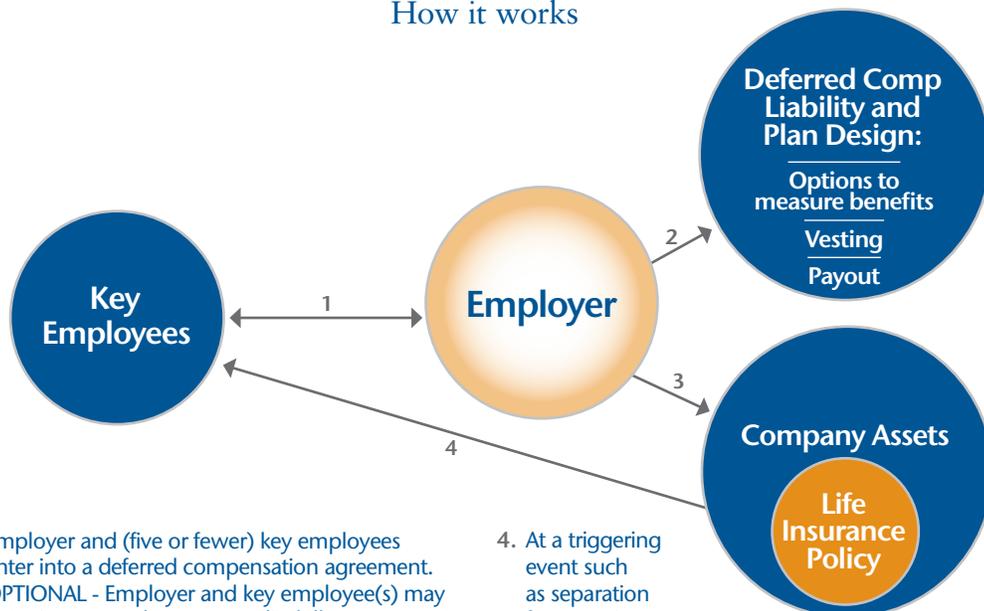


## Principal SERP Select<sup>SM</sup>

Recruiting and retaining key employees is a top priority for most growing businesses. Now, it's never been easier! Let the streamlined Principal SERP Select plan help you attract and retain top talent, while at the same time providing protection under multiple contingencies with a company-owned insurance policy. The included death benefit provides key person insurance for you, and a portion may be endorsed to the key employee for survivor income purposes.

This plan is designed to be simple, yet flexible — offering a defined contribution plan design. You select who will participate, and the contribution amount. This plan is designed to accept only employer contributions, with vesting options — creating strong “golden handcuffs” that help tie select key employees to your business. Reward your top talent for their loyalty, and help keep the integrity of your business in place.

### How it works



1. Employer and (five or fewer) key employees enter into a deferred compensation agreement. **OPTIONAL** - Employer and key employee(s) may enter into an endorsement split dollar agreement. (This can provide a benefit to the key employee's beneficiary in the event of a premature death.)
2. Flexibility is key: The employer can choose between several options to measure the benefit, as well as vesting and payout options:
  - Cliff and 5-yr. graded vesting options, both effective from initial contribution date.
  - Lump sum, 3-yr., 5-yr., and 10-yr. payout options.
3. The employer informally finances the promised benefit using a life insurance policy, from The Principal. Premiums are paid with corporate after-tax dollars.
4. At a triggering event such as separation from service, retirement, death or disability, a payout to the key employee may begin. The dollars to complete the payout may come from company cash flow, distributions from the life insurance policy, or transfer of ownership of the life insurance policy.
  - Employer takes a tax deduction, as compensation, during the payout period.
  - The key employee will be taxed on the benefit when received.

## Benefits and considerations

### For the employer:

- A method to attract new key employees and influence company loyalty and longevity from existing key employees.
- Protect your business against the death of a key person, or recover the costs of the program.
- Informal financing options include fixed or variable universal life insurance policies from The Principal.
- Premiums are paid with corporate, after-tax dollars. Each premium payment reduces annual cash flow.
- Vesting schedules and payout options are available to allow the plan to meet multiple retention goals.
- Employer will receive a tax deduction, when the benefit is paid.

### For the key employee:

- Simple and easy to understand plan design — with the promise of annual contributions intended to supplement retirement income.
- Key employee(s) appreciate the security provided through the survivor life insurance protection which may be available during the service period.
- Key employee(s) may be given the opportunity to choose the investment options used for hypothetical account measurement.
- Key employee(s) must provide evidence of insurability to qualify for the life insurance policy.
- Earnings and contributions accumulate tax-deferred.
- Income tax will be due and payable in the year the benefit is paid.

## Complimentary administrative services

- **Dedicated home office executive benefits administrator**— Provides plan-level administrative services for your plan and coordinates with your representative to address service needs.
- **Consolidated plan-level reports** — In addition to standard policy-level information, these reports include a census of covered employees, asset reports, liability reports and basic information about the policies that cover them.
- **Individualized key employee annual benefit statements** — Provided to you for each participant.
- **Consolidated billing services** — Available to allow you to pay premiums in one easy payment
- **Economic benefit amounts (if applicable)** — Provided to you each year for reporting on the key employee's income, reflecting the 'value' of the insurance coverage provided under any endorsement split dollar agreement that may be in place.
- **Internet access via [www.principal.com](http://www.principal.com)** — Allows you to view all policies associated with your plan.
- **Toll-free number** (Mon-Fri., 8 a.m. to 5 p.m. CST)

### FOR MORE INFORMATION

Contact your local representative.



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)

**Before investing in variable life insurance, investors should carefully consider the investment objectives, risks, charges and expenses of the policy and the underlying investment options. This and other information is contained in the free prospectus, which can be obtained from your local representative, visit [www.principal.com](http://www.principal.com) or call 800-247-9988. Please read the prospectus carefully before investing.**

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