

Despite Retirement and Job Changes, Most Participants **Keep Retirement**



The majority of assets in retirement plans with The Principal remain invested – even when employees retire or change jobs. In fact, The Principal retains more than half of distributable 401(k) assets through tax-deferred options offered to individual investors, such as Personal Retirement Accounts, Individual Retirement Account (IRA) products, variable and fixed annuities, mutual funds, and certificates of deposit.

In 2004, 16 percent of participants in a 401(k) plan served by The Principal were eligible for a distribution from their employer's plan in 2004, representing 10 percent of total defined contribution assets. Younger participants (age 35 or younger) were more likely to take a cash distribution. Only 15 percent of the assets available were paid for a cash distribution, meaning 85 percent were reserved for retirement.

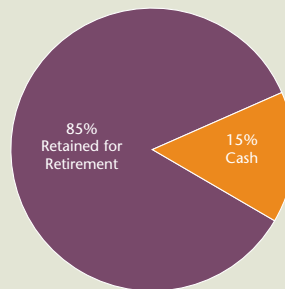
The majority of participants elect to keep retirement funds invested for retirement either by rolling this account to a new employer's retirement plan, moving the retirement funds into an individual account, or keeping the retirement funds invested in the prior employer's plan.

Funds Invested



Of the pain assets eligible for cash-out in 401(k) plans with services provided by The Principal, only 15% was distributed as a cash option.

DISTRIBUTIONS PERCENT OF ASSETS
Cash v. Retain for Retirement



Fast Fact

According to proprietary research, participants begin planning for retirement 10 years later than they feel they should have.

(Source: Boston Research Group/The Principal Financial Group, 2004)

Solutions

Helping participants. Many companies, such as The Principal, provide comprehensive educational materials and online tools to assist participants in planning for retirement. Make these programs available and frequently promote their use. Most participants begin to seriously consider what to do with 401(k) account balances approximately five years prior to their expected retirement. *(Source: Boston Research Group/The Principal Financial Group, 2004)* By then, it may be too late.