The Executive Nonqualified "Excess" Plan℠

Employer Summary

Help your key employees create a solid retirement path with a nonqualified executive benefit program.

Qualified employee benefit program limitations make it difficult for highly compensated employees to adequately save for retirement. The Executive Nonqualified "Excess" Plan may help bridge this "retirement gap." While offering a valuable benefit, you'll also be able to more effectively recruit, retain and reward key employees.

BENEFITS FOR THE PLAN PARTICIPANT	BENEFITS FOR THE COMPANY
• Opportunity to defer compensation in excess of qualified retirement plan limits on a pre-tax basis.[1] • Earnings accumulate tax-deferred. • High-quality account information similar to a 401(k) plan. • Ability to design an individualized investment strategy.	• Company recognized by key employees as providing a valuable benefit program that allows saving for retirement on a pre-tax basis in excess of qualified retirement plan limitations. • Company contributions lost due to IRS restrictions in qualified retirement plans may be restored. • Company can make discretionary incentive contributions to recruit, retain and reward selected key employees. • Assets accumulated to finance the plan remain an asset on the company's balance sheet.

PLAN FINANCING

The Excess Plan is an unfunded contractual obligation to pay benefits to a plan participant in the future. The company can choose to informally finance the future obligation or leave the obligation unfinanced. The best financing method is dependent on the company's financial characteristics and the degree of risk acceptable to plan participants and the company. Financing techniques include **unfinanced, taxable investments** and **variable corporate-owned life insurance (COLI).**

[1] Contributions to the plan are subject to FICA when benefits vest. Plan participant deferrals may not be deductible in all states. Distributions are taxable to participants upon receipt.

CONSIDERATIONS FOR THE PLAN PARTICIPANT	CONSIDERATIONS FOR THE COMPANY
• Limited ERISA protection. Assets financing the plan are owned by the company and are subject to company creditors. • Company's noncompliance with deferred compensation rules under Section 409A of the Internal Revenue Code may result in individual tax and penalties. • Deferrals may reduce wages for qualified plans, although lost contributions may be coordinated with the nonqualified plan. • Election to defer compensation must be made before earning the income. • No loan provisions or rollover provisions into an IRA, a qualified plan or a nonqualified plan.	• Deferred income tax deduction vs. a current income tax deduction. The company accrues a deferred tax asset to reflect the temporary difference.[2] • Potential charge to earnings on the taxable investments or COLI assets purchased to finance the plan. • Plan administrative service fees. • Human resource time to communicate the plan benefits to eligible plan participants. [2] For taxable corporations.

You'll get an edge with The Principal.® Expertise. Simplicity. Service. All in one tailored plan. As a retirement services leader with decades of executive benefits experience, you can trust our range of solutions to help maximize your benefits. We make it easier by providing everything you need in one place – plan design, financing options, implementation and administrative services. And, as your one source, we deliver a consistent level of service you should expect.

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