

Professional, personalized, ongoing investment advice for your participants

# The Principal Managed Account Program<sup>SM</sup>

Where do your participants turn for retirement planning and investment advice?

A recent study reports that 57% of the workers surveyed would like to receive more information and advice from their company on how to reach their retirement goals.<sup>1</sup> To help you meet the expectations of your employees, we've created the Principal Managed Account Program<sup>SM</sup> (the Program) — a personalized, independent investment advisory service.

## Why a managed account program?

Over 65 years of retirement industry experience has shown us that a vast majority of retirement plan participants just aren't comfortable making investment selections or adjustments in investment direction. Why? Because the process of making good decisions about investment options can be time consuming and confusing for people who are unfamiliar with the terrain of the investment world.

In addition, studies show that over 90% of the variation of the return on retirement contributions can be impacted by asset allocation decisions.<sup>2</sup> The Principal Managed Account Program is designed for:

- Participants who may lack the time, interest, or confidence to select among the eligible investment options available in your retirement plan and who prefer to have a professional investment manager make ongoing investment decisions on their behalf, and/or
- Participants who may want to manage long-term risk through broad diversification. (It is not appropriate for investors who seek to maximize return from the highest performing investment option within each asset class.)

23% of workers do not contribute to a retirement plan.  
80% of workers lack confidence that they will have enough money to retire.  
63% of workers expect to work in retirement<sup>3</sup>.

<sup>1</sup> The 8th Annual Transamerica Retirement Survey, February 2007

<sup>2</sup> Financial Analysts Journal, May/June 1991; study results confirmed April 1999

<sup>3</sup> 2008 Retirement Confidence Survey conducted by Employee Benefits Research Institute

# Making Your Life Easier

The Principal Managed Account Program offers a number of advantages to you:



## Cost to you – nothing

Best of all, this exciting service is available at no additional cost to you! Only participants who choose to use the program pay an affordable, asset-based fee for the service, offered on a graded scale.

## Three easy ways to participate

After the program is made available, participants can elect to participate in one of three convenient ways:

1. In person during a retirement plan enrollment or revisit meeting.
2. Over the phone with a retirement specialist of The Principal by calling 1-800-547-7754.
3. Online through our convenient participant website – The Principal Retirement Service Center® – at [www.principal.com](http://www.principal.com).

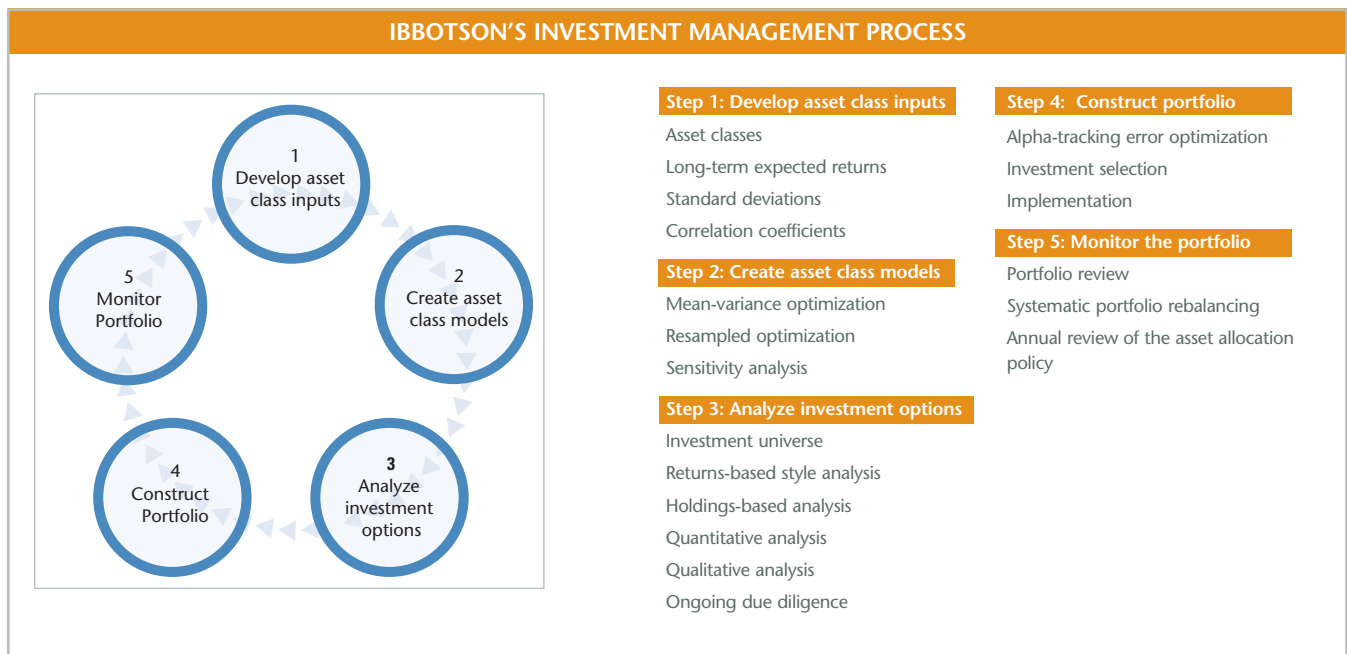
<sup>1</sup> Ibbotson Associates will consider the company stock holdings when making investment recommendations on other eligible investment options held within the retirement plan. However, with the Program, Ibbotson Associates will not make recommendations regarding buying or selling company stock. Additionally, participants cannot direct future contributions to company stock or transfer existing balances into company stock while participating in the Program.

## Quality investment advice for participants

The Principal Financial Group® has teamed with Ibbotson Associates (acting through our Registered Investment Adviser, Princor Financial Services Corporation) to offer the Principal Managed Account Program. It's part of our robust package of education and advice services. Plan participants opting into the Program will receive comprehensive advice services, including:

- Personalized, affordable, professional advice that is tailored to each individual's savings needs and can consider outside savings.
- Active and ongoing professional management of retirement account balances, including quarterly rebalancing and annual check-ups. All ongoing investment transfers and investment direction changes are automatically implemented for participants enrolled in the Program. Savings rate changes recommended by the Program and accepted by the plan participant will be automatically reported to you through the Principal Message Center<sup>SM</sup> on the Principal Sponsor Service Center<sup>SM</sup> web site.
- A forecast of the likelihood of achieving retirement income goals.
- A recommendation on savings rate, retirement age and on asset allocation of the accounts held for the participant's benefit using specific investment options offered in the retirement plan, as well as outside savings.
- Ongoing communication, including a welcome letter upon enrollment, confirmation of transactions, and a quarterly managed account statement.

Managed accounts provide a more detailed retirement goal beyond simply an investment allocation and take into account all reported sources of retirement income.



## Ibbotson Associates

The Principal Managed Account Program combines the expertise of The Principal with the experienced, independent investment analytics of Ibbotson Associates.<sup>1</sup>

Ibbotson Associates' analytical processes drive the specific investment recommendations provided to participants. Princor Financial Services Corporation has rigorously evaluated and chosen Ibbotson based on their analytical capabilities. Ibbotson Associates' responsibilities include:

- Reviewing the investment options within your retirement program to ensure diversification objectives can be achieved.
- Constructing a series of long-term portfolios that can help meet a full range of individual investment objectives.
- Aligning the portfolios with the investment options you have chosen to produce specific investment recommendations to individuals.
- Monitoring the managed account portfolios created based on the investment options available within the plan, and making adjustments based on style drift, manager performance and variable asset class performance.
- Assigning each participant the appropriate portfolio based on their overall savings and financial situation.
- Adjusting the allocation as the participant progresses towards retirement and as their situation changes. Participants will also receive automatic quarterly rebalancing, which will take place on the quarterly anniversaries of the participant's birthday.



In 1976, Professor Roger Ibbotson, then a professor at the University of Chicago, published his well-known study analyzing the long-term returns of the principal asset classes in the U.S. economy. His findings documented the relationship between risk and return, and quantified the ability to reduce risk through diversification. Ibbotson Associates' consulting group has taken that research and knowledge of asset allocation beyond the classroom and created practical, real-world solutions.

Offering the Principal Managed Account Program may help your participants realize greater potential success in saving for the future. At the same time, it can help you manage your fiduciary responsibilities.

### TO LEARN MORE ABOUT THE PRINCIPAL MANAGED ACCOUNT PROGRAM

Contact your financial professional or your local representative of The Principal.

<sup>1</sup> Princor Financial Services selected Ibbotson Associates for the purpose of providing advice through the Principal Managed Account Program. This is a choice for which Princor has a fiduciary responsibility under ERISA to the plans that participate in the Program. Any plan choosing to participate in the Program also is making a choice that is a fiduciary responsibility.



WE'LL GIVE YOU AN EDGE®

Principal Life Insurance Company, Des Moines, Iowa 50392-0002, [www.principal.com](http://www.principal.com)

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