



Interview with JERRY PATTERSON

'POST' SCRIPT

Along with the strains and pressures of the past several months, the pandemic has brought to the fore in a very real and meaningful way the importance and impact of key financial concepts that previously had been little more than theories to many working Americans.

To glean a sense of not only where we've been, but where we need to look in that future, NAPA-Net sat down with Jerry Patterson, senior vice president, Retirement and Income Solutions with Principal®, who leads that organization's retirement plan businesses.

NNTM: The COVID-19 pandemic has certainly put a strain on our nation, both physically and financially. But has it also heightened awareness of the need for emergency savings and the importance of financial wellness?

PATTERSON: It certainly has. It brought home the reality of the need to have an emergency fund. The "here and now" became important to everyone. At the same time, the focus on long-term financial security softened, and to some extent the focus on financial wellness softened as well. We saw that many, even most, retirement plan participants kept saving—in fact, many increased their savings rate. And, fortunately, there hasn't been much reaction to the markets as that relates to long-term savings.

Americans have learned some important lessons around the benefits of saving, of having a short-term cushion that might have to last longer than expected. Many have spent less and saved more because of the pandemic. This could lead to a rally—some might call it a "re-rally"—around financial wellness. With luck—and the help of some good advisors—it's an opportunity to not only

lock in some of those gains—but also some of those positive changes in behavior.

NNTM: What do people misunderstand most about the concept of financial wellness?

PATTERSON: I think that delineating financial goals between a short- and long-term focus is helpful. However, financial wellness has become something of a catchphrase that means a lot of different things to a lot of people. I'm currently part of an industry task force that is looking to build some consensus around the term, not only to promote understanding of the concept, but also to bring focus to the key elements that underlie it.

Whether we're talking about physical or financial wellness, the key is stepping back and looking at the whole picture. With physical health, people must consider things like exercise and what we eat—the behaviors that help us stay healthy. With financial wellness, it's about taking a holistic approach to our money, rather than our body. As an industry, we are in a unique position to help people balance short-term and long-term pressures while helping them make healthy financial choices.

NNTM: How have those shifts in awareness impacted how the Principal reaches out to and supports your clients and advisors?

PATTERSON: That focus on helping not just participants, but also plan sponsors make good choices is the essence of our Total Retirement Solutions approach at Principal. We also provide financial professionals with the tools and insights to help plan sponsors navigate decisions. We've been completely devoted to helping them develop that holistic view and have done so for a long time now.

We bought into financial wellness before it had a name, but these days individuals and employers are wrestling with a lot more decisions. We've built a comprehensive suite of solutions that help balance complex decisions—to fund college, establish a budget, set goals, make investment decisions, provide a means of producing income in retirement and more. We see the need all around us—and the opportunity.

NNTM: How do you think the lessons of this time will carry into the future?

PATTERSON: Certain sectors were, and still are, impacted profoundly. There are lessons they will never forget. For many of us, those investments we've made over the years really paid off when we needed them. COVID has dramatically accelerated where we were heading. Today, our engagement levels are extraordinary—both with financial professionals and with their participants.

NNTM: You serve a diverse customer base, both in size and geography—but what do you find that they all have in common?

PATTERSON: The Wells Fargo Institutional Retirement & Trust acquisition doubled our presence in the large plan market, but the real impact on the client base we serve was diversification in sector. What happened over the last year hit different sectors differently—some now need more support than others. No matter how big or small the plan sponsor, all American workers need support and education. And we plan to continue to provide that, perhaps in new ways, or with a renewed emphasis, but with the same commitment Principal has long brought to those we serve.

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Principal Financial Group closed the acquisition of certain assets of the Wells Fargo Institutional Retirement and Trust business (IRT) on July 1, 2019. The transition, transfer, and integration of IRT business operations, employees, and clients will occur over the following 24 months. During the transition period, Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company, will continue to operate and service the IRT business for the benefit of Principal®, including providing recordkeeping, trustee, and/or custody services. Wells Fargo has not reviewed the content of the attached material and makes no judgment of its accuracy.

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