

Corporate Private Retirement Scheme (PRS)

**Build a retirement-ready
workforce with Corporate
Private Retirement Scheme
(PRS).**

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We all hope to enjoy our retirement without having to worry about finances. Employers play a vital role in initiating and motivating their employees to invest. This is now possible with Principal's Corporate Private Retirement Scheme, a new employee-benefit package which employers can adopt as a reward-retention scheme. Employers can now strengthen loyalty, boost productivity and achieve an ideal employee-replacement cycle. By championing the course of investment at work, your employees will invest their time in your business.

Corporate PRS is an essential tool to help employees close their savings gap and achieve longterm financial security.



Take the first step and reap long-lasting effects of a loyal and productive workforce.

Understanding PRS

Tax-Free Withdrawals

- On Death
- Permanent departure from Malaysia
- Permanent total disablement
- Serious disease
- Mental disability



Sub Account A

70% Locked until 55 years old



Sub Account B

30% Pre-retirement withdrawal allowed

Account B (30%) can be withdrawn subject to the following restrictions:

- After 1st year of initial investment
- Thereafter, once a year
- 8% Tax Penalty on amount withdrawn, except for withdrawal for healthcare and housing**

* Based on strategy B5 of Eleventh Malaysia Plan.

** The 2020 Budget Speech - 11 October 2019.



Benefits



Benefits to employers

- Increase employee productivity & loyalty
- Enhance recruitment appeal
- Achieve optimal employee replacement cycle
- Save re-training costs and preserve trade secrets
- Achieve tax optimization of 19%



Benefits to employees

- Automated investments via payroll deduction and online top-up
- Quicker accumulation of funds at 0% sales charge
- Achieve tax-savings for the 1st RM3,000*
- Periodic education and advice on financial literacy

* for year of assessment 2012 to 2021
Inland Revenue Board (Private Retirement Scheme- Public Ruling No. 9/2014 Section 5.2)



How do employers and employees participate?



Employers

Choose from a variety of methods and obtain tax-relief

Reward employee performance with PRS

Match employees' contribution to encourage savings

Redirect excess of "EPF Savings" into PRS

Offer payroll deduction facility to employees



Employees

Get automated

Sign-up for payroll deduction (*min deduction of RM100 per month*)

Top-up via cheque / bank draft / online transfer or credit card

Track your investment via our online investment portal

Why Principal?

We spearhead and innovate Workplace Pension Plans and we are all about helping you provide a proper long-term retirement planning for your employees. Our expertise can help align your organizations' goals of optimal productivity with employees' goals of sustainable retirement by customizing reward plans to achieve these objectives.

Build your reputation as a caring employer by providing the right solution towards a smooth transition into retirement for your employees.



Value proposition for employers

- Retirement guidance from our expertise with Principal Financial Group®, a member of the FORTUNE 500® US based global retirement plans market leader
- Personalised education and enrolment programme
- Supportive and dedicated servicing for HR that puts the personal touch into your scheme for easy implementation



Value proposition for employees

- Funds with consistent performance
- Comprehensive behavioural-based retirement planning
- Customised and action-oriented investment education



The award-winning choice*

- Best Asset Management House in ASEAN by Asia Asset Management, Best of the Best ASEAN Awards 2019
- Best Wealth Manager, Malaysia by The Asset Triple A, Asset Asian Awards 2018
- Recommended Unit Trust Awards 2018/2019 for Principal PRS Conservative & Principal PRS Plus Growth by Fundsupermart
- Top Achievement in New PRS Member Sign Ups for Corporate PRS 2018, by Private Pension Administrator (PPA)

** as at July 2019*

5 easy steps to participate

We make it easy for you. We build solid, long-term relationships with our clients and recognise the value of working closely with employers. Embark on this exciting journey and let us help you to be on your way to attract the best talents in your industry.

Step 1

Contact us to explore the scheme



Step 2

Offer payroll-deduction facility



Step 3

Reward your employees with PRS



Step 4

Promote compulsory attendance during PRS literacy sessions



Step 5

Encourage employees to top-up contribution every year



Retirement planning : Facts at a glance



Insufficient savings



MORE THAN **90%** of Malaysians aged 45 & above who want to retire in the next 5 years are unable to do so due to financial constraints.¹



68% EPF members aged 54 in 2014 have savings below **RM50,000.**²

50% of retirees exhausted their EPF savings within 5 years.²

Source:
1 The Star, “HSBC Survey: Malaysians Not Saving Enough For Their Retirement”, 30 Jan 2016.
2 EPF, “EPF Savings and Your Retirement” 2015

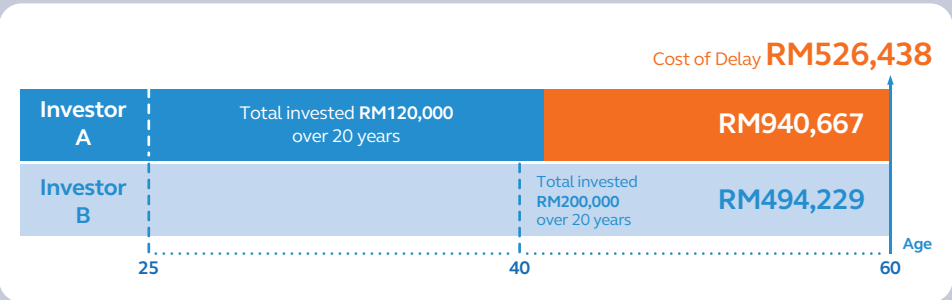


The power of compounding

Investor A invests RM6,000 annually from age 25 to 45 while **Investor B** decides to wait until he’s 40 to start investing RM10,000 annually & saves until age 60.

Assuming a 8% annual return on investment, **Investor A**, who begins saving at age 25 & stops investing at 45, would have RM940,667 at age 60; **Investor B**, who begins investing at age 40 & stops at 60, would have RM494,229.

Projected Balance at Age 60



Note: This is for illustrative purposes only and not indicative of any investment



We are here for you

Call us for an in-depth discussion on how to take the first step with Corporate PRS and be on your way to become an employer of choice. Our PRS consultants and dedicated servicing team are here to listen to your needs and expectations.

For more information, you can reach our Customer Care Centre:

 **(603) 7718 3000**

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 **www.principal.com.my**

Disclaimer

The following Disclosure Documents have been duly registered with the Securities Commission Malaysia (“SC”):

- Principal PRS Plus[^] First Replacement Disclosure Document dated 31 July 2014 and its First Supplemental Disclosure Document dated 2 March 2015; and
- Principal Islamic PRS Plus[^] First Replacement Disclosure Document (Shariah-compliant Private Retirement Scheme) dated 31 July 2014 and its First Supplemental Disclosure Document (Shariah-compliant Private Retirement Scheme) dated 2 March 2015 (collectively refers as “Disclosure Documents”)

We recommend that you read and understand the contents of these Disclosure Documents before contributing and that you keep the said Disclosure Documents for your records. Any issue of units to which the Disclosure Documents relate will only be made upon receipt of the completed application form referred to in and accompanying the Disclosure Documents, subject to the terms and conditions therein. You can obtain copies of the Disclosure Documents from the head office of Principal Asset Management Berhad or from any of our approved distributors. There are fees and charges involved in contributing in the private retirement scheme. We suggest that you consider these fees and charges carefully prior to making a contribution. Unit prices and income distributions, if any, may fall or rise. Past performance is not reflective of future performance and income distributions are not guaranteed. Product Highlights Sheet (PHS) is available and investors have the rights to request for a PHS; and the PHS and any other product disclosure document should be read and understood before making any investment decision.

The following are the specific risks associated with the private retirement scheme:

- Principal PRS Plus Conservative (Investments in the Fund are exposed to stock specific risk, credit/default risk, interest rate risk and counterparty risk)
- Principal PRS Plus Moderate (Investments in the Fund are exposed to stock specific risk, credit (default) and counterparty risk, interest rate risk, country risk, currency risk and risks associated with investment in warrants/options)
- Principal PRS Plus Growth (Investments in the Fund are exposed to stock specific risk, credit (default) and counterparty risk, interest rate risk, country risk, currency risk and risks associated with investment in warrants/options)
- Principal PRS Plus Equity (Investments in the Fund are exposed to stock specific risk, risk associated with temporary defensive positions, risks associated with investment in warrants/options, and concentration risk)
- Principal PRS Plus Asia Pacific Ex-Japan Equity (Investments in the Fund are exposed to risks associated with investment in the Target Fund and Concentration risk. Target Fund’s risks include stock specific risk, credit (default) and counterparty risk, interest rate risk, country risk, currency risk, risk associated with temporary defensive positions and risk of investing in emerging markets)
- Principal Islamic PRS Plus Conservative (Investments in the Fund are exposed to stock specific risk, credit/default risk, interest rate risk*, counterparty risk and reclassification of Shariah status risk)
- Principal Islamic PRS Plus Moderate (Investments in the Fund are exposed to stock specific risk, credit (default) and counterparty risk, interest rate risk*, country risk, currency risk, risks associated with investment in warrants/options and reclassification of Shariah status risk)
- Principal Islamic PRS Plus Growth (Investments in the Fund are exposed to stock specific risk, credit (default) and counterparty risk, interest rate risk*, country risk, currency risk, risks associated with investment in warrants/options and reclassification of Shariah status risk)
- Principal Islamic PRS Plus Equity (Investments in the Fund are exposed to risks associated with investment in the Target Fund and Concentration risk. Target Fund’s risks include stock specific risk and reclassification of Shariah status risk)
- Principal Islamic PRS Plus Asia Pacific Ex-Japan Equity (Investments in the Fund are exposed to risks associated with investment in the Target Fund and Concentration risk. Target Fund’s risks include stock specific risk, counterparty risk, country risk, currency risk, risks associated with investment in warrants/options and reclassification of Shariah status risk)

[^] The name “PRS Plus” is the name of the private retirement scheme solution by the PRS Provider. It does not in any way connote or warrant that this Scheme will necessarily outperform other private retirement schemes or have additional features that may be lacking in other private retirement scheme solutions.

* Please note that although Sukuk is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates. As such, investment in Sukuk will have an exposure to interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country which may affect the value of the investment of the Fund.

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