Until additional regulatory guidance is issued, plans may want to delay adopting the ER portion of this provision.</small></p>
401(k) and 403(b) plans	<ul style="list-style-type: none"> Popular retirement plan for businesses, recognized and typically easily understood by employees 	All businesses, except governmental agencies, that want to: <ul style="list-style-type: none"> Benefit key employees Have contribution flexibility Support participant education Have plan flexibility 	<ul style="list-style-type: none"> Company contributions are generally federally tax-deductible The most flexible plan design Additional profit sharing contributions allowed that may be subject to vesting Administrative costs may be offset by tax, coverage, or savings from vesting schedule Tax credit available to first-time retirement plan sponsors 	<ul style="list-style-type: none"> A higher level of participation by non-highly compensated employees may be necessary for owners or other highly compensated employees to defer the maximum salary deferral contributions allowed² The Setting Every Community Up for Retirement Enhancement (SECURE) Act and SECURE 2.0 give unrelated employers the ability to band together and offer a pooled employer plan (PEP) outsourcing resources to help limit fiduciary risk and reduce the administrative burden Auto-enrollment required for most new 401(k)/403(b) start-up plans (as an Eligible Automatic Contribution Arrangement or EACA): <ul style="list-style-type: none"> — Default contribution rate must be at least 3%, but not more than 10% — Plus an automatic contribution increase of 1% per year up to a maximum of at least 10%, but not more than 15%. (Max cap is 10% for plan years prior to 2025.)
Safe harbor 401(k)	<ul style="list-style-type: none"> Allows employers to enjoy the benefits of a traditional 401(k) plan with fewer plan compliance tests May allow higher salary deferral contributions than a traditional 401(k) plan if specific employer contributions are made to the plan 	All businesses, except governmental agencies, that want to: <ul style="list-style-type: none"> Benefit key employees Minimize plan compliance testing Make a set employer contribution 	<ul style="list-style-type: none"> Company contributions are generally federally tax-deductible Enjoy benefits of a traditional 401(k) plan with fewer compliance tests Additional profit sharing contributions allowed that may be subject to vesting Administrative costs may be offset by tax, coverage, or savings from vesting Key employees may be able to get to maximum deferral limit³ 	<ul style="list-style-type: none"> An annual employer contribution is required An annual employee notice is required
Defined benefit plan (DB)	<ul style="list-style-type: none"> A pension plan may require a greater fixed commitment by the plan sponsor, but in many circumstances may provide for the highest levels of employer contributions 	Although traditionally sponsored by large employers, many employers with fewer than 50 employees could establish a DB plan if they want to: <ul style="list-style-type: none"> Make all contributions Fund greater than \$69,000 for key employees⁴ Make all investment decisions and bear all investment risk 	<ul style="list-style-type: none"> Company contributions are generally federally tax-deductible Some coverage flexibility with respect to employees, particularly those working fewer than 1000 hours per year Highest contributions may be possible for a plan with one owner, or family only, particularly if business owner is over age 50 	<ul style="list-style-type: none"> There are two types of DB plans that are most frequently used: traditional and cash balance Contributions are the least flexible and the employer bears all investment risk Requires hiring an actuary for implementation and ongoing administration May provide maximum contributions but allow the least flexibility Employees do not have individual account balances and will not be allowed to invest their own retirement money; they will receive a known/fixed benefit at their normal retirement date

¹ Of eligible compensation and for the 2024 calendar year. ² As allowed by the plan document. ³ 100% of the first 3%, then 50% of next 2%. ⁴ IRS 415 Limit for 2024 is lesser of \$69,000 or 100% of compensation. Additional factors may apply for DB plan 415 limits.

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