

RELEASE: On Receipt, September 27, 2005  
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## **Architects of DB(k) Concept Applaud Bipartisan Legislation The Principal Financial Group and ASPPA Urge Early Congressional Consideration**

(Des Moines) The Principal Financial Group<sup>®</sup>, the nation's 401(k) leader and total retirement solutions innovator, and the American Society of Pension Professionals & Actuaries (ASPPA) applaud bipartisan legislation announced today that would allow creation of a DB(k)—a hybrid combination of a traditional defined benefit plan and a 401(k) defined contribution plan.

Representatives Rob Andrews (D-NJ) and Jim Nussle, (R-IA) are co-sponsoring the *Small Employer Defined Benefit Expansion Act* which would allow employers to provide guaranteed defined benefits and 401(k) employee savings in a single plan without the additional complexities of administering two separate plans. A similar DB(k) proposal was introduced by Senate Finance Committee Chairman Charles Grassley (R-IA) and ranking member Max Baucus (D-MT) as part of the National Equity Savings Trust and Guarantee (NESTEG) Act (S. 219) earlier this year and approved by the Senate Finance Committee on July 26, 2005.

The DB(k) is a concept developed over the past six years by The Principal<sup>®</sup> and ASPPA.

“The DB(k) was designed to give employers—especially small- and medium-sized organizations—a simple and easy way to offer a comprehensive retirement program that provides a dependable source of retirement income for American workers,” said Larry Zimpleman, president, Retirement and Investor Services, at The Principal. “Less than 80 percent of small employers offer a retirement plan—yet they employ more than 40 million American workers. This legislation removes the administrative and regulatory hurdles that have prevented these employers from offering their employees the security of defined benefit pension plans. We are encouraged by the bipartisan support in both the House and Senate and applaud Representatives Andrews and Nussle and Senators Grassley and Baucus for their vision and leadership in advocating the DB(k).”

The Andrews-Nussle bill also clears the way for employers to provide automatic enrollment and automatic salary deferral increases for the 401(k) part of the DB(k).

“With growing concern over potential shortfalls in 401(k) plan savings and a decline in sponsorship of defined benefit plans, the DB(k) concept offers a unique solution to helping workers achieve retirement security by combining the best elements of these two retirement plans,” said Brian

Graff, Executive Director/CEO of ASPPA. “The DB(k) also provides employers with an important way to retain valued long-term employees and to attract new talent by offering two of the most desired retirement programs. ASPPA believes the Andrews-Nussle legislation will improve defined benefit coverage rates for employees working at small- and mid-sized businesses and we urge early consideration.”

For details about proposed features of the DB(k) go to The Principal Research Center, [www.principal.com/about/news/research.htm](http://www.principal.com/about/news/research.htm)

### **About the Principal Financial Group**

The Principal Financial Group® (The Principal®)<sup>1</sup> is a leader in offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, life and health insurance, and banking through its diverse family of financial services companies. A member of the Fortune 500, the Principal Financial Group has \$187.8 billion in assets under management<sup>2</sup> and serves some 15.2 million customers worldwide from offices in Asia, Australia, Europe, Latin America and the United States. Principal Financial Group, Inc. is traded on the New York Stock Exchange under the ticker symbol PFG. For more information, visit [www.principal.com](http://www.principal.com).

### **About ASPPA**

ASPPA is a national society of retirement plan professionals. ASPPA’s mission is to educate pension professionals and to preserve and enhance the employer-sponsored pension system. Its membership consists of approximately 5,500 actuaries, plan administrators, attorneys, CPAs, and other retirement plan experts who design, implement and maintain qualified retirement plans, especially for small to mid-size employers. ASPPA’s membership is dedicated to preserving and enhancing the employer-sponsored retirement plan system in the United States. For more information, visit [www.asppa.org](http://www.asppa.org).

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<sup>2</sup> As of June 30, 2005