

Want to share retirement plan fees equally among participants?

# You've got options.



Revenue sharing has been the most common fee allocation approach in the industry.<sup>1</sup> But it can mean participants pay different proportions of the plan's fees.

For a simple way to allocate retirement plan fees equally among participants, consider these fee levelization approaches. They give you flexibility to select the method that best meets the needs of the plan and participants.

## 1 Zero revenue sharing approach

A zero revenue sharing approach provides a simple and flexible way to allocate fees equally among participants by:

### > A. Offering investment options that provide no revenue sharing

Revenue sharing from selected investment options



John: 0%  
Mary: 0%  
James: 0%



Same admin fee for all participants

John: 0.30%  
Mary: 0.30%  
James: 0.30%

#### Benefits:

- A clear separation of plan administrative and recordkeeping fees from investment expenses
- Easy to understand
- May include investment options with lower fees
- Access to 450+ investment options<sup>2</sup> with no revenue sharing provides investment flexibility to choose options that may best meet participant needs
- Simple, clean participant communications — no fee adjustments to communicate

### > B. Crediting all revenue shared from investment options back to the participants

Revenue sharing from selected investment options



John: 0.30%  
Mary: 0.49%  
James: 0%



Revenue sharing credited back to participant



-0.30%  
-0.49%  
0% (no change)



Same admin fee for all participants



John: 0.30%  
Mary: 0.30%  
James: 0.30%

#### Benefits:

- A clear separation of plan administrative and recordkeeping fees from investment expenses
- Easy to understand
- May include investment options with lower fees
- Fee credits are calculated daily vs. monthly, so participants don't have to worry about a portion of their account being unavailable to earn market returns
- More investment flexibility to choose options that may best meet participant needs

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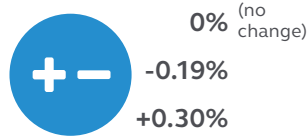
## 2 Revenue sharing with fee adjustments

> Fees can be allocated equally among participants by applying a positive or negative fee adjustment to the revenue sharing of each investment option to achieve the agreed upon rate needed to pay for recordkeeping and administrative costs.

### Revenue sharing from selected investment options



### Positive or negative fee adjustment applied



### Same admin fee for all participants



#### Benefits:

- Allows plan sponsor to offset plan expenses through revenue sharing but still allocate fees equally to participants
- Fee adjustments are calculated daily vs. monthly, so participants don't have to worry about a portion of their account being unavailable to earn market returns
- Investment flexibility to choose options that may best meet participant needs

## How will you choose?

Every plan sponsor and every plan look a little different. By knowing and reviewing all options, you can feel more confident in determining the best approach and meeting your related fiduciary duties. And we're here to support you no matter the approach you choose.



Contact your local Principal® rep for more info on your options available.



<sup>1</sup> Deloitte Annual Defined Contribution Benchmarking Survey, August 2015.

<sup>2</sup> Includes separate accounts and mutual funds, as of June 30, 2016.

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