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Sponsor Task

9/15 - Deadline for plans that filed a corporate extension in March (Form 7004) to file Form 5500 with a copy of Form 7004.

9/30 - Mail Summary Annual Report (SAR) to participants or if Form 5558 was filed for extending Form 5500 filing date then mail by 12/15.

d FEEDBACK

Our main goal is to provide you with the information you need. Please send your feedback and suggestions to [SponsorConnect](#).

Welcome to the August edition of Transamerica's Sponsor E-News. At Transamerica Retirement Services,¹ we understand how valuable your time is. That's why we are continually developing new features and services to make managing your plan — and your life — a little easier.

This month, we would like to remind you of a number of online features that will save you time and improve your ease of use. All of these features can be found on our Web site to make everything from form submission to participant education more convenient than ever.

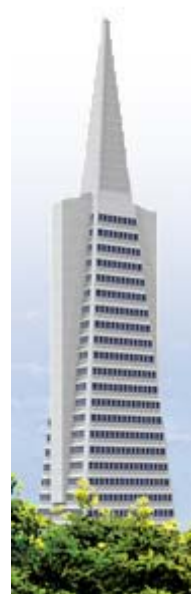
We consider our plan sponsor and participant Web sites to be two of our most valuable tools for delivering added convenience and outstanding service to both you and your participants. And judging from the recent awards we've received, others agree. Take a moment to see what independent surveys have to say about the superior quality of Transamerica's Web sites.

In this issue, you can also learn more about the variety of environmentally-friendly features Transamerica has adopted. You might be surprised to discover just how convenient it is to "Go Green with Transamerica."

Do you wish you had more time to study current trends and market updates? We do the work for you in our Monthly Market Insight. This month, we provide you with a market review, and practical examples of the value of investing in your future.

Finally, this month's Legislative/Compliance area breaks down the difference between loan defaults and deemed distributions. The distinctions are subtle, but vital to keeping your plan in compliance with the most current regulations.

We hope you'll find this issue helpful in managing your plan with ease, and (as always) we look forward to learning how we might help you do business better, faster and more conveniently.



Compliments of
Sponsor Connect
(866) 498-4557

Making Your Plan's Management Easier

Helping you manage your plan more easily and efficiently is one of our highest priorities. That's why we'd like to remind you of a number of significant enhancements to our Web site. Now, when you visit www.TA-Retirement.com you'll find even more online conveniences to save you time and improve your ease of use:



- **Investment Fact Sheets** — We made printing the investment fact sheets easier for both you and your participants. Instead of having to print each investment fact sheet one at a time, you can print all of your plan's investment fact sheets together, saving you time.
- **Form Wizard** — This feature makes completing a distribution request even easier, faster and more efficient by automatically populating certain sections of the form. Participants can generate and print a completed Distribution Request Form online just by clicking on the Forms option of the Web site. The process for *submitting* a Distribution Request Form remains the same.
- **New Participant Video** — [Tools & Resources Made Simple](#) provides an educational overview of the variety of resources Transamerica offers participants to help them manage their retirement plan account. This video demonstrates how quickly and conveniently participants can review their investment strategy, monitor their account, and make any necessary adjustments.

We're continually developing new ways to better partner with you and provide valuable solutions to make the day-to-day management of your retirement plan even easier and more effective. Be sure to watch for our newest timesaving innovation, Web Chat. This exciting new feature (available by year-end) will allow you to type your questions online and receive real-time, fast answers back from one of our SponsorConnectSM Retirement Specialists, Monday through Friday, from 5 a.m. to 3 p.m. Eastern Time.

We hope that these additional resources will help you and your participants get the information they need even faster and more easily than ever before. If you would like to know more about any of these features, please call us at (866) 498-4557.

DALBAR Honors Transamerica's Web Services, Again!

Earlier this month, DALBAR released its quarterly DC WebMonitor, which provides critical information regarding the Web presence of retirement industry firms. We are happy to report Transamerica received top honors, placing second place for our plan sponsor Web site, and third place for our participant Web site. DALBAR is one of the nation's leading financial services market research firms.



DALBAR honored Transamerica's plan sponsor Web site "thanks to its focus on **usability and attention to customers' online behaviors**." Regarding our participant Web site, DALBAR noted that our **site usability** has kept Transamerica within the top five for the last three quarters.

Transamerica's plan sponsor and participant Web sites have received significant industry recognition. In the most recent survey of Transamerica's client satisfaction, Chatham Partners² noted that our sponsor and participant Web sites outperformed Chatham's proprietary industry benchmarks, and *PLANSponsor*[®] Magazine awarded "Best in Class Cups"³ for both sites.

Go Green with Transamerica

At Transamerica, we believe it's important to take care of the planet and to encourage others to do the same. It makes good business sense and good sense for the planet. We recognize that all businesses have an impact on the environment *and* have the opportunity to make a positive change in their business practices.



Here are some ways Transamerica is making a difference:

- *Styrofoam:* Because Styrofoam takes more than 500 years to break down and releases toxins into the groundwater, we've eliminated all uses of Styrofoam from our company to reduce the amount of this toxic waste in our landfills.
- *Recycling:* We recycle a multitude of items on a daily basis, from plastics, to aluminum, to office supplies. In addition, we invite employees to participate in special recycling events for the environmentally safe disposal of electronic or hazardous waste.
- *Procurement:* When purchasing materials and equipment for our offices, we make a number of environmentally conscious choices, such as only buying computers that meet Energy Star standards, using Forest Stewardship Council-certified printing plants for our printed materials, and encouraging employees to purchase recycled and/or energy-efficient office supplies.

As a plan sponsor, you too have an opportunity to make a positive impact on the environment in your business practices with Transamerica. Just a few simple changes can make a difference.

- *Online Loans and Distributions:* Taking advantage of our online distribution approval process is a great way for both you and your participants to save not only time, but paper too. Encourage participants to use this feature to complete their loan or distribution requests via our Web site.
- *Payroll Validator and Contribution Remittance:* If you're still using paper to send your payroll contributions, you can convert to our Payroll Validator to upload and manage your contribution remittance process online. You can also use an ACH method to remit your funding to further reduce paper usage and save even more trees.
- *Online Enrollment:* This feature lets you enroll employees in your retirement plan *and* eliminate the use of paper. Online enrollment lets employees enroll in the plan, select the percentage of pay they would like to defer, and determine their investment selections — all online.

At Transamerica we look forward to finding more ways to partner with you to make our business practices as green as possible. Soon, we will be introducing you to our newest initiative (launching before the end of 2009), eSignature. This state-of-the art technology will allow you to sign and make changes to your plan and contract just by visiting our Web site.

If you'd like to know more about any of the online features above, please call us at (866) 498-4557 and we'll be happy to help assist you.

Monthly Market Insight

While economic conditions continue to improve, a sense of uncertainty remains. This [July 2009 Market Review](#) from one of our affiliated investment management companies, Diversified Investment Advisors, notes that while the month of July brought continued solid gains across the equity markets, consumers remained wary as measured by a slight dip in the Consumer Confidence Index.



These times of ambiguity reinforce the need for a disciplined, long-term investment strategy. That classic concept is emphasized by another investment management company, [Pioneer Investments](#). In this hypothetical example, Pioneer shows what would happen if two individuals invested \$5,000 every year from 1988 through 2008. The first individual invested \$5,000 each year on the day the market was at its yearly high (the worst time to invest). The second individual invested \$5,000 each year on the day the market was its yearly low (the best time to invest). What happened? Both investors had positive gains. We suggest that you share this educational example with your participants, since those who are uncertain about whether it's the right time to invest may find this information especially helpful.

Loan Defaults and Deemed Distributions

If your retirement plan offers loans to participants, it is a good idea to understand the difference between Loan Defaults and Deemed Distributions in order to keep your plan in compliance. Often participants take out loans, with the full intent of repaying them, but their situation and employment status may change before the loan is completely paid off. This article is designed to help you navigate the differences between defaults and deemed distributions so you can keep your plan in compliance with current rules.



Loan Defaults

A loan default occurs whenever the terms of an outstanding loan have not been followed and the cure period (the period ending on the last day of the calendar quarter following the quarter during which the loan repayment was missed) has passed. This situation most often occurs when a participant terminates their employment with their employer. Terminated participants have the opportunity to pay off their outstanding loan balance prior to requesting a distribution from the plan. If this option is not chosen at the time their account is distributed, the outstanding loan balance (principal and interest) is defaulted and treated as a taxable distribution in the year distributed.

Deemed Distributions

Deemed distributions result from a loan that has been re-characterized as a distribution. A deemed distribution may result due to a number of factors such as:

- A loan could be considered deemed if its repayment term exceeds the allowable term on the loan (example: a 10-year repayment schedule for a loan that was not made for the purchase of a participant's principal residence, because the maximum allowable term for that type of loan is only 5 years).
- A loan could be considered deemed if the maximum loan amount was exceeded (example: a loan amount is \$75,000, and the maximum loan amount allowed is \$50,000).

- A loan could be considered deemed if there was no intention to repay the loan (example: the participant clearly indicated that he had no intention of repaying the loan and has never made any repayments).
- A loan could be considered deemed if the terms of the loan were not followed (example: the loan is in default and has passed the cure period for making up missed payments).

A critical factor to understand about a deemed distribution is that a taxable event occurs because the participant is not yet allowed to take a distribution from the plan (meaning that the participant has not realized a distributable event, such as having terminated employment, having become disabled, having retired, or having passed away). Since no actual distribution has occurred, the term "deemed distributed" is used.

Trustees should recognize that there are some exceptions that need to be considered when looking at deemed distributions. Participants on disability are permitted to have their loan repayments suspended without the loan being considered a deemed distribution. When the participant returns from disability, the participant can either make up the missed payments or re-amortize the loan.

For military leave, the participant may suspend the loan repayments without the loan being considered a deemed distribution. This differs from the disability procedure. After returning from military service, the original maximum maturity date may be extended by the length of military service time. Therefore, re-amortization is not required unless the intent is to keep the original repayment date.

If you would like to discuss either of these situations in further detail, please contact us at (866) 498-4557. We'll be happy to help you.

Footnotes

¹ Transamerica Retirement Services ("Transamerica"), a marketing unit of Transamerica Financial Life Insurance Company ("TFLIC"), 4 Manhattanville Road, Purchase, New York 10577, and Transamerica Life Insurance Company ("TLIC"), 4333 Edgewood Road NE, Cedar Rapids, Iowa 52499, and other TFLIC and TLIC affiliates, specializes in the promotion of retirement plan products and services.

² Chatham Partners' 2008 Client Satisfaction Analysis Survey, December 2008. Chatham Partners, LLC is an independent, third-party research firm. Questions were asked of 717 Transamerica Retirement Services' clients. Quantitative questions were rated on a 7-point scale with "6" and "7" representing the highest levels of satisfaction. A "Best in Class" rating was received when over 85 percent of the respondents selected a "6" or "7" for a specific area. Transamerica received a total of 9 "Best in Class" rankings in Chatham's 2008 analysis.

³ Transamerica Retirement Services received 40 "Best in Class" cups for sponsor and participant services in *PLANSponsor*[®] Magazine's annual Defined Contribution Survey of retirement plans. The 40 "Best in Class" designations — 21 in the micro (<\$5 million) and 19 in the small (\$5 million to \$50 million) markets — rank Transamerica Retirement Services among the top cup recipients of the 47 providers evaluated in the micro- and small-plan markets. The results of the Defined Contribution Survey were announced in the November 2008 issue of *PLANSponsor*[®] Magazine. The survey polled nearly 6,000 clients of 52 defined contribution plan providers. "Best in Class" cups are awarded to plan providers who score in the top quartile of a specific category. See the November 2008 issue of *PLANSponsor*[®] Magazine for complete results.