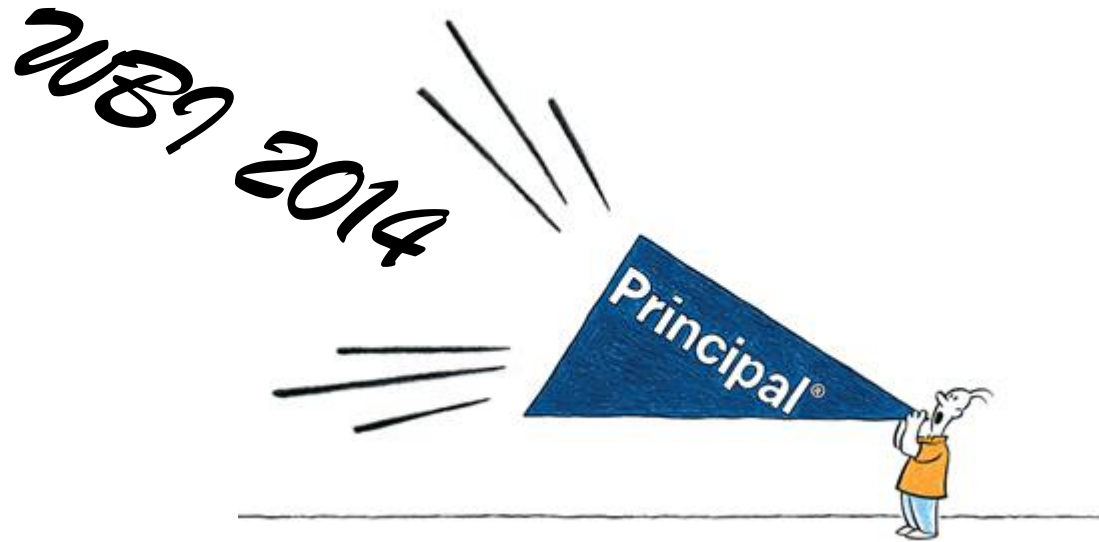


The Principal Financial Well Being Index 2014 Indian Households



Introduction

- The **Principal Financial Well-Being Index** is a very important initiative of the **Principal Financial Group (PFG)*** in the US and is currently in its 13th year running.
- The Principal Financial Well Being Index (US) is targeted to keep a finger on the pulse of the financial well-being of American households /workers and gauges their concerns, attitudes and behaviors as related to the topic of financial security.
- **Principal Retirement Advisors**, part of the Principal Financial Group, introduced “**The Principal Financial Well Being Index**” in India in January, 2014 with an aim to gauge the financial well being of Indian households / workers.
- This is the second edition of the annual study and the study attempts to highlight the Indian Household’s perception of their own Financial health & economy in general and how these perceptions have changed over the last year
- The study has been conducted with our research partner – Nielsen & Company during the last quarter of 2014.

Featured Key Information Areas

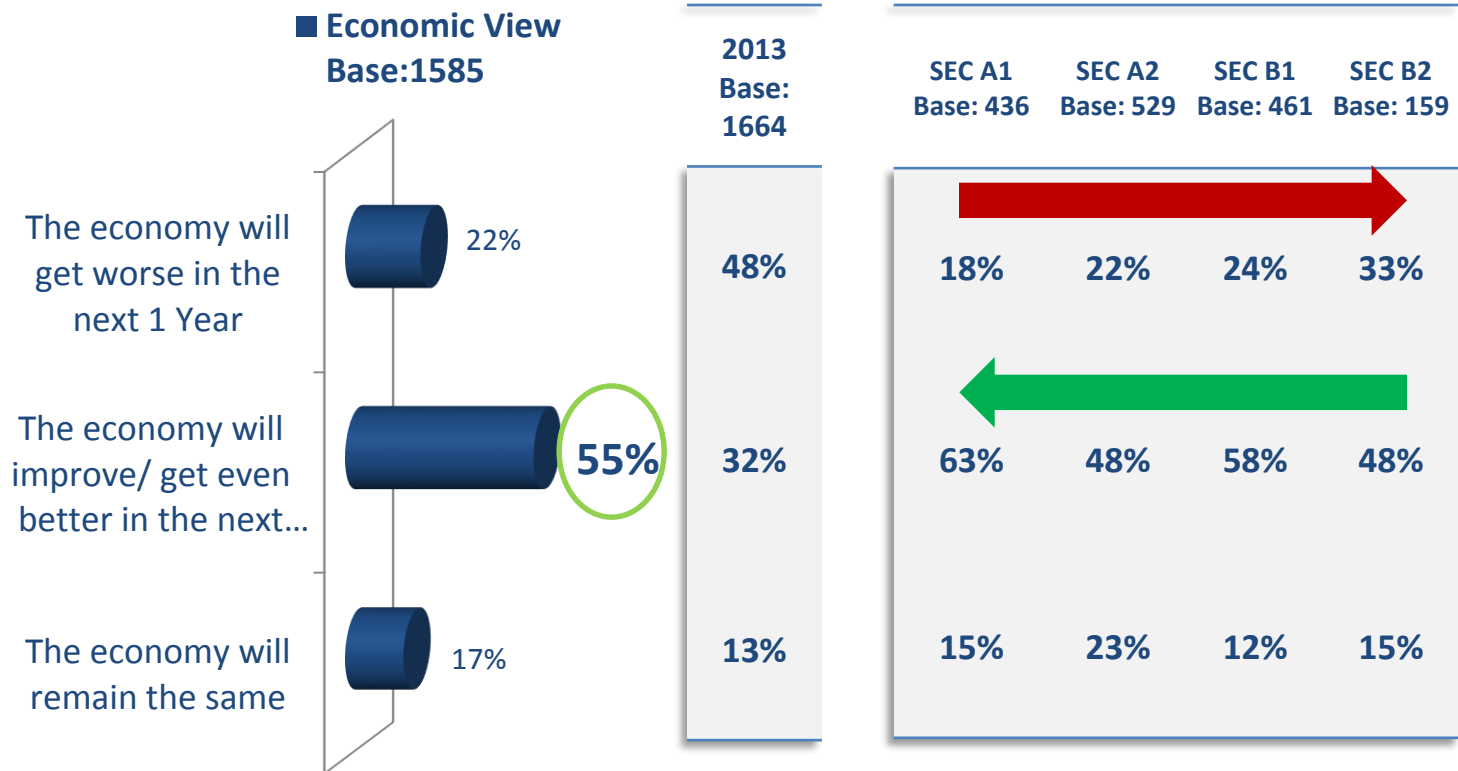
- Perceptions & Concerns about Economy in general
- Household Spending, Saving & Investment Attitude & Trends
- Financial Priorities and Attitude towards Finances
- Availing services of Financial Advisors
- Perceptions & Attitude towards Retirement Planning
- Employee Benefits & Satisfaction Levels



*Perceptions &
Concerns of
Economy in
general*

General Economic Outlook

- Overall optimism on the economy has increased in the last 1 year
- Pessimist view exhibited increases as we go lower down the SEC

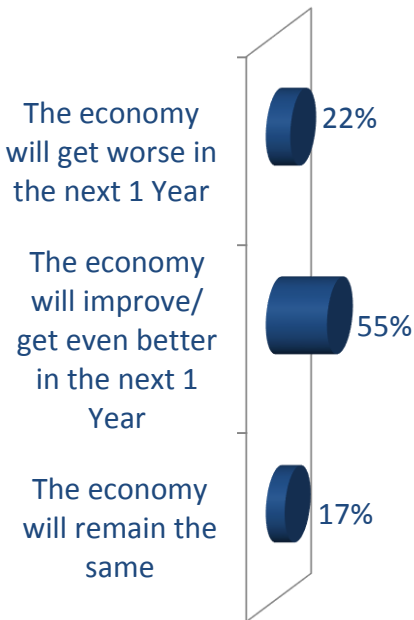


Could you please tell me what do you think will happen to the economy?

General Economic Outlook

Except Jaipur, optimism about improved economic outlook has increased across all 10 centres. Significant improvement in Delhi, Mumbai, Bangalore, Pune & Chandigarh

■ Economic View Base:1585



	Delhi	Mum	B'lore	Chennai	Kolkata	Pune	Ahmd	Hyd	Chd	Jaipur	Lucknow
	173	154	164	208	165	143	132	124	102	107	113
	7%	8%	8%	40%	46%	18%	16%	24%	5%	53%	18%
	-42%	-31%	-33%	-3%	-35%	-38%	-39%	-9%	-58%	28%	-12%
	78%	82%	63%	48%	24%	61%	57%	41%	72%	36%	40%
	50%	38%	31%	9%	20%	36%	16%	-11%	47%	4%	1%
	10%	10%	15%	9%	25%	18%	26%	34%	23%	9%	15%

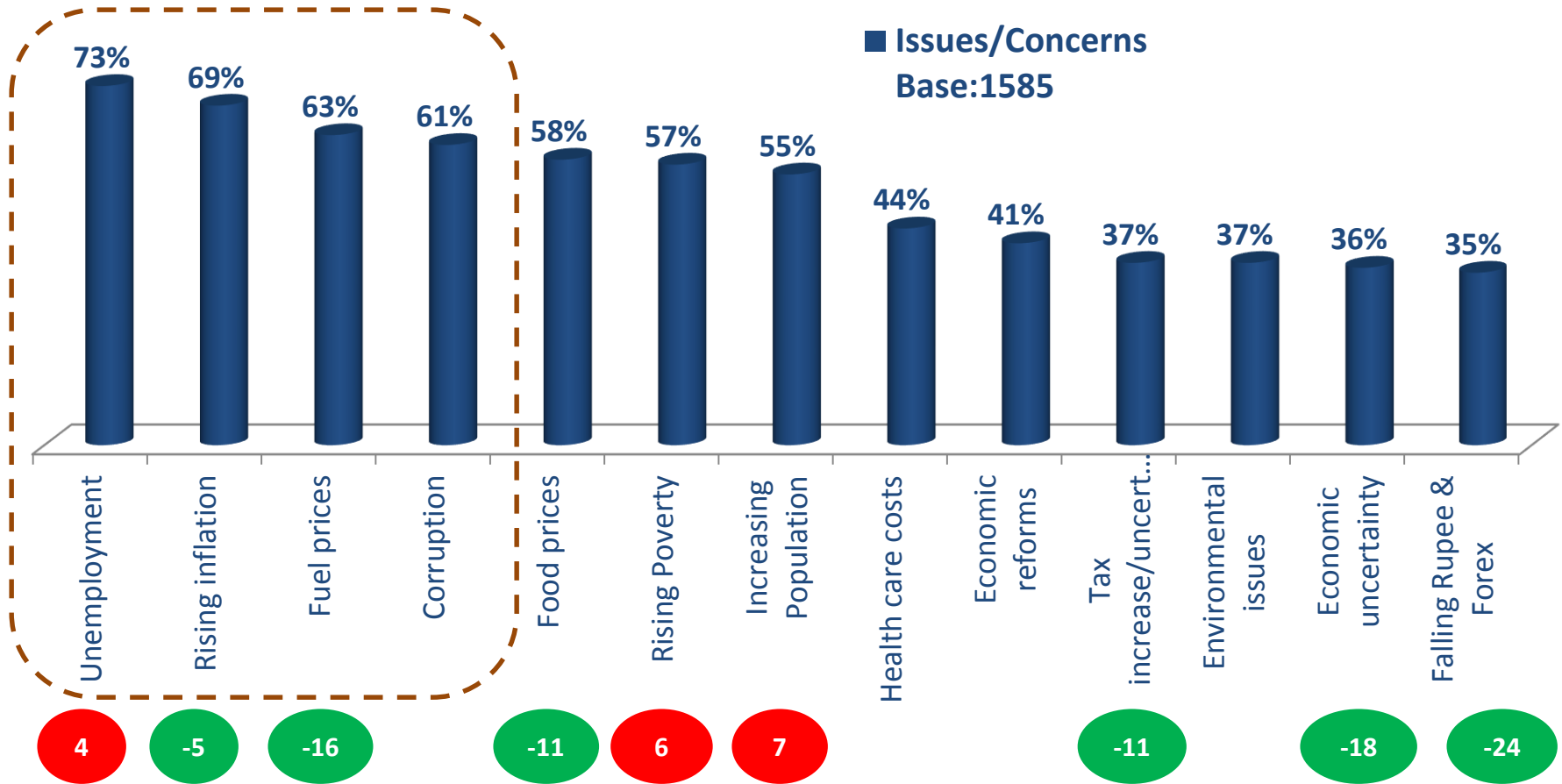
Could you please tell me what do you think will happen to the economy?

Change over last year



Top Concern Areas in Economy

Unemployment, rising inflation and fuel inflation continue to be top concerns in the economy in the next 1 year.



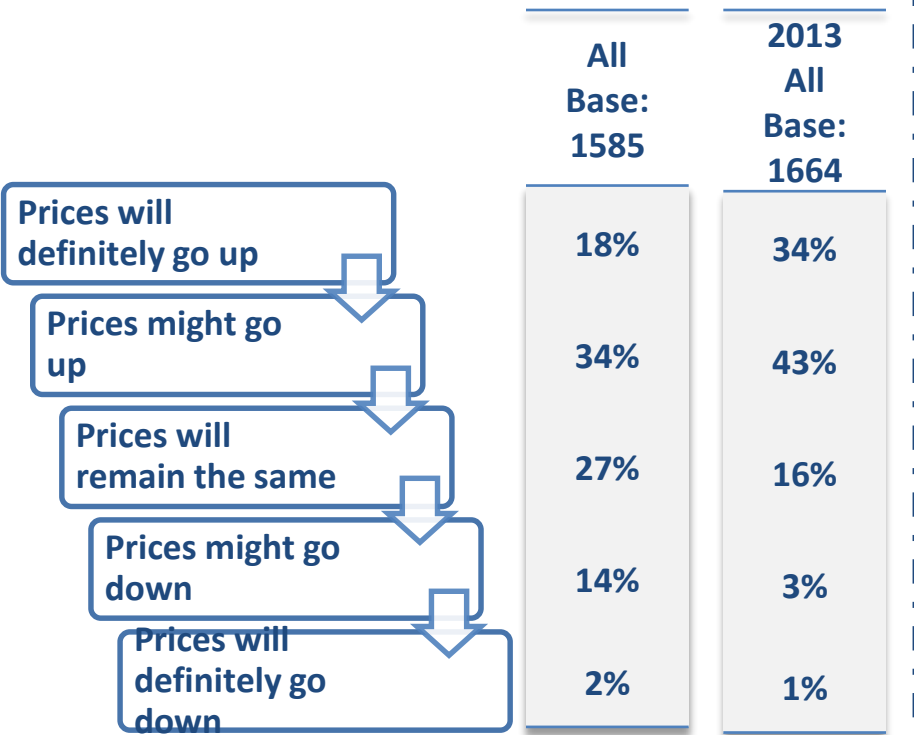
#According to you what are the issues/concern areas for the economy in the next 1 year?

Change over last year

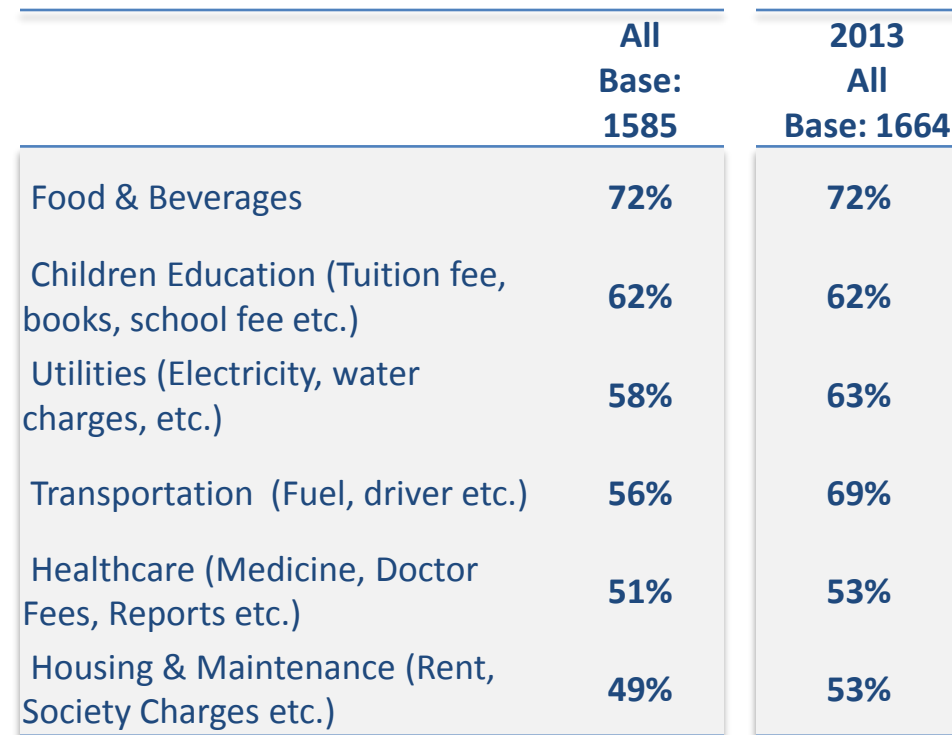
Expectations of Prices of Household Items

Overall 52% respondents feel that the prices of groceries, fuel and other household items will go up in next one year. **This is a drop of 25% from previous year**

Concerns on food and beverages continue to top the list while others have reduced



Could you please share your view about prices of groceries, fuel & other household items in next one year will go up or down?



For which of the products in general, increase in prices will affect your budget seriously?

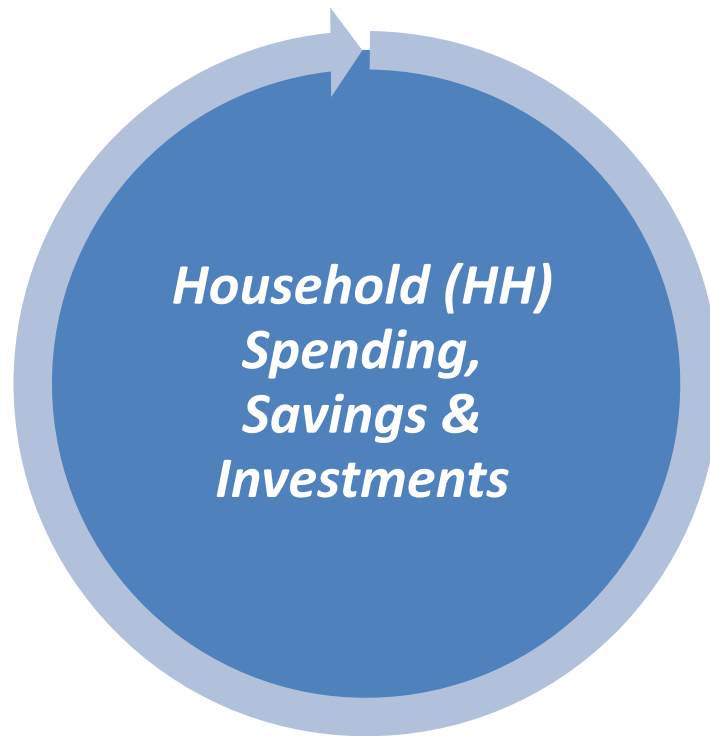
INR Vs. US \$

A **positive perception** of the Indian Rs. Vs the US \$ observed compared to last year.
22% believe the Rs. will gain compared to only 9% last year

Movement of Indian Rupee

	Rupee will fall more vis-a-vis US\$	Rupee will fall a little vis a vis US\$	Rupee will remain the same vis a vis US\$	Rupee will gain a little vis a vis US\$	Rupee will gain more vis a vis US\$
2014 Base: 1585	8%	27%	29%	19%	3%
2013 Base: 1664	24%	33%	21%	8%	1%

#Thinking about economy, where do you see rupee moving vis-à-vis US\$ in the next one year?



Attitude towards spending

There is a slight increase in conservativeness when it comes to spending as compared to last year

		Taking Top 2 boxes
	All Base: 1585	Change from last year
The ability to buy new things makes me happy	72%	3
I buy less in quantity, but pay more for quality	71%	0
I never spend money on myself until the needs of my family are first met	69%	4
I prefer to save money than to spend it	69%	4
I concentrate my spending on the few categories that matter most to me	69%	3
The desire and ability to buy new things progresses or moves our economy and culture forward	68%	2
In the areas where I spend more for quality, I know all the product details	67%	2
I feel I have enough things and feel less the need to buy new ones	66%	12
I feel that our culture has become too focused on consuming and buying new things	66%	-2
I feel financially secure	65%	NA
It seems like every year, there are more things I want to buy	65%	0
I save, and cut back in order to have enough money for the places where I like to splurge	60%	4
Even when the economy is bad, I'll spend on affordable luxuries	52%	3

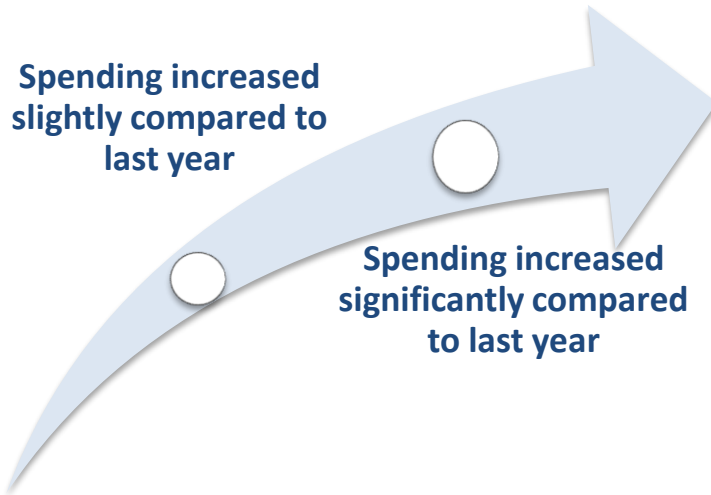
We are now going to show you some statements relating to attitudes some people have towards saving and spending. Please indicate how much you agree or disagree with each statement considering you and your own attitudes towards saving and spending.

Household Spending trends

Increase in Household spending - Both actuals and expectations have come down vis-à-vis last year

2013

Household Spending Actuals compared to last year

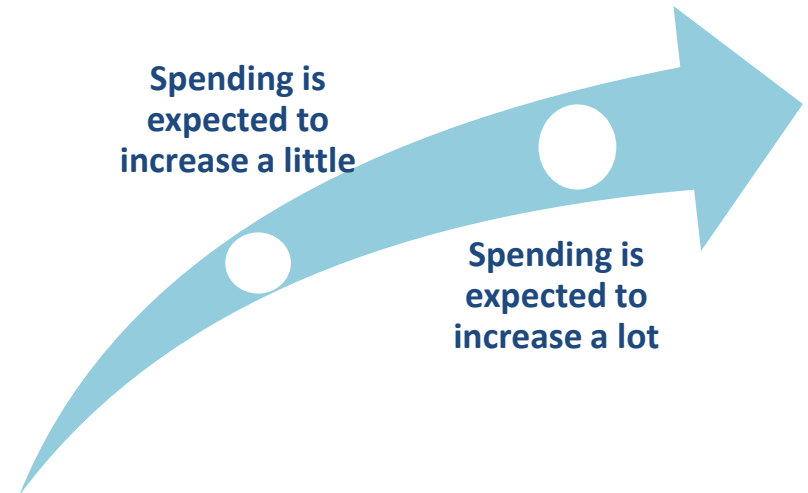


All Base: 1585	30%	8%
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#Could you please tell me If your spending has increased/decreased this year in comparison to last year?

Household Spending Expectations for next year



All Base: 1585	40%	14%
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Considering factors such as rising food prices, inflation etc., could you please tell how are you expecting your overall spending to change in the near future?

Household spending across categories

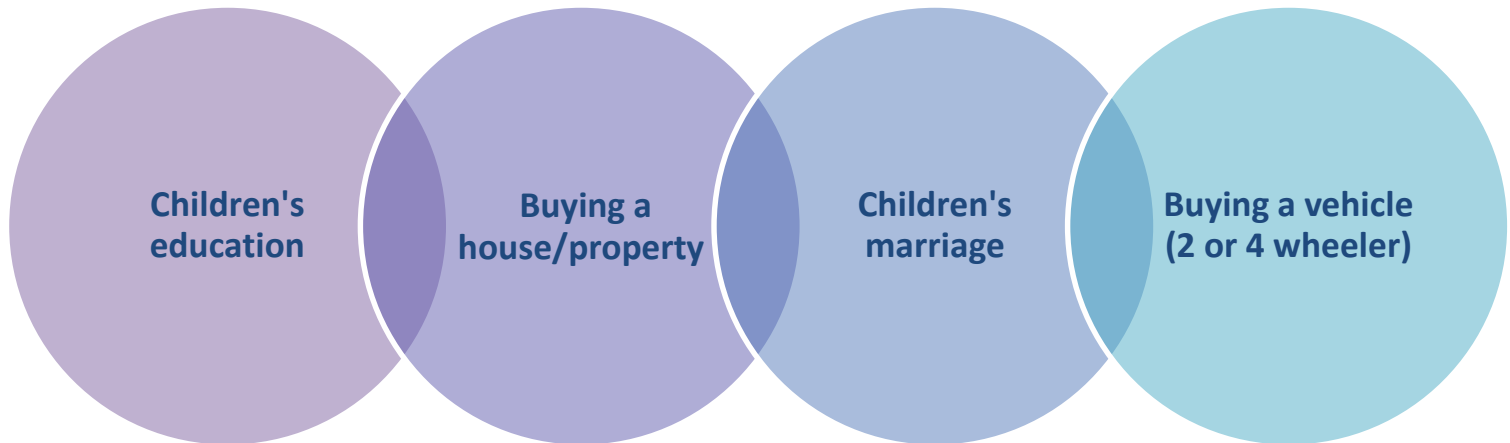
Most Households expect spending to increase across all categories

Expense Categories	All Base: 1585		2013 All Base: 1664	
	Increase	Decrease	Increase	Decrease
Education	81	19	75	25
Family care	78	22	79	21
Food products	76	24	83	17
Apparels and accessories	73	27	69	31
Fitness and wellness	72	28	71	29
House/Home/Apartment	71	29	68	32
Cars & automobiles	70	30	68	32
Health	69	31	64	36
Financial services	69	31	68	32
Home decor and furnishings	69	31	64	36
Electronics	66	34	68	32
Vacation/leisure	65	35	63	37
Agriculture/commercial	63	37	57	43

#Kindly have a look at the card and tell me the categories where you expect to increase/decrease the spending?

Key Big Ticket Expenses

Children expenses (education & marriage) and Buying a House/property continue to be big ticket expenses expected in 2015



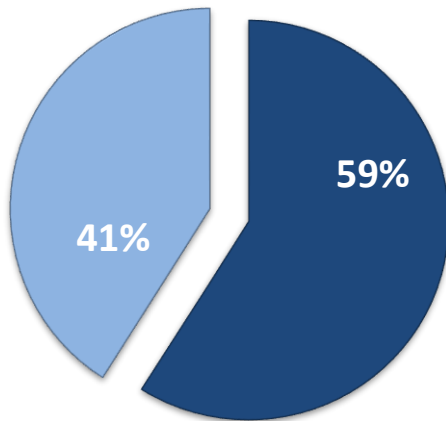
All Base: 1585	68%	57%	44%	38%
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#Thinking about your spending activities, could you please tell me which are the big tickets expenses expected in the next 12 months?

Holiday & Festivities Spending Plan

Holiday Plan

All Base: 1585



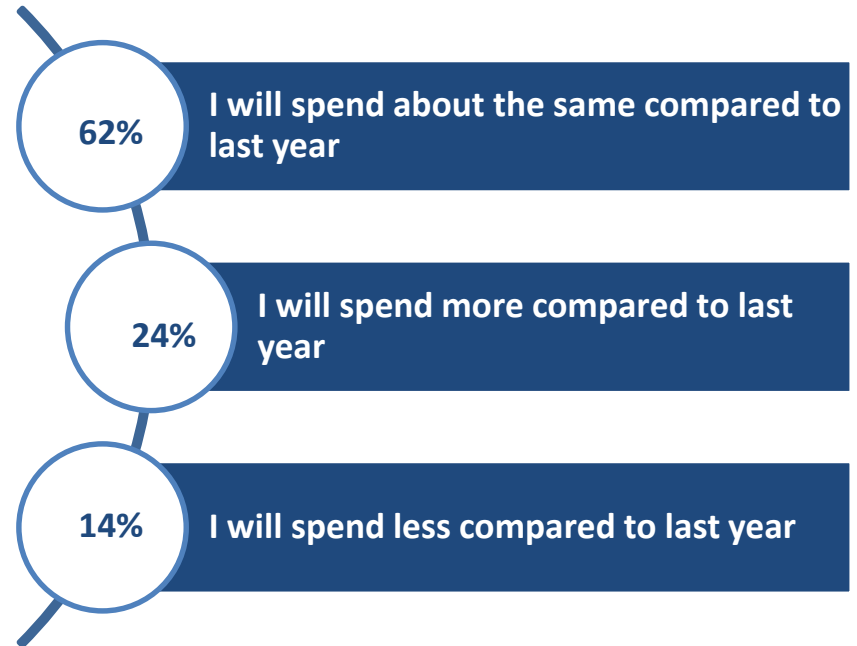
■ No ■ Yes

- 59% people say they are not planning a holiday in 2015
- The number has decreased from 73% in the last year

Now thinking about your holiday plans, could you please tell me if you are planning for a holiday in the next 1 year?, Could you please tell me in the upcoming holidays, you intend to?

Festivity Spending Plan

All Base: 1585



62% people say they will spend the same amount as last year in the upcoming festivities

Compared to last year, could you please tell me how much are you willing to spend on the upcoming festivities?

Planning for Unexpected Expenses

Redeeming investments/savings, Borrowing from friends or family, selling property still continue to be the top avenues for coping with unexpected expenses

Only 28% said that they had some kind of emergency corpus available

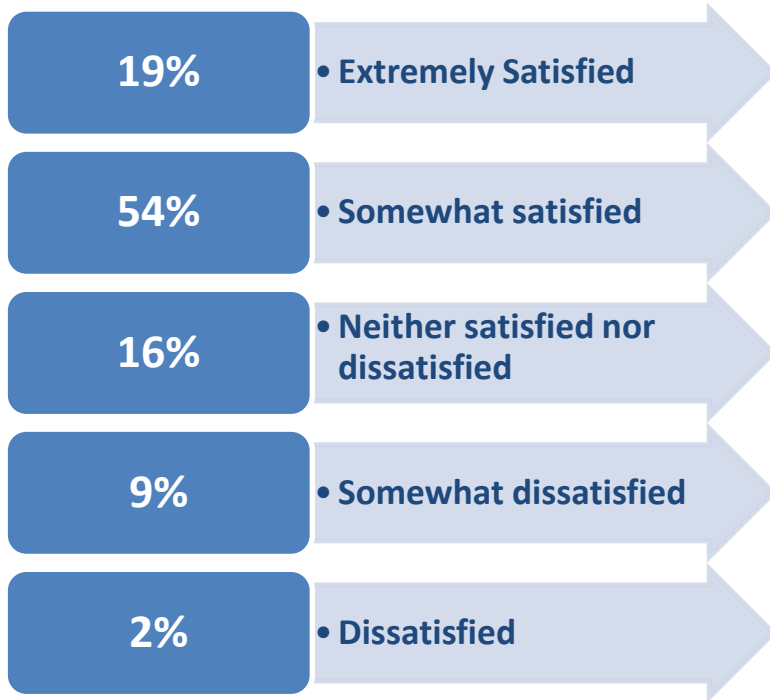
All Base: 1585

	2014	2013
I have good amounts of savings	49	41
I'll borrow from family/friends/colleagues	42	33
I will redeem my investments	41	36
I'll cut down expenses on non-essential items	38	42
I'll sell off property	32	28
I have an emergency corpus available	28	NA
Credit cards	14	10
Base	1585	1664

In case of any unexpected expenses, how do you plan to cope up with them?

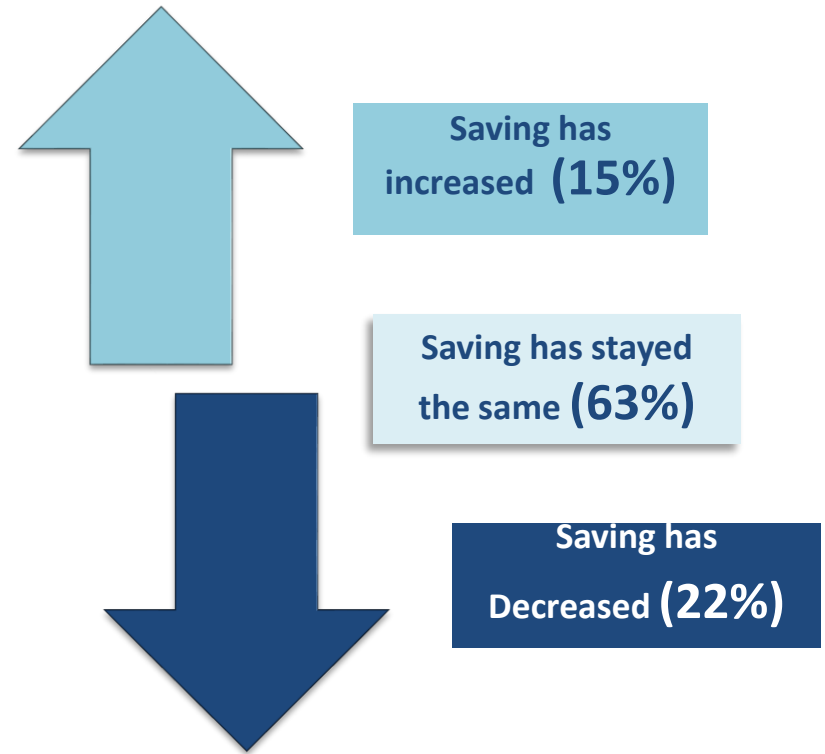
Current HH* Savings – Trend & Satisfaction Levels

73% Households are satisfied with their current levels of savings



All Base: 1542

63% Households say that their savings have stayed the same in past 1-2 years



All Base: 1542

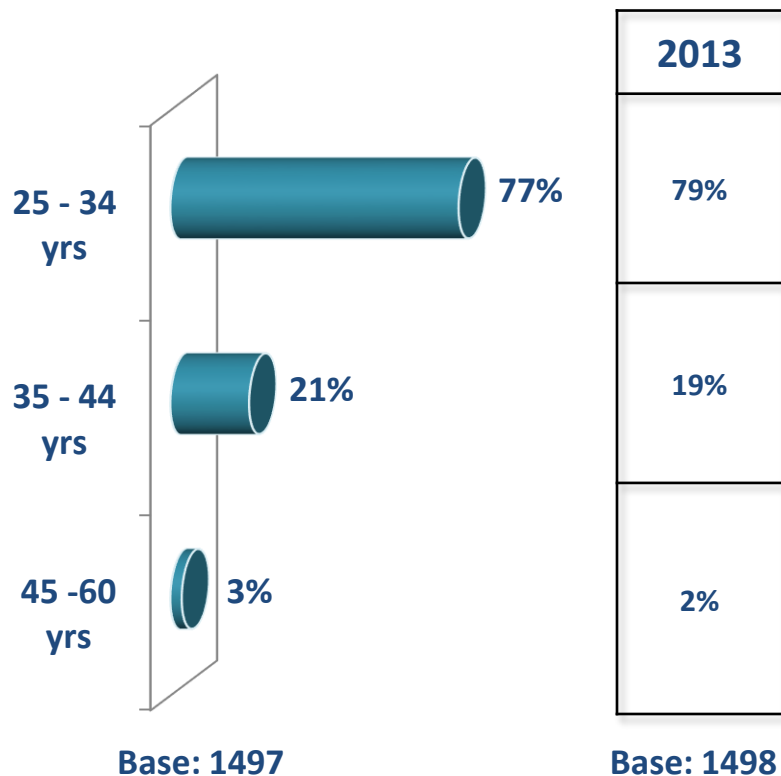
*HH - Household

#How satisfied are you with your current level of savings?

Has your level of savings changed in the past 1 – 2 years?

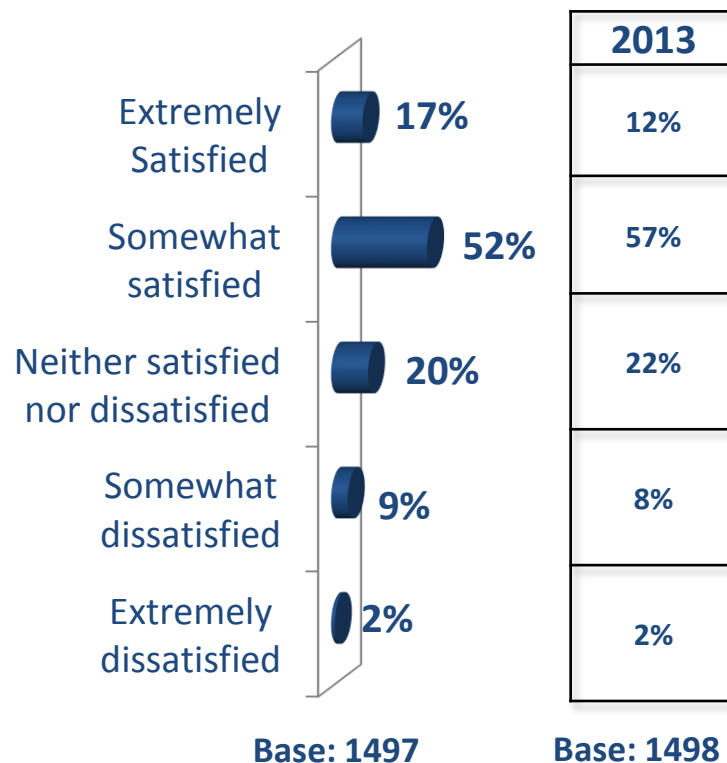
Current HH* Investments - Satisfaction Levels

77% respondents say that they started investing before the age of 35 years



*HH - Household
 # Could you please tell me the age when you started investing

69% Households are satisfied with their current level of investments



How satisfied are you with your current level of investments?



*Financial
Priorities &
Attitude towards
finances*

Attitude towards current Financial Situation

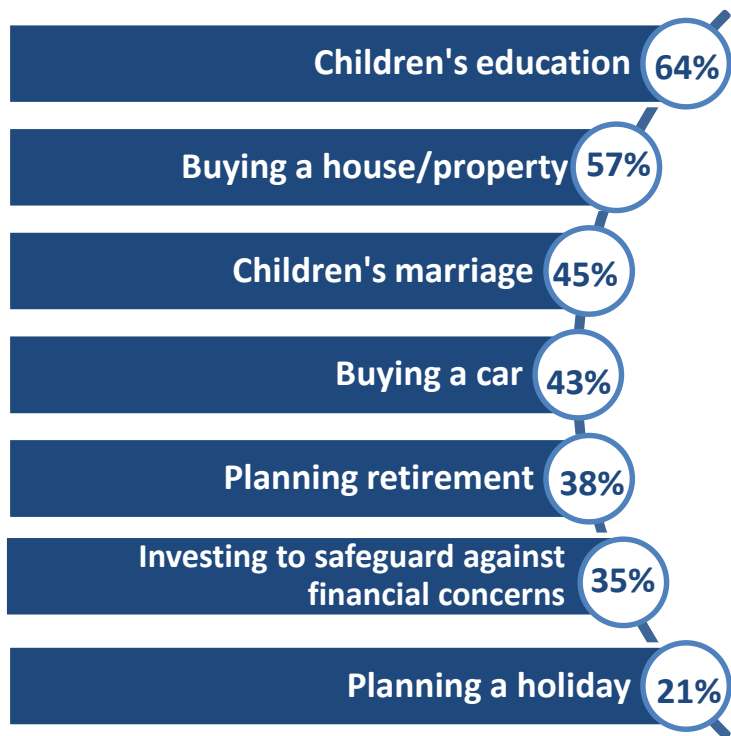
Overall respondents feel that they are financially prepared for retirement showing an increase in savings and investments.

	All Base: 1585	2013 All Base:1664
I believe I will be financially prepared for a comfortable retirement	70%	57%
I usually feel in control of my personal financial situation	68%	63%
I believe I am making good progress towards achieving my long-term financial goals	68%	63%
I am happy with my current financial situation	68%	62%
I worry about my long term financial future	67%	58%
I have good health insurance coverage	66%	58%
I often worry about my job security	65%	52%
I have enough life insurance coverage to help protect my family in the event of my premature death	64%	61%
I rely on the help of financial professionals when making important financial decisions	64%	54%
I feel stressed about my current financial situation	63%	51%

Please indicate how much do you agree/disagree with each statement considering yourself and your own attitude towards financial situations?

Top Financial Priorities

Children's Goals & Buying a House are the top financial priorities across age-groups



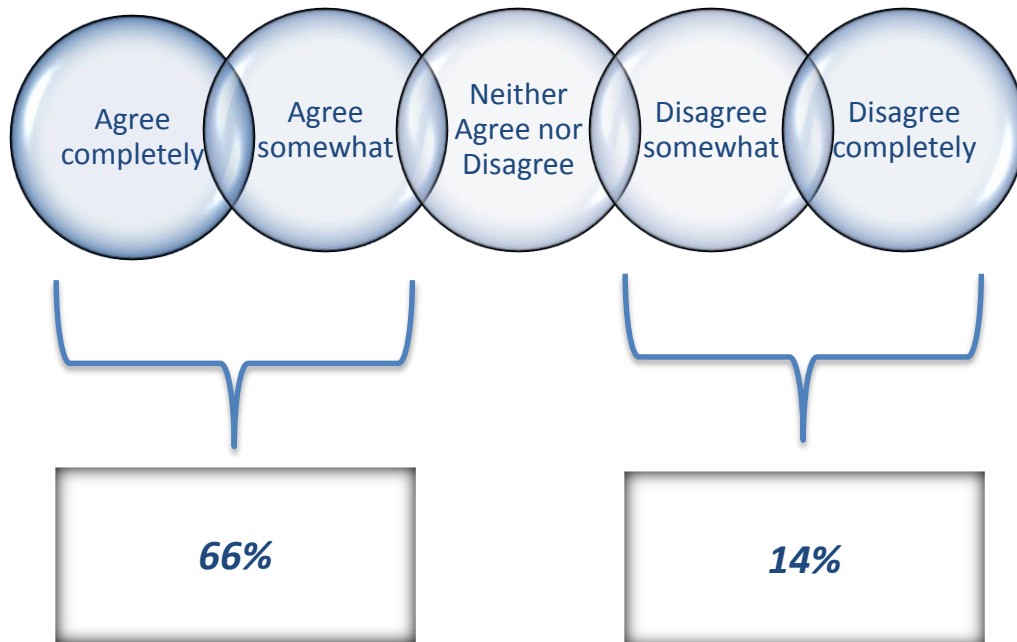
2013	2013			
	25-30 years	31-40 years	41-50 years	> 50 years
61%	355	521	536	173
52%	52%	71%	65%	61%
42%	61%	55%	57%	55%
35%	33%	45%	52%	53%
35%	48%	43%	42%	37%
33%	34%	37%	42%	35%
20%	41%	38%	31%	31%
	29%	22%	16%	17%

Out of these, could you please tell me which are your Top 5 financial priorities?



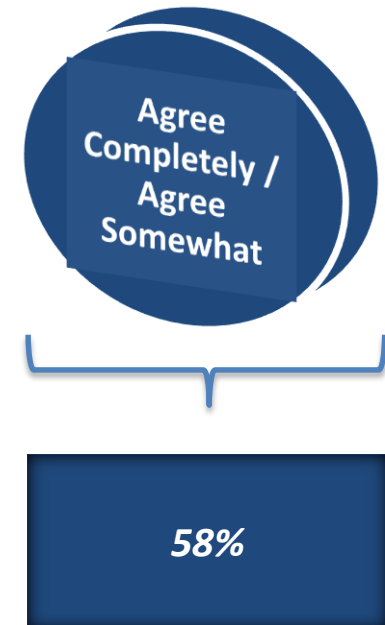
Confidence of taking own financial decisions

“I feel confident in my abilities to make important financial decisions ”



All Base: 1585

“I rely on the help of financial professionals when making important financial decisions



All Base: 1585

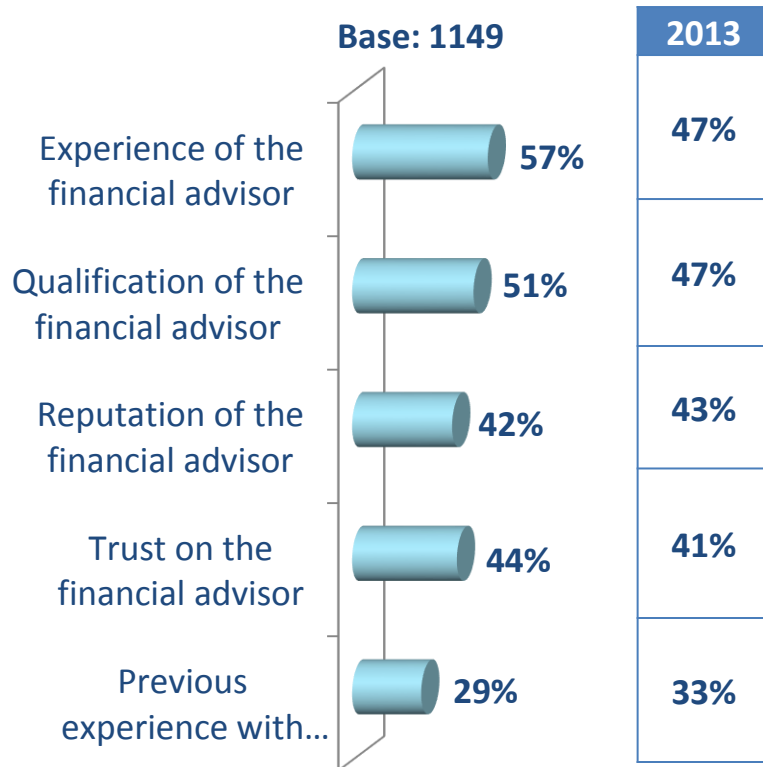
Please rate your level of agreement with the following statements:

- *“I feel confident in my abilities to make important financial decisions.”*
- *“I rely on the help of financial professionals when making important financial decisions*

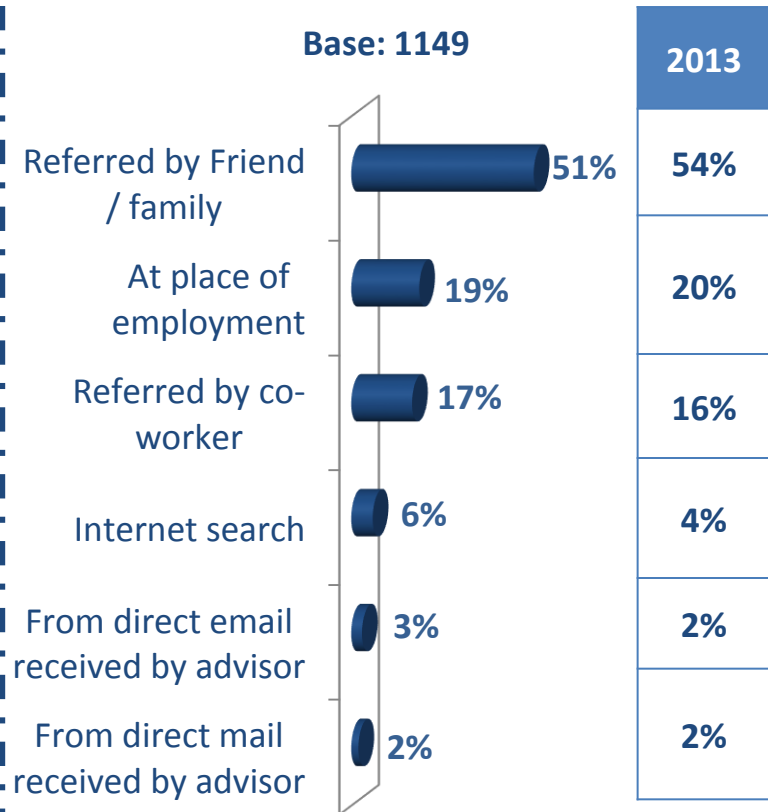
Financial Advisors: Most Desirable Attributes

Experience (57%), Qualification (51%), Trust (44%) & Reputation (42%) are the key attributes that people look for in an advisor

Almost 70% people consult financial advisors referred by their friend / family & co-workers



While consulting a financial advisor for investment decisions, what all attributes you look in an advisor?



How did you find your financial advisor?

Areas where financial advisor support needed

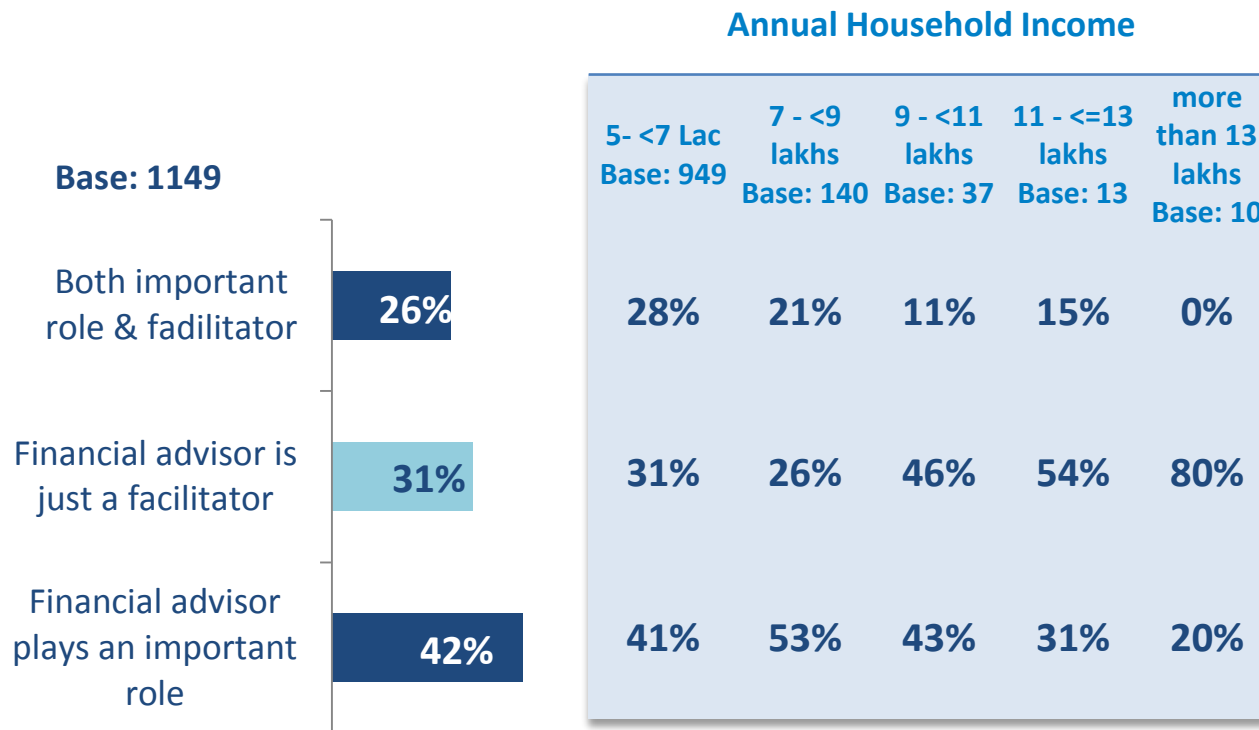
- Setting Financial Goals (54%), Tax Saving / planning (47%) & investment advice (46%) are the top 3 reasons for consulting a financial advisor
- Retirement planning also figures prominently with 41% respondents consulting financial advisor for the same

	Base: 1149	2013 Base: 1014
I consult my financial advisor for setting financial goals	54%	51%
I consult my financial advisor for tax saving	47%	47%
I consult my financial advisor to plan investments/for investment tips	46%	42%
I consult my financial advisor to plan retirement	41%	35%
I consult my financial advisor for filling tax returns	39%	35%
I consult my financial advisor to gain market knowledge	38%	34%
I consult my financial advisor to increase returns on my investments	35%	38%
I consult my financial advisor to invest for children's education, marriage etc.	30%	23%
I consult my financial advisors for completing financial transaction related formalities e.g. signing form etc.	16%	24%

Could you please tell me in what areas does your financial advisor helps you or what areas would like you him/ her to help you?

Perception of Role of Financial Advisor & Benefits

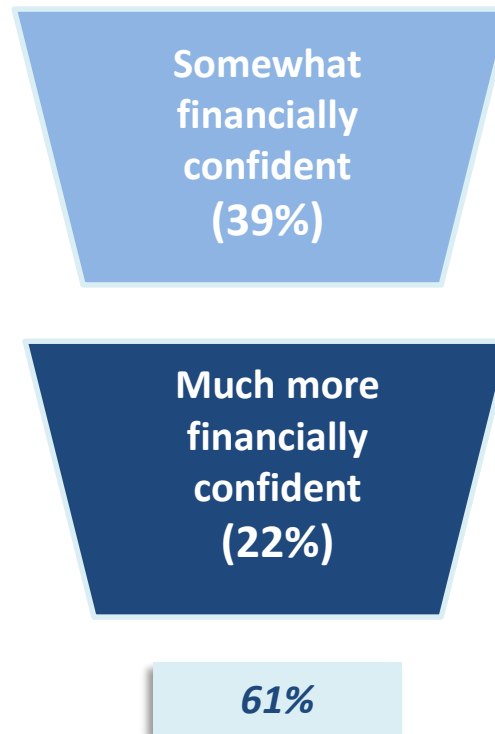
Overall 68% respondents feel that Financial Advisor plays an important role



Do you feel financial advisor plays an important role in your financial decisions or is he / she just a facilitator?

Perception of Role of Financial Advisor & Benefits

Overall 61% respondents feel more financially confident after availing services of Financial Advisor



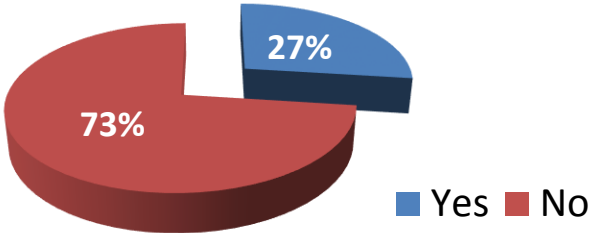
Base: 1585

Since you began working with your financial professional, how would you say your financial confidence changed?

Reasons for not consulting a financial advisor

	Base: 357	2013 Base: 546
Know enough on my own	57%	55%
Don't want to pay a fee	54%	52%
Don't think I have enough savings or investments	37%	40%
Don't trust financial professionals	33%	37%
Rely on family, friends and/or coworkers for financial advice, guidance and/or products	34%	37%
Haven't taken the time to find one	25%	21%
Not sure how to go about finding a financial professional	21%	14%
Haven't been able to find a financial professional I can relate well with	16%	14%
Requires too much time	12%	11%

Willingness to Pay Fees (Base: 357)



57% people cite knowledge (know enough on their own) as the foremost reason for not consulting a financial advisor

27% of those not consulting a financial advisor are willing to pay fees for financial advice in future

You mentioned you do your own investments, could you please share the top 3 reasons for not consulting a financial advisor?
 # What if you decide to consult a financial advisor, will you be willing to pay a fee for the financial advice?



Outlook on Post Retirement Finances

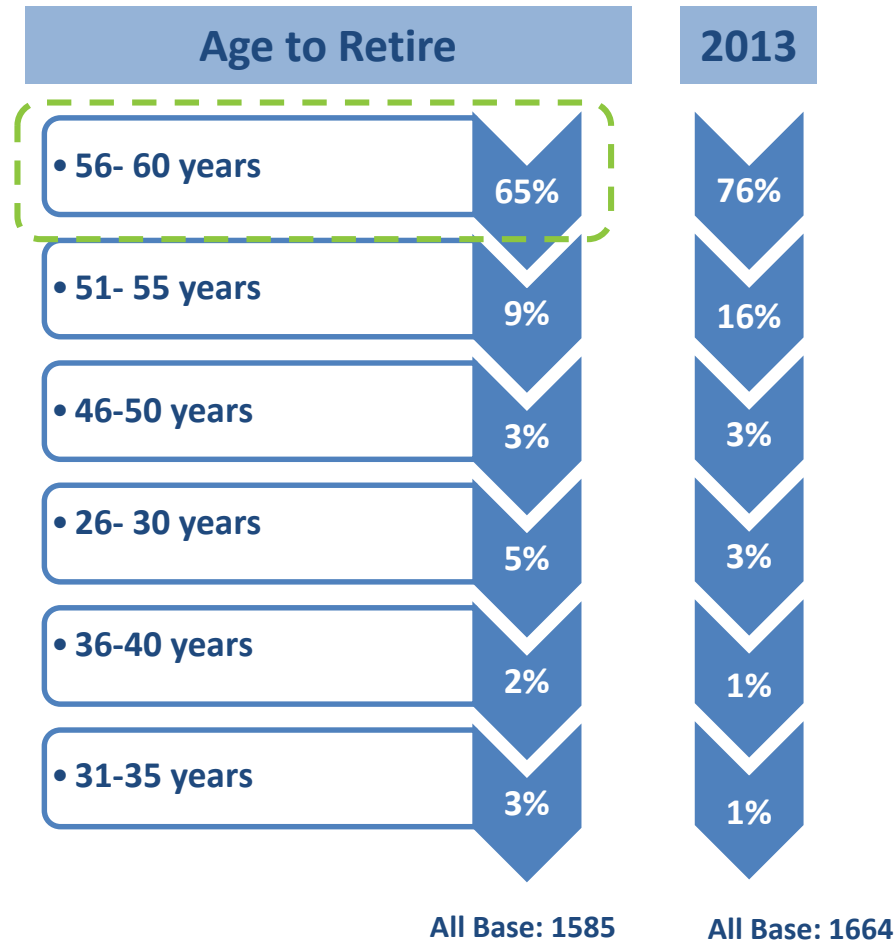
Staying happy & stress free (56%) and having enough savings (49%) are the main thoughts for post retirement finances

	All Base: 1585	2013 All Base: 1664
I want to save enough for my retirement	56%	45%
I want to be happy and stress free post retirement	49%	48%
I have never thought about it truly speaking	48%	44%
I have already started investing/ saving for my retirement	39%	34%
I have enough family wealth/ property which will take care of my needs during retirement	32%	23%
I expect my children to partially help me at the time of retirement	27%	16%
I expect my children to take care of my retirement	12%	12%

Could you please tell me what do you think of post retirement finances?

Targeted Age of Retirement

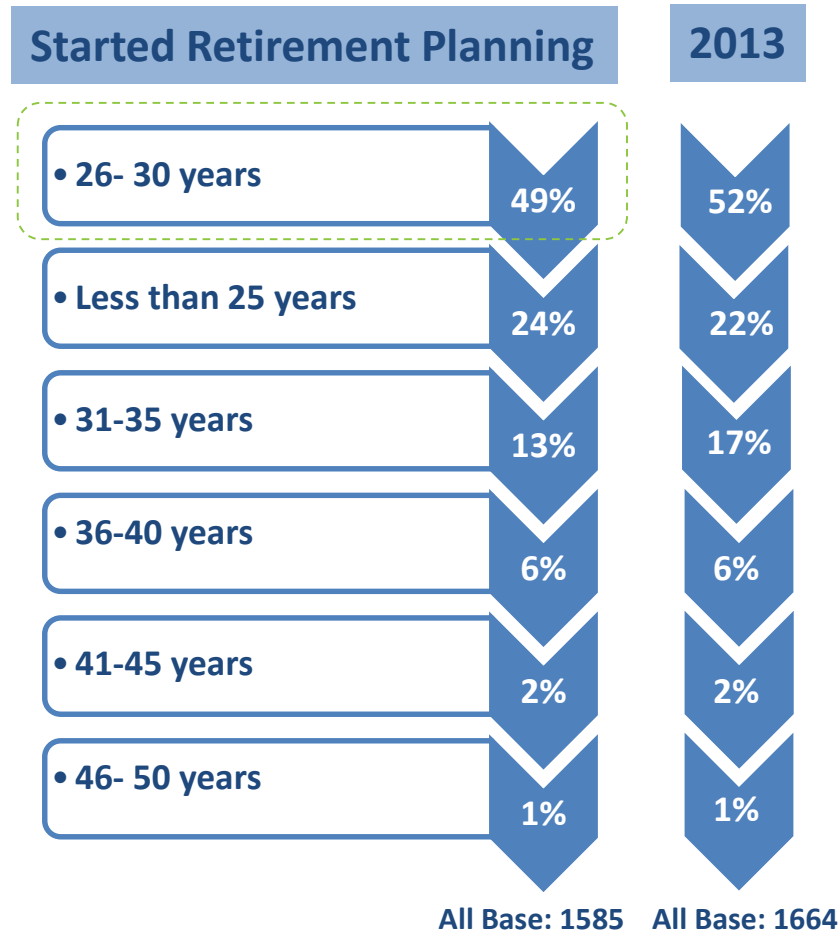
65% plan to retire between 56-60 years of age



What is the age you are planning to retire?

Retirement Planning Start Age

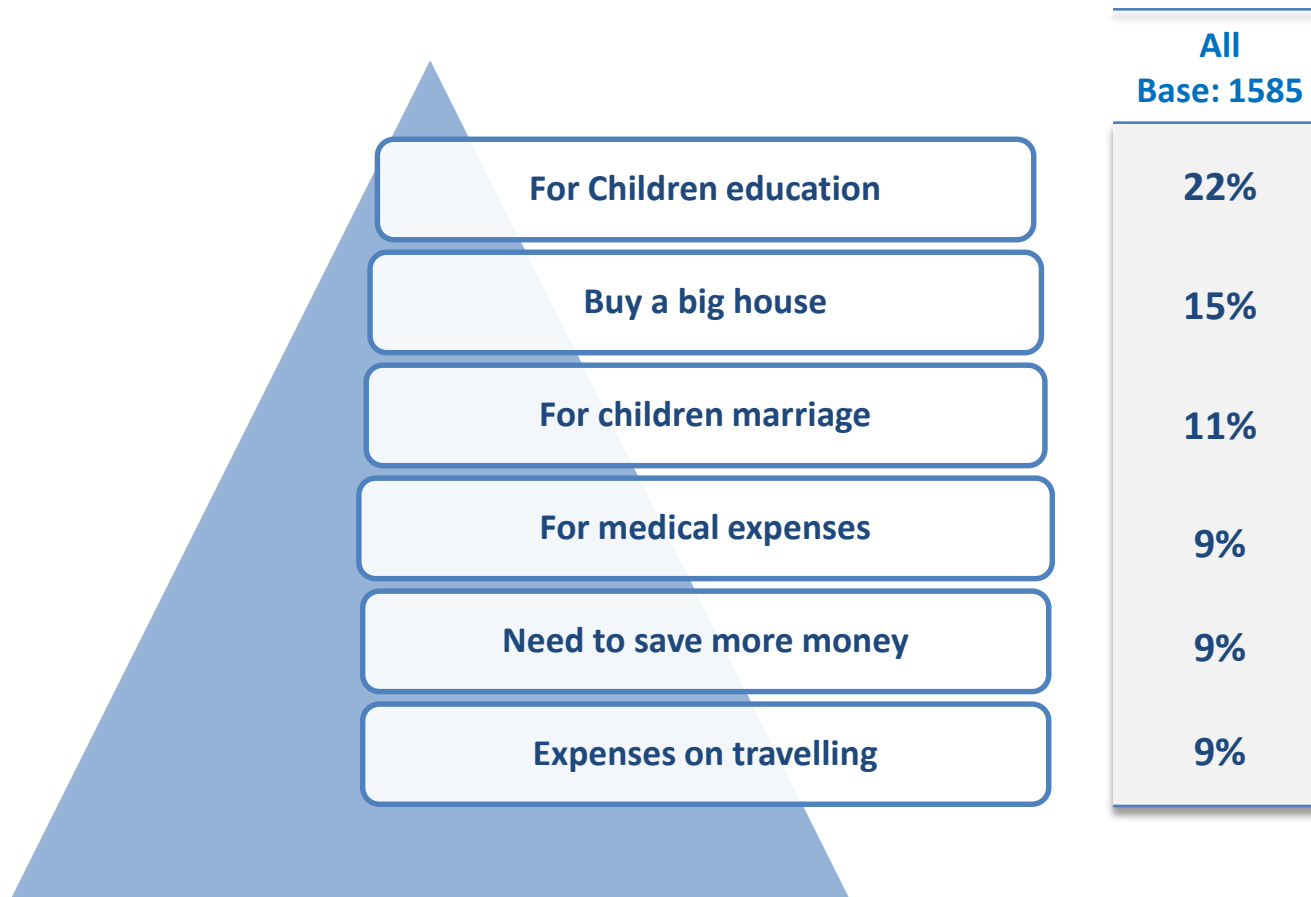
Overall 49% people claim to have started investing for retirement at age of 26 – 30 years



Can you please tell me what was your age when you started investing/planning for retirement?

Top Aspirations Post Retirement

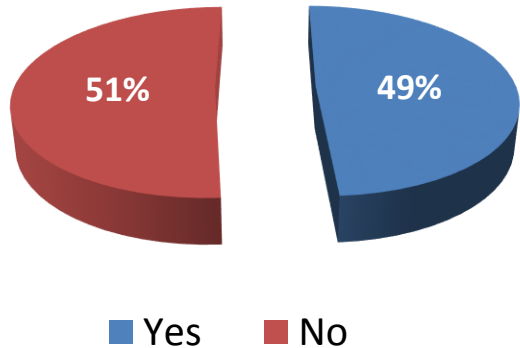
Children education (22%), Buying a house (15%) & children marriage are the Top 3 aspirations post retirement. Travel also features prominently in the list



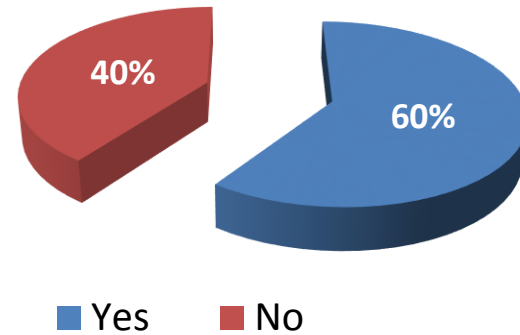
#Can you please tell me what your top 3 aspirations after retirement are? By aspirations I mean, what are all the things which you want to do after you retire? Please mention your top 3 aspirations.

Perceptions of Preparedness for Post Retirement Finances

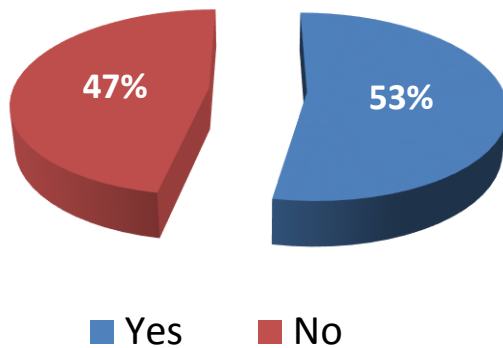
Money available at retirement? (Base:1585)



Whether Invested for Retirement? (Base:1585)



Retirement fund keeping in mind inflation?(Base:1585)



- 49% people claim to know how much money they require post retirement
- 60% people say they have invested for their retirement
- Only 53 % people keep inflation in mind for retirement funds

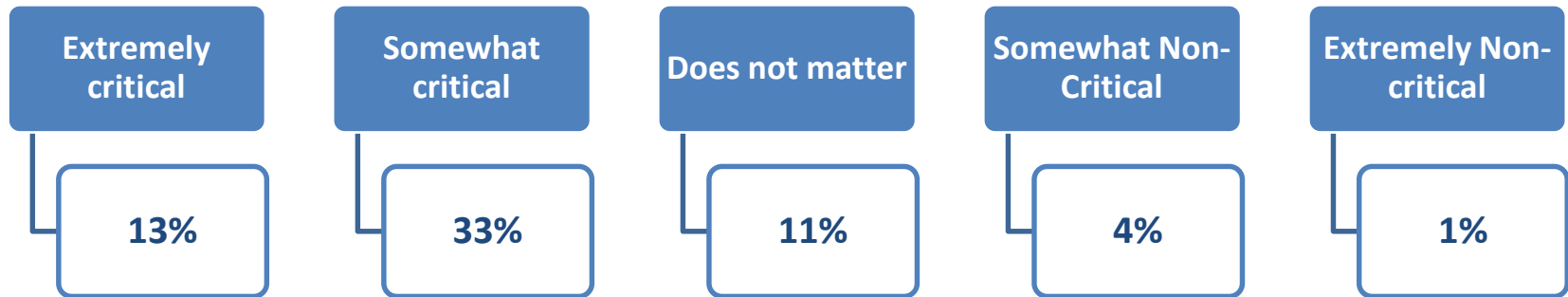
Do you know how much money you will require at the time of retirement? Thinking about your post retirement needs, have you made any investments for your retirement?



*Employee
Benefits &
satisfaction levels*

Importance of Employee Benefits

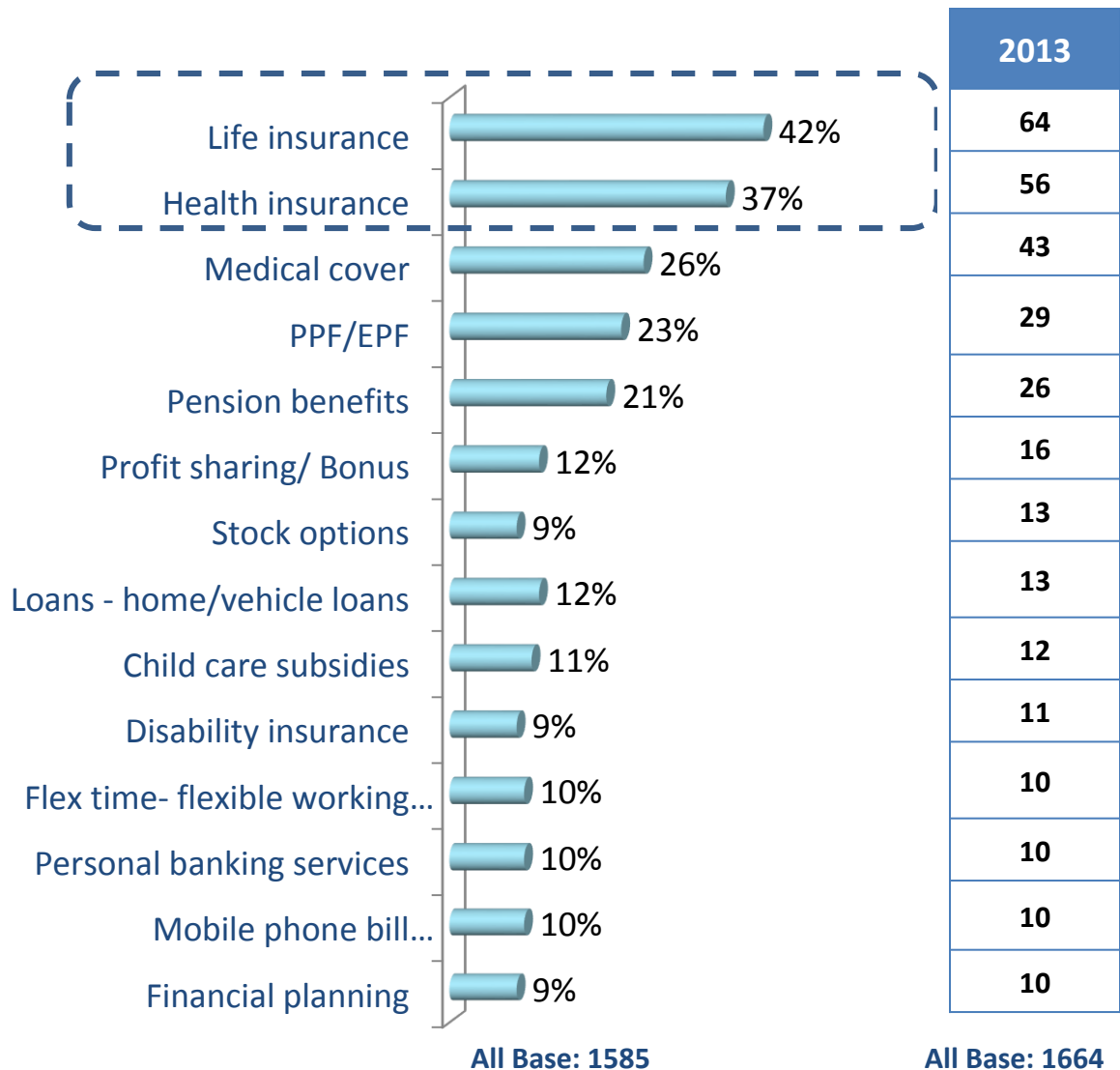
46% respondents feel that employee benefits are critical for employee retention / better performance



All Base: 1585

Thinking about overall employee benefits, according to you how critical are employee benefits for employee retention / better performance etc. Kindly use the rating scale as shown?

Key Employee Benefits Offered by the Employer



- Life Insurance (42%) and Health Insurance (37%) are the most commonly offered employee benefits by employer
- Few Employers have begun offering financial planning benefits to their employees

Could you please tell me what all benefit programs is your employer currently providing/offering you?

Satisfaction Levels with Key Employee Benefits Offered

	All	2013
Education Program to improve health & reduce health risks	70%	42%
Tuition re-imburement	61%	45%
Mobile phone bill reimbursement	61%	40%
Legal services	59%	49%
Loans- home/ vehicle loans	59%	37%
Financial planning	56%	58%
Parking facility	54%	54%
Profit sharing/ Bonus	53%	55%
Medical Cover	52%	47%
Health Insurance	52%	46%
Disability Insurance	50%	62%
Child care subsidies	49%	49%
Personal banking services	49%	49%
Pension benefits	48%	43%
Flexible working hours	47%	43%
Life Insurance	46%	47%
PPF/ EPF	45%	43%
Stock options	43%	51%

- Health Education Programs, Tuition reimbursement, Mobile Reimbursement, Legal services, and Loans are the top 5 benefits with highest satisfaction levels
- Financial Planning benefit also scores very highly amongst the employee benefits with highest satisfaction levels

Out of these, could you please tell me how satisfied/dissatisfied are you with each of the benefits offered by your employer?

Research Methodology & Design

- **The Principal Financial Well Being Index: Indian Households** has been conducted with Nielsen & Company during the last quarter of 2014.
- The study was conducted in 11 cities – Mumbai, Delhi, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad, Pune, Chandigarh, Lucknow & Jaipur and a total of 1585 Indian households were interviewed.
- The respondent profile is:
 - Age 25 to 60 years,
 - SEC A & B, Annual household income of INR 5 lac+
 - Salaried or self-employed professionals & employed full time/part time with either a small*/medium*/large* sized company
- Quantitative research conducted using a structured questionnaire in a CAPI (Computer Aided Personal Interview) format.
- Interviews conducted at respondents' home. In a given household, only one member was interviewed.
- A given market has been divided into several zones and these have been further split by different starting points, in order to ensure sufficient randomness in the sample
- Quotas maintained for demographic parameters namely Age, SEC, Gender & Employment Status

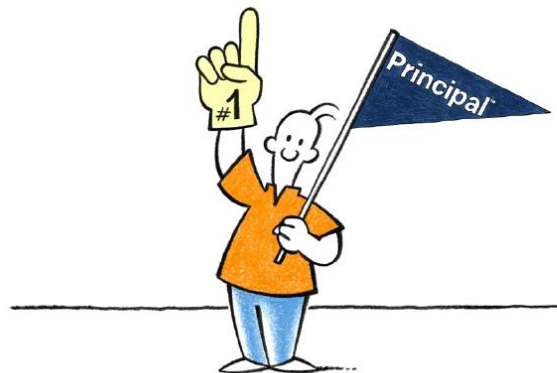
About Principal Retirement Advisors

- Principal Retirement Advisors is India's first dedicated retirement solutions specialist
- Offerings include Advisory Services, Investments, Insurance, Estate Planning etc.
- Licensed under SEBI's Investment Adviser regulations
- Part of the Principal Financial Group[®] (The Principal[®]), a leading global financial services company
- Presence in Mumbai, Delhi, Bangalore, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Jaipur, Chandigarh & Lucknow

About the Principal Financial Group

The Principal Financial Group® (The Principal®) is a leading global financial company offering businesses, individuals and institutional clients financial products and services.

- Fortune 500® Company
- 19.4 million customers & 14,800 employees world wide in 18 countries
- \$517.9 Billion in Assets Under Management
- 134 year history
- Full range of retirement savings, investment and insurance solutions for SMB & their employees, individuals and institutions
- Traded on NYSE under the ticker symbol PFG



Disclaimer

The above presentation has been compiled by Principal Retirement Advisors Pvt. Td. (PRA) by extracting relevant data from the research work done by its independent research consultant – Nielsen & Company in last quarter of 2014. The numbers reflect the situation at the time the survey was done by the research consultant and the same is likely to change with passage of time. PRA assumes no responsibility for any contents herein. PRA will not entertain any kind of claims made by any person for any losses suffered by use of the information provided herewith.