

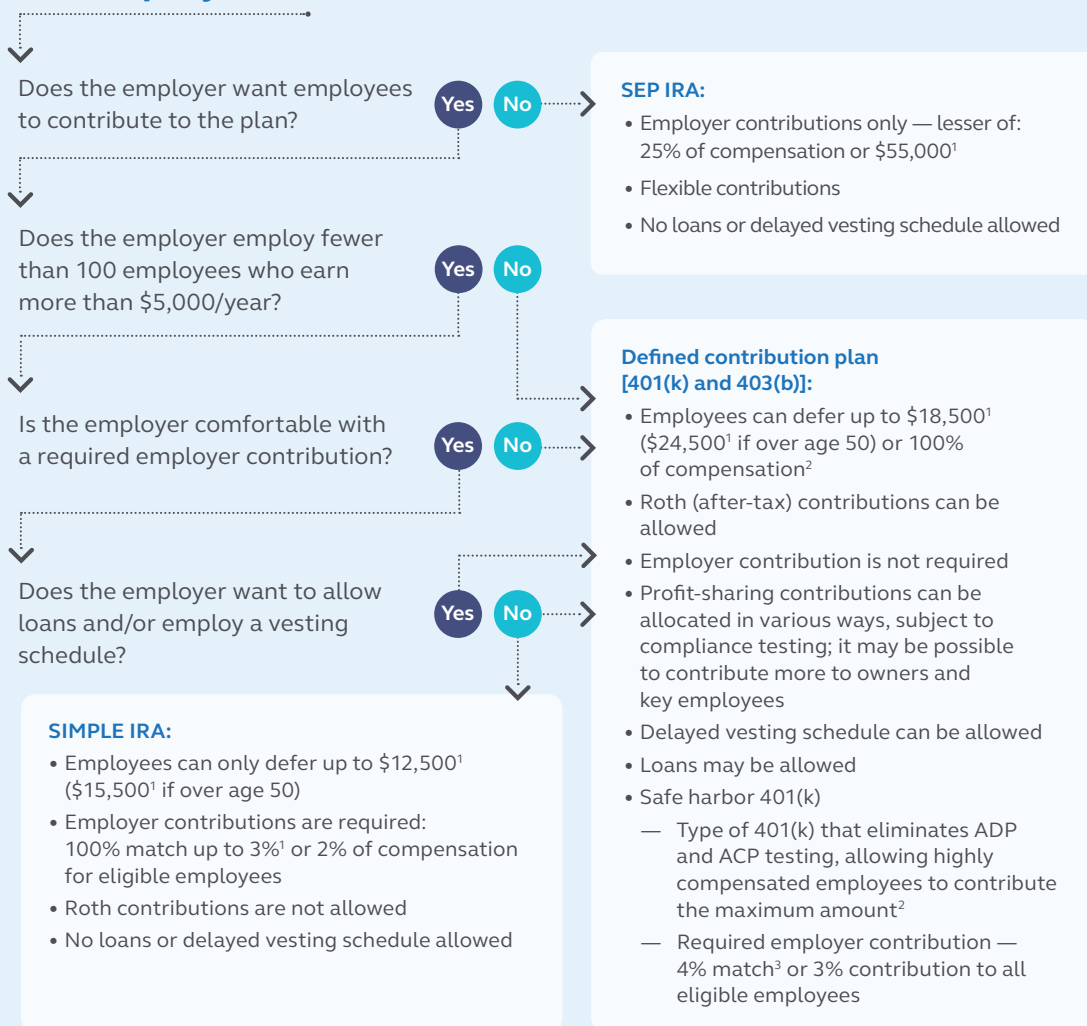
# Looking for the right retirement plan for your clients?



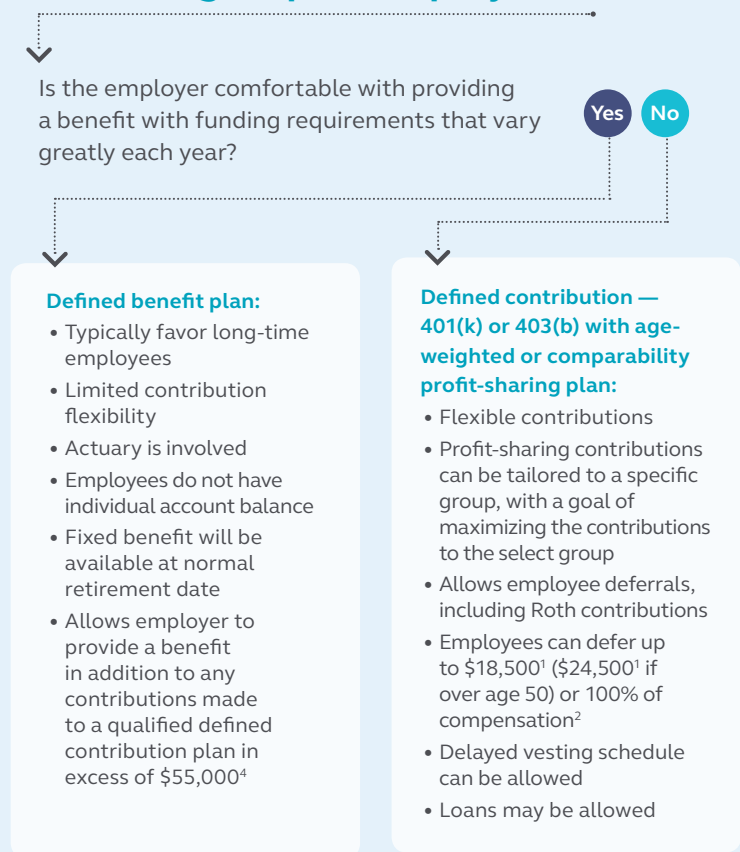
Recruiting and retaining top talent could be a concern for every business. And the right retirement plan could be a powerful benefit for attracting and keeping great employees. Of course, all retirement plans are different, and finding the right plan to match each client's goals may help contribute to 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<sup>®</sup> representative or our Advisor Support Team 800.952.3343.

Plan type	Overview	Typical plan sponsor	Employer advantages	Considerations
<b>SEP IRA</b>	<ul style="list-style-type: none"> <li>An IRA is established for each eligible employee</li> <li>Employer makes <b>all</b> contributions</li> <li>Generally a plan for <b>small</b> businesses and the self-employed</li> <li>Employer contributions up to lesser of 25% compensation or \$55,000<sup>1</sup></li> </ul>	<p>Plan may be most appealing to those businesses with 10 employees or fewer that want to:</p> <ul style="list-style-type: none"> <li>Make all contributions</li> <li>Have contribution flexibility</li> <li>Minimize administrative expenses</li> </ul>	<ul style="list-style-type: none"> <li>Company contributions are generally federally tax-deductible</li> <li>Easy administration and flexibility</li> <li>No requirement on frequency and amount of contributions</li> <li>No employer administration fee</li> <li>Minimal paperwork</li> </ul>	<ul style="list-style-type: none"> <li>Less flexibility than other qualified plans — no loan provisions, no delayed vesting, no Roth contributions</li> <li>May be established up until the extended due date of the employer's tax return</li> <li>May require the employer to cover employees that would be excludable under standard 401(k) plan provisions</li> </ul>
<b>SIMPLE IRA</b>	<ul style="list-style-type: none"> <li>Employees can only defer up to \$12,500<sup>1</sup> (\$15,500<sup>1</sup> if over age 50)</li> <li>Employers contribute either by matching up to 3% of each eligible employee's salary or contributing 2% of all eligible employees' salaries, regardless of participation</li> <li>Employer cannot maintain any other qualified plan in the same calendar year</li> </ul>	<p>Plan may be most appealing to businesses with fewer than 100 employees (including self-employed) that want to:</p> <ul style="list-style-type: none"> <li>Minimize plan expenses</li> <li>Minimize administrative responsibilities</li> <li>Make a set employer contribution</li> </ul>	<ul style="list-style-type: none"> <li>Company contributions are generally federally tax-deductible</li> <li>Easy administration</li> <li>No compliance testing or annual Form 5500 filing needed</li> <li>No employer administration fee</li> <li>Minimal paperwork</li> </ul>	<ul style="list-style-type: none"> <li>An annual employer contribution is required</li> <li>Less flexibility, and cannot offer another qualified plan in same year</li> <li>No loans, vesting or Roth contributions allowed</li> <li>Must establish between Jan. 1 and Oct. 1</li> <li>May require the employer to cover employees who would be excludable under standard 401(k) plan provisions</li> </ul>
<b>401(k) and 403(b) plans</b>	<ul style="list-style-type: none"> <li>Popular retirement plan for businesses, recognized and typically easily understood by employees</li> </ul>	<p>All businesses, except governmental agencies, that want to:</p> <ul style="list-style-type: none"> <li>Benefit key employees</li> <li>Have contribution flexibility</li> <li>Support education</li> <li>Have plan flexibility</li> </ul>	<ul style="list-style-type: none"> <li>Company contributions are generally federally tax-deductible</li> <li>The most flexible plan design</li> <li>Additional profit-sharing contributions allowed that may be subject to vesting</li> <li>Administrative costs may be offset by tax, coverage or savings from vesting schedule</li> <li>Tax credit available to first-time retirement plan sponsors</li> </ul>	<ul style="list-style-type: none"> <li>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 allowed<sup>2</sup></li> </ul>
<b>Safe harbor 401(k)</b>	<ul style="list-style-type: none"> <li>Allows employers to enjoy the benefits of a traditional 401(k) plan with fewer plan compliance tests</li> <li>May allow higher salary deferral contributions than a traditional 401(k) plan, if specific employer contributions are made to the plan</li> </ul>	<p>All businesses, except governmental agencies, that want to:</p> <ul style="list-style-type: none"> <li>Benefit key employees</li> <li>Minimize plan compliance testing</li> <li>Make a set employer contribution</li> </ul>	<ul style="list-style-type: none"> <li>Company contributions are generally federally tax-deductible</li> <li>Enjoy benefits of a traditional 401(k) plan with fewer compliance tests</li> <li>Additional profit-sharing contributions allowed that may be subject to vesting</li> <li>Administrative costs may be offset by tax, coverage or savings from vesting</li> <li>Key employees may be able to get to maximum deferral limit<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>An annual employer contribution is required</li> <li>An annual employee notice is required</li> </ul>
<b>Defined benefit plan (DB)</b>	<ul style="list-style-type: none"> <li>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</li> </ul>	<p>Although traditionally sponsored by large employers, many employers with fewer than 50 employees could establish a DB plan if they want to:</p> <ul style="list-style-type: none"> <li>Make all contributions</li> <li>Fund greater than \$55,000 for key employees<sup>4</sup></li> <li>Make all investment decisions and bear all investment risk</li> </ul>	<ul style="list-style-type: none"> <li>Company contributions are generally federally tax-deductible</li> <li>Some coverage flexibility with respect to employees, particularly those working fewer than 1000 hours per year</li> <li>Highest contributions may be possible for a plan with one owner, or family only, particularly if business owner is over age 50</li> </ul>	<ul style="list-style-type: none"> <li>There are two types of DB plans that are most frequently used: traditional and cash-balance</li> <li>Contributions are the least flexible and the employer bears all investment risk</li> <li>Requires hiring an actuary for implementation and ongoing administration</li> <li>May provide maximum contributions, but allow the least flexibility</li> <li>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</li> </ul>

<sup>1</sup> Of eligible compensation and for the 2018 calendar year. <sup>2</sup> As allowed by the plan document. <sup>3</sup> 100% of the first 3%, then 50% of next 2%. <sup>4</sup> IRS 415 Limit for 2018 is lesser of \$55,000 or 100% of compensation.

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