



## PRINCIPAL ADVISED SERVICES, LLC – FORM CRS – CUSTOMER RELATIONSHIP SUMMARY – JANUARY 3, 2024

Principal Advised Services, LLC (“PAS”) is a member company of Principal Financial Group® and is registered as an investment adviser with the Securities and Exchange Commission (“SEC”). In addition to the information here, free, and simple tools are available for you to research firms and financial professionals at Investor.gov/CRS. This website also provides educational materials about broker-dealers, investment advisers, and investing. PAS offers investment advisory services and not brokerage services.

### What investment services and advice can you provide me?

As an investment advisor we offer advisory services to both retirement plan participants and retail customers, which are described below. We do not offer brokerage accounts or brokerage services such as investing in individual investments like stocks, bonds, mutual funds, annuities, and other investments.

PAS provides discretionary investment advisory services through the Principal® SimpleInvest Wrap Fee Program (the “Program”). That means we can buy and sell investments in your account and change the asset allocation without your consent. The Program gives you access to discretionary portfolio management and asset allocation advice, financial professionals, educational content relating to financial matters, and an optional financial wellness tool. The Program is designed to monitor your portfolio on an ongoing basis and will automatically rebalance, as needed, to keep the portfolio consistent with our recommended allocation for you. The investment advice is provided on assets in the Program exclusively and doesn’t consider other investments you may have. PAS uses the services of its affiliates in several capacities to offer the Program. The trading engine used in the Program is provided by an affiliate of PAS. In addition, all the underlying investment products offered through the Program, except for an FDIC-insured deposit bank account, are proprietary investment products managed by affiliates of PAS. You must invest a minimum of \$5,000 total in one or more account and maintain a balance of at least \$1,000 in each account.

PAS offers personalized one-on-one retirement evaluations, non-discretionary advice, and recommendations for assets in Principal in-plan retirement accounts. You will be offered a personalized recommendation regarding the amount of money you should contribute to the plan, “Point in Time” advice regarding which funds to select in your plan, and advice about whether you should enroll in Target My Retirement, a discretionary managed account service through Morningstar Investment Management, LLC (“Morningstar”). The plan sponsor selects the investment options used within your retirement plan, which may include proprietary products. PAS does not review or monitor your plan retirement accounts. The advice does not have an account minimum.

PAS offers one-on-one non-discretionary investment advice to certain retirement plan participant’s whose plan retirement accounts are recordkept at Principal Financial Group, as to which of the four distribution options is in your best interest. Additionally, this service is offered to plan participants whose plans are not recordkept at Principal Financial Group, Principal Financial Group retail account holders, and prospective retail clients. You can receive non-discretionary advice on the options when eligible for a distribution. PAS does not review or monitor your plan retirement accounts. The advice does not have an account minimum.

**For additional information, please see the [Principal Advised Services Form ADV Advice Brochure](#) and [Form ADV Wrap Fee Brochure](#).**

**Conversation starters** Ask your financial professional the following questions.

- ✓ Given my financial situation, should I choose an investment advisory service? Why or why not?
- ✓ How will you choose investments to recommend to me?
- ✓ What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

### What fees will I pay?

When you receive investment advisory services through the Principal® SimpleInvest Wrap Fee Program, you will pay an annualized fee of 0.85% of your account balance. This 0.85% Program fee includes an investment advisory fee for PAS’s advice and management of your account (the “account management fee”) and underlying mutual fund and ETF management fees paid to our affiliates (the “investment expenses”) as well as most transaction and custody costs. For that reason, it may be higher than a typical asset-based advisory fee that doesn’t include these fees and expenses. The account management fee is taken out of your account each month, while the investment expenses are taken out of the value of your underlying investments.

We receive more in fees when you invest more assets in your advisory account. That means we have an incentive to encourage you to increase the amount of assets in your account. The Program fee doesn’t include other fees charged by the account’s custodian, which is the financial institution that’s responsible for trading and tax reporting. Examples of other fees include an annual IRA maintenance fee, wire fees, account closing fees, and other miscellaneous fees.

When you receive non-discretionary advice, there is no additional fee charged, however, you will pay an asset-based fee for Target My Retirement, meaning that you pay a percentage of the assets in your account according to a fee schedule in your advisory agreement with Morningstar. Morningstar does pay a portion of their fee to Principal Financial Group, and therefore we have an incentive to offer Target my Retirement.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make from your investments over time. Please make sure you understand what fees and costs you are paying.

**For additional information, please see the [Principal Advised Services Form ADV Advice Brochure](#) and [Form ADV Wrap Fee Brochure](#).**

**Conversation starter** Ask your financial professional the following question.

- ✓ Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

## **What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

**When we act as your investment adviser**, we have to act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts, because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

### **Examples of Ways We Make Money and Conflicts of Interest**

- In SimpleInvest, PAS invests only in investments that are issued, sponsored, or managed by our affiliates. The more assets our affiliates manage, the more money they make and the more money Principal Financial Group makes. Therefore, PAS has a financial incentive to offer affiliated investment products (generally, mutual funds and ETFs). This results in a conflict of interest. Affiliates of PAS also make money from the sale of banking and insurance products that a financial professional may sell as an insurance agent, or employee of Principal Bank. PAS is an affiliate of Principal Bank.
- In SimpleInvest, the selection of funds and share classes doesn't change the program fee you pay. However, the portion of the account management fee PAS keeps if we recommend lower-fee funds or share classes is higher than if we recommend higher-fee funds or share classes. Therefore, PAS has a financial incentive to recommend lower cost funds or share classes. That's a conflict of interest.
- Within SimpleInvest, PAS has a financial incentive to select companies that are affiliates of PAS for the Program. This includes selecting Principal Global Investors for investments and trading services. By doing this, affiliates of PAS make more money than they would if we selected outside companies. That's a conflict of interest.
- We receive compensation from Morningstar when you enroll in the Target my Retirement service, which creates an incentive for us to recommend that you enroll in that service.

**For additional information about our conflicts of interest and relationships, please see the [Principal Advised Services Form ADV Advice Brochure](#) and [Form ADV Wrap Fee Brochure](#).**

**Conversation starter** Ask your financial professional the following question.

- ✓ How might your conflicts of interest affect me and how will you address them?

## **How do your financial professionals make money?**

Call center staff are paid a salary, including benefits, and do not receive commissions. Staff are eligible to receive an annual and periodic bonuses based on individual and company performance. Factors considered in assessing the staff's individual performance include goals for the retention of investor assets in Principal-affiliated products, call quality, adherence to policies and procedures, and other factors. Staff are also eligible for periodic awards based on progress towards asset retention goals. This compensation is considered a conflict of interest because staff have an incentive to retain assets in Principal-affiliated products to maximize annual bonus potential and the potential for periodic awards.

## **Do you or your financial professionals have legal or disciplinary history?**

Yes, some of our financial professionals have legal or disciplinary history. PAS does not have legal or disciplinary history. Visit [Investor.gov/CRS](#) for a free and simple tool to research PAS and our financial professionals.

**Conversation starter** Ask your financial professional the following question.

- ✓ As a financial professional, do you have a disciplinary history? For what type of conduct?

## **Additional Information**

To learn more about our services, please see the [Principal Advised Services Form ADV Wrap Fee Brochure](#) and [Principal Advised Services Form ADV Advice Brochure](#). If you'd like additional, up-to-date information or a copy of this disclosure, please call (866) 412-0770.

**Conversation starter** Ask your financial professional the following question.

- ✓ Who is my primary contact person?
- ✓ Is he or she a representative of an investment adviser or a broker-dealer?
- ✓ Who can I talk to if I have concerns about how this person is treating me?