Principal®

Moving Upmarket: Winning Larger Retirement Plan Deals

Strategies for securing major retirement plan clients successfully

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401(k) Market Dynamics & Prospecting

Why Larger Plans are moving

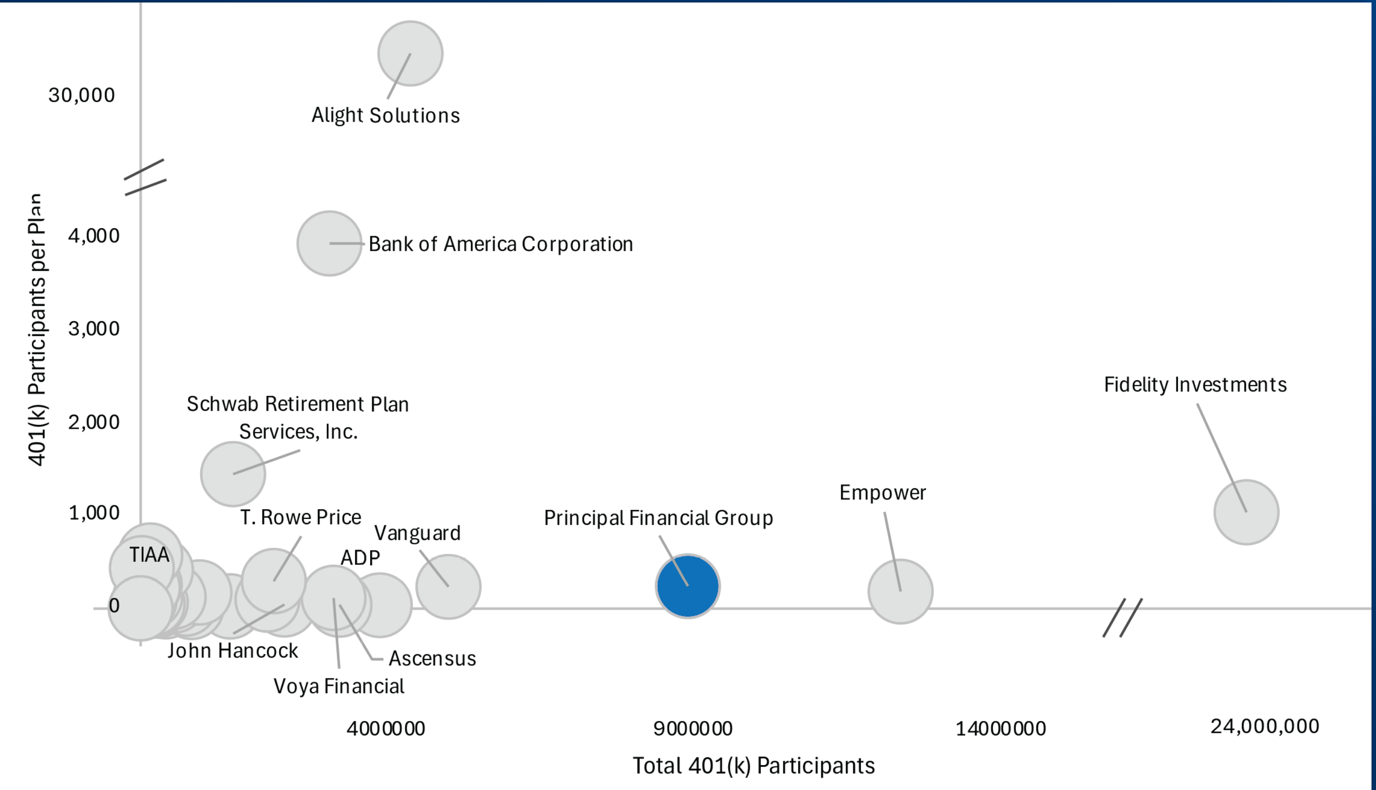
- Service Model Scalability
- Industry Consolidation
- Cybersecurity and Technology
- Expanded Education Needs

Service Model Scalability – Things to Look for

- **Payroll Integration Services**
- **Eligibility Tracking**
- **Enrollment Capabilities**
- **Audit Support**
- **Consulting Capabilities**

Recordkeeper consolidation – what's the impact?

2024 401(k) Recordkeeping Landscape



The evolving landscape underscores the importance of partnering with a service provider who has demonstrated long-term commitment and strength in the retirement space.

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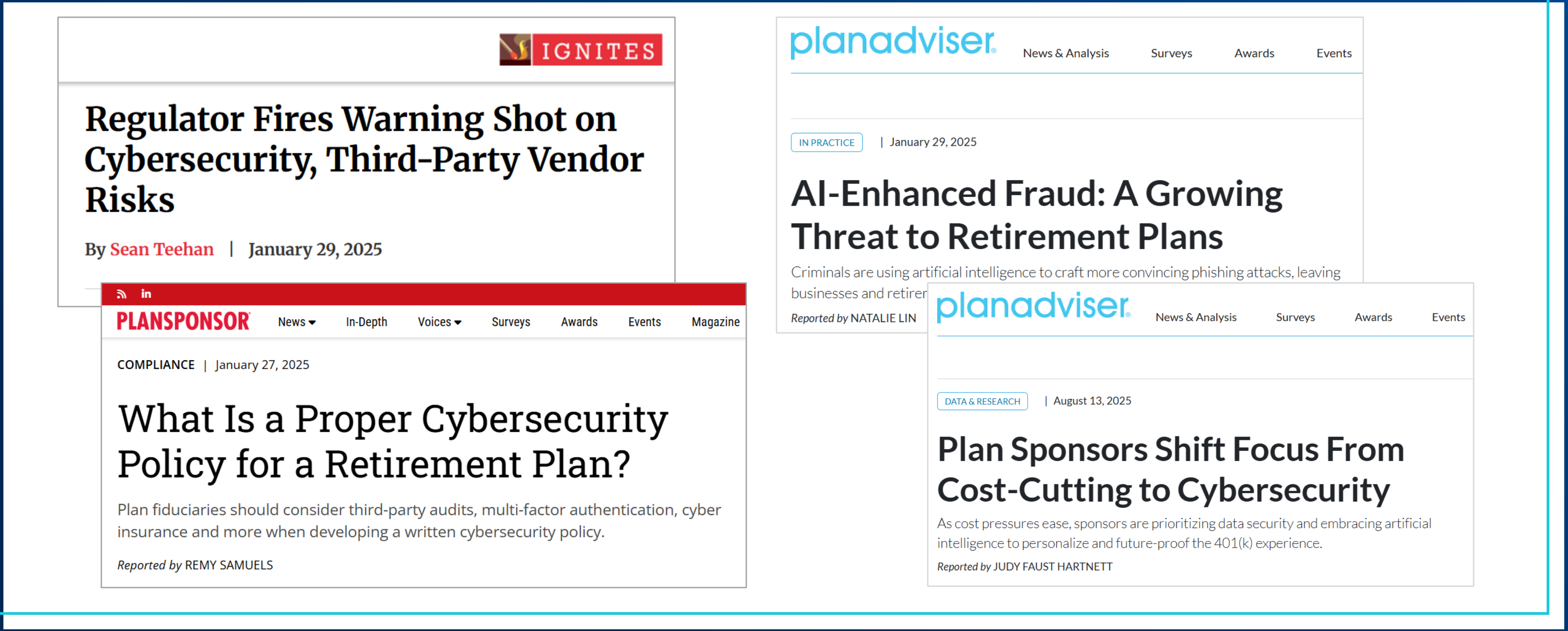
SOURCE:
2024 PLANSPONSOR Recordkeeping Survey, July 2024.

Why you should care—fiduciary risk and responsibility



IGNITES

Regulator Fires Warning Shot on Cybersecurity, Third-Party Vendor Risks

By Sean Teehan | January 29, 2025

PLANSPONSOR News In-Depth Voices Surveys Awards Events Magazine

COMPLIANCE | January 27, 2025

What Is a Proper Cybersecurity Policy for a Retirement Plan?

Plan fiduciaries should consider third-party audits, multi-factor authentication, cyber insurance and more when developing a written cybersecurity policy.

Reported by REMY SAMUELS

planadviser News & Analysis Surveys Awards Events

IN PRACTICE | January 29, 2025

AI-Enhanced Fraud: A Growing Threat to Retirement Plans

Criminals are using artificial intelligence to craft more convincing phishing attacks, leaving businesses and retirer

Reported by NATALIE LIN

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DATA & RESEARCH | August 13, 2025

Plan Sponsors Shift Focus From Cost-Cutting to Cybersecurity

As cost pressures ease, sponsors are prioritizing data security and embracing artificial intelligence to personalize and future-proof the 401(k) experience.

Reported by JUDY FAUST HARTNETT

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The cost of cybercrime

$10.5 TRILLION **Projected annual global cost** of cybercrime[1]

1.7 TRILLION **U.S. breach victims** of data compromises in 2024[2]

$61.5 BILLION **Amount older Americans lost** to fraud in 2023[2]

GLOBAL SCALE +

COMMON THREATS

Data breach Theft of confidential information from an organization

Fraud Unauthorized use of an individual's data

Top fraud-related exposures[4]

- Account takeover
- Identity theft
- Elder/vulnerable person financial exploitation

[1] Cybersecurity Ventures, June 2024.
[2] Infosecurity Magazine, Jan. 2025.
[3] Federal Trade Commission, Oct. 2024.
[4] LIMRA Financial Crimes Services and Fraud Prevention Benchmarking Study, May 2024.

Expanded Education Needs

What are Plan Sponsors Looking for:

- Advisor Value to help improve participant outcomes
- Comprehensive financial wellness program
- Participant education – to and through retirement

Retirement Readiness:

74% of plan sponsors are highly satisfied with their advisor when participants are on track vs. 58% when they aren't[1].

[1] Source: 16th Fidelity® Plan Sponsor Attitude Study. 9/2025

Why Participant Education Matters

- Larger, more complex plans bring higher expectations for advisors
- Plan Sponsors look for guidance on participation, savings behavior, and retirement confidence
- Participant education becomes essential to drive engagement and support plan features
- Advisors are expected to lead education efforts as a key differentiator
- Strong education strengthens sponsor relationships and supports broader planning opportunities

Moving Up Market → Requires a scalable approach to participant education

Differentiating through your Value Proposition

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Your value proposition should address:

- Fiduciary Role
- Investment Oversight
- Participant Education
- Plan Governance Process

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Fiduciary Role – Standard Plan Due Diligence

What plan sponsors expect

What you deliver:

- Annual plan review
- Monitoring and reviewing your plan:
  - Goals and objectives
  - Plan features
  - Success of plan
  - Fees – all service providers

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Fiduciary Role - Cybersecurity and Technology

- Set the expectation – this is part of your evaluation
- Documents to request
  - Copy of the Cyber Security Guarantee
- Questions to ask each potential recordkeeping partner

Investment Oversight

What clients expect

What you deliver:

- As a fiduciary, you will:
    - Provide investment advice to help construct plan's investment menu
    - Make recommendations consistent with Section 404© of ERISA
    - Offer institutional level fiduciary oversight through Wilshire strategic partnership

Helping participants invest with more confidence

Pre-built for participants

Target date funds

- Age
- Professionally managed

Built with participants

RetireView® asset allocation education service

- Age and comfort with investment risk
- Models populated with investment options from the plan's lineup by plan sponsors and their financial professionals

Principal® Personalized Target Date

- Tailored to each participant's data—account balance, total contributions, salary, and age—to provide a recommended target date vintage or even a mix of vintages for their retirement account.[1]

Pre-built for participants and gives advice

Principal® Intelligent QDIA[2]

Dual approach:

- Target date fund, RetireView® model or risk tolerance band, or Principal® Personalized Target Date AND
- Managed account service
- Automatic transition between options at a specific age

Gives participants advice

Managed account service

- Personalized recommendations

PERSONALIZATION

[1] Total contributions includes deferrals and employer match if applicable.
[2] Advice provided is related to the Principal Personalized Target Date service and managed account service only.
The ultimate decision as to whether this service is appropriate and whether it can serve as a QDIA belongs to the appropriate retirement plan fiduciaries.

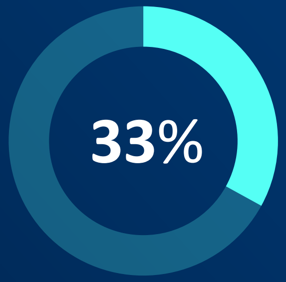
How RetireView® works

Asset allocation models professionally designed and maintained by an independent third party

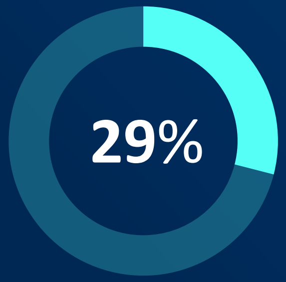
Plan sponsor selects up to four investment options in each asset class to populate the models

An investor profile quiz can help participants choose a RetireView model

Retirement savers may need more education and help to make better 401(k) decisions.[1]



Uncertain about investment risk management



Rely on past performance when selecting investments

[1] Pontera 401(k) Literacy Survey by the Harris Poll, October 2024.

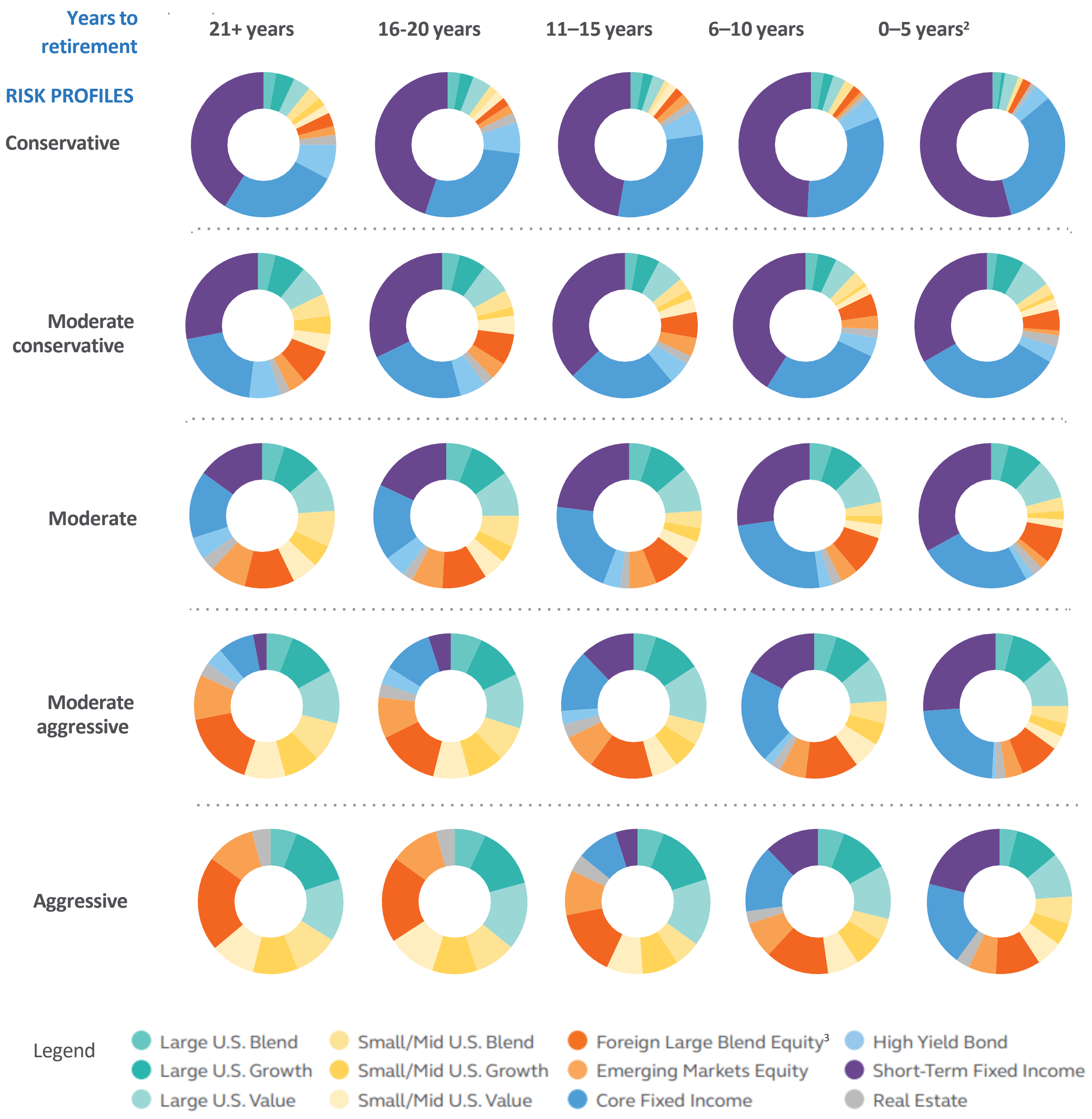
RetireView®

Flexible asset allocation solution

Choice of investments

Diversification

Models tailored for risk and time horizon[1]



[1] Morningstar Investment Management LLC establishes allocations and risk tolerance bands that can make adjustments over time.

[2] 10/2023 Investors 0–5 years away from retirement are assumed to remain invested for at least 5 years after retirement.

[3] This category may include Foreign Large Value and Foreign Large Growth investment options that correlate to the MSCI EAFE GR index. Review investments that populate this category.

Asset allocation and diversification do not ensure a profit or protect against a loss. Allocations represent a specific point in time and are subject to change.

Principal®

CASE STUDY

RetireView® in action: Helping convert prospects into clients

INDUSTRY

Construction and agricultural supply

SIZE

100+ participants

Over $10M in assets

PLANS

401(k)

Not indicative of future results. Results will vary based on retirement plan characteristics.

CHALLENGE

A financial professional met with a prospective client who was frustrated with the limited visibility into the underlying investments of their current white-labeled funds.

The client felt that the cost of the white-labeled funds didn't match the value received which further led to client and participant dissatisfaction.

The client was looking for a new solution.

SOLUTION

Our no additional cost RetireView® asset allocation educational service

- Provided access to diverse investment options through our featured investment partners and additional asset managers.
- Implemented as the qualified default investment alternative (QDIA) when the plan moved to Principal®.
- Enhanced transparency into the underlying investment allocations.

RESULTS

Immediate cost savings

- **40% reduction** in plan fees for the client[1]

Improved engagement

- **97.4%** diversification index for the plan[2]
- More than **two-thirds** of participants stayed in RetireView[2]

Client satisfaction

- Addressed pain points making it an effective offer for the financial professional **to win their business**

[1] Reduction in plan recordkeeping fees based on use of Featured Partner Program investment options within RetireView®.

[2] Principal data as of Dec. 31, 2024. A participant is considered diversified if they meet the following criteria: Account balance is invested in at least two equity asset classes and one fixed income asset class OR in an all-in-one investment like a target date fund, model portfolio, or managed account. Less than 20% of account balance is invested in employer stock.

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Driving recordkeeping discounts

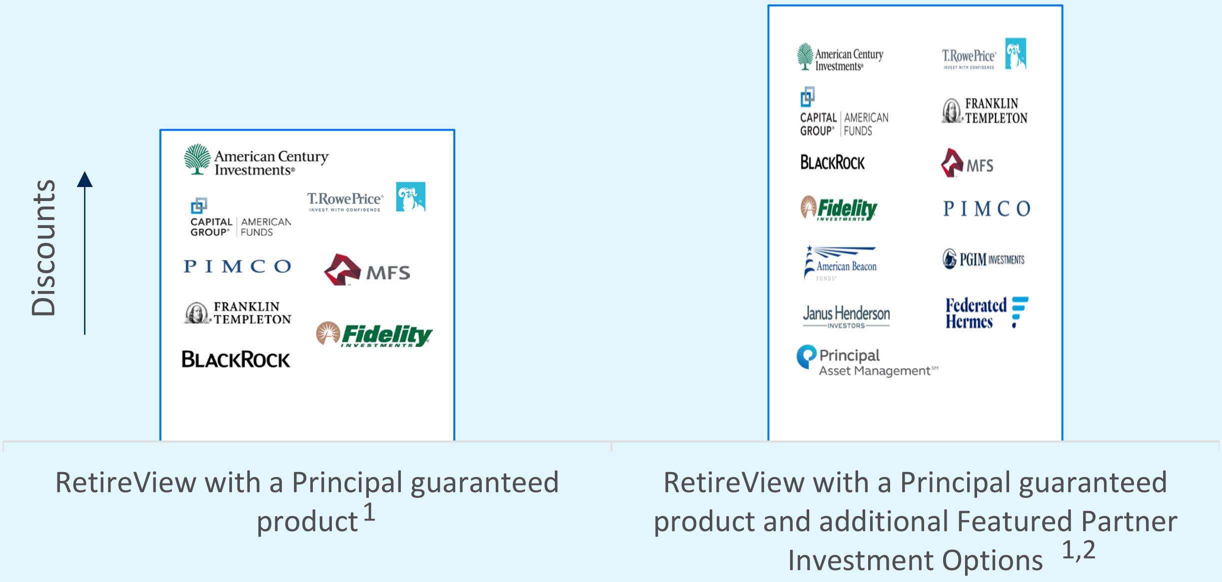
with RetireView® and featured partner investment options

New plans to Principal® will be eligible to receive a recordkeeping discount if:

- A RetireView model or risk tolerance band is the plan's qualified default investment alternative (QDIA) and is used as the transition option to the Principal record keeping platform.
- The short-term fixed income RetireView asset category is populated with a Principal guaranteed product.[1]

RETIREVIEW RECORDKEEPING DISCOUNT

Assumes RetireView as QDIA transition and a Principal guaranteed product is used.[1]



[1] Principal® Fixed Income Guaranteed Option (PFIGO) or Principal® Guaranteed Option (PGO). Allocating to one of these options also helps obtain a level of stability. Guarantees are based upon promises and claims-paying ability of Principal Life Insurance Company. Amounts directed to PFIGO and PGO are subject to surrender charges.

[2] Varying discounts may apply based on the number of RetireView asset categories using Featured Partner Investment Options. Principal Asset Management℠ is a trade name of Principal Global Investors, LLC.

Participant Education

What clients expect

What you deliver:

- Comprehensive financial wellness solution – through partnership with top service providers
- Personalized approach – tailoring the education to the needs of the plan sponsor
- 1:1 sessions to further educate employees
- Taking care of participants – while they are in the plan, and once they leave

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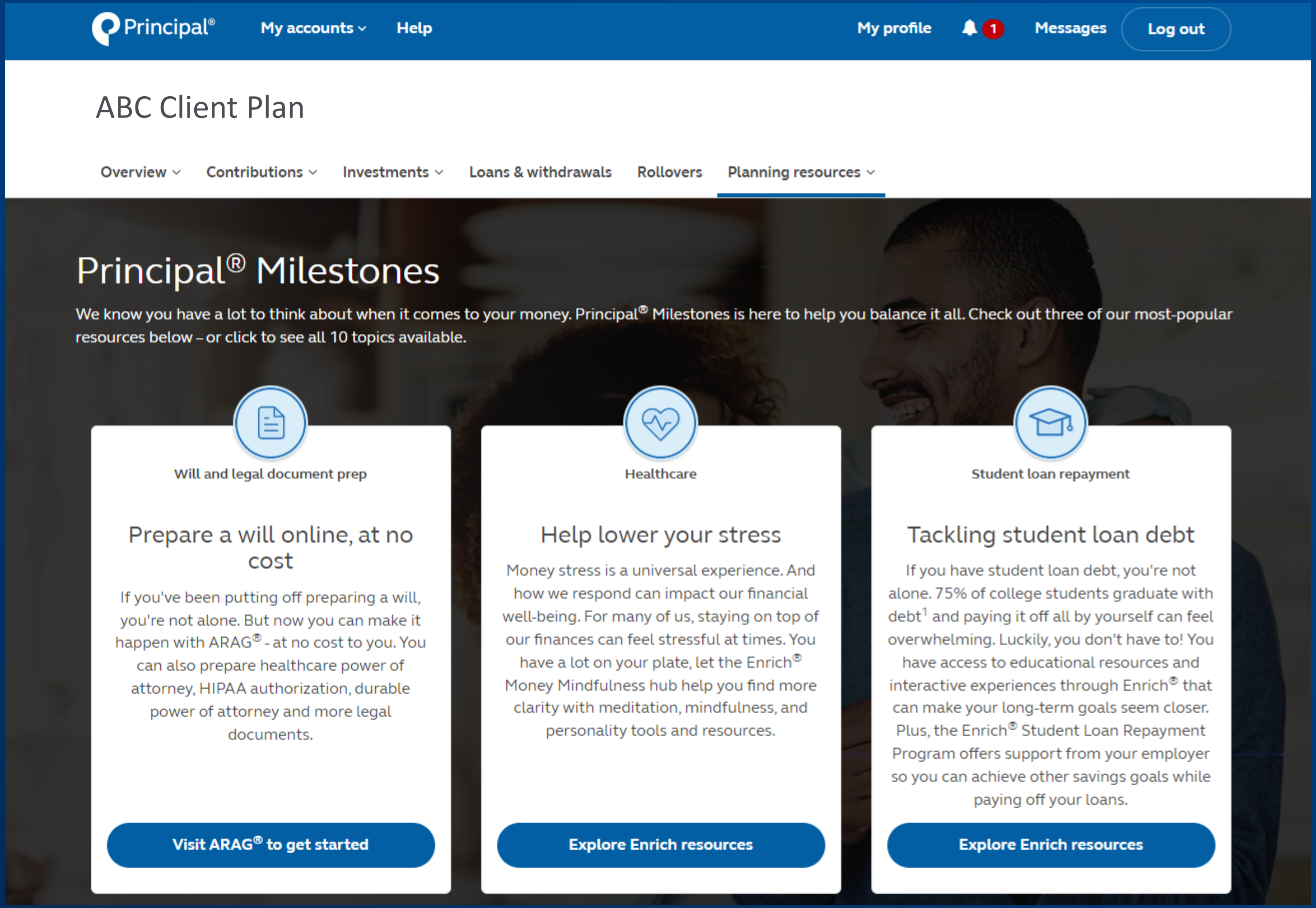
Principal® **Milestones**

Holistic financial resources

Standard will and legal document preparation

Student loan repayment program

On-demand digital meetings



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Thank you !

Important Information

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Investing involves risk, including possible loss of principal.

Asset allocation and diversification does not ensure a profit or protect against a loss. **Equity** investment options involve greater risk, including heightened volatility, than fixed-income investment options. **Fixed-income** investments are subject to interest rate risk; as interest rates rise their value will decline. **International and global** investing involves greater risks such as currency fluctuations, political/social instability and differing accounting standards. These risks are magnified in **emerging markets**. Fixed-income and asset allocation investment options that invest in **mortgage securities** are subject to increased risk due to real estate exposure. The performance and risks of a **fund of funds** directly correspond to the performance and risks of the underlying funds in which the fund invests.

There is no guarantee that a target date investment will provide adequate income at or through retirement. A target date fund's (TDF) glide path is typically set to align with a retirement age of 65, which may be your plan's normal retirement date (NRD). If your plan's NRD/age is different, the plan may default you to a TDF based on the plan's NRD/Age. Participants may choose a TDF that does not match the plan's intended retirement date but instead aligns more to their investment risk. Compare the different TDF's to see how the mix of investments shift based on the TDF glide path.

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Models are created by Morningstar Investment Management LLC. Morningstar Investment Management begins by analyzing asset classes and constructs long-term expected returns, standard deviations, and correlation coefficients. These form the inputs for the mean-variance optimization, a statistical technique. Because forecasting is a critical and pivotal step in the asset allocation process, Morningstar Investment Management develops proprietary capital market forecasts for each asset class using a combination of historical data, current market information and additional analysis. Each forecast becomes an input in portfolio creation.
The Models are intended to be used as an additional information source for retirement plan participants making investment allocation decisions. Pursuant to the Department of Labor's Definition of Investment Education, such models (taken alone or in conjunction with this document) do not constitute investment advice for purposes of the Employee Retirement Income Security Act (ERISA), and there is no agreement or understanding between Morningstar Investment Management and us or any plan or plan fiduciary, or any participant who uses this service, under which the latter receives information, recommendations or advice concerning investments that are to be used for any investment decisions relating to the plan. Accordingly, neither we nor Morningstar Investment Management are a fiduciary with respect to your plan sponsor's plan for purposes of this service, including the features of rebalancing and aging. Following an asset allocation Model does not ensure a profit or protect against a loss. Performance of the individual Models may fluctuate and will be influenced by many factors. In applying particular asset allocation Models to their individual situations, participants or beneficiaries should consider their other assets, income and investments (e.g., equity in a home, Social Security benefits, IRA investments, savings accounts and interests in other qualified and nonqualified plans) in addition to their interests in the plan.

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When using the plan's existing Principal target date funds or collective investment trusts, Principal does not serve in a 3(21) capacity; the plan sponsor or designated fiduciary maintains responsibility for the plan's core investment array.
If available, participants cannot enroll in a managed account service and Principal® Personalized Target Date services at the same time.

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Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank
Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested

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