

## IN THIS ISSUE

### INFORMATION

- [Transamerica to launch 2008 Client Satisfaction Survey](#)
- [Weathering Market Volatility](#)
- [Building Dreams](#)
- [New Tools on \[www.TA-Retirement.com\]\(http://www.TA-Retirement.com\)](#)
- [401\(k\) Day is here!](#)

### LEGISLATIVE/COMPLIANCE

- [Are you ready for a DOL Audit?](#)

### 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 September, Transamerica Retirement Services will launch our 5<sup>th</sup> annual client satisfaction survey. For those of you who have participated in the survey over the past four years, we want to thank you for your invaluable feedback. For those of you who may not be aware of the annual client satisfaction survey, we would like to take this opportunity to tell you about this critically important initiative.

Investing in today's volatile market can be daunting for your participants. An article by Fidelity Investments, "Weathering Market Volatility," may help investors navigate through these uncertain financial times.

Your employees have many priorities in their lives and focusing on retirement savings may not always be one of them. Because you offer a 401(k) plan, we know it is important to you that your participants save for retirement. We're here to help you keep them on track. You can share the article, "Building Dreams," with your participants to encourage them to keep saving for retirement.

Our Web site, [www.TA-Retirement.com](http://www.TA-Retirement.com), is designed so that you can find the information you need easily and efficiently. We've recently made some enhancements to the Web site and added a few features to make your experience more effective. Our Web updates are described below.

September 5th is 401(k) Day, a special day dedicated to educating employees about the benefits of a retirement savings account. This year's theme is "Vote 4 Your Retirement." Find out how we can help you celebrate this year's event.

Even though audits may not be planned events, it's important to be prepared. If the U.S. Department of Labor (DOL) decided to audit your plan, we can help you understand what the DOL could ask of you. See our discussion below regarding DOL audits and how to be prepared.



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### INFORMATION

#### ***Transamerica to Launch 2008 Annual Client Satisfaction Survey***

Transamerica is highly committed to the satisfaction of our clients and we are

constantly striving to improve the service and support we provide you. One of our keys to providing superior customer service is to reach out to our clients for their assessment of our products, services and performance; as well as their suggestions for maximizing their relationship with us. That is why we conduct our annual client satisfaction survey.



Each year, approximately 1,300 clients are randomly selected to be surveyed about their satisfaction with the products and services that we provide. The size of the survey population is designed to provide us with statistically reliable data regarding the satisfaction of our clients. To ensure the most objective, measurable and actionable results possible, we engage Chatham Partners, LLC, one of the most highly respected, independent consulting firms in the financial services industry, to conduct the client satisfaction survey. Chatham Partners specializes in assisting plan providers like Transamerica with maximizing sponsor satisfaction.

Clients randomly selected to participate in the survey will be contacted by Chatham Partners and given several weeks to respond to a detailed survey. Clients respond using a 7-point scale with "6" and "7" representing the highest levels of satisfaction. A "best in class" rating is established when at least 85 percent of the survey respondents bestow a "6" or "7" rating for a specific attribute. To ensure clients' comfort with the survey process, all survey respondents have the option to remain anonymous.

Following the close of the survey, Chatham then prepares a detailed analysis of the results for Transamerica. Chatham Partners' independent third-party research helps isolate Transamerica's key strengths, weaknesses, and any gaps in delivery of client services, and benchmarks Transamerica's standing relative to other small-market defined contribution providers. The survey results are presented to our senior management team and are then distributed to key stakeholders. By identifying the most important drivers of client satisfaction, Transamerica uses these findings to develop prioritized, actionable strategies designed to address clients' feedback.

We have conducted our client satisfaction survey annually for each of the past four years. As a direct result of the feedback that we received from our clients in those surveys, we have implemented key customer service initiatives to help our sponsors manage their plans. For example, we have:

- Enhanced our Annual Plan Review, incorporating our investment story and industry trends
- Revamped Investment Scorecard featuring the results from Transamerica's proprietary investment monitoring process—the Transamerica Investment Monitor
- Renamed our funds to clarify the names of the investment choices and to prominently feature the underlying investment management company name
- Provided "Additional Market Information" on [www.TA-Retirement.com](http://www.TA-Retirement.com), including video tutorials and investment outlook information to keep sponsors and participants up-to-date with recent market information
- Launched *Sponsor E-News*, our monthly, email-delivered newsletter, which provides clear, frequent communications to our sponsors regarding topics such as compliance, fiduciary liability, and fee disclosure
- Launched *Fiduciary Focus*, our ongoing series on plan fiduciary education
- Improved our participant enrollment resources (enrollment kits, videos, and online tutorials)
- Launched new "Made Simple" educational seminars, including "Women in Investing," and "Retirement Planning"
- Redesigned our participant statements, significantly improving their clarity and content by adding color graphics and retirement age account balance projections
- Reduced turnaround times and increased our focus on the quality of every transaction and client interaction
- Redesigned our sponsor and participant Web sites to make information more accessible

The positive impact of the customer service enhancements that we have initiated from your feedback is clearly reflected in each succeeding year's client satisfaction survey results. From our initial survey in 2004 through the 2007 survey, our clients' overall satisfaction with Transamerica has risen 13.8

percentage points. Peter Starr, president of Chatham Partners, reported that "Transamerica's unwavering commitment to customer service is evident in its year-over-year improvement in our client satisfaction analysis. Although Transamerica had already established itself as a customer service leader in the retirement industry, the findings of (the 2007 client satisfaction analysis) demonstrate the company's dedication to always improving and enhancing its offerings."

We are proud of, and honored by, the ratings our clients gave us in 2007, including:

- *Best in Class* ratings in 17 separate survey categories
- *Best Performer* in 11 categories in Chatham Partners' 2007 client satisfaction analysis
- Exceeding Chatham Partners' proprietary benchmark in 70 of the 73 individual attributes measured
- Significant increases in year-over-year satisfaction rates
- Demonstrated strengths in providing essential services

As we embark on our 2008 client satisfaction analysis, we want to thank all of our clients for taking the time year in and year out to provide us with their vitally important feedback. In early 2009, we will share the results of the 2008 client satisfaction survey with you. With your ongoing support, we will continue to strive to provide you—our clients—with the best services possible.

## INFORMATION

### ***Weathering Market Volatility***

When the market is volatile, your participants may feel unsure about how (or even whether) to invest. Despite the market's ups and downs, however, there are strategies for coping with risk and uncertainty that can help take the fear out of investing.

This [article from Fidelity Investments](#), one of our investment management companies, can help you and your participants understand that:

- To stay the course through uncertainty, it helps to have a long-term investment strategy that takes into account your goals, time horizon and risk tolerance.
- Diversification (spreading your assets among different types of investments) can help lower your risk of loss, since gains in one investment may offset losses in another. For example, international investments can complement the performance of U.S. stocks and bonds within your portfolio.
- You can build your portfolio to include low-correlated investments (investments that do not go up and down together in response to market and economic conditions). For example, industry sectors such as energy, utilities, real estate, precious metals, and construction materials, have typically exhibited low correlation to the broader market.

We suggest that you share this article with your participants to help build their investment knowledge.

## INFORMATION

### ***Building Dreams***

A drop of water may not seem like much on its own, but when it is multiplied over time, a river or a lake may be the result. When planning for retirement, it's important to remember that small things can grow bigger over time.

Sharing the article [Building Dreams](#) with your participants is one step you can take to bolster your participants' retirement planning education. This article discusses the importance of compounding, why it is important to save

continuously, and how diversification helps mitigate the ups and downs of the stock market.

If your participants need a refresher on compounding, diversification, and other investment strategies, our [Investing Made Simple presentation](#) will help. Asset class definitions and investing for the long-term are covered in this presentation, which ends with a short quiz.



It is easy to be distracted by things happening in life and the world around us, so your participants may find it helpful to be reminded about refocusing on their retirement savings.

## INFORMATION

### **New Tools on [www.TA-Retirement.com](http://www.TA-Retirement.com)**

We understand your time is valuable and we want to ensure that you are always getting the most out of our Web site, [www.TA-Retirement.com](http://www.TA-Retirement.com). That's why we have recently added some new tools that can help both you and your participants.



- **Link to Additional Market Information**—A new tool has been added to the home page of [www.TA-Retirement.com](http://www.TA-Retirement.com). Located on the home page above the daily market totals, this link provides easy access to information about the market, the economy, and investment presentations including "Market Review Made Simple" and "Economy Made Simple Quarter in Review." To view this page, please click [here](#).
- **Spanish Distribution Forms**—Located under Plan Administration / Participant Forms, you can now find all of the day-to-day forms your participants may need in Spanish.
- **"Investing in Volatile Markets" Brochure (Spanish version)** is now available—For the past seven months we have focused on the market conditions in *Sponsor E-News*. You can now order our "Investing in Volatile Markets" in Spanish via "E-kits" on our Web site.

## INFORMATION

### **Give Your Employees The Vote on September 5<sup>th</sup>!**

The annual 401(k) Day Celebration is fast approaching, and we have everything you need to make yours a success!

The theme of our campaign this year is "**Vote 4 Your Retirement.**" In this election year, an election theme is a fun and engaging way to highlight the advantages of plan participation for your employees.

Our 2008 401(k) Day materials include colorful participant flyers, statement stuffers and a poster which you can download or request to have printed and mailed to you.

To download materials, please visit our [401\(k\) Day Tools](#) page. To request printed copies, please call us at (866) 498-4557.



We look forward to helping you make your plan's 401(k) Day a success. Call us or log in today—this year's 401(k) Day on September 5, 2008 is right around the corner!

## ***Are you prepared for a DOL Audit?***

In the past, the IRS conducted the majority of 401(k) retirement savings plan audits. More recently though, the U.S. Department of Labor (DOL) has become a major player in the audit arena. Being prepared for the examination process can help a sponsor through the audit process.

Unlike the IRS, the DOL doesn't conduct random audits, so when a sponsor receives a notice from the DOL's Employee Benefits Security Administration (EBSA) that its plan has been selected for audit, the DOL is looking for something specific. It may be acting on complaints from plan participants, a government referral, a referral from a service provider, or items "red flagged" by its computer programs.

A list of requested documents usually accompanies the EBSA's notice. This list generally includes:

- The plan documents and amendments
- The Summary Plan Description and Summary of Material Modifications
- IRS Form 5500 for the past three years
- Summary Annual Report provided to participants for the past three years
- Distribution forms provided to participants
- The fidelity bond for the plan required under pension law (such as ERISA, the Employee Retirement Income Security Act of 1974)
- Plan financial statements
- A list of the plan's investments
- The plan's investment policy
- Minutes of meetings of the trustee or investment committee showing how investment decisions are made
- Information about the plan's policies with respect to the voting of proxies

Generally, the EBSA conducts an on-site review of the documents. Beforehand, the sponsor should review all the documents, gather supporting evidence, and organize plan records.

This groundwork will prepare the sponsor for the EBSA's questions and may provide insight into what the EBSA is investigating about the plan. EBSA interviewers normally do not disclose the purpose of the audit.

However, they may informally disclose what is *not* the target of the investigation. As part of the audit process, the interviewer will convene with the plan sponsor and other plan fiduciaries. They all should be prepared to answer any questions about the plan and its operation.

## **Audit Targets**

What areas does the DOL typically target in its audits? Some current "hot" investigation issues are:

- Timeliness of deposits of participant deferrals
- Employer stock issues
- Payment of plan-related expenses

Investigations also focus on:

- Funding policy
- Procedures for allocating plan administrative responsibilities
- Investment process
- Prohibited transactions

- Accuracy of financial data reported on Form 5500
- Bonding
- Reporting and disclosure
- Participant loans

## **Resolution**

If an audit uncovers an apparent violation, the EBSA will issue a voluntary compliance request letter. The letter informs the plan sponsor of the results of the investigation, cites pension law provisions that the DOL considers to have been violated, and asks for correction of the violation(s) through full compliance.

Depending on the violation, correction may include restoring losses of plan assets and lost investment earnings.

## **Be Proactive**

Rather than waiting for an audit letter to arrive before reviewing plan compliance, a plan sponsor may want to periodically conduct—or have a benefits professional conduct—self-audits.

The DOL's Voluntary Fiduciary Correction Program and the IRS' Employee Plans Compliance Resolution System offer plan sponsors a way to correct self-discovered violations.

At the very least, a sponsor should regularly review the plan documents the DOL might request, along with plan investments and investment policy.

## **The DOL's Voluntary Fiduciary Correction Program**

The Voluntary Fiduciary Correction Program lets plan fiduciaries, such as plan sponsors, identify and correct certain transactions that are breaches or potential breaches of fiduciary duty.

The fiduciary reports the problem(s) to the DOL's EBSA and demonstrates that the problem has been corrected. In response, the EBSA issues a Voluntary Fiduciary Correction Program "No Action Letter" stating that the EBSA will take no further action or impose any penalty against the fiduciary concerning the breach(es) reported and corrected. In this way, audits can be resolved.

Do you have additional questions about the audit process? Being prepared helps. Just call us at (866) 498-4557 with any questions you may have. While we cannot give legal or ERISA advice, we can share information about the latest developments in the retirement industry, to help keep you up-to-date.

