Transamerica Retirement Services — Sponsor E-News

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12/1 - For Safe Harbor plans, 12/1 is the deadline to provide the required 2009 safe harbor notice. For plans with an Eligible Automatic Contribution Arrangement (EACA), 12/1 is the deadline to provide the 2009 annual notice.

12/31 - Make prior plan-year compliance corrections, if any, without plan disqualification.[2, 3, & 4]

FEEDBACK

Our main goal is to provide you with the information you need. Please send your feedback and suggestions to SponsorConnect.

Welcome to the November edition of *Sponsor E-News*. This is the time of the year when many of us stop to give thanks.

Beginning November 30, we think you'll have one more item to add to your list — our newly enhanced enrollment workbook. See for yourself how we've made this useful guide even better than ever.

And if you're a sponsor who really has a lot to be thankful for, don't keep it to yourself. Our Sponsor Exchange is always looking for great success stories to share. Sponsor Exchange provides an opportunity for sponsors to share information or actions that contributed to their plan's success.

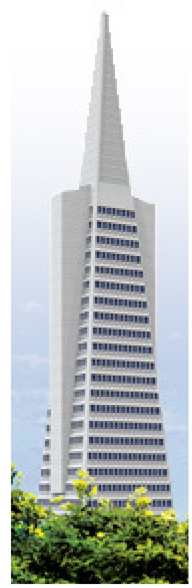
Our Market Insight offers some hopeful news about an end to the recession, and some suggestions for addressing participants' concerns in the interim.

We also have the latest results from *PLANSPONSOR® Magazine's* 2009 Defined Contribution Survey, in which Transamerica received top honors.

Converting paid time off into plan contributions may be an excellent way to increase plan contributions at no "additional" cost to the plan sponsor or the participant, but doing so can get a little complicated. Fortunately, in this issue, we provide you with the clarification you may need to perform the process.

This month's Legislative/Compliance area also highlights further guidance from the IRS for rolling over distributions into a Roth IRA.

Finally, in this season of thanksgiving, we want to thank you for entrusting your business to Transamerica Retirement Services[1] and giving us the opportunity to serve you all year long.



Compliments of
Sponsor Connect
(866) 498-4557

INFORMATION

Our Enhanced Enrollment Workbook Makes Enrolling Even Easier

Transamerica Retirement Services' enrollment workbook is now better than ever, featuring an exciting new look, streamlined enrollment forms, and an intuitive three-step enrollment process:

- Step 1: Determine your savings goals
- Step 2: Discover your risk profile and investment choices
- Step 3: Start today!

Our new format places forms and instructions placed at the beginning of the workbook, in order to emphasize the importance of enrolling today. We've also made the workbook even easier to use by simplifying items such as the contribution rate table and investment selection process.

This enhanced version of the workbook will be available starting November 30, 2009. So be sure and order your newly enhanced enrollment workbooks for any upcoming enrollment workshops you may have planned.

We're sure you'll agree that these enhanced enrollment workbooks are a great tool for helping to improve your employees' understanding of and participation in your retirement plan.

INFORMATION

Everybody Has A Success Story. What's Yours?

Do you have a 401(k) victory you're proud of? Want to learn how to achieve even more success? Sponsor Exchange is a great opportunity to share your success stories with other plan sponsors, as well as learn some great tips from them. For example, take a look at how Cooperative Home Care Associates increased their plan participation and plan awareness by hosting a 401(k) Day event.

Sponsor Exchange can be a helpful resource for finding innovative solutions to everyday retirement plan management issues.

Don't miss your opportunity to join the Exchange! If you have a Transamerica Retirement Services success story or any important information you'd like to share with other plan sponsors, please contact us at (866) 498-4557.

INFORMATION

Monthly Market Insight

This month, American Century Investments provides their perspective that we've exited the recession in the third quarter. According to Scott Wittman, Senior Vice President, the economy could average 2% growth over the next several quarters, although longer-term issues remain, including government deficits and consumer indebtedness.

Another of our investment management companies, Franklin Templeton Investments, provides 5 Things You Need to Know to answer the concerns many investors have raised this year:

- "The market seems to be up one day and down the next. I'd rather wait before investing."
- "It's hard to invest when stocks are this volatile."
- "I wonder if I should be more diversified."
- "With so many opinions about the market, I don't know who to listen to."

You can share these articles with your plan's participants to help provide them with a balanced perspective.

American Century Investments and Franklin Templeton Investments are not affiliated with Transamerica Retirement Services.

INFORMATION

PLANSPONSOR® Magazine Honors Transamerica Again

PLANSPONSOR® Magazine's Defined Contribution Survey is an important annual benchmark in the retirement plan industry. Each year, the survey measures and evaluates 401(k) and other defined contribution providers according to feedback from those providers' own clients. Plan providers are rated on services for both sponsors and participants. This year, Transamerica once again received high honors in the survey, which you can see here.

Transamerica Retirement Services ("Transamerica") secured 43 out of 46 "Best in Class" cups for sponsor and participant communications. Transamerica also received the highest recommendation rating for any plan provider — 98.4% — from sponsors.

The honors included 23 in the micro-plan market (<$5 million) and 20 in the small-plan market ($5 million to $50 million), covering 23 categories. Participant categories for which Transamerica won top honors included: Participant Communication Materials, Participant Education Program, and Enrollment Assistance. Sponsor categories in which Transamerica won top honors included: Internet Services, Compliance, Account Representative Knowledge and Responsiveness, to name a few.

*The November 2009 *PLANSPONSOR® Magazine* Defined Contribution Survey results place Transamerica Retirement Services among the top providers out of 46 for retirement plans with up to $50 million in assets based on total number of cups won. The survey polled 5,635 clients of a total of 48 defined contribution plan providers in all markets. See the November 2009 *PLANSPONSOR® Magazine* for complete results.

LEGISLATIVE/COMPLIANCE

New IRS Revenue Rulings Clarify Unused Paid Time Off Conversion

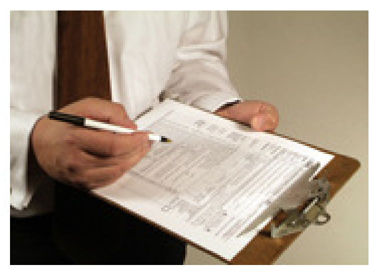
Revenue Rulings 2009-31 and 2009-32 provide an opportunity for plan sponsors to create a plan design that would allow participants to increase their plan contributions **with no additional out-of-pocket expense to the participant and no additional expense to the sponsor.**

How is it possible that there would be no additional cost to the sponsor? Paid Time Off (PTO) is a cost for the sponsor that they will pay no matter what. As a result, if excess PTO is converted into a plan contribution (for either the employer or the employee) this contribution is not an additional expenditure to the sponsor. And for participants, PTO is typically not viewed as discretionary "salary" that they see in a paycheck. Therefore, if the participant does not use his or her PTO and the excess is "converted" to 401(k) contributions, the participant can increase his or her 401(k) savings with no out-of-pocket impact.

Visit Transamerica Center for Retirement Studies to find out more about these recent Revenue Rulings.

LEGISLATIVE/COMPLIANCE

Additional Guidance on Rollovers from Eligible Employer Plans to Roth IRAs



In late October 2009, the Internal Revenue Service (IRS) provided additional guidance regarding the federal income tax consequences of rolling over an eligible rollover distribution from an Internal Revenue Code (IRC) defined qualified plan to a Roth IRA.

This informative article from Transamerica Center for Retirement Studies, The Federal Tax Consequences of Rollovers from Eligible Employer Plans to Roth IRAs and the Application of Modified Adjusted Gross Income, will provide you with background on the topic as well as details about Notice 2009-75.

If you have any questions, don't hesitate to contact us for further assistance at (866) 498-4557.

Endnotes

[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]Compliance and non-discrimination testing refers to a series of tests including the minimum coverage, annual additions, top heavy, actual deferral percentage (ADP) and actual contribution percentage (ACP) tests. Transamerica must have received a complete census package and Additional Plan Data Form in order to complete testing in March and meet the 3/13 deadline for distributing excess contributions without penalty to the employer.

[3]If the plan fails the ADP and/or ACP tests, the correction can be made by distributing excess contributions. If a correction is made within 2 1/2 months after the end of the plan year (on or before 3/13 for a calendar year plan), the employer avoids paying a 10% excise tax to the IRS on the amount of the correction. If the corrective distributions are made more than 2 1/2 months after the end of the plan year, the employer will pay the 10% excise tax on the corrective distributions.

[4]A participant's pre-tax contributions and any Roth contributions (deferrals) to a 401(k) plan cannot exceed the annual limit set by the IRS in Internal Revenue Code sections 402(g) which is $15,500 for 2008. Excess deferrals (in excess of the $15,500 amount) made in 2008 must be distributed to the participant, with related earnings, by 4/15. Failure to make these corrective distributions could result in plan disqualification.