



## Flexible Pension Investments (FPI) Service Agreement

### Introduction

Our Flexible Pension Investments (FPI) group annuity contract (Contract) offers you a wide variety of services to make your retirement program a success. You have purchased the Contract as a funding vehicle for your Plan.

In this FPI Service Agreement (Agreement), "you" and "your" means the employer sponsoring the plan for which the Contract was issued by us (Plan Sponsor). "We", "us", or "our" means Principal Life Insurance Company (The Principal®). "Member" means any plan participant, beneficiary, alternate payee, or other person entitled to benefits under the Plan. "Plan" means the retirement plan for which the Contract has been purchased.

Our goal is to provide you with outstanding service. We're so sure we can provide it promptly and accurately, we guarantee it. If you're unhappy with a specific service we provided, just tell us. We promise to fix the problem to your satisfaction. If we're unable to do so, we'll waive the fee paid for that service.

### Services

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Under this Agreement, the *Standard Services* we provide are Contract Administration and Recordkeeping.

In addition, you can choose any or all of the following *Optional Services*:

- Actuarial Valuation
  - FAS Report
  - Actuarial Cost Estimate
  - Miscellaneous Actuarial
  - Plan Document
  - Electronic Linkage<sup>SM</sup>
  - Benefit Payments
  - Small Amount Payouts
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# Flexible Pension Investments (FPI) Service Agreement (continued)

## **Standard Services**

## **Contract Administration Services Includes:**

- Representatives to help explain your Plan to employees.
- Quarterly reports of retirement fund\* values under the Contract as well as interest, deposits, and withdrawals.
- Form 5500 draft prepared for your review and approval.
- Schedule A to attach to your annual Form 5500.
- Forms you (or your counsel) submit to the IRS requesting approval as a qualified plan (if applicable).
- Compensation paid or payable by us to the soliciting agent named by you (if applicable).
- Help when changes in legislation affect your Plan.
- Administration manual and forms you need to ease administration of your Plan.

\* Retirement funds include guaranteed benefit policies issued by Principal Life Insurance Company and any other assets.

## **Recordkeeping Service Includes:**

- Individual records of Members including any Member contributions.
  - Annual listing of benefits for each Member.
  - Annual Member statement for distribution to each Member sent to you in bulk.
  - Record of Member beneficiary designations (if necessary).
  - Calculation of benefits at retirement, termination, death, or disability.
  - Furnishing available Member data for federal reporting and disclosure requirements.
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# Flexible Pension Investments (FPI) Service Agreement (continued)

## **Optional Services**

### **Actuarial Valuation Service:**

You can request us to provide the actuarial services required by the Employee Retirement Income Security Act (ERISA) of 1974 for this Plan. Our Enrolled Actuary will direct these services and make any certifications required by ERISA or subsequent laws or regulations. Actuarial Valuation Service includes:

- Preparation of annual actuarial valuation (funding) report.
- Form 5500 Schedule B report.
- Financial Accounting Standards Board Statement No. 35 and No. 36 information.
- Pension Benefit Guaranty Corporation (PBGC) Schedule A.

### **FAS Report Service Includes:**

- An annual report containing information required by the Financial Accounting Standards Board Statement No. 87 and No. 88.

### **Actuarial Cost Estimate Service Includes:**

- An actuarial report which illustrates the valuation cost (funding) impact of a contemplated change.

### **Miscellaneous Actuarial Services:**

Additional fees will apply for miscellaneous actuarial work including, but not limited to, the following services:

- Calculations for Plan termination work.
- On site meetings.
- Merger or spinoff calculations.
- Withdrawal liability calculations for multiple-employer plans.

## Flexible Pension Investments (FPI) Service Agreement (continued)

### Optional Services (continued)

#### Document Service Includes:

- Sample plan documents for review by you and your legal advisor.
- Drafting sample text for your review and printing standard booklets (Summary Plan Descriptions).

#### Electronic Linkage Service Includes:

- Access to mutual funds through our Electronic Linkage mutual fund partners.
- The recordkeeping of mutual funds and the reflection of these values on employer level statements.

#### Benefit Payment Service for Retired Members:

You may choose from three alternatives for paying monthly retirement benefits:

### Alternative Description Terms

1	Benefit Index	<p>Monthly benefits are paid to the Member directly from retirement funds <b>with our guarantee</b> of payment.</p> <p>If the retirement funds held under the Contract equal the Benefit Index, annuities will be purchased under Alternative 2.</p>
2	Purchase Non-Participating Annuities	<p>There is a one-time charge against retirement funds held under the Contract for the cost of the retired Member's annuity. The purchase price anticipates no experience refunds will be payable to the Plan. <b>We guarantee benefits</b> under this option.</p>
3	Direct Payment	<p>Monthly benefits are paid directly from amounts held under the Contract <b>without our guarantee</b> of payment.</p> <p>Payments can be made either to the Member or the trustee (trusteed plans only).</p>

## Flexible Pension Investments (FPI) Service Agreement (continued)

### **Optional Services (continued)**

You may choose a new alternative at any time for Members who aren't receiving benefits. Some restrictions may apply when changing alternatives for retired Members.

If payments are made directly to a Member, we provide:

- A certificate to each Member stating the guaranteed annuity payment if Alternative 1 or 2 is selected.
- Recordkeeping of Member benefits and beneficiaries.
- Preparation and mailing of monthly pension checks.
- Tax reporting to retired Members.
- Tax withholding (upon request).

NOTE: These services aren't provided if monthly payments are made to the trustee (trusteed plans only).

### **Small Amount Payouts:**

Members who retire or terminate employment with a small vested benefit are paid the present value of that benefit in a single sum under the small amounts provision of your Plan. You can either authorize us to make all payments automatically and, without your involvement, or choose to review and authorize each payment before it is made.

### **Schedule of Standard Fees**

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#### **Application Fee**

There is a nonrefundable application fee of \$825. This fee is charged only in the first Contract year.

#### **Transfer Fee**

If Plan records are transferring from another recordkeeper, there is a one-time transfer fee of \$1,000. This fee is charged only in the first Contract year.

#### **Contract Administration Fee**

The Contract Administration Fee is the amount you owe to us for duties provided. The amount depends on whether Electronic Linkage is selected and the type of plan document adopted. The Contract Administration Fee is calculated on the Ending Balance. The Ending Balance is the total retirement funds under the Contract at the end of each Plan year quarter.

## Flexible Pension Investments (FPI) Service Agreement (continued)

### Schedule of Standard Fees (continued)

**The first component of your Contract Administration Fee is made up of either a) or b):**

a) If your Plan document is written by us and the total retirement funds are:

Over	But Under	Quarterly Fee is:
\$0	\$150,000	$(.000875 \times \text{Ending Balance}) + \$150.00$
\$150,000	\$1,000,000	$(.000500 \times \text{Ending Balance}) + \$206.25$
\$1,000,000	\$5,000,000	$(.000250 \times \text{Ending Balance}) + \$456.25$
\$5,000,000	\$10,000,000	$(.000125 \times \text{Ending Balance}) + \$1,081.25$
\$10,000,000	\$30,000,000	$(.000100 \times \text{Ending Balance}) + \$1,331.25$
\$30,000,000		$(.000075 \times \text{Ending Balance}) + \$2,081.25$

**Example:** Assume a \$500,000 Ending Balance. The quarterly fee is:  
 $[(.000500 \times \$500,000) + \$206.25] = \$456.25$

b) If your Plan document is not written by us and total retirement funds are:

Over	But Under	Quarterly Fee is:
\$0	\$150,000	$(.000875 \times \text{Ending Balance}) + \$275.00$
\$150,000	\$1,000,000	$(.000500 \times \text{Ending Balance}) + \$331.25$
\$1,000,000	\$5,000,000	$(.000250 \times \text{Ending Balance}) + \$581.25$
\$5,000,000	\$10,000,000	$(.000125 \times \text{Ending Balance}) + \$1,206.25$
\$10,000,000	\$30,000,000	$(.000100 \times \text{Ending Balance}) + \$1,456.25$
\$30,000,000		$(.000075 \times \text{Ending Balance}) + \$2,206.25$

**Example:** Assume a \$500,000 Ending Balance. The quarterly fee is:  
 $[(.000500 \times \$500,000) + \$331.25] = \$581.25$

## Flexible Pension Investments (FPI) Service Agreement (continued)

### Schedule of Standard Fees (continued)

#### The second component of your Contract Administration Fee is:

If we offer Electronic Linkage to your Plan and, if you select it, an Electronic Linkage Fee will be added to your Contract Administration Fee. This fee is the sum of \$275 per quarter plus a fee based on the ending balance invested in each mutual fund family at the end of each Plan year quarter in the percentages shown in the table below:

Fund Family	Asset Fee* (Quarterly)
AIM	0.0000%
INVESCO, Mason Street, Neuberger Berman	0.0250%
Builders, Strong	0.0375%
American Century, Putnam	0.0500%
Janus	0.0750%
Fidelity, T. Rowe Price	0.0875%
Vanguard	0.1125%

\* If a service fee is paid to the agent of record, an additional charge will apply.

#### Recordkeeping Fee

The Recordkeeping Fee is the amount you owe to us for duties provided and is based on the table below:

Number of Non-Retired Members	Quarterly Fee*
9 & under	\$4.05/Member + \$202.50
10 - 19	\$3.25/Member + \$210.50
20 - 49	\$2.43/Member + \$227.00
50 - 99	\$1.90/Member + \$253.25
100 - 299	\$1.63/Member + \$280.75
300 - 499	\$1.48/Member + \$325.75
500 - 999	\$1.35/Member + \$388.25
1,000 - 2,499	\$1.23/Member + \$513.25
2,500 & over	\$0.80/Member + \$1,575.75

\*If we are asked to keep records of Members' contribution accounts, these fees will be doubled.

## Flexible Pension Investments (FPI) Service Agreement (continued)

### Schedule of Standard Fees (continued)

Annual Retirement Plan Statement reports for each Member are standard. If special material is requested, an additional charge may apply.

The Recordkeeping Fee is reduced by 10% if Member data are reported in our standard format by magnetic tape, diskette or modem.

If we provide separate reports or services for two or more accounting units or locations, an additional charge of \$150 per quarter applies for each additional location in excess of one.

If Member reports are mailed directly to their homes or sent to Plan Sponsor in individual envelopes, an additional charge of 50¢ per Member applies.

### Schedule of Optional Fees

#### Actuarial Valuation Fee

The Actuarial Valuation Fee is the amount you owe to us for duties provided and is based on the table below:

Number of Members in Valuation	Annual Fee
1 - 49	\$1,500
50 - 99	\$12.00/Member + \$935
100 - 299	\$10.00/Member + \$1,245
300 - 499	\$6.00/Member + \$2,800
500 - 999	\$4.00/Member + \$3,800
1,000 - 2,499	\$3.00/Member + \$6,490
2,500 +	\$1.00/Member + \$12,500

If separate actuarial valuations are prepared for affiliated firms, associated firms, or subdivisions, a separate Actuarial Valuation Fee (and FAS Report Fee, if applicable) will be billed for each based on the number of Members in the valuation and due pursuant to this Agreement.



## Flexible Pension Investments (FPI) Service Agreement (continued)

### **Schedule of Optional Fees (continued)**

These fees will be billed in the quarter in which the service is provided and will be due pursuant to this Agreement.

#### **FAS Report Fee**

If we provide reports to meet the requirements of the Financial Accounting Standards Board, an additional fee of 60% of the Actuarial Valuation Fee will be billed for each report and due pursuant to this Agreement.

#### **Actuarial Cost Estimate Fee**

If you request us to provide an actuarial cost estimate for a contemplated change, an additional fee of 20% of the current Actuarial Valuation Fee will apply. If multiple cost estimates are prepared in a single report, a separate Actuarial Cost Estimate Fee will apply for each estimate.

These additional actuarial services, and the fees for them, are not part of this Agreement. Therefore, a Supplemental Service Agreement (SSA) will be necessary. The SSA will be provided in addition to this Agreement and the fees will be billed and due pursuant to the SSA.

#### **Miscellaneous Actuarial Fees**

If you request us to provide any other actuarial services, additional fees will apply.

These additional actuarial services, and the fees for them, are not part of this Agreement. Therefore, a Supplemental Service Agreement (SSA) will be necessary. The SSA will be provided in addition to this Agreement and the fees will be billed and due pursuant to the SSA.

## Flexible Pension Investments (FPI) Service Agreement (continued)

### Schedule of Optional Fees (continued)

#### Document Fee

Documents	New Case/ Restatement	Amend- ment	Draft Booklets	Print Booklets
Principal Life Prototype	\$125	\$0	\$0	\$0
Principal Life Sample Custom- Written Plan	\$700	\$300	\$400	\$100 *
Non-Principal Life Plan	N/A	N/A	\$800	\$100 *

\* We provide standard booklets for 1 1/2 times the number of active Members with a maximum of 250 for custom/outside plans. Additional booklets are available for \$0.75 per booklet.

The fee for printing booklets from a customer-provided draft is \$300.

Requests to draft or print non-standard booklets (for prototype or sample custom plans) will result in an additional fee. We will inform you of the additional fee before providing the service.

This fee will be billed in the quarter in which the service is provided and will be due pursuant to this Agreement.

## Flexible Pension Investments (FPI) Service Agreement (continued)

### **Schedule of Optional Fees (continued)**

#### **Benefit Payment Fee**

If monthly payments are paid directly from the retirement funds to a Member under Alternative 1 or 3, a fee of \$4.00 per Member per quarter applies. This Benefit Payment Fee:

- Doesn't apply if payments are made directly to the trustee (trusteed plans only).

If you have purchased annuities for retired Members under Alternative 2 or we make any Small Amount Payouts, there are no additional fees.

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The **Application Fee** of \$825 is NONREFUNDABLE and is:

- separate from contributions (must be attached).
- deducted from Plan contributions.

We will provide **Contract Administration Service** and **Recordkeeping Service**. In addition, you may choose any or all of the following services:

- Actuarial Valuation Service
- FAS Report Service (we must provide actuarial valuation)
- Document Service
- Electronic Linkage Service

The **FAS Report Fee** and **Document Fee** are not considered Plan fees. If you've selected these services, they must be paid by you as billed. All other selected services may either be 1) paid by you as billed, or 2) deducted from funds held under your Contract. Ultimately, you are responsible for all Plan fees. Fees billed directly are done so on a quarterly basis and due within 31 days from the statement date or they will be deducted from funds held under your Contract.

The **Transfer Fee** (if applicable), **Contract Administration Fee** (including Electronic Linkage Fee, if applicable), **Recordkeeping Fee**, and **Actuarial Valuation Fee** (if applicable), will be:

- paid by you as billed.
- deducted from funds held under your Contract.

**Benefit Payment Election for Retired Members:**

- Alternative 1**—Benefit Index Alternative
- Alternative 3**—Direct Payment Alternative

Make payments to:  Member.  
 Trustee.

- Alternative 2**—Purchase Alternative (Non-Participating)

Note: Benefit Index and Direct Payment Alternative monthly benefit payment fees will be billed or deducted from Contract funds according to your selection for Contract Administration Fee.

**Small Amount Payouts:**

- Small amount benefits will be paid without further authorization.
- Plan Sponsor signature is required before payment of every small amount benefit.

**Mail Member Reports to:**

- Plan Sponsor in bulk.
- Plan Sponsor in individual envelopes.
- Member homes.

**Flexible Pension Investment (FPI) Service Agreement (continued)**

**Effective Date of Agreement:** 8 / 1 / 02.

**Contract No.** 4-49993

This Agreement is effective on the Effective Date provided we have received this Agreement in our corporate center, and accepted it, prior to that date. It replaces all prior service agreements you may have with us for the Plan funded by this Contract. However, it does not replace any previously signed Supplemental Service Agreements with respect to this Plan.

**Amendment or Termination of Agreement:**

We will provide the services you have selected for as long as this Contract is in force. However, this Agreement may be amended (including changes to services or fees) or terminated by The Principal unilaterally in its sole discretion upon 60 days' written notice from us.

*By signing below, I certify I have received, read and understand the services and fees described in this Agreement.*

<b>PLAN SPONSOR SECTION</b>

**PRINCIPAL LIFE INSURANCE COMPANY**

By: J. Barry Sewell Title: President & Chief Executive Officer