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### COMPLIANCE CALENDAR

#### Sponsor Tasks:

- **4/1** - Deadline for first-year age 70 ½ Required Minimum Distributions (RMD).<sup>1</sup>
- **4/15** - Deadline for 402(g) excess deferral refunds. This date applies to all 401(k) plans regardless of anniversary date.

See [below](#) for notes.

### 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).

We are now in the third month of 2009 and participants and sponsors continue to look for ways to understand this uncertain economy and still reach their retirement goals. You'll be pleased to know that this issue of *Sponsor E-News* has information to help you do both.

With recent changes in our economy, Transamerica has reviewed plan participant activity to identify any new trends. The encouraging news is that participants continue to stay active and involved in their retirement planning.

To help you manage your plan more efficiently, Transamerica has added four new online tools to make information-gathering easier than ever. Find out how these tools can help you and your plan participants.

Of course, we understand that in order to succeed, information is important. That's why every month includes Transamerica's *Monthly Market Insight* to better help you understand market and economy perspectives. This month we focus on BlackRock Investment Inc.'s forward-looking market analysis contained in their "First Quarter 2009 Market Views" and on Alliance Bernstein's "Three Reason's to Stay Invested" for some historical perspective on market volatility. And when it comes time to conduct a limited scope audit on your plan, be sure to take a look at our article entitled, "Evaluating the Evaluator: How to Select a Plan Auditor" for guidelines on choosing the right auditor for your plan.

Finally, take a moment to find out how the Transamerica Center for Retirement Studies has been sharing their expertise with the U.S. House of Representatives. All the details can be found in this issue's "Legislative/Compliance" section.

And don't forget to check the Compliance Calendar area of Transamerica's *Sponsor E-News* for all the information you need to keep your plan up to date and in order.



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## INFORMATION

### 2008 Trends: Plan Participation Remains Steady Despite Uncertain Economy

Clearly, 2008 was a year of almost unprecedented market volatility that negatively



impacted most asset classes in retirement and non-retirement investment vehicles alike. After researching and compiling some interesting data, Transamerica has been able to identify a few trends that occurred in the workplace savings plan arena for 2008. Despite all the bad news, workplace savings plan participants continued to contribute to their accounts throughout the economic uncertainty, took fewer loans than in 2007, performed more fund transfers on their accounts, and updated their investment elections - all signs of a healthy and realistic retirement savings strategy.

### **Economy Slowed Down. Participant Activity Picked Up.**

Throughout 2008, workers continued to contribute to their retirement plans, even during the year's especially difficult economic fourth quarter. Even more impressive is the fact that plan participants took action to rebalance their accounts, perform fund transfers, and modify their future investment elections. In fact, compared to 2007, all areas of activity on participant accounts (rebalancing, fund transfers and investment elections) increased in volume last year. More specifically, when comparing the fourth quarter of 2007 to the same period in 2008, the rebalancing of funds saw a 44% jump in activity, with changes to investment elections increasing by 32%.

### **Times Changed. Loans and Hardship Withdrawals Virtually Unchanged.**

While plan participation activity increased, loan usage and hardship withdrawals in 2008 did not indicate significant behavioral changes, except for a slight *decrease* in loans for the year. The following chart represents the percentage of Transamerica's participant base taking action in each area:

	<b>4Q 2008</b>	<b>4Q 2007</b>	<b>Full Year 2008</b>	<b>Full Year 2007</b>
<b>Loans</b>	1.0 percent	1.1 percent	4.3 percent	4.4 percent
<b>Hardship Withdrawal</b>	0.4 percent	0.3 percent	1.3 percent	1.1 percent

### **Plan Sponsors Got on the Phone...and Got Proactive About Participants' Accounts.**

Transamerica saw an increase in plan sponsor call volume, as many sponsors began to take a larger role in helping their plan participants through difficult economic times. Calls concerning participant loans and distributions were among those that topped the list for Plan Sponsor involvement. And, during a period when the number of loans did not significantly increase, the involvement by the plan sponsor to help their plan participants understand their plan options when coping with economic uncertainty did increase. Transamerica also saw a 9% increase in calls from plan sponsors wanting to update or change some of the provisions to their plan.

### **Markets (and Record Numbers of Participant Calls) Made History.**

Participants reached out to Transamerica at unprecedented levels during this volatile year. Throughout 2008, we received a remarkable 213,000 participant phone calls, representing a 20% increase over 2007. Our numbers indicate that as financial uncertainty increased, participant call numbers climbed as well. As the stock market hit an historic low in the fourth quarter of 2008, Transamerica call volume spiked by over 26% to produce a record number of calls.

### **Plan Sponsors Continue to Adopt Default Investment Alternatives.**

Interest in default investment alternatives continued to grow in 2008 as well, with increasing numbers of employers adopting lifecycle funds as a default investment alternative. By the end of 2008, Transamerica had received default investment alternative elections for 50% of plans with over 50% of those plans, approximately 2500 plans, using lifecycle funds as a default option.

So while it appears that we can take heart that participants - the foundation of our retirement plan structure - have a realistic and healthy attitude about their retirement savings, much of the news in 2008 focused on numbers heading downward, these figures seem to indicate that interest in, and activity regarding, retirement planning actually headed in the upward direction.

## New Online Tools Have Convenience Built In

We understand your time is valuable and want to help you manage your plan more easily and efficiently. That's why we've recently added some valuable new tools to our Web site, [www.TA-Retirement.com](http://www.TA-Retirement.com), to help both you and your participants get the most from the services Transamerica has to offer.



- **Your Plan's Web/Phone Statistics** – This new tool displays Web and Interactive Voice Response (IVR) system usage for the last 12 months (as of the end of the previous month), and highlights the top-five most used transactions by your participants. To access this new page, log in with your Username and Password, then look for the Plan Statistics page under the Plan Information menu in the left-hand navigation area.
- **Fund Fact Sheets** – We've made printing the fund fact sheets easier for both you and your participants. Now, instead of having to open each investment fact sheet, you can print all of the investment fact sheets in your plan at one time.
- **Participant Loan & Distribution Check Status** – With 34% of participant calls regarding loans and distributions, we've built an online facility to assist you and your participants in following up on the status of a distribution check. After login, view the status of a distribution check by accessing Plan Administration; Distributions; then, Check Status. Participants can view the status after login by accessing Transactions; Distributions; then, Check Status.
- **Form Wizard** – This new feature, available to plans processing distributions via hard copy, makes completing a distribution request easier, quicker and more efficient by automatically populating sections of the form. Under the Forms option on the Web site participants can generate and print a completed Distribution Request Form. The process for submitting a Distribution Request Form remains the same.

We think you'll agree that these great new resources make it faster and easier to get the information you and your participants need.

## Monthly Market Insight

The performance of the investment markets continues to dominate media reports, as stocks advance and retreat with the latest economic news. More than 30 leading investment companies provide expert management for the investment choices offered in Transamerica retirement plans. The in-depth market commentary from these investment management companies can be shared with your plan's fiduciaries, trustees and participants.



Some of the senior investors of BlackRock Investments, Inc. prepared [Market Views for First Quarter 2009](#), to share their current and forward-looking analysis of stock and bond markets for the coming year.

Another investment management company, Alliance Bernstein Investments, provides three reasons that cash isn't necessarily king, even in a time when it's tempting to look for a safe place to park your money. Read [Three Reasons to Stay Invested](#) for some historical perspective on weathering uncertain markets.

## Evaluating the Evaluator: How to Select a Plan Auditor

When a retirement plan has more than 100 participants, Federal law requires that it must be audited by an individual who is certified as a public accountant by a state regulatory authority, and who is independent of the entity sponsoring the plan.



So if your plan's audit is approaching, or you would simply like to become better informed on plan audits, please take a look at the following two informative pieces:

- [Selecting an Auditor for Your Employee Benefit Plan](#), a brochure prepared by the U.S. Department of Labor Employee Benefits Security Administration
- [Obtaining Quality Employee Benefit Plan Audit Services: The Request for Proposal and Auditor Evaluation Process](#), a document prepared by the American Institute of Certified Public Accountants Employee Benefit Plan Audit Quality Center

Whether this is your plan's first audit, you'd like to engage a new auditor, or you are concerned about the cost of your plan's previous audits, we believe this pertinent and topical information from respected and reliable sources can help guide you through your auditor selection process.

## ✓ LEGISLATIVE/COMPLIANCE

### The Transamerica Center on the Hill

On February 25, the Transamerica Center for Retirement Studies\* was invited to testify at a hearing entitled "**Drop in Retirement Savings: The Challenges Small Business Face Funding and Maintaining Retirement Plans in a Struggling Economy**" conducted by the U.S. House of Representatives Committee on Small Business.



To learn more about the hearing, including the opening statement, witnesses, and testimonies, please visit the Committee on Small Business' Web site at <http://www.house.gov/smbiz/>.

\*The Transamerica Center for Retirement Studies® ("The Transamerica Center") is a non-profit corporation and private operating foundation. The Transamerica Center may be funded by contributions from Transamerica Life Insurance Company and its affiliates or other unaffiliated third-parties. For more information about The Transamerica Center, please refer to [www.transamericacenter.org](http://www.transamericacenter.org).

### Notes for Compliance Calendar

<sup>1</sup> Transamerica provides a Trustee Authorization to be signed to withdraw funds for participants that have previously requested a distribution. RMDs must commence no later than 4/1 of the year following the later of (a) the calendar year in which the participant attains age 70 1/2, or (b) if provided by your plan, the calendar year in which a non 5% owner may be entitled to defer payment until retirement if they are still employed at age 70 1/2 (if your plan allows this option). For RMD purposes, a 5% owner is anyone who owns more than 5% of the employer (including ownership due to family attribution rules).