

# Identifying deferred comp prospects

Employers want effective ways to recruit and keep the best employees. And key employees want to work for companies that care about their future. This motivates employers to provide valued and competitive benefits.

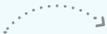
Reaching out to employers about a nonqualified deferred compensation plan is well-worth your time. Research shows that employers and key employees value deferred comp for many reasons.<sup>1</sup> We can help you find what doors to knock on, and how to start a conversation with employers about the benefits of deferred comp.



## Check **here** for the best prospects.

Organizations looking for a competitive advantage in benefits for key employees are ideal prospects if they meet **each** of these criteria.

- Are one of these business types:**
  - Public
  - Private C corporation
  - Pass-through tax entity (S corporations, limited liability corporations, or partnerships)—wanting to provide benefits for non-owners
  - Non-governmental tax-exempt organization
- Have a business-continuation plan in place.**
- Are profitable, have good cash flow, and a proven record of financial stability.**
- Have key employees falling short in retirement planning due to:**
  - Limits on how much they can contribute in their 401(k) or 403(b) plan
  - Qualified plan testing issues
  - Exclusion from the 401(k) plan
- Are willing to be a plan sponsor and:**
  - Pay the administrative service fees
  - Want the option of making employer contributions to select key employees



## Take a **closer** look at the prospect.

Now dig deeper to learn about the organization and its key employees. The **more** of these attributes you can check, the **more likely** they'll be a good prospect.

- Does the organization have:
- Success for five years or more—and a stable or growing business?
  - Revenue greater than \$10 million?
  - More than 100 employees—with key employees over age 50?
  - 10+ key employees earning over \$150,000 or 5+ key employees earning over \$250,000?
  - Issues with losing key employees at a higher rate compared to competitors?
  - To consistently provide refunds due to failed plan nondiscrimination testing?
  - Challenges in filling key employee positions due to a non-competitive benefits package?

## There's much to talk about.

Deferred comp gives you a lot to talk to employers about. You can explain how the plan helps their key employees save beyond 401(k) or 403(b) plan limitations—and provides employers with a competitive advantage in recruiting, rewarding, and retaining them.

### Participants consider a deferred comp plan **important when:**



Deciding to take a **new job**



Deciding to **stay** with a current employer



**Preparing for retirement.** Plan is important in reaching their retirement goals.

### These are the **key reasons** why employers choose to put a deferred comp plan in place:

#### RECRUIT

Attract the best employees as part of a competitive benefits package.

#### RETAIN

Encourage key employees to remain loyal to your organization.

#### REWARD

Provide performance-based contributions to achieve organizational goals.

#### RETIRE

Help your key employees save for retirement beyond what qualified plans allow.



For deferred comp prospecting and marketing resources, or to discuss potential sales opportunities with these plans, contact your regional vice president – nonqualified plans. (BB9718).

<sup>1</sup> 2022 Trends in Nonqualified Deferred Compensation, conducted by Principal®.

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