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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).

This month's E-News offers two interesting pieces from a couple of our investment management companies in our Market Perspectives.

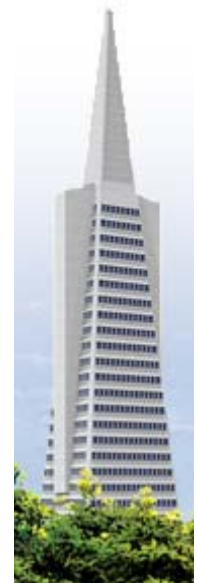
We also have the latest results from *PLANSponsor® Magazine's* 2008 Defined Contribution Survey: Transamerica is honored again.

Many financial services companies have been in the news lately due to the turmoil in the markets. We feel it is important to keep you updated on how Transamerica companies are being rated by Moody's, Fitch and Standard & Poor's.

Our third quarter Economy Made Simple presentation is available for sharing important information with your participants.

The Retirement Savings Contributions Credit, or Saver's Credit, is covered in the first of our two legislative/compliance articles. We have a helpful flyer on the Saver's Credit for you to share with your participants. The last article focuses on the IRS's recently proposed regulations on the distribution of participant account balances in excess of \$5,000.

We hope that you will find all of the articles timely and helpful. We will keep you updated on the latest market developments and regulations.



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## INFORMATION

### Market Perspectives

Stock markets have experienced some recent swings that have been milestones. On September 29, the Dow Jones Industrial Average posted the largest one-day point drop (778 points) in its history to that point. In the month of October, the Dow Jones Industrial Average posted the biggest one-day point gain ever (up 936 points) up to that date; its largest one-day percentage drop since 1987 (down 7.9%); and its best weekly performance (up 11.3%) since October 1974. Markets in November have continued to demonstrate volatility and significant swings.



Investors would do well to keep market events in historical perspective. We've provided two investment summaries that you may want to share with your plan's participants.

This look at [Historical Events and Market Volatility](#) is provided by one of our investment management companies, Invesco AIM. It examines the effect of world events on stock market performance going back to World War I and shows the gains/losses during the event and up to 126 days (roughly four months) after the event. The lesson? Think before you react to headlines.

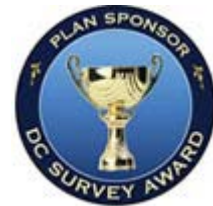
Another of our investment management companies, Vanguard, asks the question, "[When will we get back to average market returns?](#)" This examination of the U.S. stock and bond markets from 1926 through 2007 shows that in any given year it's relatively rare for markets to deliver returns that are close (within 2 percentage points) to market averages. For example, from 1926 through 2007, the U.S. stock market delivered returns close to the annualized market average of 10.4% in only 6 out of 82 years. The U.S. bond market delivered returns close to the annualized market average of 5.5% in 21 out of 82 years. The lesson? Investors need to manage their expectations, and they need to recognize that they should not expect "average" returns in any given year.

Maintaining a historical perspective can help your investors stay focused on a long-term investing strategy, even during volatile markets.

**i INFORMATION**

**PLANSPONSOR® Magazine Honors Transamerica Again**

PLANSPONSOR® Magazine's Defined Contribution Survey is an important industry benchmark, measuring and evaluating 401(k) and other Defined Contribution providers according to feedback from their own clients. Transamerica was honored again in the [latest survey](#). Several categories are rated based on service provided to employers and participants.



Transamerica Retirement Services ("Transamerica") secured 40 "Best in Class" cups out of 46 for sponsor and participant communications. Transamerica also received a 96% recommendation rating from sponsors.

The honors included 21 in the micro (<\$5 million) and 19 in the small (\$5 million to \$50 million) markets, covering 23 categories. Participant categories included: Participant Communication Materials, Participant Education Program, and Enrollment Assistance; and Sponsor categories included: Internet Services, Compliance, Account Representative Knowledge and Responsiveness, to name a few.

\*The November 2008 PLANSPONSOR® Magazine Defined Contribution Survey results place Transamerica Retirement Services among the top providers out of 52 for retirement plans up to \$50 million in assets based on total number of cups won. See the November 2008 PLANSPONSOR® Magazine for complete results.

**i INFORMATION**

**Moody's, Fitch and S&P Reaffirm Ratings for Transamerica Companies**

With all of the recent news about financial services firms, we wanted to keep you updated about our financial strength.

The ratings for Transamerica Financial Life Insurance Company and Transamerica Life Insurance Company were reaffirmed by Moody's on October 29, 2008, and by Fitch and Standard & Poor's on October 28, 2008.



<b>Contracts with Transamerica Retirement Services are underwritten by one of the following AEGON companies:</b>	<b>Moody's</b>	<b>Fitch</b>	<b>S&amp;P</b>
Transamerica Financial Life Insurance Company	Aa3	AA+	AA
Transamerica Life Insurance Company	Aa3	AA+	AA

These Transamerica companies maintain strong balance sheets and are well capitalized to meet all of their policyholder obligations. You can read more information on the ratings [here](#), including definitions of the ratings shown above. Please be assured that we will continue to provide you with information and updates on our financial strength.

## Third Quarter Economy Made Simple

With so much going on in our economy these days, we have a lot to cover in our latest Economy Made Simple [presentation](#) for the third quarter. The three sections include Understanding the Market and the Economy; The Quarter in Review; and Investment Strategies During Volatile Times.



In Understanding the Market and the Economy, we discuss the Federal Reserve: what its responsibilities are, how it was created, its functions, how it regulates money during a recession, and how it regulates the money supply during an expansion.

This section also covers economic trends and economic indicators such as the gross domestic product and consumer price index.

We explain what makes up the U.S. stock market and how understanding the economy helps you understand the financial markets. You will find out about factors that can indicate the direction the economy is headed in.

With our Quarter in Review section, we discuss both the Stock Index and Bond Index returns and conclude with Transamerica Investment Management's forecast outlook for the fourth quarter of this year.

Lastly, our section on Investment Strategies During Volatile Times explains the importance of focusing on the long term, how to invest wisely, why one should not time the market, and how to survive a bear market.

We hope you will share this presentation with your participants as it offers an opportunity for your participants to learn more about how the markets work, how to handle the ups and downs of the economy, and how to invest during volatile times.

## Saver's Credit Reminder

Now is the time to remind your employees to take advantage of the Saver's Credit, also known as the Retirement Savings Contributions Credit. The Saver's Credit was made available in 2002 on a provisional basis under the Economic Growth and Tax Reconciliation Act of 2001 and was made permanent under the Pension Protection Act of 2006.



The Saver's Credit may allow your employees to take a credit of up to \$1,000 (up to \$2,000, if filing jointly) if they make eligible contributions to a qualified retirement plan, such as a 401(k) plan or traditional IRA. The amount of the credit is determined by the participant's filing status, adjusted gross income, and other retirement contributions. This tax credit is only useful to tax filers who owe federal income tax, since no refund of excess credit is allowed.

By simply contributing to their 401(k) plan and taking advantage of the Saver's Credit, participants may find that they owe less money to the federal government.

To qualify for the Saver's Credit, participants must meet certain requirements for 2008. The credit can be claimed if:

- The employee is age 18 or older
- The employee is not a full-time student
- The employee is not an exemption on someone else's tax return

- The employee's adjusted gross income is at or below
  - \$26,500 for a single filer
  - \$39,750 for head of a household
  - \$53,000 if married filing jointly
- AND the employee made eligible contributions to a qualified retirement plan, such as a 401(k) plan or traditional IRA.

Your employees probably already know that the money they contribute to a 401(k) plan can help reduce their federal income tax because it is tax-deferred. But with the Saver's Credit, their tax savings can really add up!

To help your employees learn more, view or download [Saver's Credit](#) flyer.

## ✓ LEGISLATIVE/COMPLIANCE

### IRS Issues Proposed Participant Distribution Notice Regulations

The Internal Revenue Service (IRS) recently issued proposed regulations related to the distribution of participant account balances in excess of \$5,000. The proposed regulations would:



- Expand the content of the notices that must be provided to plan participants prior to distribution to include more information about the participant's right to defer receipt of such benefit; the tax implications of failing to defer receipt; the possibility that investment opportunities outside the plan may not be available on terms similar to those of the plan; information on the general availability of the plan's investment options outside of the plan, and more.
- Extend the time period for distribution notices related to the rollover eligibility and tax treatment of such distributions from 90 to 180 days.
- Extend the period of time a participant is allowed to elect to waive a Qualified Joint & Survivor Annuity (QJSA) from 90 to 180 days.

If finalized, the proposed regulations would become effective for notices provided, and election periods that commence, in plan years beginning on, or after, January 1, 2010, and in no event any earlier than 90 days after the date final regulations are published.

For more information, we have included an excellent [summary](#) of the proposed regulations issued by the Transamerica Center for Retirement Studies<sup>®</sup>.