Retirement plan basics

Getting to know your employer-sponsored retirement plan

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What we'll cover today

Why is it important to save for retirement?

- How do I save for retirement?
- How much should I save?
- What happens to my retirement savings when it gets to Principal®?
- How does my savings grow?
- Who gets my retirement savings if I pass away?
- How do I get started?
- What if I want to know more?

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Why is it important to save for the future?

Living longer lives

Physically unable to work

Risk of inflation

Retirement plans have changed

Family financial responsibilities

Social Security benefits will likely only replace about—

[1] Long-range constant preretirement earnings replacement rate for a scaled medium earner retirement at age 67 in 2030 or later. 2022 Social Security fact sheet, April 2022.

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Contribute through your paycheck

Your employer offers a retirement savings plan

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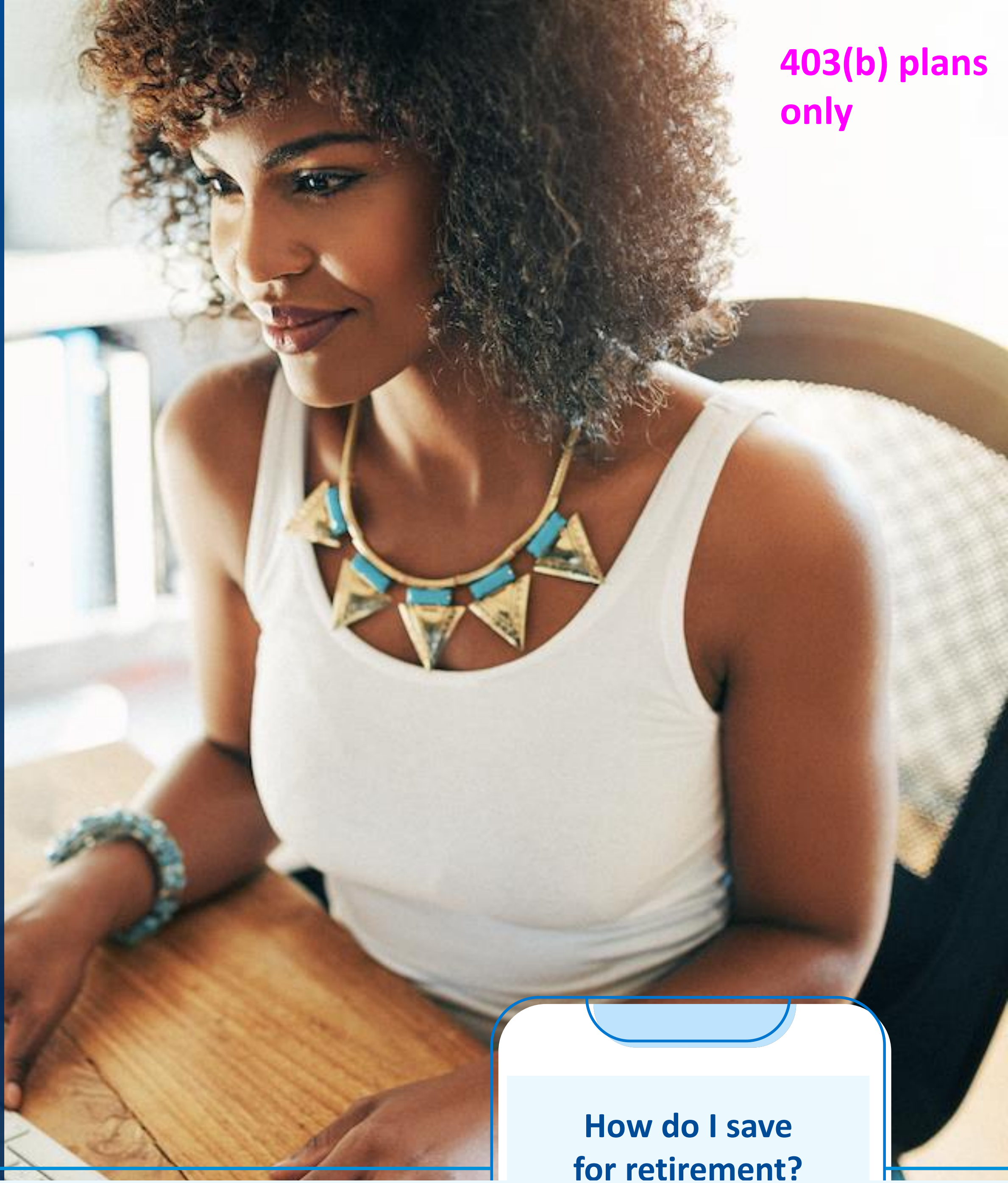
403(b) plans only

What's the difference between a 401(k) and 403(b)?

401(k)
for-profit companies and organizations

403(b)
nonprofit organizations and government employees



Pre-tax contributions

How do I save
for retirement?

$40,000
ANNUAL **SALARY**

x 4%
CONTRIBUTION **RATE**

$1,600
ANNUAL **CONTRIBUTION**

Save on taxes while saving for your future

$1,600
ANNUAL PRE-TAX **CONTRIBUTION**

÷ 26
PAY **PERIODS**

$62
CONTRIBUTION **PER PAYCHECK**

$1,476 TAXABLE INCOME **PER PAY PERIOD**

Reduces taxable income

Roth contributions

How do I save
for retirement?

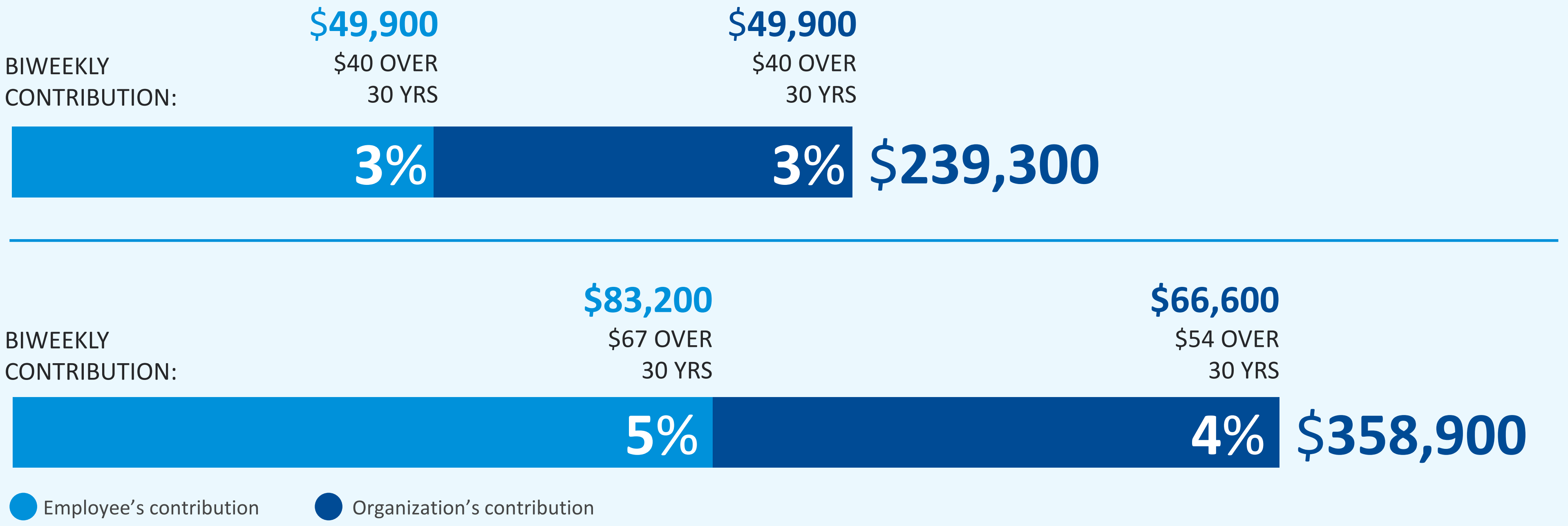
	TAXED CONTRIBUTIONS	TAXED WITHDRAWALS
Pre-tax	✗	✓
Roth	✓	✗*

*A qualified distribution is one that is made after a participant reaches age 59½, death or disability and must be made at least five years after the first Roth 401(k) contribution was made.

Organization match

How do I save for retirement?

An added benefit that has the potential to really add up



The chart assumes a $35,000 salary with a 3% annual salary increase, an annual 6% rate of return, and a safe harbor basic match of 100% up to 3%, 50% of the next 2%. This example is for illustrative purposes only. The assumed rate of return in this chart is hypothetical and does not guarantee any future returns nor represent the return of any particular investment option. Amounts shown do not reflect the impact of taxes on pre-tax distributions. The example is reflective of two individuals making contributions over a 30-year time period.

What do I need to know about contributing?

Eligibility

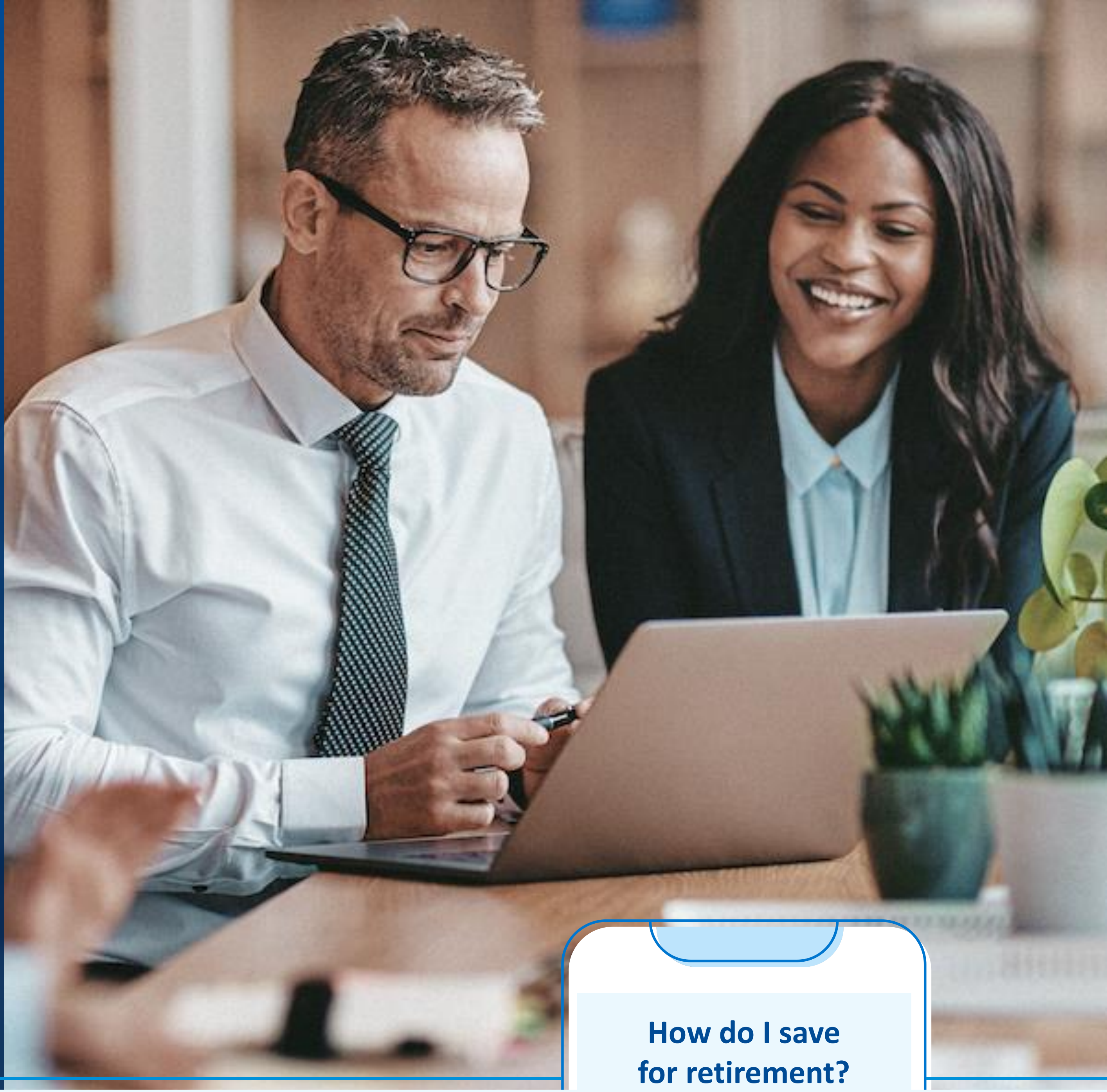
Deferral change rate

Contribution limits[1]

$23,000

$7,500 catch-up contributions over age 50[2]

[1] As indexed by the IRS for the 2024 calendar year.
[2] If plan allows.



How do I save beyond my employer's plan?

There are many ways to save.

IRAs
INDIVIDUAL RETIREMENT ACCOUNTS*

BANK PRODUCTS
SAVINGS/CHECKING ACCOUNTS

BROKERAGE ACCOUNTS*

HSAs
HEALTH SAVINGS ACCOUNTS

*Investment and Insurance products are:
- Not Insured by the FDIC or Any Federal Government Agency
- Not a Deposit or Other Obligation of, or Guaranteed by Any Bank Affiliate
- Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested

How do I save for retirement?

Saving with an individual retirement account (IRA)

What's the difference between an IRA and a Roth IRA?

- Money withdrawals
- Income limits
- Age limits
- Required minimum distributions
- When taxes are paid

How do I save for retirement?

More ways to save

Bank savings/checking accounts

Stocks, bonds*

Brokerage accounts

Annuities*

529 plans*

Health savings accounts (HSAs)

And more

*Investment and Insurance products are:

- Not Insured by the FDIC or Any Federal Government Agency
- Not a Deposit or Other Obligation of, or Guaranteed by Any Bank Affiliate
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Consolidate savings?

You have choices for your old accounts.

CONSOLIDATE
YOUR RETIREMENT FUNDS

ROLL FUNDS
INTO AN **IRA**

KEEP FUNDS
IN YOUR CURRENT **ACCOUNT**

CASH
OUT

You should consider the differences in investment options and risks, fees and expenses, tax implications, services, and penalty-free withdrawals for your various options. There may be other factors to consider due to your specific needs and situation. You may wish to consult your tax advisor or legal counsel.

How do I save for retirement?

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How do I save for retirement?

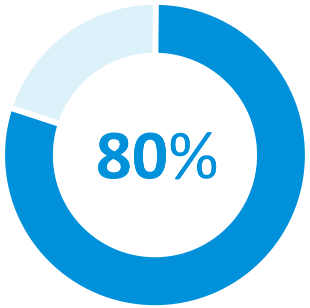
How much should I save?

What happens to my retirement savings when it gets to Principal®?

How does my savings grow?

Who gets my retirement savings if I pass away?

How do I get started?



Retirees may need to **replace at least 80%*** of their pre-retirement income during retirement[1]

*Eighty percent is based on our industry experience and GAO Retirement Security Report to Congressional requestors. The estimated average total spending for post-retirement households was about 77% of the spending levels for pre-retirement households. GAO, 2013 CE Data; 16 242, Retirement Replacement Rates.

[1] Based on analysis conducted by the Principal Financial Group®, November 2022. The estimate assumes a 40-year span of accumulating savings and the following facts: retirement at age 65; 10-15% individual plus employer contributions; Social Security providing 40 percent replacement of income: 4.5% withdrawal of retirement savings; 6 percent annual market returns; 2 percent annual inflation; and 3 percent annual wage growth over 40 years in the workforce. This estimate is based on a goal of replacing about 80 percent of salary. The assumed rate of return for the analysis is hypothetical and does not guarantee any future returns nor represent the return of any particular investment. Contributions do not take into account the impact of taxes on pre-tax distributions. Individual results will vary. Participants should regularly review their savings progress and post-retirement needs as savings depends on many factors, including lifestyle, social security replacement, and retirement age.

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Take small steps to reach 10-15%

How much should I save?

Studies suggest you may need to save at least **10-15% of your pay plus employer contributions** throughout your career.

3% + 1%	6% + 3%	11% +
BUMP EACH **YEAR**	EMPLOYER **MATCH**	CATCH-UP **CONTRIBUTIONS**

Based on analysis conducted by the Principal Financial Group®, November 2022. The estimate assumes a 40-year span of accumulating savings and the following facts: retirement at age 65; 10-15% individual plus employer contributions; Social Security providing 40 percent replacement of income: 4.5% withdrawal of retirement savings; 6 percent annual market returns; 2 percent annual inflation; and 3 percent annual wage growth over 40 years in the workforce. This estimate is based on a goal of replacing about 80 percent of salary. The assumed rate of return for the analysis is hypothetical and does not guarantee any future returns nor represent the return of any particular investment. Contributions do not take into account the impact of taxes on pre-tax distributions. Individual results will vary. Participants should regularly review their savings progress and post-retirement needs as savings depends on many factors, including lifestyle, social security replacement, and retirement age.ge 65;

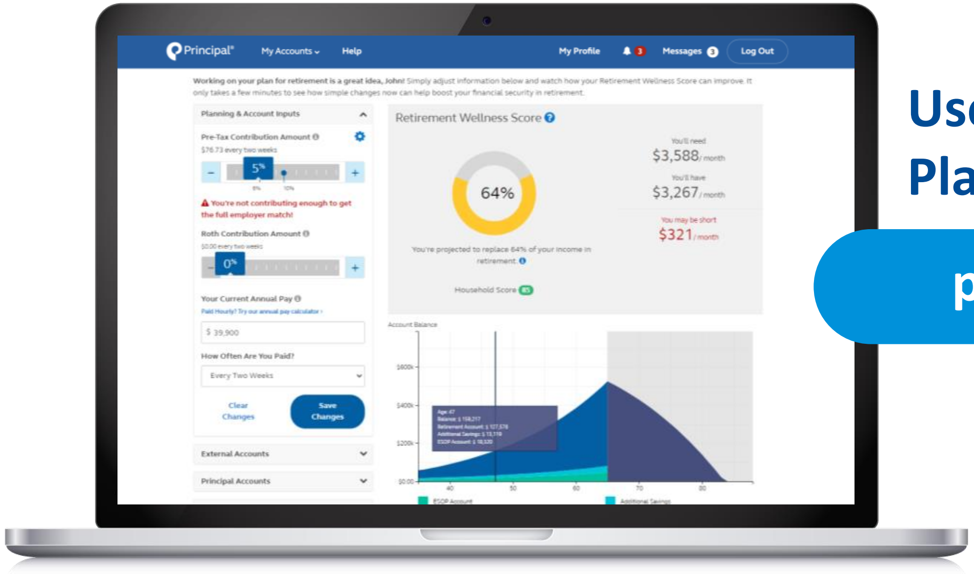
See if you’re on track to meet your goals

Check your Retirement Wellness Score

0–49

50–69

70–100



Use the Retirement Wellness Planner

principal.com/myscore

How much should I save?

See if you're on track to meet your goals

Talk to a financial professional

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How much should I save?

What happens to my retirement savings when it gets to Principal?

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What if I want to know more?

QDIA: Qualified default investment alternative*

Build your own portfolio with the plan's investment options

*If the plan allows and you don't elect otherwise.

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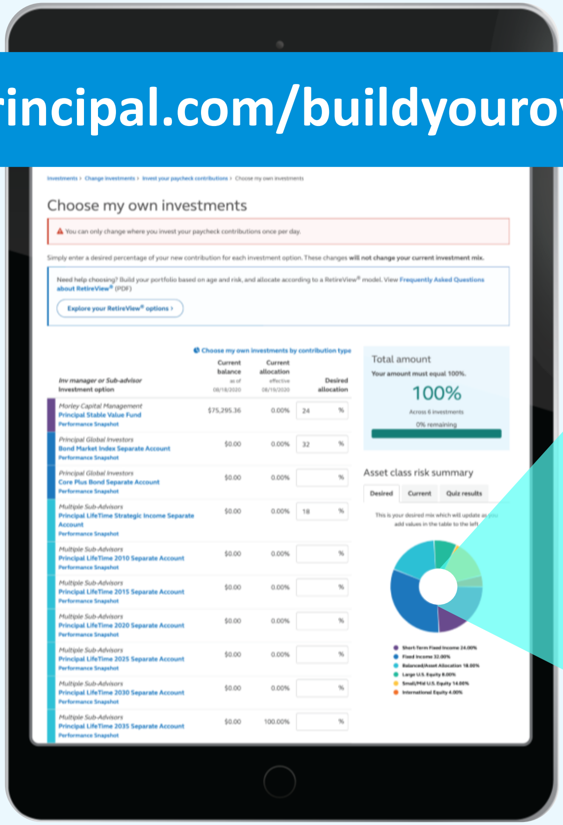
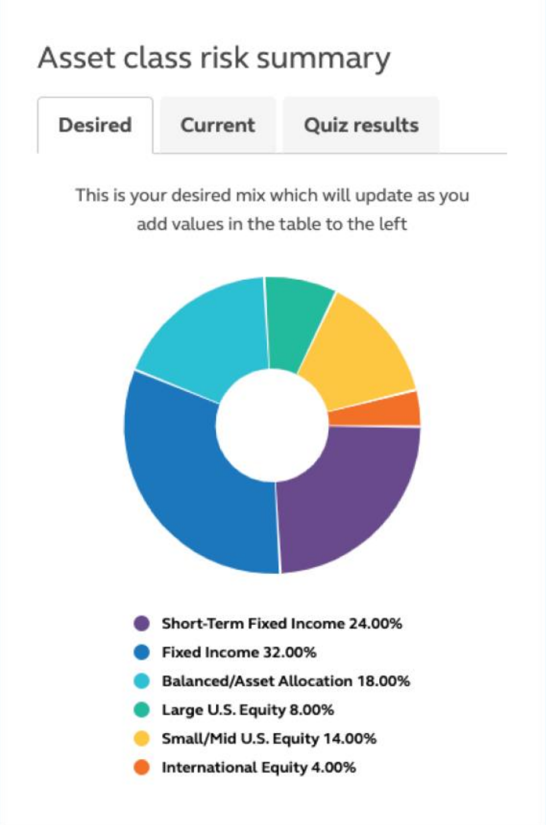
Build my own portfolio

What happens when my contributions get to Principal®?

principal.com/buildyourown





For those who like a **“do-it-yourself”** approach to investing

For illustrative purposes only.

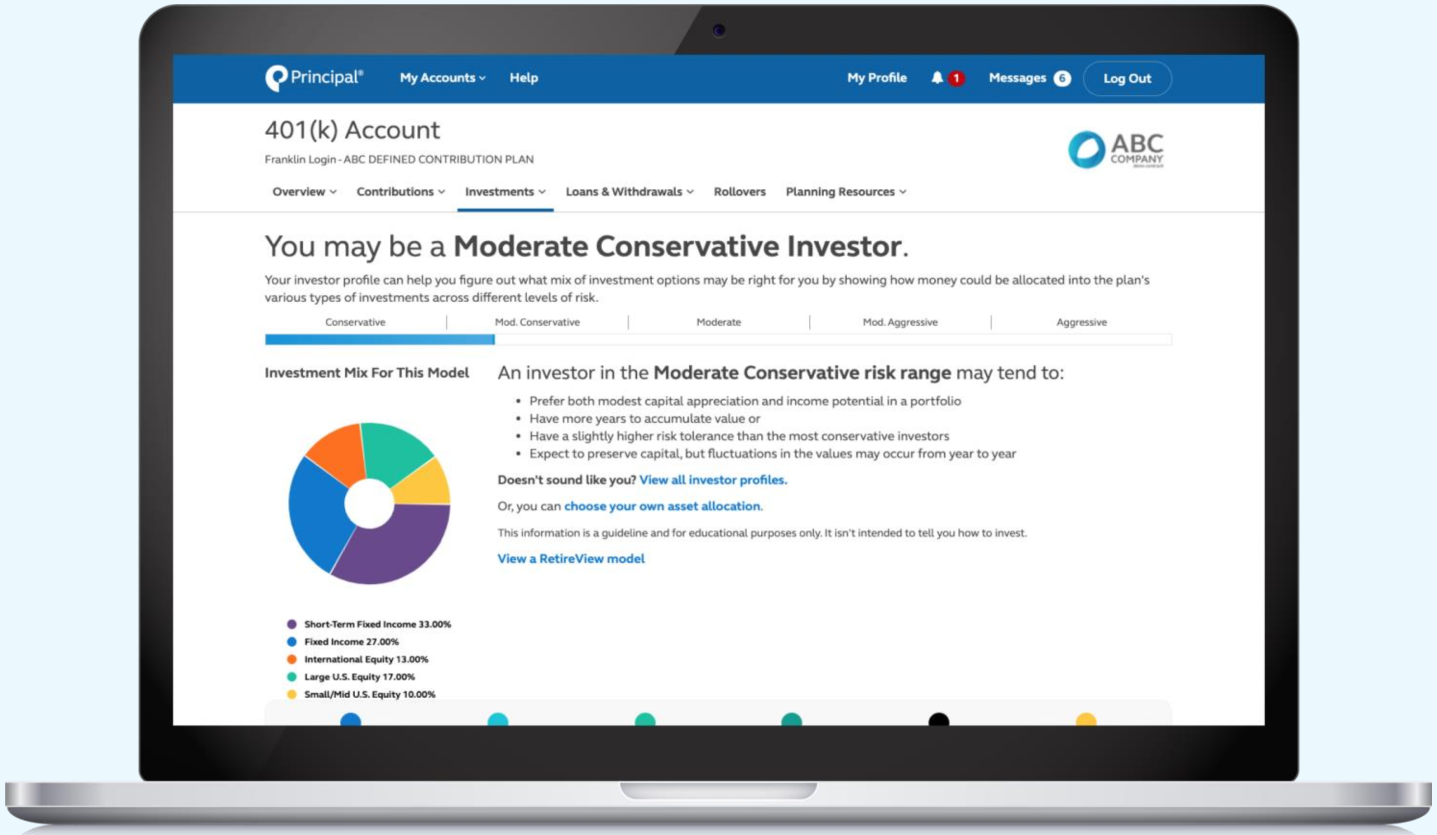
Investing involves risk, including possible loss of principal.

Asset allocation and diversification does not ensure a profit or protect against a loss. Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options.

Investor Profile Quiz

principal.com/investorprofilequiz

What happens when my contributions get to Principal®?



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How much should I save?

What happens when my contributions get to Principal®?

How does my savings grow?

Who gets my retirement savings if I pass away?

How do I get started?

What if I want to know more?

Investing today with potential for gain later

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Compound interest has the potential to gain more over time

	RETIREMENT SAVINGS ACCOUNT AMOUNT	INTEREST RATE	INTEREST EARNED	YEAR-END ACCOUNT BALANCE
Year 1	$1,000.00	5%	$50.00	$1,050.00
Year 2	$1,050.00	5%	$52.50	$1,102.50
Year 3	$1,102.50	5%	$55.12	$1,157.62
Year 4	$1,157.63	5%	$57.89	$1,215.51
Year 5	$1,215.51	5%	$60.77	$1,276.28
Year 6	$1,276.23	5%	$63.81	$1,340.10

For illustrative purposes only.

The assumed rates of return in this chart are hypothetical and do not guarantee any future returns nor represent the returns of any particular investment. Amounts shown do not reflect the impact of taxes on pre-tax distributions. Individual taxpayer circumstances may vary. This is for illustrative purposes only.

How does my money grow?

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How much should I save?

What happens when my contributions get to Principal®?

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What if I want to know more?

Designate a beneficiary

principal.com/beneficiary

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Designate a beneficiary

Who gets my retirement savings if I pass away?

Beneficiary designated by 401(k) account holder

Spouse

Child

Loved ones

Special organization

Go to **principal.com/beneficiary** to designate your beneficiary or ask your employer for a form.

principal.com/beneficiary

Beneficiary designations are legal designations that are needed whenever a qualified retirement plan provides benefits to beneficiaries of deceased participants. They state who is to receive the benefits and how benefits are to be paid in the event of a plan participant's death. Certain beneficiary designations cannot be completed online. Instead, a paper form must be completed and signed. If needed, you will be given the option to print the paper beneficiary form from the website. Based on your marital status, your designation may require spousal approval.

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Welcome, we're so glad you're here. In just a few steps, you'll be on your way to planning for retirement.

Get started (Transition experience)

Login

Get started (Newly eligible)

Designate a beneficiary

Initiate a rollover

Check out education tools

Set up your account

Elect a contribution amount

Choose your mix of investment options

principal.com/welcome

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Questions?

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Investing involves risk, including possible loss of principal.

Asset allocation and diversification does not ensure a profit or protect against a loss. Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options. **Fixed-income** investments are subject to interest rate risk; as interest rates rise their value will decline. **International and global investing** involves greater risks such as currency fluctuations, political/social instability and differing accounting standards. These risks are magnified in **emerging markets.**

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