

At a Glance

# Principal SERP Select<sup>SM</sup>

Help your clients supplement their retirement income with nonqualified supplemental retirement solutions. Principal SERP Select is a simple, yet flexible defined contribution plan option for the growing business market.

## THE OPPORTUNITY

**The business can benefit** – This plan can help them recruit, reward and retain key employees. The owner selects the participants and the contribution amount, enabling the business to compete with larger companies for talent. And, it all comes with complimentary administrative services from the Principal Financial Group®, making it a cost-efficient option for growing businesses.

**The C corporation owner can benefit** – Some business owners plan to rely solely on income from their business when they retire. This plan is designed to help them diversify retirement income by not relying solely on the sale of their business at retirement.

## The profile

- C corporations (owners and key employees)
- S corporations, limited liability companies (LLCs), or partnerships (key employees only)
- Businesses with strong continuity in place
- Financially stable businesses (profitable, good cash flow, long history)
- One to five key employees
- Annual contributions of \$25,000- \$150,000

### This plan is NOT designed for:

- Not-for-profit organizations, owners of S corporations, LLCs or partnerships.
- Larger cases or situations where the employer is looking for greater flexibility in case design and more robust administrative services

## The design

**Employer contributions** – As a deferred compensation plan, it is an unfunded, contractual obligation from the employer to pay a benefit to the key employee at some point in the future.

**Promised benefit** – A “hypothetical account” equal to the employer contributions to the key employee’s account plus earnings or losses based on a hypothetical investment.

**Financing options** – It may be financed with retail life insurance products from The Principal® – Variable Universal Life or Universal Life (with or without early cash value rider). Premiums are paid with employer after-tax dollars. The life insurance purchased to finance the plan is separate from the “hypothetical account”.

**Benefit measurement** – Allows several options to be used to measure the benefit, including fixed rate and target-date Principal LifeTime accounts.

**Vesting** – Creates a contractual obligation from the employer to pay the benefit when a key employee becomes eligible to receive it. Two options: Cliff vesting after years 1 to 10 and 5-year graded vesting – both effective from initial contribution date.

**Distribution events** – Includes standard benefit distribution events, including separation from service, retirement, death and disability.

**Payout options** – Allows key employee to select a lump sum payment option or annual installment payments over a 3-, 5-, or 10-year period.

**Benefit payments** – May be made from company cash flow or paid from life insurance policies using withdrawals and loans.

- *In the event of a disability during the service period* – The key employee may be entitled to a benefit, to be specified in the agreement.
- *In the event of death, prior to separation from service* – The key employee may be entitled to a benefit in addition to the participant's vested account balance by adding an endorsement split dollar agreement.

## The administrative services

Complimentary services include:

- Dedicated home office executive benefits administrator
- Consolidated annual plan-level reports
- Individualized participant annual statements.
- Consolidated billing services
- Internet access via [www.principal.com](http://www.principal.com)
- Economic benefit amounts (if applicable)

### FOR MORE INFORMATION

Contact the National Sales Desk at 800-654-4278.

Mary Lavelle  
maryl@sfbrokerage.com  
9150 South Hills Boulevard  
uite 200  
Broadview Heights, Ohio 44147  
800-916-0064



WE'LL GIVE YOU AN EDGE®

Principal National Life Insurance Company and Principal Life Insurance Company, Des Moines, Iowa 50392-0001, [www.principal.com](http://www.principal.com)

While this communication may be used to promote or market a transaction or an idea that is discussed in the publication, it is intended to provide general information about the subject matter covered and is provided with the understanding that none of the member companies of The Principal are rendering legal, accounting, or tax advice. It is not a marketed opinion and may not be used to avoid penalties under the Internal Revenue Code. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements.

Insurance products from the Principal Financial Group® (The Principal®) are issued by Principal National Life Insurance Company (except in New York) and Principal Life Insurance Company, Des Moines, IA 50392. Securities offered through Princor Financial Services Corporation, 800-247-1737, member SIPC and/or independent broker/dealers. Principal National, Principal Life and Princor® are members of the Principal Financial Group®, Des Moines, IA 50392.

For financial professional information only. Not for use in sales situations.

**Not FDIC or NCUA insured**

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