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Sponsor Tasks

The Spring/Summer brings several deadlines. Please [click here](#) to view deadlines that may be applicable to your plan.

Transamerica Tasks

In February, Transamerica transmitted Form 1099-R data to the IRS on behalf of your plan.

f FEEDBACK

Our main goal is to provide you with the information you need. Please send your feedback and suggestions to sponsorconnect@transamerica.com.

Welcome to the February 2009 edition of the Transamerica Retirement Services Sponsor E-News. In this issue, you'll notice we explore a number of ways to take control of retirement planning — for you and for your participants.

Please take a moment to carefully review the tasks we've delineated in our helpful "Compliance Calendar" section. There are a number of important deadlines for filings and declarations that are just around the corner.

Participants who are looking for ways to gain better control of their financial situation will welcome the opportunity to learn more about Transamerica's RECOVER Plan. This unique workshop is designed to assist participants in understanding current market conditions and in keeping their retirement savings on course. The RECOVER Plan is easily accessible once you log in to www.TA-Retirement.com.

Due to the current market environment, we will continue to highlight existing Transamerica Retirement Services resources on investments and the economy as well as bring new information to you. Designed to present a clear picture of the marketplace as well as specific data regarding individual investments, these updates are a great resource for informed decision-making about your plan.

One of the most effective ways to take charge of your financial future is to diversify your portfolio. This month's "Market Insight" takes a closer look at this basic rule of investing by offering access to an especially timely article on the subject.

Finally, our experts provide the latest updates to the compliance testing process on the changes to tax treatment that begin with the 2008 plan year in our monthly legislative and compliance area.



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i INFORMATION

Helping your participants RECOVER

At Transamerica, we understand that for you and your participants, managing a 401(k) account is especially challenging during a volatile market. That's why we are introducing the RECOVER Plan by Transamerica. The RECOVER Plan is designed to help plan participants regain control of their retirement savings strategy through a better understanding of current market conditions and the



impact these conditions have had on savings and investments.

This hands-on program helps participants:

- Explore important economic factors that have contributed to market volatility
- Evaluate their own personal financial situation in light of current market conditions
- Create a tangible, action-based retirement planning strategy

The RECOVER Plan is a 40-minute multimedia presentation with an accompanying workbook. Together, the presentation and workbook describe the actions that comprise RECOVER:

- **Recognize** the events that have led us to this economic situation and understand that financial markets are cyclical.
- **Evaluate** your current situation.
- **Calculate** your retirement income goals and determine how much you need to save for retirement.
- **Organize** your budget to determine how much you can save.
- **Verify** that your investment strategy corresponds to your risk tolerance.
- **Execute** any necessary changes.
- **Regain** control of your retirement dreams.

The RECOVER Plan offers an overview of events leading up to the recent economic turmoil, along with contribution rate tables and budget sheets to help participants create a personalized approach toward saving and investing for retirement. The workbook helps participants take control of their discretionary spending and understand their tolerance for risk. The RECOVER Plan is a timely tool that can demonstrate your support for participants and their retirement goals.

When you and your participants log in to www.TA-Retirement.com, you will be able to view the RECOVER Plan multimedia presentation and download the workbook. Participants can also view a letter from our president, Kent Callahan, describing the value of the RECOVER Plan, offering a perspective on the economy, and reinforcing the benefit of staying focused on long-term goals. We encourage you to [download the president's letter](#) and share it with your participants.

In addition to downloading the RECOVER Plan workbook on www.TA-Retirement.com, you can order printed RECOVER workbooks with presentation CD-ROM/DVD online through eKits, or by calling me at (800) 942-4882.

To order through eKits:

- Log in to our Web site using your username and password
- Click on the Plan Administration tab on the left-hand navigation
- Click on the eKits link

Please reach out to your participants and share the RECOVER Plan. Our participant contact center stands ready to help your participants with any questions they may have and to encourage them to continue working towards their long-term retirement goals.

INFORMATION

Quarterly Investment Updates from Transamerica

As a sponsor and fiduciary of a retirement plan, it is your responsibility to ensure you act "with the care, skill, prudence and diligence that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and like aims." In other words, when acting on behalf of the plan, a fiduciary must use the same attention to detail, competence, cautiousness and thoroughness that a sensible and cautious person would use when acting in the same circumstances.

To help you meet those responsibilities, Transamerica provides a wide variety of



information on our Web site.

- **Investment Outlook**

Results of a recent sponsor poll by Callan Associates revealed that 95% of sponsors will increase investment communication in the coming months. To help you increase communication with your participants, we have provided "Investment Outlook," published quarterly by Transamerica Investment Management, LLC. This [newsletter](#) provides updates on U.S. and international financial markets, consumer spending, interest rates and other important factors influencing your investments. It's a great tool to further your participants' education about their retirement.

- **Market Review Made Simple**

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 2008, with highlights on the bond and stock markets, what the returns were for each market, and the financial outlook coming off the fourth quarter.

This Market Review Made Simple presentation is available on www.TA-Retirement.com. Participants can go to the 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.

- **Investing In a Volatile Market**

As a reminder, Transamerica recently published an online presentation about volatile markets. We recommend you encourage your participants to listen to this presentation by forwarding this link: <http://www.ta-retirement.com/resources/MarketVolatility.html>

- **Investment Scorecards Available**

To help you monitor your plan's investment lineup, Transamerica provides Investment Scorecards – the result of Transamerica Investment Monitor's intensive, quarterly review of each of our investment choices.* Recent polls by Callan Associates indicate that 76% of plan sponsors report increasing the number of investment committee meetings in light of market volatility.

Our Investment Scorecard methodology employs in-depth qualitative and quantitative analysis to help you evaluate each investment choice on an ongoing basis to determine if it's still appropriate for your plan and your participants. Several funds have changed status as a result of the market volatility, so please review the scorecard carefully to stay apprised of the line-up changes. To access an online copy of the Investment Scorecard, simply log in to www.TA-Retirement.com, select "Plan Funds," then "Investment Scorecard" and the time period you wish to view.

*The Transamerica Investment Monitor Methodology is Transamerica Retirement Services' ("Transamerica") proprietary rating methodology. Transamerica reserves the right to modify, eliminate, or add criteria at any time. The Investment Scorecard is the result of the Transamerica Investment Monitor's quarterly review of each of Transamerica's investment choices and all ratings are based on Transamerica's proprietary rating methodology.

INFORMATION

Monthly Market Insight

Your participants may want to know about investment strategies that they can use effectively in both up and down markets. Diversification is a proven investment strategy that helps to reduce overall risk in an investor's portfolio by allocating investment assets among stocks, bonds and cash. Investors can further diversify portfolio investments by choosing multiple investment styles



("growth" and "value"), and stocks of different company sizes (large company stocks, mid-sized company stocks, and small-company stocks). Investors may also choose to diversify geographically, by choosing both U.S. and overseas investments.

Your participants may appreciate this [article on diversification](#) from one of our investment management companies. The article graphically shows that year-to-year, the "best performing" investment style will vary, and cannot be predicted. By holding a diversified portfolio containing different investment styles, investors can help protect their portfolios from some of the unpredictable swings in the economy.

Even though diversification cannot assure a profit or protect against a loss, it can help to reduce overall investment risk, which is especially notable in today's market.

✓ LEGISLATIVE/COMPLIANCE

Tax Treatment of Refunds Changing for 2008

Beginning with the 2008 plan year, ADP and ACP refunds attributable to the 2008 plan year are taxable in the year of distribution. Therefore, for the 2008 plan year, refunds distributed between January 1, 2009 and March 15, 2009 are taxable in 2009, the year distributed (as opposed to the year contributed).



Also beginning with the 2008 plan year, gap period earnings (earnings from the last day of the plan year to the date of distribution) are no longer required on ADP and ACP refunds and for refunds of Excess Deferrals.

On a related provision, if your plan is a 401(k) with an Eligible Automatic Contribution Arrangement (EACA), there is no employer excise tax on the amount of any ADP and ACP refunds (including income) that are distributed before the end of the 6-month period following the last day of the plan year. 401(k) plans that do not offer an EACA have only 2 1/2 months following the close of the plan year to distribute these refunds before an employer is required to pay an excise tax. The fact that EACA's have up to 6 months to distribute refunds without penalty is a great reason to consider this plan provision if you have not already done so. For more information about EACAs please contact me at (800) 942-4882.