

Help employees retire on time

And improve your bottom line

Presenter name

Presenter title, Principal®



Understand the issue

Employees aren't saving enough for retirement

\$163,000

Average household savings (age 56-61)¹

\$404,000

Estimated health care spending in retirement²



**Nearly 60%
put off retirement³**

¹ Economic Policy Institute analysis of Survey of Consumer Finance data, Retirement account savings of families by age, 1989–2013 (2013 dollars), published March 2016.

² 2017 Retirement Health Care Costs Data Report, HealthView Services, June 2017.

³ 2017 Retirement Confidence Survey, EBRI, March 21, 2017.

It impacts your bottom line



**Greater
payroll costs¹**



**Higher
benefit costs²**



**Bigger
soft costs¹**

¹ Prudential Financial, Inc. as cited in “Older Workers Unable to Retire Cost Employers \$50,000 a Year,” PLANSPONSOR, April 11, 2017

² Principal Well-Being Index: Business Owners (full report), August 2016

Evaluate *your* situation



Participation



Deferrals



Engagement

Retirement readiness | Income replacement

Make changes that matter



Stop fighting inertia



Consider the power of plan design





Automatic enrollment



60%

Of plan sponsors use automatic enrollment. It's the new norm.¹



**Make it
enough**

68% of automatically enrolled participants don't change their deferral rate so consider 6%+.²

¹ The Cerulli Report — U.S. Retirement Markets 2016, Cerulli Associates, Dec. 2016.

² Principal, Jan. 1, 2014 through Dec. 31, 2016. Excludes automatically enrolled participants whose contributions were automatically escalated.



Automatic escalation

- **Make it gradual** Increase contributions by at least 1% a year up to at least 10%

- **10x** More likely to use escalation feature when it's automatic with option to opt out.¹

¹ Principal, Jan. 1, 2014 through Dec. 31, 2016.



Sweep

➤ **Same
benefit
for all**

Reset your plan and drive greater success, sooner.

➤ **79%**

Of nonparticipants are OK with a re-enroll feature for those who've opted out in the past.¹

¹ Principal, Retirement Readiness Participant Survey, Jan. 2017.



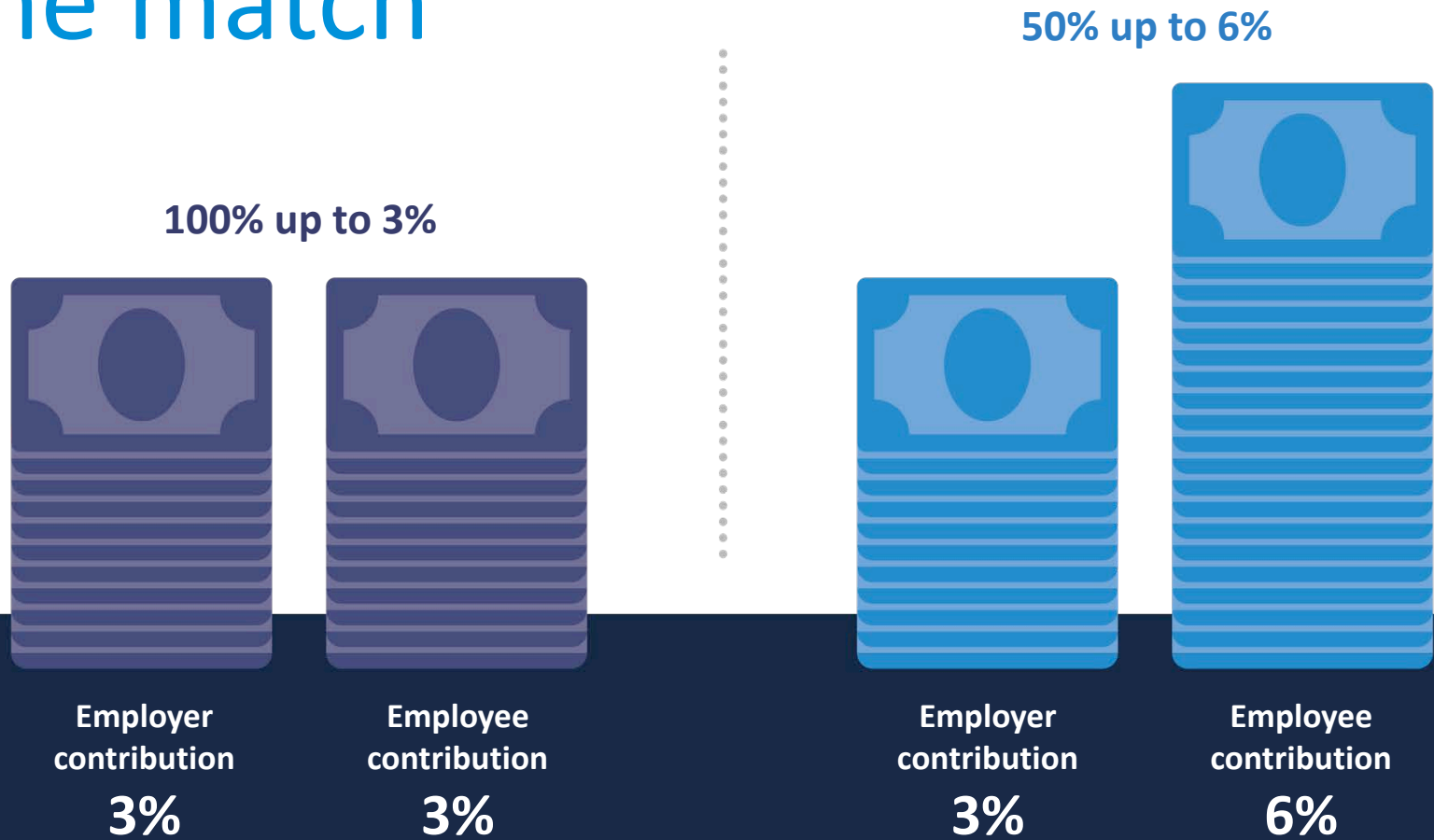
Matching contributions

➤ More than half say it's the reason they started saving for retirement.¹

➤ 60% say they increased contributions to take full advantage.¹

¹ The Cerulli Report — U.S. Evolution of the Retirement Investor 2016: Regulation and Investor Addressability, Cerulli Associates, September 2016.

Stretching the match



Success story

From good to great

Plan profile

401(k) for
retail trade

200 employees

Assets:
\$17M

Match:
100% up to 3%,
plus 50% up to 6%

- Set automatic enrollment at 6%
- Added automatic escalation of 1% a year up to 10%
- Conducted a one-time sweep

	Before (10/1/2014)	After (6/30/2016)
Participation	89%	93%
Average deferral	9.3%	10.5%
Average deferral + employer match	13.4%	14.8%

Success story

Not just for new hires

Plan profile

401(k) for tax-exempt hospital

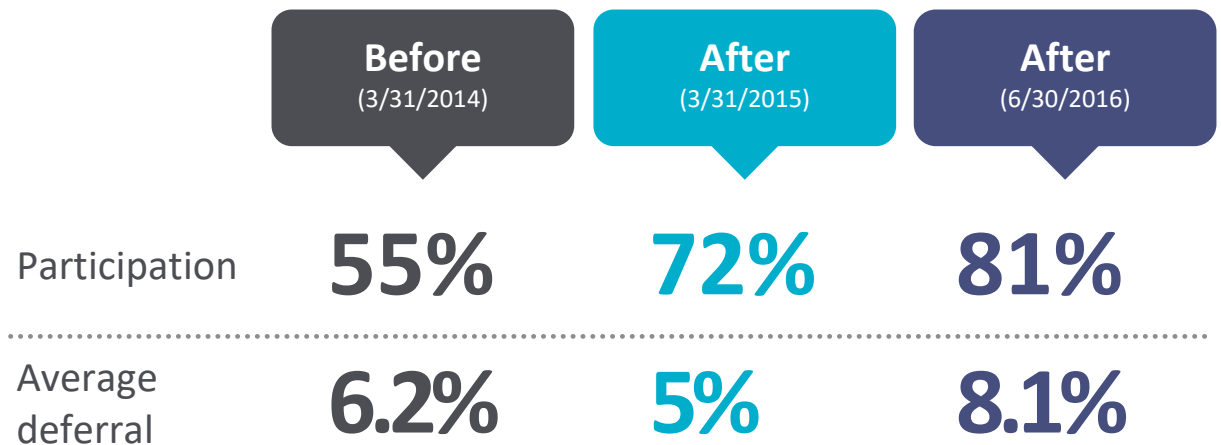
700 employees

Assets:
\$19M

Match:
Discretionary

2014: Added automatic enrollment at 3% and automatic escalation for new hires

2016: Changed default deferral to 6% and swept non-participants and low contributors



Success story

Step by step

Plan profile

401(k) for manufacturing

19,000 employees

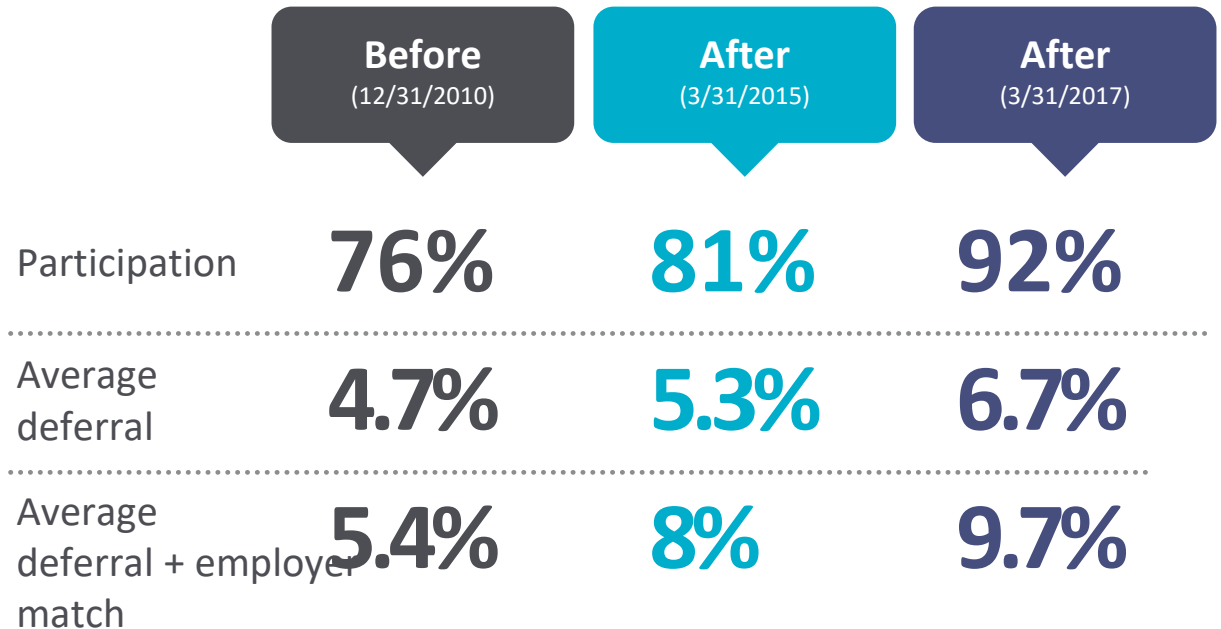
Assets:
\$1.1B

Match:
50% up to 6%

2011: Increased auto enrollment default from 3% to 6%

2014: Set match at 50% up to 6%

2016: Implemented annual sweep and added auto escalation of 1% a year up to 10%



Create a retirement readiness culture



Engage your participants



**Ongoing,
personalized
education**



**Real-time
retirement
readiness score**

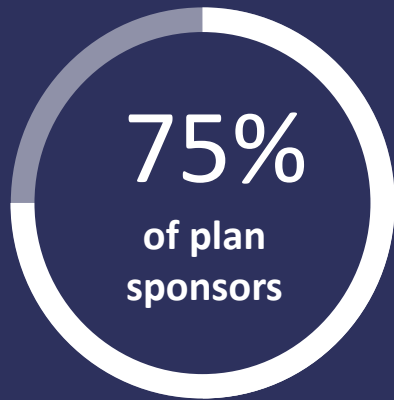


**Financial
wellness
approach**

Optimize benefits



Connect retirement and health savings



See HSAs as part of their retirement benefits strategy.¹

Health savings account (HSA) benefits:

- Tax-free contributions
- Tax-free earnings
- Pay for qualified medical expenses tax-free

¹ Health Savings Accounts and Retirement Plans, Plan Sponsor Council of America, April 2017.

Principal does not offer health savings accounts.

Focus on the
future



Take your next steps

Talk to
your advisor

Plan design
modeling

Participant
engagement

Other
benefits

Questions?



Important information

Principal® does not offer health savings accounts.

Success story progress not indicative of future results. Results will vary based on retirement plan characteristics.

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Thank you!

