

Nonqualified Plans

The majority (59 percent) of employers offer deferred compensation plans in order to help restore benefits lost to highly compensated employees under 401(k) plans, according to PLANSPONSOR's Deferred Compensation Plan Survey, December 2005. Eighty-five percent of those surveyed favor a defined contribution deferred compensation plan, while just half as many (41 percent) offer a defined benefit type of program. The defined benefit deferred compensation plan is typically found in companies that offer a qualified defined benefit plan.

The Principal provides services to more than 3,400 nonqualified retirement plans and over 36,000 participants. Over 60 percent of participants are in nonqualified DC and nonqualified DB plans. These types of plans represent 36 percent of the plans with plan services provided by The Principal. Deferred compensation plans are the core of the nonqualified executive benefit platform at The Principal.

Based upon the number of plans with plan services provided by The Principal, slightly over half are Bonus and Split Dollar plans. Because these plans are designed to cover a select number of participants within an organization, they represent only 14 percent of participants. The remaining nonqualified plans are 457(b) and 457(f) plans, which make up 11 percent of all nonqualified plans and 24 percent of nonqualified plan participants.

Nonqualified Fast Facts

*NQ plans with plan services provided by The Principal: **Over 3,400***

*NQ plan participants: **Over 36,000***

