



Preretirement death benefit explanation

Notice to plan participants:

This document is meant to clarify how death benefits are distributed if you pass away before retirement. If you are married, and have been for at least a year (some plans may specify a shorter time period), your spouse has the right to receive a payment for the rest of his/her life beginning after your death. This special death benefit is often called a Qualified Preretirement Survivor Annuity (QPSA) and the person you choose to receive it is usually called the beneficiary. You may choose to have someone other than your spouse receive preretirement death benefits; *however, your spouse must give his or her consent in writing.*

This is called a nonspouse beneficiary designation. You may need to complete a beneficiary designation form more than once if you are under age 35.

Nonspouse beneficiary designation - Over age 35

Your spouse can change their mind with respect to giving up their right to this benefit until the date of your death. After that date, your spouse cannot change this designation. If your spouse changes their mind, he/she must notify the plan administrator in writing to revoke consent.

Nonspouse beneficiary designation - Under age 35

If you are under age 35 and want to keep a nonspouse beneficiary designation in place, your spouse will have to give written consent again at the beginning of the year you turn age 35.

Forms to elect or change a beneficiary and, if needed, obtain your spouse's written consent are available at principal.com/Beneficiary or from your plan administrator.

Qualified Preretirement Survivor Annuity (QPSA) explanation

If you have a vested account in a retirement plan, federal law requires that your spouse receive a special death benefit if you pass away before receiving any retirement benefits (or, before the beginning of the period for which the retirement benefits are paid).

If you have been married to your spouse for at least one year (some plans may specify a shorter time period), your spouse has the right to receive this payment for his/her life beginning after your death. This death benefit will automatically be paid in a lump sum rather than as a QPSA if the value of the death benefit is \$5,000* or less.

*Your plan can specify a lower dollar amount.

If the lump sum value of the death benefit is greater than \$5,000, the death benefit will be paid in the form of a QPSA unless the beneficiary elects otherwise. **Other options may be available.** The actual amount of the QPSA benefit will vary depending on the vested account balance, your spouse's age and the cost to purchase the benefit.

You can change your beneficiary any time before you begin receiving benefits or before your death. Your spouse's right to the QPSA benefit provided by federal law cannot be taken away unless he/she agrees to give up that benefit. If your spouse agrees, you can choose to have all or part of the death benefits paid to someone else. Your spouse also has the right to consent in writing to allow you to select only a particular beneficiary. As an example, if your spouse agrees, you can have the death benefits paid to your children.

Your spouse's choice to give up the QPSA benefit must be voluntary. It is your spouse's personal decision whether they want to give up that right. Your spouse can agree to give up all or part of the QPSA benefit. If your spouse does so, the plan will pay him/her the part of the benefit he/she did not give up and pay the remaining part of the benefit to the person(s) selected by you.

Your spouse can change their mind with respect to giving up their right to the QPSA benefit until the date of your death. After that date, your spouse cannot change this agreement. If your spouse changes their mind, he/she must notify the plan administrator in writing that they want to revoke the consent they previously provided.

Your spouse may lose their right to the QPSA benefit if your spouse and you become legally separated or divorced even if your spouse does not sign a nonspouse beneficiary designation.

Questions?

Visit principal.com/Beneficiary for more information about your preretirement death benefits.

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