



The Principal
Global Financial
Well-Being StudySM
2003 Executive Summary

WE UNDERSTAND WHAT YOU'RE WORKING FORSM

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*Financial
Group*



Retirement is a Global Issue

Government officials, demographers, and retirement services experts have long been aware of the aging population crises that many countries around the world are facing. As the baby boom generation retires and as longevity increases, there are fewer workers paying into traditional retirement systems and more retirees receiving benefits. Italy, for example, already has fewer people paying into the system than receiving benefits. There are similar trends in nearly every country surveyed. It is clear that the traditional retirement models are unable to support the world's aging population going forward.



As the Principal Global Financial Well-Being Study demonstrates, although many individuals believe it is their responsibility to save for their own retirement, most have not taken the necessary steps to do so. A number of governments have yet to provide tax-favored savings plans that truly motivate people to save for retirement.

Pension reform is not easy, as recent protests in France have shown. Government officials world-wide are trying to move away from defined benefit, pay-as-you-go systems as they face the financial consequences of aging populations and lower birth rates. Political resistance and fiscal difficulties will only worsen with time. The longer decisions are delayed the more difficult the solutions will be.

Working together, governments, employers, and employees can create mutually beneficial systems to overcome the challenges we all face. Governments can provide better tax incentives for both employers and employees to participate in defined contribution retirement systems. Employers can provide their employees with retirement savings plans or private pensions at work and increase employee satisfaction and loyalty while avoiding the multi-billion dollar unfunded pension liabilities they have seen in recent years. Both governments and employers can and should improve employee education on retirement issues. With these tools in place, individuals will then have the incentives and the freedom to balance today's consumption with their future financial well-being.

Retirement is a global issue. The Principal Global Financial Well-Being Study reflects this reality. We hope that you find its results and conclusions helpful. For additional information, please see our website at www.principal.com.

Norman R. Sorensen
President
Principal International, Inc.

The Research

The Principal Global Financial Well-Being Study provides insight into workers' views on retirement and benefit issues in eleven countries on four continents. There is a great deal of diversity in the retirement systems of these countries and each has clearly been influenced by a number of factors, including, of course, political systems, demographics, economics, culture and prevailing business strategies. Despite this diversity of approach, there is a common thread: in all countries studied there is a worrisome lack of financial preparation for retirement. This is especially threatening in a time of increasing life expectancy across the globe.



Retirement is important to workers in all countries. Most hope to retire before age 65. In China the average expected age of retirement is 53, in Hong Kong it is 55. However, a substantial portion of the working populations in these countries, more than two workers in five, state that they are behind track in planning and saving for retirement. This problem is most severe in Japan, Hong Kong, and Brazil. Overall, almost three workers in ten do not think they will be able to maintain their pre-retirement lifestyle in retirement.

All of the countries studied are of interest. However, seven of the countries involved in this study may be of special interest, with lessons to be learned or experiments worth following. Three countries whose workers we surveyed, France, Japan and Brazil, appear, for different reasons, to have substantial problems in their retirement systems. On the other hand, Chile has put a system into place that seems to be working well and is constantly being improved. Mexico has recently put into place a new system, which is showing some indications of success. With their rapidly expanding economies and the world's largest populations, China and India will be of great interest as they move towards pension reform.

As the Principal Global Financial Well-Being Study continues over the next few years, it will provide a unique lens through which to view the effects that changing retirement policies, economies, and business strategies have on individuals' financial preparation for retirement. We hope that you will find it useful.

*Mathew Greenwald
Mathew Greenwald and Associates, Inc.*

General Findings and Implications



GENERAL FINDINGS AND IMPLICATIONS

- Most workers are clearly unprepared for retirement. Many feel behind and acknowledge that they have not yet planned for retirement savings. Only a few have taken the basic step of trying to calculate how much money they will need to save by the time they retire. This lack of preparation is especially troubling in countries with aging populations. Better employee education on retirement issues and tax incentives at the employer and employee level are needed to motivate better preparation for retirement.
- Among the survey participants, acceptance of personal responsibility for their own financial needs in retirement closely reflects the various government pension systems. Participants from the long-term social welfare systems of China, Italy and France are least likely to feel they have a great deal of personal responsibility for ensuring a comfortable retirement, and are most likely to say the government has this responsibility. Those from Hong Kong and Chile, countries with mandatory retirement contribution programs, are among the most likely to say they have a great deal of personal responsibility.
- Acknowledgement of personal responsibility bears little relationship to positive retirement planning activity, indicating a large gap between intention and action. This gap is just as likely to exist in countries with mandatory retirement plans, such as Chile and Mexico, as it is in countries with more traditional systems, such as Italy, or more varied systems like India.
- There is a clear need for government action in most of the survey nations to encourage employer-based pensions. While many workers say they feel a sense of personal responsibility for their long-term financial future, most need the structure and support of an employer-based pension. They also



need information and tools that will allow them to correctly plan for the realities of retirement, since current worker expectations are often unrealistic.

- Existing employee benefit programs fail to reach their potential, as benefit offerings such as health insurance, voluntary retirement programs, and life insurance are, in many cases, not widely available. Even when these benefits are available, they do not fully

meet employee needs. Many employees do not feel that their company cares about their long-term financial future and are not highly satisfied with the benefits they receive. Improving the availability and quality of employee benefit programs may increase overall employee motivation and retention.

Future Well-Being

DO YOU THINK YOUR STANDARD OF LIVING IN RETIREMENT WILL BE BETTER THAN IT IS NOW, WORSE THAN IT IS NOW, OR ABOUT THE SAME AS IT IS NOW?

	Europe					Asia				Latin America		
	U.S.*	Great Britain	France	Germany	Italy	China	Hong Kong	India	Japan	Brazil	Chile	Mexico
Better	24%	19%	12%	7%	17%	44%	26%	48%	11%	23%	29%	37%
About the same	45%	54%	31%	58%	52%	37%	56%	34%	34%	38%	49%	46%
Worse	28%	25%	56%	34%	28%	16%	17%	11%	53%	38%	21%	15%

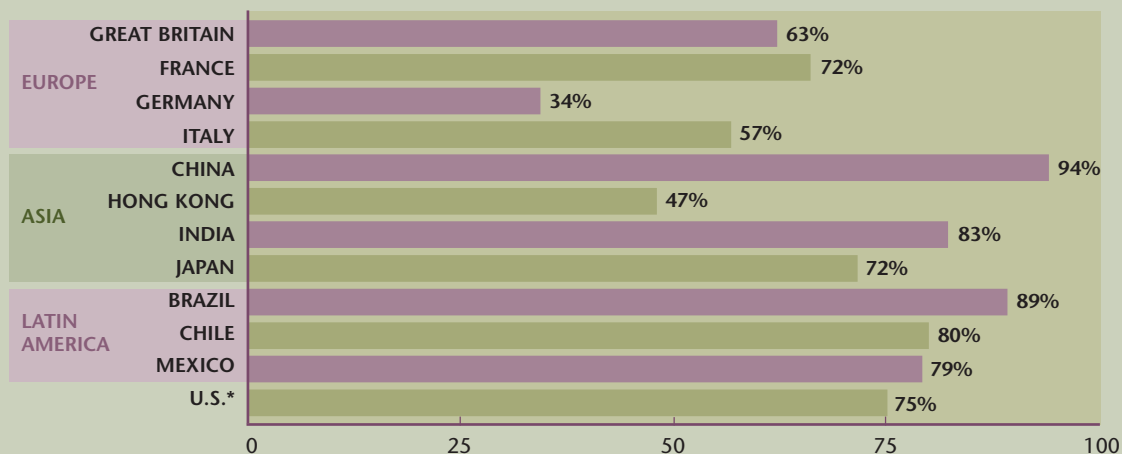
*Telenation Poll May 23-25, 2003

India is the clear winner in terms of workers' perception of their future financial well-being; half of Indian survey participants expect their standard of living in retirement to be better than it is now, perhaps due to an unusually high level of support expected from family members. Roughly four in ten participants in China and Mexico also expect a better standard of living in retirement than they have currently. However, at least one-fourth of English and Italian participants, more than one-third of German and Brazilian participants, and more than half of Japanese and French participants think their standard of living will be worse in retirement than it is now.

The global market downturn has deeply affected individual financial outlook and security. Seventy percent of survey participants are now very concerned about their family's long-term financial future. These numbers are particularly high in China (94% agree), Brazil (89%), India (83%), Chile (80%), Mexico (79%), France (72%) and Japan (72%).

I AM VERY CONCERNED ABOUT MY (AND MY FAMILY'S) LONG-TERM FINANCIAL FUTURE.

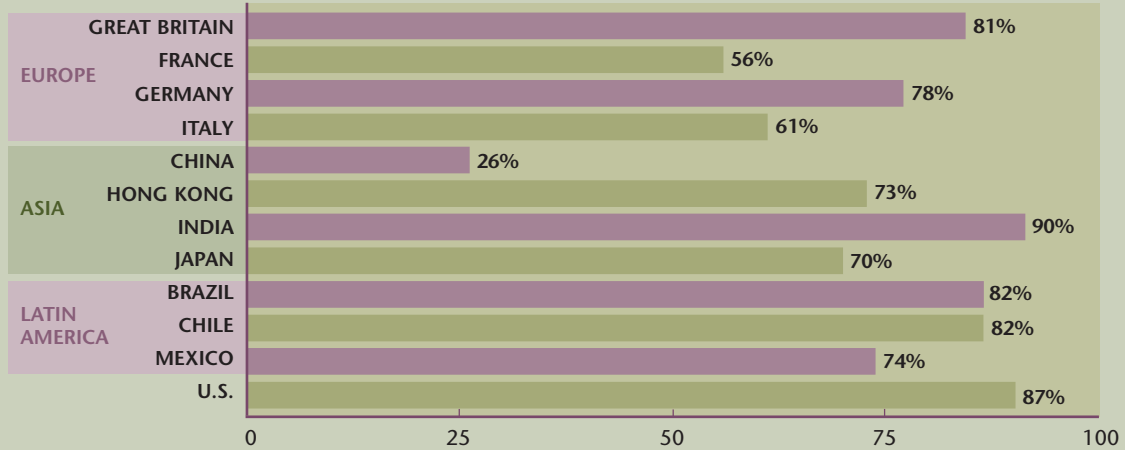
(percentage completely/somewhat agree)



*The Principal Well-Being Index—First Quarter 2003

HOW MUCH RESPONSIBILITY DO YOU THINK YOU SHOULD HAVE FOR ENSURING THAT YOU HAVE A FINANCIALLY COMFORTABLE RETIREMENT?

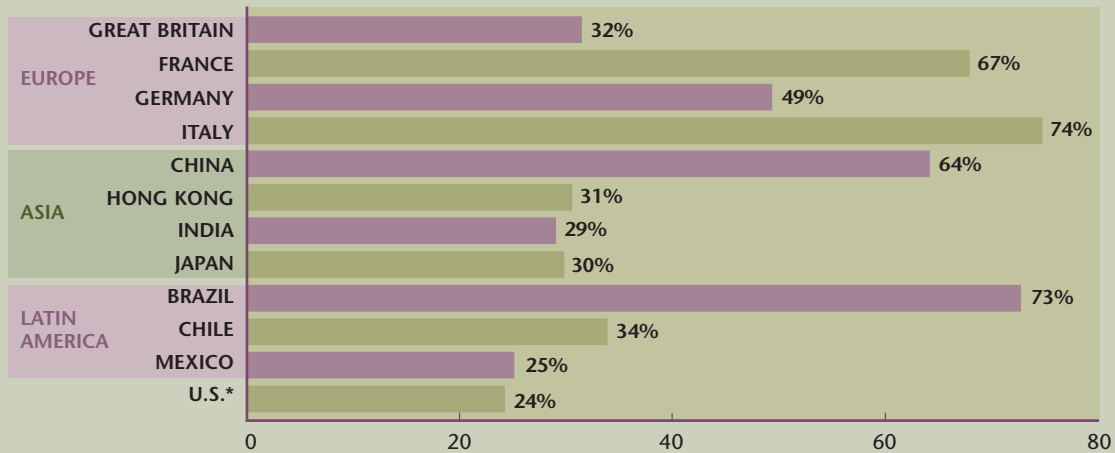
(percentage great deal of responsibility)



*Telenation Poll May 23-25, 2003

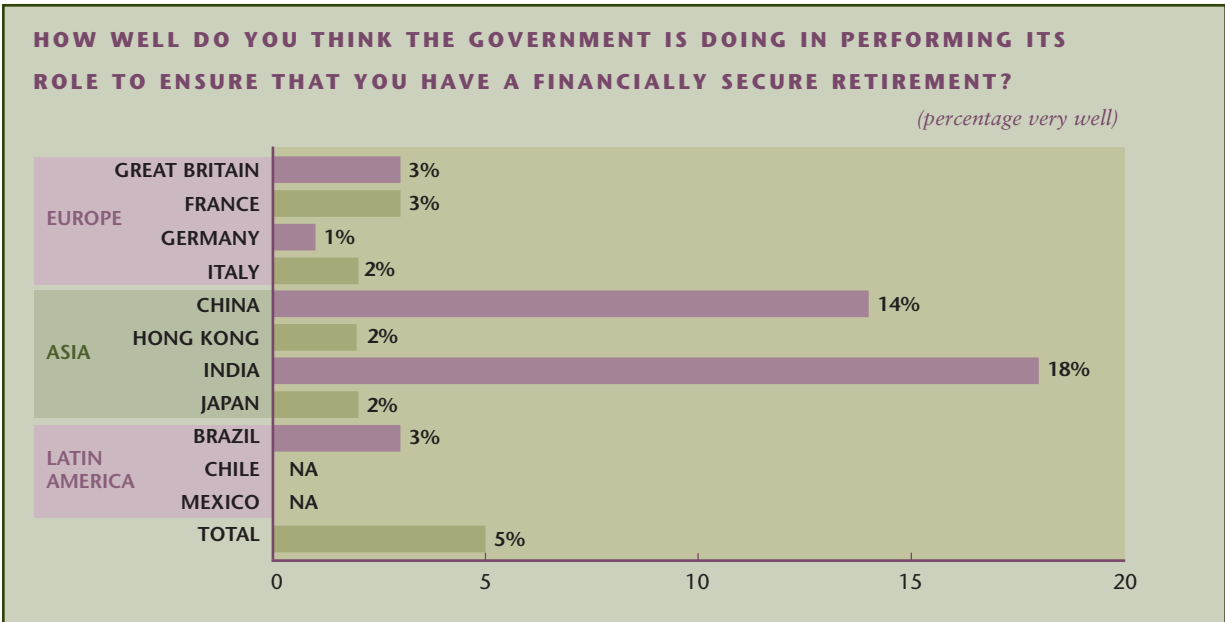
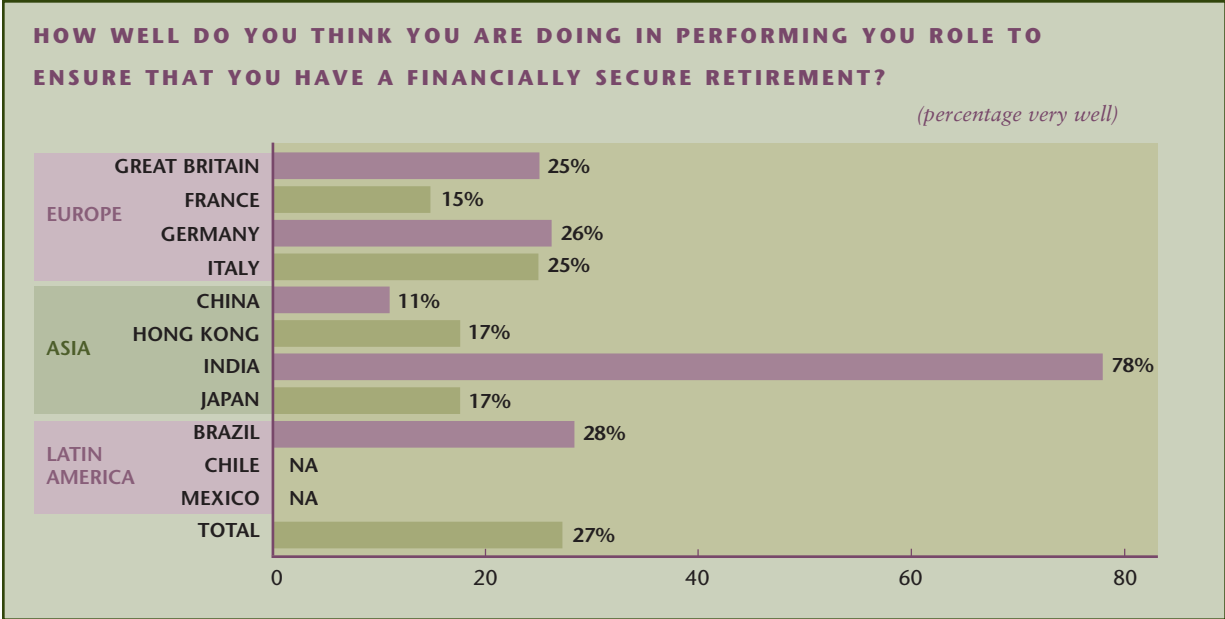
HOW MUCH RESPONSIBILITY DO YOU THINK THE GOVERNMENT SHOULD HAVE FOR ENSURING THAT YOU HAVE A FINANCIALLY COMFORTABLE RETIREMENT?

(percentage great deal of responsibility)



*Telenation Poll May 23-25, 2003

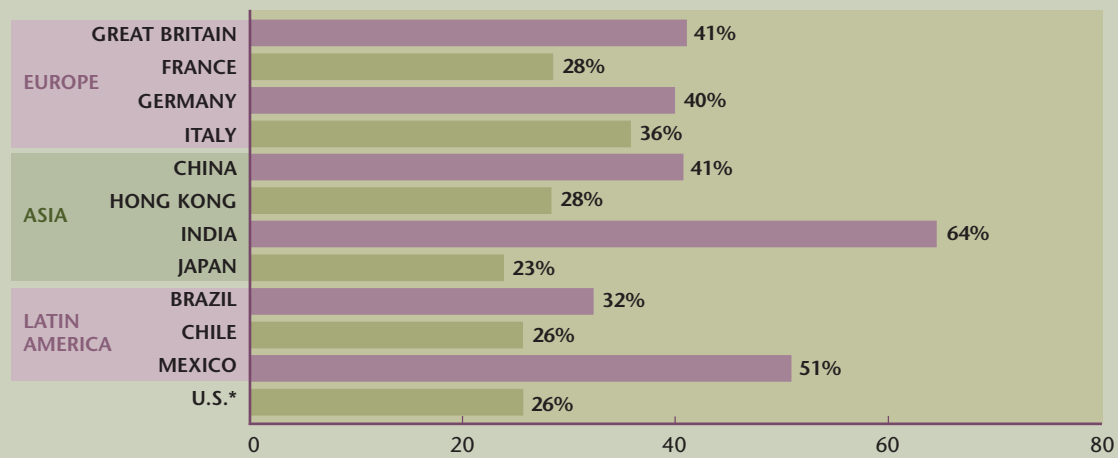
One measure of the success of a retirement system is the extent to which it engenders a sense of personal responsibility for retirement planning. In most of the countries surveyed, the majority of participants say that they, themselves, have a great deal of responsibility for ensuring that their retirement is comfortable. The exceptions are Italy (74%), France (67%), and China (64%) where survey participants instead are most likely to say that the government has a great deal of responsibility for this task.



Participants in the study were also asked how well they think they (and their governments) do in living up to their responsibilities. Except in India where three-fourths of participants say they are doing very well in performing their role to ensure they have a financially secure retirement, survey participants are not inclined to give themselves high marks for their performance. On average, one-fourth or less report they are doing very well. However, even fewer think the government is doing very well on performing its role to ensure a secure retirement (5%, on average).

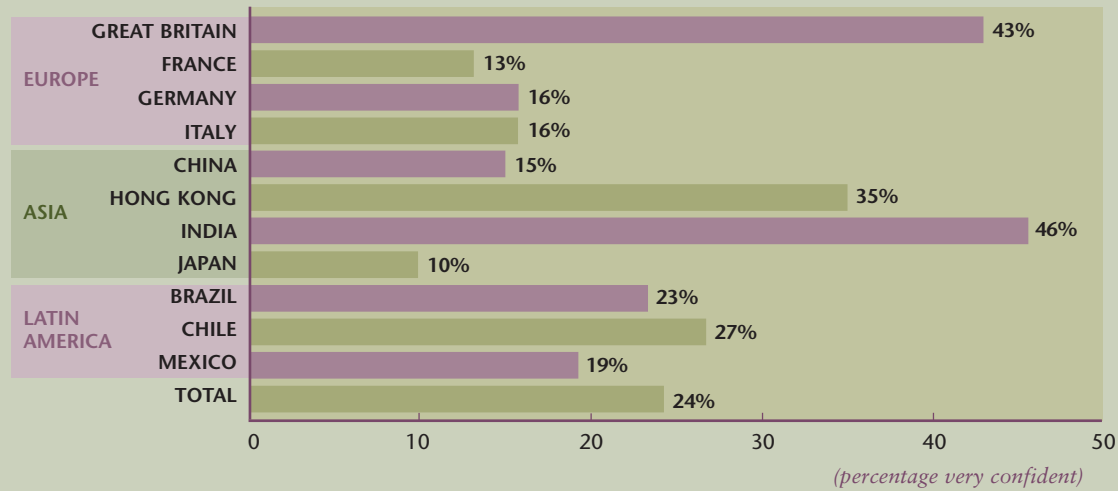
MY EMPLOYER CARES ABOUT MY(AND MY FAMILY'S) LONG-TERM FINANCIAL FUTURE.

(completely/somewhat agree)



*The Principal Well-Being Index—First Quarter 2003

HOW CONFIDENT ARE YOU THAT YOU WILL RECEIVE THE FULL BENEFITS YOU ARE ENTITLED TO FROM YOUR CURRENT AND PREVIOUS EMPLOYER'S RETIREMENT OR PENSION FUNDS?



(percentage very confident)

A majority of participants in all countries surveyed agree their employer has at least some responsibility for ensuring that they have a financially secure retirement. However, except in India and Mexico, most do not feel their employer cares about their long-term financial future. Moreover, while almost half in India and Great Britain are very confident they will receive the full retirement benefits that they are entitled to from their employer, fewer are confident elsewhere. In fact, less than two in ten from Mexico, Germany, Italy, China, France, and Japan are very confident that they will receive the full benefits to which they are entitled from their employer.

Financial Preparation



Few think that they themselves, their government, or their employer, are doing a good job of ensuring a comfortable retirement. This sentiment has not yet motivated most individuals to take the necessary actions to prepare for their retirement. There is a worrisome lack of preparation for retirement in almost all countries surveyed.

WHICH OF THESE SOURCES DO YOU THINK WILL PROVIDE YOU (AND YOUR SPOUSE) WITH THE LARGEST SHARE OF YOUR INCOME IN RETIREMENT?

	Europe					Asia				Latin America		
	U.S.*	Great Britain	France	Germany	Italy	China	Hong Kong	India	Japan	Brazil	Chile	Mexico
Money from local equivalent of Social Security	9%	14%	33%	45%	43%	60%	3%	28%	11%	45%	1%	6%
Money from savings or investments outside of work	19%	16%	19%	30%	18%	12%	35%	20%	27%	11%	27%	21%
Money from a retirement plan employer is required to offer	—	11%	—	3%	6%	—	16%	6%	38%	4%	45%	15%
Money from a private pension plan	19%	24%	10%	6%	9%	17%	12%	15%	2%	5%	7%	15%
Money from the sale of a business or home	6%	15%	10%	8%	13%	2%	5%	12%	5%	10%	10%	31%
Employment	12%	4%	4%	4%	7%	8%	20%	12%	13%	22%	9%	9%
Money from a retirement plan employer chooses to offer	28%	14%	21%	4%	3%	<.5%	6%	3%	1%	1%	—	—
Support from children or other family members	1%	<.5%	1%	1%	1%	1%	4%	5%	<.5%	2%	1%	3%
None/don't know	4%	3%	2%	0%	0%	0%	0%	0%	3%	—	<.5%	0%

*EBRI/ASEC/Greenwald 2003 Retirement Confidence Survey

For most people, retirement income flows from several sources. It is noteworthy that many of those interviewed, especially in Europe, plan to rely on sources in which they have little confidence to supply their largest single source of retirement income. Pluralities in Germany, Italy and France expect their largest source of income to come from the government even though they do not expect future benefits to match the benefits current retirees receive. A plurality of Brazilian participants also anticipates that the government will

provide their largest source of income. On the other hand, Chilean and Japanese participants are most likely to rely on money from a retirement plan that an employer is required to offer, British participants are most likely to rely on money from a private pension plan, and Mexican participants are most likely to rely on money from the sale of a business or home. This contrasts with workers in the United States who are most likely to say they will rely on a voluntary employer-based retirement plan.

WHEN IT COMES TO PLANNING AND SAVING FOR RETIREMENT, WOULD YOU SAY THAT YOU ARE ON TRACK, AHEAD OF SCHEDULE, OR BEHIND SCHEDULE?

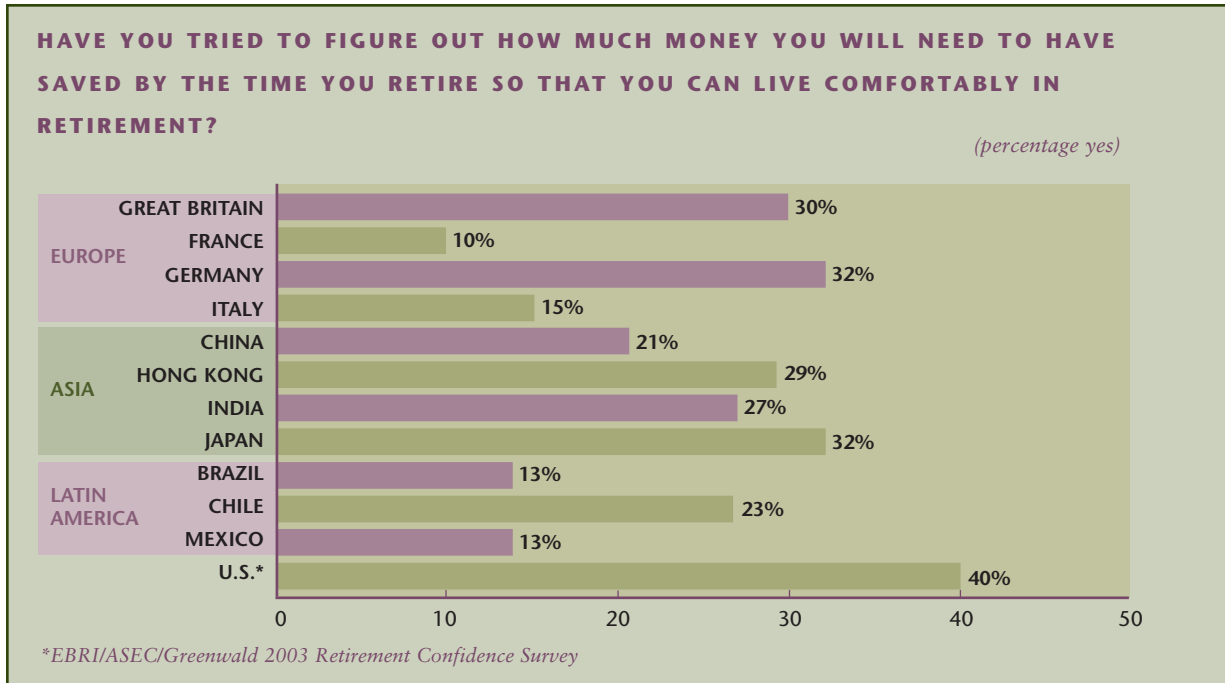
	Europe					Asia				Latin America		
	Total	Great Britain	France	Germany	Italy	China	Hong Kong	India	Japan	Brazil	Chile	Mexico
Ahead of schedule	10%	7%	9%	11%	8%	9%	8%	12%	6%	18%	**	**
On track	45%	43%	51%	57%	55%	43%	38%	61%	24%	29%	**	**
Behind schedule	43%	48%	40%	28%	36%	44%	52%	24%	63%	53%	**	**

**The Principal Well-Being Index—First Quarter 2003*

***Question not included*

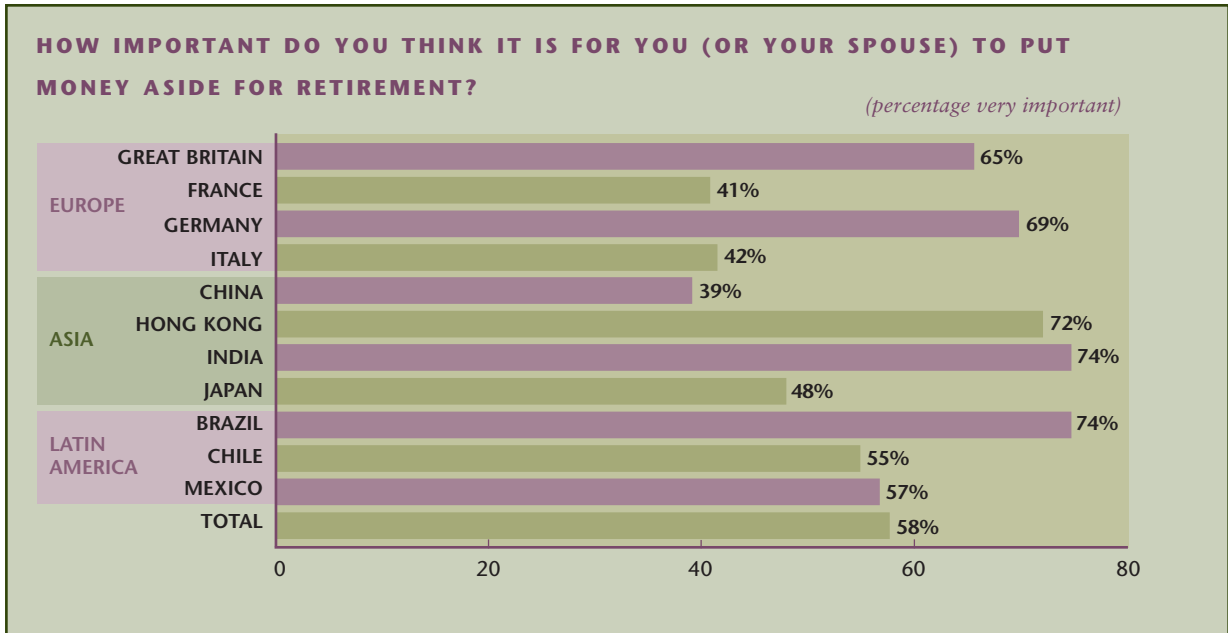
While significant minorities plan to rely on money from personal savings or investments, survey participants recognize their own inadequacies in planning and saving for retirement.

More than half in Japan, Brazil, and Hong Kong, and almost as many in England, China and France believe they are behind schedule in planning and saving for retirement.



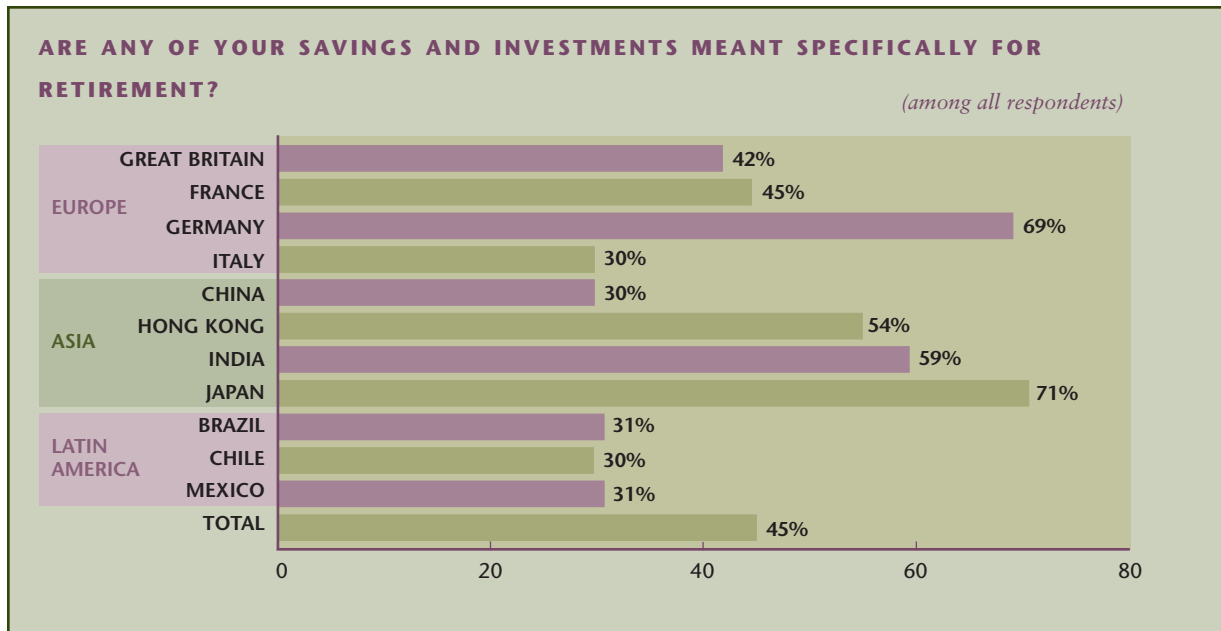
In most of the countries surveyed, at least half of the participants report they have done some planning, but few have tried to calculate how much money they will need to save to retire comfortably. Roughly three in ten participants from Germany, Japan, Great Britain, India and

Hong Kong (up from 25% in 2002), report having tried to calculate how much they will need for their retirement, whereas only about one in ten of those from Brazil, Mexico and France have done so.



In accordance with the findings that they, individually, have a great deal of responsibility for ensuring their own financially comfortable retirement, more than seven in ten participants in Brazil, India, and Hong Kong (and nearly as many in Germany and Great Britain) say it is very important to put money aside for retirement. Participants in China, Italy and France, where a majority thought that the government has greater responsibility, were least likely to feel it is very important to save for retirement.

Workers tend to take advantage of employer-sponsored retirement plans when they are available. Some employers offer private retirement accounts either on a mandatory or voluntary basis in most of the countries surveyed. However, they are seldom reported by Chinese and Brazilian participants and are reported by fewer than half of those in Germany, Italy and Mexico. Among those participants with access to a private retirement account at work, the majority report contributing to that account in the past year.



Asians, particularly the Japanese, are most likely to have personal savings that have been allocated for retirement. Among Europeans, Germans are the most dedicated to earmarking personal savings for retirement. Italians and Chinese are least likely to have savings and investments set aside for retirement. Brazilians (among the least likely to report having employer-sponsored retirement plans) and Mexicans are also among the least likely to have set aside funds for retirement, even though both groups tend to acknowledge personal responsibility.

These retirement savings are invested in many different vehicles, with most survey participants indicating a bank or postal savings account to be their most common means of saving. However, German participants (80%) are more likely to hold life insurance than any other type of investment, while Brazilians (61%) are more likely to hold real estate. Mexican participants are even more likely to own real estate (66%) and a bank account (64%). Life insurance is an important savings tool in Japan (92%), Germany (80%), India (79%), and Hong Kong (78%), while precious metals are a popular way of saving in India (36%, up from 29% in 2002), China (34%), and to a lesser extent in Mexico (27%).

Employee Benefits



The benefits that an employer offers can be valuable in helping the company, by encouraging its employees to work harder and perform better. A benefit package can also be a major advantage in recruitment and retention strategy. Many companies view their benefit offerings as a way to increase the quality and loyalty of its workforce, and to enhance the long-term economic security of its workers.

DOES YOUR EMPLOYER OFFER YOU THE FOLLOWING TYPES OF BENEFIT PROGRAMS?

	Europe					Asia				Latin America		
	U.S.*	Great Britain	France	Germany	Italy	China	Hong Kong	India	Japan	Brazil	Chile	Mexico
Health Insurance	92%	24%	58%	26%	16%	13%	46%	26%	67%	44%	59%	47%
Retirement plan employer is required to offer	—	35%	—	16%	19%	*	75%	56%	67%	8%	90%	43%
Life Insurance	68%	29%	23%	20%	17%	8%	17%	59%	25%	33%	49%	47%
Profit-sharing/bonus	26%	20%	29%	8%	4%	31%	28%	26%	18%	19%	29%	43%
Disability insurance or benefits	52%	15%	33%	13%	10%	4%	16%	7%	9%	23%	48%	26%
Private pension plan	24%	46%	16%	23%	14%	5%	9%	24%	17%	8%	11%	29%
Retirement plan employer chooses to offer	72%	19%	51%	20%	8%	<.5%	18%	8%	31%	3%	—	—
Stock options	12%	19%	5%	8%	1%	2%	4%	10%	8%	3%	14%	8%
None of the above	—	22%	21%	31%	51%	60%	0%	11%	30%	40%	5%	24%

*The Principal Well-Being Index—First Quarter 2003

The United States continues to lead in the number of benefits offered by employers, with exceptionally high levels of health insurance. The most common benefit offered in France and Germany is also health insurance, while a private pension plan is top in Great Britain. A mandatory or voluntary retirement plan

is most frequently offered to participants in Hong Kong, India, Japan, Chile, and Italy. Brazilians and Mexicans are most likely to report being offered life insurance, and Chinese participants are most likely to say they are offered a profit-sharing or bonus plan.

PLEASE TELL ME HOW SATISFIED YOU ARE WITH EACH BENEFIT PROGRAM.

(Among those who are offered this type of benefit, top 3-box on 10-point scale)

	Europe					Asia				Latin America		
	U.S.*	Great Britain	France	Germany	Italy	China	Hong Kong	India	Japan	Brazil	Chile	Mexico
Life insurance	42%	53%	37%	38%	54%	44%	25%	70%	17%	70%	59%	78%
Health insurance	39%	55%	58%	47%	43%	48%	39%	51%	27%	67%	44%	78%
Private pension plan	54%	49%	30%	46%	36%	78%	58%	77%	17%	50%	41%	63%
Disability insurance or benefits	42%	49%	49%	39%	52%	43%	30%	33%	33%	63%	45%	72%
Profit-sharing/bonus	38%	37%	30%	45%	32%	39%	32%	49%	24%	51%	48%	64%
Stock options	44%	36%	38%	26%	60%	40%	52%	61%	17%	59%	40%	78%
Retirement plan employer chooses to offer	40%	41%	29%	45%	36%	**	55%	51%	18%	29%	—	—
Retirement plan employer is required to offer	—	32%	—	35%	36%	**	22%	56%	12%	57%	33%	—

**The Principal Financial Well-Being Index—First Quarter 2003*
***Not reported due to very small base of respondents.*

Survey participants, particularly in Japan, France and Brazil, are often dissatisfied with the retirement plans that their employer chooses to offer to them.

Satisfaction levels are especially low for all benefits (12%-33%) in Japan and comparatively high for all benefits (61%-78%) in Mexico.

PLEASE TELL ME HOW IMPORTANT EACH BENEFIT PROGRAM IS TO YOU.

(top 3-box on 10-point scale)

	Europe					Asia				Latin America		
	U.S.*	Great Britain	France	Germany	Italy	China	Hong Kong	India	Japan	Brazil	Chile	Mexico
Health insurance	88%	45%	72%	55%	55%	73%	65%	67%	75%	87%	77%	94%
Disability insurance or benefits	56%	38%	58%	52%	51%	58%	53%	51%	41%	88%	80%	87%
Private pension plan	57%	60%	46%	55%	50%	56%	59%	59%	31%	80%	68%	88%
Life insurance	54%	55%	40%	40%	50%	54%	46%	77%	26%	84%	68%	90%
Profit-sharing/ bonus	41%	29%	46%	32%	34%	58%	51%	51%	44%	78%	70%	84%
Retirement plan employer is required to offer	—	39%	—	33%	37%	30%	33%	67%	58%	60%	68%	83%
Retirement plan employer chooses to offer	70%	34%	58%	32%	35%	26%	43%	47%	44%	50%	—	—
Stock options	18%	18%	12%	9%	21%	32%	14%	32%	18%	57%	38%	62%

**The Principal Financial Well-Being Index—First Quarter 2003*

Despite the fact that health care is provided in many of the countries surveyed on a socialized basis, health insurance generally ranks as a very important employee benefit. It is nudged out by disability insurance or benefits in Brazil and Chile, while life insurance

ranks as the most important benefit in India. Survey participants in Great Britain are more likely to say a private pension plan is important, while German participants are equally likely to say health insurance and a private pension plan are important.

Country Profiles



The results of the study show that participants in France, Japan, and Brazil are most likely to believe their countries have substantial problems to overcome in retirement issues, while participants in Chile, Mexico are least likely. Nevertheless, even those countries that appear to be doing well have substantial room for improvement.

FRANCE

The French government has been unable to enact the changes necessary to reform the current retirement system, and this has left French participants unprepared and troubled about their financial security in retirement. More than half believe their standard of living will be worse in retirement than it is now (56%). Less than half believe they will have a retirement that is at least as affluent as their parents (45%), and four in ten say they are behind schedule in their planning for retirement (40%). Although most believe it is important for them to set aside money for retirement (86%), few have tried to figure out the amount of savings necessary to live comfortably during retirement (10%). A plurality expect money from the government to be their largest source of income in retirement (33%), followed by a voluntary retirement plan through their

employer (21%). It is not surprising, therefore, that the French are more likely to assign a great deal of responsibility to the government for ensuring their financial comfort in retirement (67%) than to themselves (56%). However, nearly seven in ten do not feel confident that the government will continue to provide the level of retirement benefits received by retirees today (68%).

JAPAN

Facing intermittent recession, deflation and a burdened retirement system, most Japanese continue to be pessimistic about their retirement well-being and feel poorly prepared financially. More than half say they expect their standard of living to be worse in retirement than it is now (53%). Many are also skeptical about the level of support they expect to receive from the government and their



employer. Seven in ten say they are not confident that the National Pension Insurance will provide a level of benefits equal to what retirees receive today (71%). Only a minority are confident that they will receive the full retirement benefits they are entitled to from their employers (10%), and less than one-quarter believe that their employer cares about their and their family's long-term financial future (23%). While one-third have determined how much they will need to save for a comfortable retirement (32%), more than half of these individuals are not confident that they will be able to save this amount (52%). Three-fourths of Japanese participants are also concerned about the effects of inflation in planning for retirement (77%).

BRAZIL

Brazil's pension system is in serious deficit and most Brazilians have strong concerns about their retirement prospects. Yet, few have given much

attention to planning for retirement. Many have not considered the implications of their troubled pension system (nearly half of Brazilians expect that money from the government will provide the largest share of income during retirement), and more than two in ten expect this income to come from employment (22%). Although three-fourths of participants believe it is important for them to put aside money for retirement, seven in ten say they have not planned for retirement, and few have tried to calculate the amount of savings needed for retirement (13%). Not surprisingly, more than half say they are behind schedule when it comes to planning and saving for retirement (53%). Therefore, it is not surprising that almost four in ten expect their standard of living during retirement to be worse than now (38%). This feeling may also be intensified by the fact that most Brazilians are also seriously concerned about the effect of inflation on their retirement savings (89%).

CHILE

With all employees participating in a mandatory, private, defined contribution retirement plan, three in ten Chileans expect their standard of living in retirement to be better than it is now. Most accept personal responsibility for ensuring that they have a financially comfortable retirement (82%) and more than half believe it is very important to set aside money for retirement (55%). At the same time, however, only a few have tried to calculate the amount of savings they will need for retirement (23%), perhaps because they are told that their mandatory plan will generate 80% of their preretirement income. While most have several types of savings and investment vehicles, only one-third claim that any of them are intended for retirement. Moreover, having a mandatory retirement plan appears to reduce the benefits to the employer of the retirement plan—only one-quarter of Chilean participants agree that their employer cares about their long-term financial future.

MEXICO

Mexico has taken many positive steps in recent years and instigated mandatory participation in private, defined contribution retirement plans and pensions. Mexicans are somewhat optimistic about retirement, but many have financial concerns about the future, and have yet to make financial preparations for it. Almost four in ten

believe that their standard of living will be better in retirement than it is now (37%), but eight in ten are concerned about their long-term financial future. Three-fourths also express concern about inflation's effect on their retirement plans, and only three in ten are confident that they will be able to maintain employment until they retire. At the same time however, only about one-third have allocated savings specifically for retirement (35%) and even fewer have tried to calculate the amount of retirement savings needed (13%).

HONG KONG

With a mandatory, private, defined contribution retirement plan system in place for two years, it might be expected that this would form the foundation of expected retirement income. However, Hong Kong survey participants tend to take personal responsibility for ensuring they have a financially comfortable retirement (73%) and are most likely to cite personal savings and investments (35%) as providing their largest share of income in retirement, with employment (20%) and money from their mandatory retirement plan (16%) in a distant second and third place. Non-monetary family support is also important; many plan to live with their children during retirement (37%). One-third say they have not yet planned for retirement and only three in ten have tried to figure out how much money they will need for retirement.



INDIA

Pension reforms have yet to be fully implemented in this vast nation, but most of those interviewed have a positive outlook toward retirement and are confident in their ability to save for it. Even though the overwhelming majority believes they are individually responsible for ensuring that they have a financially comfortable retirement (90%), only 17% actually believe they are doing a good job of preparing for retirement. 98% of respondents felt that the government was not doing enough to help them plan for a secure retirement. The study also indicates that there is a greater reliance in India on the employer to provide employees with the means to save for retirement (64%) than in any other country surveyed. However, nearly six in ten also put some responsibility on family in ensuring their financial comfort during retirement (58%, more than any other country

surveyed) and expect to live with their children when they retire (56%). Although many Indians expect to live with their children in retirement, only 5% expect support from children or other family members to be their main source of retirement income. This indicates that Indians may well be underestimating the financial burden retired parents impose when they live with their children. Most Indians are comfortable with their level of financial preparation for retirement. Overall economic optimism is evident in that more than six in ten Indians surveyed believe they are on track in planning for retirement (61%), and nearly half say they expect their standard of living to be better in retirement than it is now (48%). However, less than three in ten have actually tried to calculate how much they will need to have saved for retirement (27%).

CHINA

With most types of assistance coming from the government, Chinese participants expect continuing support from the government in retirement. When asked about the source that should be given a great deal of responsibility for ensuring them a financially comfortable retirement, more than two-thirds assign the role to the government (64%), while less than half as many give this level of responsibility to their employer (29%) or themselves (26%). More than four in ten Chinese participants expect their standard of living to be better in retirement than it is now (44%). At the same time, only a minority is extremely happy about their current financial well being (35%). More than nine in ten express concern about their long-term financial security (94%), and more than seven in ten are concerned about inflation in planning for retirement (72%). However, preparation for retirement is low. Only two in ten say they have attempted to calculate the amount needed for retirement (21%), and only one-third of participants with savings or investments indicate that they have earmarked any of these specifically for retirement (32%).

GREAT BRITAIN

The majority of British participants take personal responsibility for ensuring a financially comfortable retirement for themselves. Eight in ten say they have a great deal of responsibility for this task (81%). However, most worry about their financial prospects in the future; more than six in ten say they are very concerned about their own and their family's long-term financial future (63%) and one-quarter expect their standard of living will be worse in retirement than now (25%). Nearly half think they are behind schedule in saving for retirement (48%), and only three in ten have actually tried to calculate the amount of savings needed for retirement (30%). Still, more than seven in ten of those who have determined the amount they will need are confident they will be able to save the amount (72%). They have far less confidence in the government; only one-quarter are confident that the government will continue to provide the level of retirement benefits received by retirees today (25%).

GERMANY

Most Germans are uncertain about the level of government assistance they can rely on and have taken it upon themselves to save for retirement. While nearly eight in ten assign a great deal of responsibility to themselves for ensuring a financially comfortable retirement (78%), about half also give this level of responsibility to the government (49%). Although 45% still plan to look to the government for the largest share of their income in retirement, 80% are not confident that the government will continue to provide the level of retirement benefits received by retirees today. Three in ten plan to rely on personal savings and investments for the largest source of income. Of those who have various types of savings and investments, more than seven in ten say some of that money is specifically set aside for retirement (72%). However, only three in ten mention trying to determine the amount needed for retirement (32%).

ITALY

Italians may not be ready to take on personal responsibility for providing for retirement, but most are skeptical about their government's capability of providing benefits. Overall, Italian participants are more likely to say their government (74%) has a great deal of responsibility for ensuring that they have a financially comfortable retirement than they do to themselves (61%) or their employer (54%). More than four in ten still expect money from the government to provide the largest share of their retirement income (43%), but almost six in ten are not confident that the government will provide the same level of benefits received by retirees today (58%). Less than two in ten say that personal savings or investments will provide them with the largest share (18%). However, more than half have not planned for retirement (54%), and only 15% have tried to figure out how much they will need. Almost three in ten expect their standard of living in retirement to be worse than it is now (28%).

Methodology



The Principal Global Financial Well-Being Study, now in its second year, covers 11 countries: Brazil, Chile, China, France, Germany, Great Britain, Hong Kong, India, Italy, Japan, and Mexico. RoperASW conducted at least 500 full interviews of 15 minutes in length in each country. Interviewing was conducted in March and April 2003 for all countries except Chile and Mexico which were conducted in October and November 2002. Mathew Greenwald & Associates, Inc., provided input into the questionnaire and analyzed the results. U.S. results were obtained from both the 2003 First Quarter Principal Financial Well-Being Index, conducted by Harris Interactive and the 2003 Retirement Confidence Survey sponsored by the Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc.

All respondents in the survey were employed and age 25 or over. Survey respondents were also screened by household income or socio-economic status so that respondents from the different countries would have comparable purchasing power. In Hong Kong, respondents represent the top 70% of households. Respondents in China are from the top 50% of households. In Chile and Brazil, respondents from the top 50% and 40% of households, respectively, by socio-economic status were included in the survey. Respondents in Mexico are from the top 30% of households by socio-economic status. Finally, Indian respondents are from the top 25 percent of households by socio-economic status. Respondents from Japan, France, Germany, Great Britain, and Italy were not qualified by household income or socio-economic status.

The margin of error for this study (at the 95 percent confidence level) is plus or minus approximately four percentage points for each country surveyed. The percentages presented in the tables and charts contained in this report may not total to 100 percent due to rounding and/or missing categories.

Mathew Greenwald & Associates, Inc., is a full-service market research company with an expertise in financial services research. Founded in 1985, Greenwald & Associates has conducted public opinion and customer-oriented research for more than 100 organizations, including many of the nation's largest companies and foremost associations.

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² CFO Magazine, April/May 2003, based on total plans served in 2002 by insurance companies, banks and investment firms.

³ As of March 31, 2003

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