

Coordinating Plans Yields Even Better Efficiencies

Performing efficiently is critical for organizations given the high demands of today's turbo-charged economy. That's why more and more employers are turning to a total retirement solutions approach with coordinated service and support for multiple retirement plans.

Plans that use a total retirement solution typically have better participation rates, larger average deferral rates, and larger average account balances in the 401(k) plan. In addition, plan sponsors have the advantage of only one number to call, one website to access, one time to update employee information, and one local service contact for multiple plans.

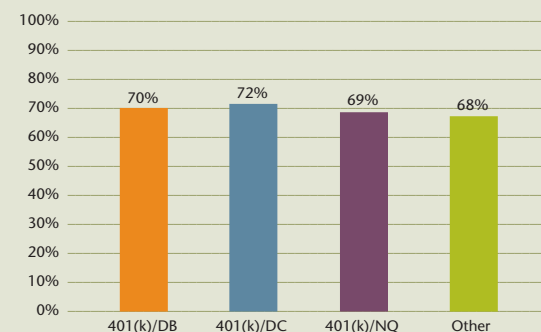
A total retirement solutions approach delivers comprehensive analysis and plan administrative services for various plan designs, including:

- qualified defined benefit (DB)
- qualified defined contribution (DC)
- qualified employee stock ownership plans (ESOP)
- nonqualified retirement plans (NQ)

Given today's economic pressures and regulatory environment, plan sponsors are increasingly turning to total retirement solutions to help meet employee needs and financial demands. Their reward could mean higher all-around employee satisfaction and efficiencies.

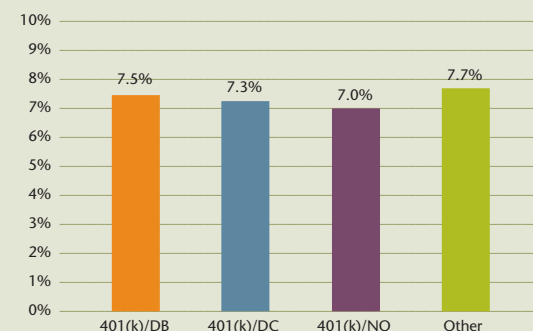
When combined with another type of defined contribution plan, participation in a 401(k) plan is 7% higher than a stand-alone 401(k) plan.

2004 TRS 401(K) COMBO Client Participation Rate



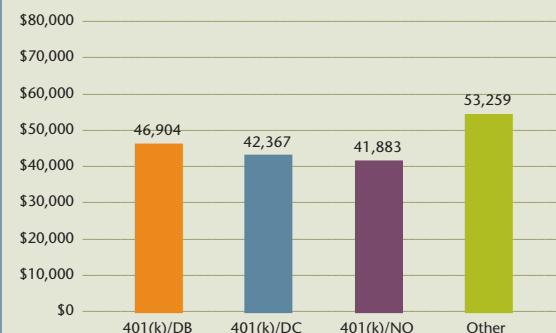
Plan sponsors of The Principal with multiple plans have an average salary deferral rate for the 401(k) plan that is 4% higher than a stand-alone 401(k) plan.

2004 TRS 401(K) COMBO Client Average Deferral Rate

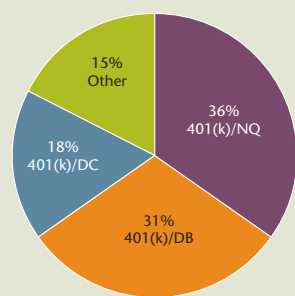


Plan sponsors of The Principal with multiple plans have an average account balance for the 401(k) of \$44,346 – which is 11% higher than a stand-alone 401(k) plan average account balance of \$40,395.

2004 TRS 401(K) COMBO Client Average Account Balance



The most common total retirement solution offered through The Principal combines a 401(k) plan with a nonqualified plan solution.



Solutions

Save money two ways. A total retirement solution can offer cost-saving administrative efficiencies, as well as more competitive total pricing based on multiple relationships with one service provider.

Leverage one investment platform. With a total retirement solution, plan sponsors can offer one common investment platform for retirement programs.

Show participants the total view. Ensures participants have a complete picture of their retirement savings. For example, our annual total retirement statement features projected Social Security benefits plus current and projected benefits for retirement plans.

Fast Fact

More than 1,400 plan sponsors of The Principal offer two or more retirement programs with plan services provided by The Principal.*

* This number includes plan sponsors of The Principal that offer two or more unique employer-sponsored retirement plan products (DC, DB, NQ, ESOP).

View Point – Woodfold Marco Manufacturing, Inc.

Client Profile

- Manufacturer of custom doors and windows
- 120 employees

Challenge: Administrative Services

- Client wanted investment and administrative services under one roof
- Company president wanted a provider with strong commitment to education

Solution

- Woodfold Marco, originally an ESOP client of The Principal, added a 401(k) plan in 2003
- Statements are provided more timely now than they were with the prior 401(k) provider
- In addition, The Principal introduced combined statements for Woodfold Marco employees that show both ESOP and 401(k) benefits on one statement
- Investment choices expanded considerably, and now include life cycle investment options
- Woodfold Marco's president maintains an active role in employee education, attending and participating in employee meetings
- Bilingual materials and presentations are provided

Results

- Participation is now at 84%, an improvement of 15 percentage points over the 69% participation rate that was in place when The Principal took over administrative services of the plan

Testimonial Comment

"The Principal convinced me that it would support the education of our people with more than just pamphlets and forms. Every promise made has been honored."

– Mark Lewis, President, Woodfold Marco Manufacturing, Inc.