



# SPONSOR E-NEWS

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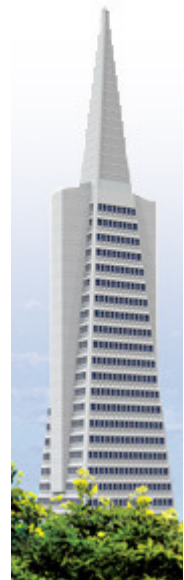
### @ FEEDBACK

Our main goal is to provide you with the information you need. Please send your feedback and suggestions to:  
[sponsorconnect@transamerica.com](mailto:sponsorconnect@transamerica.com)

In this issue of Sponsor E-News, we offer two articles addressing the current stock market. The first is for you to share with your participants, to help them deal with the rough stock market conditions. The other piece, from one of our investment management companies, is intended to provide you with some ideas for investments that offer some protection against future inflation. We hope you find these articles useful.

Barron Manufacturing is featured in our Sponsor Exchange. Learn how much their plan participation increased when they moved to Transamerica and added [great](#) features to their plan.

On July 22<sup>nd</sup>, the U.S. Department of Labor proposed a new regulation that would enhance disclosure of fees and expenses for 401(k) participants. Please read below for this legislative update.



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(866) 498-4557

### i INFORMATION

## Riding Out Rough Conditions

With the current volatility of the stock market, we have provided another [article](#) for you to share with your participants. Read up on the big picture and how to handle the ups and downs. Participants can benefit from keeping a long-term perspective even in times of economic uncertainty.



### i INFORMATION

## Sponsor Exchange

Wouldn't it be nice to have a chance to learn from other plan sponsors, to discover the programs and ideas that helped make their organizations' retirement plan a success? Well, the Transamerica Retirement Services' Sponsor Exchange gives you just that sort of opportunity.

The Sponsor Exchange is a virtual library of retirement plan success stories, ideas, and

tips provided by your fellow plan sponsors and Transamerica Retirement Services. For example, take a look at how [Barron Manufacturing](#) was able to nearly double plan participation and increase their ability to attract and retain quality employees simply by enhancing their company matching program. These are the types of innovative solutions that the Sponsor Exchange offers, to help you manage your own retirement plan more easily and effectively.



Want to know how you can be a part of the Sponsor Exchange? If you have a Transamerica Retirement Services success story or other important information you'd like to share with plan sponsors, we would love to hear about it. Just contact us at (866) 498-4557 for more information.

## INFORMATION

### Searching for Returns that Outpace Inflation

Recently, rising prices for energy, food, and other commodities have helped boost the overall inflation to around 4% annually. One of the key aspects of inflation is that it reduces the purchasing power of money. That's why investors strive to achieve returns that outpace the inflation rate.

While participants can benefit from keeping a long-term asset allocation strategy in place even during times of market volatility, it is useful for you to know about investments that historically have tended to hold up relatively well during inflationary environments.

For example, precious metals, some natural resources, real estate investment trusts, and inflation protected bonds can be combined with other major investments (stocks, non-inflation protected bonds, and cash equivalents) to help provide some protection from potential increases in the future rate of inflation.

To learn more about investments that may provide some protection from inflation, your plan's administrators and trustees can review [this recent article](#) from a research affiliate of one of our investment management companies, Fidelity Investments.



## LEGISLATIVE/COMPLIANCE

### Department Of Labor Releases 401(k) Fee Disclosure Proposal

On Tuesday, July 22, 2008, the Department of Labor released proposed regulations regarding fiduciary fee disclosure requirements in participant-directed, individual account defined contribution plans, including 401(k) plans. The proposed regulations require that fiduciaries of participant-directed plans ensure that all plan participants are provided certain plan and investment related information. Importantly, the proposed regulations would apply to *all* participant-directed plans, not just those that have elected to comply with ERISA section 404 (c). Because the proposed regulations apply to all participant directed individual account plans, the proposed regulations include proposed amendments to ERISA Section 404(c).



Most notably, the proposed regulations do not require the "unbundling" of fees for services provided. The

introduction to the proposed regulations states that the Department of Labor does not believe it is necessary or useful for participants to have administrative charges broken out and listed on a service-by-service basis. The regulations do not appear to require a disclosure informing participants that investment expenses may pay for certain plan services. Also, the proposed disclosure requirements do not apply to "brokerage windows," "self-directed brokerage accounts," or similar plan arrangements that allow participants to select investments outside of those offered under the plan.

The proposed regulations require that disclosures must be provided to participants on or before the date that the participant becomes eligible to participate in the plan, and annually thereafter. Disclosures also must be provided to participants no later than 30 days after the adoption of any material changes to the plan. A special rule requires the quarterly disclosure of all plan-level administrative fees and participant-initiated fees that were imposed during the immediately preceding quarter.

Investment-related information that is required to be automatically provided to participants must be set forth in the form of a comparative chart. The regulations provide a "safe harbor" comparative chart for this purpose. A footnote in the introduction to the regulations states that plan fiduciaries will not be liable for reasonable and good faith reliance on information furnished by their service providers with respect to the information required to be disclosed automatically.

Depending upon the type of information being disclosed, the plan fiduciary may provide the required participant disclosure information as part of the plan's summary plan description or pension benefit statement as long as the applicable timing requirements are satisfied.

#### Proposed Plan Disclosure Requirements

For plan information, fiduciaries would have to provide participants with the following:

- General information regarding investment direction (for example, how participants would provide investment instructions to the plan)
- Information about plan-level administrative expenses charged against participant accounts (for example, annual per-participant fees)
- Information about participant-specific administrative expenses (for example, loan initiation fees).

#### Proposed Investment Disclosure

The proposed regulations would require plan fiduciaries to automatically provide to all participants and beneficiaries the following information:

- The name of each designated investment choice under the plan
- An Internet Web site address that is sufficiently specific to lead participants and beneficiaries to supplemental information regarding the designated investment alternative
- The type or category of the investment (for example, balanced fund, bond fund, large cap fund, etc.)
- The type of management utilized by the investment (for example, passive or active).

For each individual investment choice available under the plan, the plan fiduciaries would have to provide all participants with:

- Investment performance data
- A comparison of the investment choice's returns to an appropriate benchmark
- A description and amount of each fee that could be charged directly against a participant's investment (for example, sales loads or surrender charges)
- The total annual operating expenses of the investment choice expressed as a percentage (for

- example, the investment's expense ratio)
- Investments with a fixed return would require that the plan fiduciary provide both the fixed rate of return and the term of the investment, as well as the amount and description of shareholder-type fees.
  - An advisory statement indicating that fees and expenses are only one of several factors that participants should consider when making investment decisions.

It is acceptable for asset-based expense disclosures to be made in terms of basis points instead of dollars.

Other investment related information need not be provided to all participants but must be provided upon participant request. This additional information includes prospectuses, financial statements or reports, statements of share value, and a list of the assets making up the portfolio of each designated investment alternative that has plan asset look-through treatment (generally, non-mutual funds).

When finalized, the regulations will be effective for plan years beginning on or after January 1, 2009. The Department of Labor will be taking written comments regarding the regulations beginning Monday, September 8, 2008.

**Transamerica's Response:**

Transamerica Retirement Services will assist you, as the plan fiduciary, in complying with the Department of Labor's proposed fee disclosure regulations. A team of expert retirement plan professionals is currently analyzing these regulations and developing compliant plan sponsor and participant fee disclosure communication pieces. Please stay tuned for further developments in future issues of E-News and special E-News editions on this topic.

