

IN THIS ISSUE

① INFORMATION

- [Quarterly Market Review](#)
- [Spotlight on Participant Education](#)
- [Get the Most Out of Our Website](#)

② LEGISLATIVE/COMPLIANCE

- [Fiduciary Focus: Special Edition](#)
- [Transamerica's Commitment to Your Privacy](#)
- [Compliance Update](#)

③ FEEDBACK

Our main goal is providing you with the information you need. Please send your feedback and suggestions to:

sponsorconnect@transamerica.com

With a new year well under way, we would like to thank you for your contribution to a successful year-end compliance season. A significant number of you submitted your census online this year, which is phenomenal. Kudos to you and your staff for your excellent work!

The stock market has had a rocky start this year. In an effort to help your participants understand what is happening with the market, we offer a quarterly market review in our Market Review Made Simple presentation.

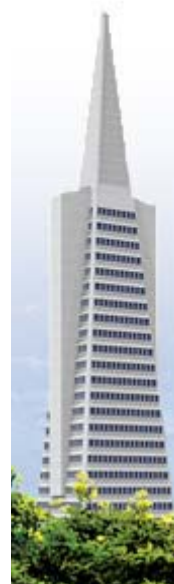
Providing communication and education support for your plan participants is a priority for you as the plan sponsor. But it can also be a challenge. That's why each quarter in 2008 we will offer you a valuable educational tool designed to help you educate your employees.

We are also beginning a quarterly feature designed to help you get the most out of our Web site – Get the most out of www.TA-Retirement.com. This month, We feature our plan level reports and focus on the available information at your fingertips.

Recently, the Supreme Court reached a decision that affirms a participant's right to sue a 401(k) plan for breach of fiduciary duties. We have the latest information on this ruling. Read more in our Fiduciary Focus.

To refresh your knowledge of your various compliance duties, we are reprising our article from last year on the upcoming compliance and legislative deadlines for March and April.

We round out the month with an article about privacy and Transamerica's commitment to keeping you and your participants' data safe. Read the article to learn more about the precautions we take to keep your data with us safe.



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(866) 498-4557

Quarterly Market Review

To assist you in helping your participants keep abreast of how the stock market is doing—each quarter, we offer a quarterly market review presentation called Market Review Made Simple.

The current presentation offers a review of the fourth quarter of 2007 with highlights on the bond and stock markets, what the returns were for each market, and what the outlook is coming off of the fourth quarter.



This Market Review Made Simple presentation is available on TA-Retirement.com. Your participants can go to their Web site, look for the "Welcome" paragraph and click on the link to access retirement planning tools. They will then be taken to "Educational Videos" where this presentation is listed under Market Review Made Simple as the 4th Quarter Review. You can [click here](#) to view it now.

Spotlight on Participant Education

This quarter we feature two different tools that you can deploy in a variety of ways. Both are designed to encourage plan participation, and to help educate participants on the benefits of increasing their contributions. These tools can be printed, cut out and used as payroll stuffers or attached to emails and sent electronically.

[401\(k\) Retirement Plans - The Smarter Way to Save](#)

Help your employees understand the benefit of participating in a 401(k) plan versus contributing to a regular savings account. Employees also will learn about the tax benefits of participating in a 401(k) plan and see the difference in savings they can achieve in the plan. This is a great pre-enrollment tool to use with your employees



[The 1% Difference](#)

By encouraging participants to increase their contributions this tool demonstrates that a small increase can make a big difference. The graph outlines how contributing an additional 1% over 10, 20, and 30 year periods can make a difference in retirement savings. This wonderful investment and planning tool will open participants' eyes to what a difference an increase of 1% can make to their retirement.

These tools are a fast and convenient way to communicate retirement education to your employees. You can order these items in Spanish and English by logging into your account at www.TA-Retirement.com.

Get the Most Out of www.TA-Retirement.com

To assist you in your daily retirement plan administration, Transamerica's employer Web site offers you the ability to create a variety of reports on different Plan level categories.

Once logged on to www.TA-Retirement.com, click on "Plan Reports" located in the left-hand navigation. There are many plan level topics and reports available to you to help you manage your plan.



Available Plan Reports:

>>Contribution Reports: Generate contribution reports by limits, rate change, money type, and fund.

>>Participant Reports: Create demographic reports by vested percentage, eligibility, designated age, employee address, active/inactive participants and more.

>>Distributions Reports: Produce distribution reports by employee disbursement type and de minimis balance.

>>Loan Reports: Generate loan reports by balance, payment history, paid off loans and more.

>>Plan Level Reports: Create reports such as investment summaries, and forfeiture balance.

Here are some new reports we recently added:

>>Contribution Rate report (available for online enrollment plans only)

The Contribution Rate report lists all active participants who have a contribution rate on file. If applicable, catch-up contribution rates are included also.

>>Indicative Data report

The Indicative Data report displays all participants and key indicative data including address, date of birth, employment date and termination date.

>>Age 70 ½

The Age 70 ½ report displays a list of participants who are/will be over age 70 ½ as of the date you specify.

Once your report is created, it will be available for future access on the system for up to 72 hours.

Please contact us if you have any questions or need additional assistance with this feature.

Fiduciary Focus: Special Edition

In this edition of Fiduciary Focus, we would like to make you aware of a recent United States Supreme Court ruling that allows individual participants in 401(k) plans to sue for fiduciary breach under ERISA, a ruling that vacates prior court opinion.



On Wednesday, February 20, 2008, the United States Supreme Court issued a ruling in *LaRue v. DeWolff, Boberg & Associates, Inc.* that affirmed the right of an individual participant in a 401(k) plan to sue the plan administrator(s) for breaching their fiduciary duties. Prior to this Supreme Court ruling, the U.S. Court of Appeals for the Fourth Circuit held that Section 502(a)(2) of the Employee Retirement Income Security Act of 1977 (ERISA) did not provide a remedy for a breach of fiduciary duty if the purported breach affected only one participant's account in a 401(k) plan.

In the *LaRue* case, James LaRue said that the plan administrators failed to follow his instructions to transfer his plan assets to safer investments. As a result, the value of his 401(k) plan account dropped approximately \$150,000. The Supreme Court decision vacated the U.S. Court of Appeals Fourth Circuit ruling in the case. The Supreme Court decision essentially stated that ERISA does provide a potential remedy for a fiduciary breach that affects a single participant's account. In order to prevail, LaRue must still prove his allegations that the plan administrators breached their fiduciary duties and that those breaches adversely affected the value of his account.

We understand and appreciate the fact that you may have concerns regarding the implications of this court decision. We fully anticipate that industry groups on both the plan provider and sponsor side are going to weigh in on this decision.

We also want to assure you that Transamerica is carefully monitoring developments resulting from this ruling. Fiduciary Focus will provide you with further information as it becomes available.

Transamerica Retirement Services' Commitment to Your Privacy

Privacy....Information security....Identity theft....

Today those words are a part of your everyday life. You read them in the newspaper; see them on the internet; hear them on the radio. But – do you really understand the full implication of those words? Transamerica understands.

A key cornerstone of Transamerica Retirement Services' client commitment is earning our customers' satisfaction through their trust in our business practices. We take that client commitment very seriously. As a result, protecting our clients' privacy, and the information that we hold on their behalf, ranks among Transamerica's highest priorities. We also understand that if you are to have faith in our ability to protect your privacy, our

business practices must form a safety net that protects the privacy of your information as it passes to and from us to the various entities that comprise the administrative structure of your plan - including you, the Plan Sponsor, your participants, our record keepers and Third Party Administrators (TPAs), and the Financial Advisors who work with us.



In this and the next two issues of Sponsor E-News we will discuss the types of information subject to legal protection, how Transamerica has responded to the regulatory aspects of privacy protection and what Transamerica is doing to specifically protect the privacy of you and your participants.

Why is privacy protection so important?

The response to this question is compelling. A while back the U.S. Justice Department's Bureau of Justice Statistics reported that over a 6 month period during the year 2004 approximately 3% of the households in the U.S. (approximately 3.6 million households) were victims of identity theft. According to the study:

- 48% experienced unauthorized use of credit card
- 25% had bank accounts misused without their knowledge
- 15% had personal information misused
- 12% experienced multiple identity thefts

What is the impact of this attack on your privacy? A Justice Department National Crime Victimization Survey indicated that identity theft is costing households in the United States over \$6 billion a year!

Is the information Transamerica collects from you protected by law?

While the federal government is taking an increasingly visible position with respect to privacy, today most regulations governing the protection of privacy have been enacted by the individual states. Over 30 states have passed legislation addressing privacy. We urge you to read the privacy legislation that may be applicable to your state as certain details of the legislation varies state by state. However, all of the state legislation has certain broad things in common, including:

- Practices designed to reasonably protect the privacy of certain personal information
- Restrictions on how Social Security Numbers are used
- The state's ability to enforce privacy regulations
- Individual's rights with respect to privacy
- Notification requirements in the event privacy has been breached

Certain details of privacy protection fall on business entities

Interestingly, there is generally no definition of the term "reasonable" in the state legislation and there is generally no guidance with respect to an array of specific practices that should be established to protect privacy. As such, much of the responsibility for implementing fully functioning privacy programs designed to comply with regulations, including the development of "reasonable procedures" designed to protect individuals' privacy, has fallen on those entities that must collect personal information in order to do business.

Transamerica is very proud of the efforts that we have taken to protect the privacy of all our customers – current, prospective and former. We have monitored applicable privacy laws since their inception and have implemented an impressive network of privacy safeguards that are compliant with both government and insurance industry regulations to help ensure that our customers' privacy is afforded

the highest levels of protection.

Next month in Sponsor E-News we will discuss Transamerica's privacy policy and how that policy governs our actions in protecting nonpublic personal information that we collect from our clients.

LEGISLATIVE/COMPLIANCE

Compliance Update

If your plan is a calendar-year plan, we recommend that you submit your 2007 Census now, if you have not already done so, in order to ensure timely completion of the required annual nondiscrimination tests.

Excess contributions: For 401(k) plans, completion of the annual nondiscrimination tests is necessary to determine if there are any excess contributions. To avoid a 10% excise tax, excess contributions (if any) must be refunded by March 14th for 2007 calendar year plans. Should your plan fail the Actual Deferral Percentage ("ADP") or Actual Contribution Percentage ("ACP") test, we not only will provide instructions on how to correct the failures with your discrimination testing results, but we are available to assist you, as needed. Remember, this year's deadline for Transamerica to receive your instructions to correct ADP or ACP failures is March 11th to avoid a 10% excise tax where the failure is corrected by refunding the excess contributions. We cannot guarantee refunds will be processed timely if you do not notify us by March 11th.

Discretionary contributions: If you are planning on making discretionary contributions (such as matching and/or profit-sharing) for the 2007 calendar plan year, the date by which contributions must be deposited may be March 14th (depending upon the employer tax year and whether an extension for the employer's tax filing is requested). Completing the annual nondiscrimination tests will allow you, as the employer, to determine the maximum allowable deductible contribution for the 2007 plan year.

Excess deferrals: Each year there is an Internal Revenue Service ("IRS") imposed limit on elective deferrals into the plan called the 402(g) limit. In 2007, the 402(g) limit was \$15,500 (up to \$5,000 more if your plan allows "catch-up" contributions for participants at least age 50). If you deducted more than the 402(g) limit for any participant (plus the "catch-up" limit, if applicable), you must refund the excess deferrals by April 15th.

Top Heavy: As part of the year-end testing process, Transamerica performs a Top Heavy test for your plan. If your plan was deemed top-heavy for 2007, you might be required to make a "top-heavy" contribution in 2008. Please review your testing results to ensure you are in compliance with Top Heavy rules.

2007 IRS Form 1099-Rs were mailed in January to the participants who had a taxable or reportable event during 2007. Duplicate or replacement tax forms may be requested by the participant, if needed, by calling (800) 401-8726 from 7:00 a.m. to 4:00 p.m. PT.

