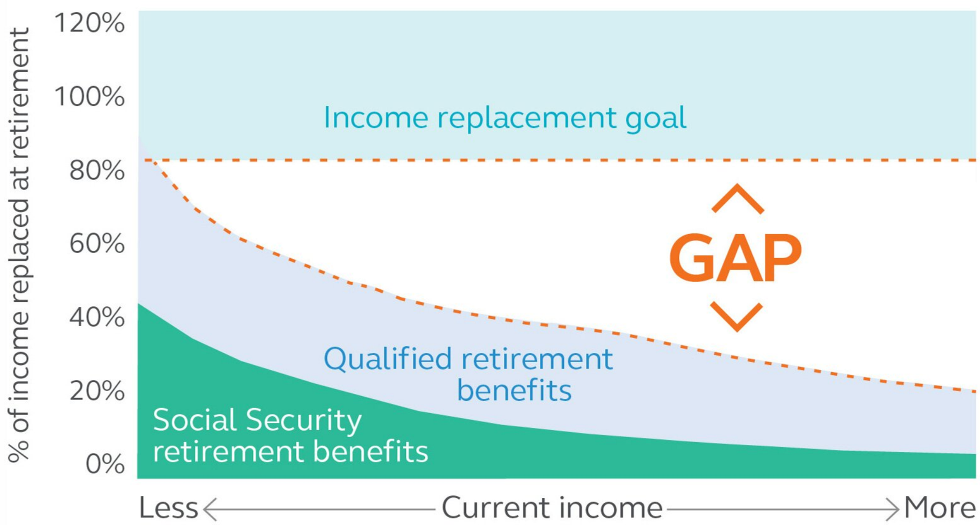
You've likely heard experts say that people need about 80% of their pre-retirement income to maintain their standard of living in retirement. Are your key employees on track to hit that mark?

The chart below shows the estimated percentage of income that will be replaced at retirement from Social Security and qualified plan benefits, such as a 401(k) plan. You'll see that as income goes up, the percentage of benefits expected from qualified plans and social security goes down, creating an income gap. This gap could be filled using a nonqualified key employee benefit plan from Principal® which complements other retirement income sources.



This information is from the Principal Financial Group® Replacement Ratio Calculator with source information from the Annual Statistical Supplements to the Social Security Bulletin (www.ssa.gov). It is intended to demonstrate the potential impact of Social Security and 401(k) plan benefits at various income levels. For more information on your individual circumstances, please speak with your financial or tax professional. ©2021 Principal Financial Services, Inc.

Reasons for an income gap

Qualified 401(k) plans and Individual Retirement Accounts (IRAs) have limits to how much you can contribute each year. Plus, qualified plans may be subject to coverage and non-discrimination testing that can limit the amount of employee and employer contributions to the plan.

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