TRANSAMERICA RETIREMENT SERVICES | SPONSOR E-NEWS

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10/1 – 12/1 — If your plan has a safe harbor feature, this is the timeframe for providing the required 2009 safe harbor notice.

FEEDBACK

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

Welcome to the October edition of Transamerica's Sponsor E-News. When it comes to managing a retirement plan, organization and awareness are two vital factors in your success. Fortunately, Transamerica Retirement Services[1] offers you the information you need to help keep you not only informed, but ahead of the game.

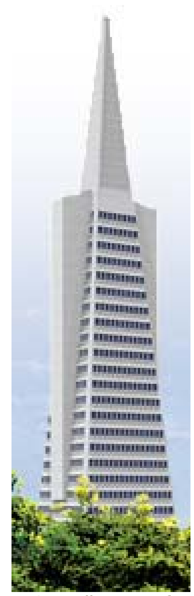
The online tools that Transamerica offers can help you save time on the day-to-day operations of your plan. Recent enhancements to our online reports make it easier than ever to manage your plan more efficiently.

Many sponsors include a comprehensive Investment Policy Statement in their plan. If your plan doesn't have an Investment Policy Statement — or an Investment Policy Statement that meets your standards — then be sure to find out more about the customizable Investment Policy Statement template that Transamerica offers.

Our Monthly Market Insight is an excellent source for staying up-to-date, and offers some recent news about the economy from Federal Reserve Chairman Ben Bernanke, as well as an informative perspective on diversifying assets with "target date" investments.

Staying on top of your plan means staying informed about changing legislation affecting retirement planning. This month we take a closer look at several important legislative and compliance issues. Find out more about the new Cost of Living Adjustments for 2010 and their implications. And learn all the details about the temporary waiver of Required Minimum Distributions for 2009.

We also suggest you pay special attention to the last article in our Legislative/Compliance area, "The DOL's New Enforcement Project Targets Untimely Contribution Remittance." Understanding the U.S. Department of Labor's tougher stance on contribution remittance could save you considerable time, money and trouble.



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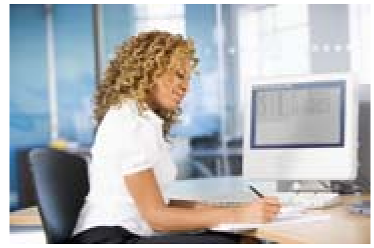
INFORMATION

Online Report Enhancements Put You in Charge



We have upgraded several of our online reports, making them easier for you to manage participant data. The next time you visit www.TA-Retirement.com , you'll have the option of choosing a PDF or CSV file for some of our key reports. That way you'll have the opportunity to download the file and make updates and changes to your participants' information if needed.

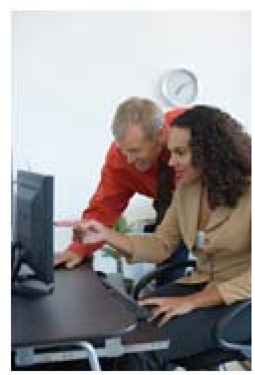
The following reports now provide additional functionality and allow you to choose how you want to receive your participant data.

- Contribution Limit Report
- Designated Age Report
- Employee Address Report
- Age 70½ Report
- Loan Balance Report
- Loans Paid Off Report

Please let us know how we can continue to improve our service to you. Contact us at (866) 498-4557 with any of your ideas and suggestions.

INFORMATION

The Importance of an Investment Policy Statement



An Investment Policy Statement (IPS) is a document that details guidelines established by the plan fiduciary for making prudent investment management decisions, such as identifying acceptable classes of investments. While an IPS is not a required plan document, many experts believe that developing an Investment Policy Statement (IPS) is an indispensable part of prudently managing a qualified retirement plan.

While the Employee Retirement Income Security Act of 1974 (ERISA) does not require a plan to have a written IPS, ERISA counsel generally agrees that an IPS is a "best practice" for every plan. In audit situations, one of the primary questions asked of plan sponsors by Department of Labor auditors is whether or not the employer has an IPS. According to the Profit Sharing Council of America's *52nd Annual Survey of Profit Sharing and 401(k) Plans* , 84.8% of all sponsors report their plan does have one (while another 7.4% of respondents were uncertain). As an added benefit, adherence to an IPS may help to protect plan fiduciaries from personal liability when plan investment decisions are challenged.

The purpose of an Investment Policy Statements is to:

- Define the plan's investment objectives
- Define the roles of the individuals responsible for the plan's investments
- Describe the criteria and procedure for selecting investment choices
- Establish investment procedures, measurement standards and monitoring procedures
- Describe ways to address investment choices that fail to satisfy established objectives
- Provide for appropriate diversification guidelines within investment vehicles

To assist you in establishing an Investment Policy Statement for your plan, Transamerica provides a customizable IPS template. This document was drafted by Fred Reish, Managing Partner of the Los Angeles-based ERISA law firm Reish, Luftman, Reicher & Cohen, is modeled after an IPS furnished by the Profit

Sharing/401k Council of America, and was specifically designed to integrate with the Transamerica Investment Monitor selection and monitoring process.

We will be happy to work with you and your financial advisor to help you customize an Investment Policy Statement for your plan. Please contact us at (866) 498-4557 to discuss this in more detail.

INFORMATION

Monthly Market Insight

On September 15, 2009, Federal Reserve Chairman Ben Bernanke said that the recession is "very likely over," as consumers began to show some signs of spending once again. The stock market continued its strong rebound in the third quarter, and some stability returned to the fixed income markets. Yet despite some signs of improvement, economic data is not yet painting a clear picture of a U.S. recovery, according to this Third Quarter Review provided by our affiliate, Diversified Investment Advisors.

Even as the economy appears to gain some stability, it remains important to maintain a diversified portfolio. "Target date" investments can be a way for investors to conveniently diversify their investments based on the investor's expected retirement date (known as the "target date"). Over time a "target date" investment automatically reduces the percentage of assets invested in stocks and increases the percentage invested in bonds and cash. While the concept is simple, it is important for investors to understand that different "target date" investment managers follow differing strategies as the "target date" moves closer.

For example, some "target date" investment managers expect that at the investor's expected retirement date, the investor would not want to experience the volatility (swings in value) that stocks can experience. Therefore, these investment managers would significantly reduce the percentage invested in stocks upon reaching the "target date."

Other investment managers regard the "target date" within the concept of the investor's overall life expectancy. Viewed from this perspective, the rationale is that the investor's assets will potentially be needed over two or three more decades past the investor’s retirement date. These investment managers would generally keep a higher percentage of the portfolio invested in stocks past the investor's expected retirement date ("target date").

Recognizing that "target date" investments are subject to differing management styles, it is important for investors who choose "target date" investments to recognize how the potential investment is managed and make the appropriate choice based on their objectives. Your participants can read more about "target date" investments in this Perspective, provided by our affiliate, Diversified Investment Advisors.

LEGISLATIVE/COMPLIANCE

Cost of Living Adjustments for 2010

On October 15th, the Internal Revenue Service (IRS) announced that pension plan limitations will not decrease in 2010. There had been some industry concern that with the decrease in the cost-of-living index for the quarter ended September 30, 2009, compared to the quarter ended September 30, 2008, that the limits would also decrease. As a possible recognition of these concerns, President Obama announced that the IRS will soon be issuing tax guidance that would prevent future reductions in contribution limits for certain retirement plans, including 401(k) plans and IRAs.

While the statutory thresholds for the deferral limit, the maximum compensation limit, and the highly compensated employee definition limit remain unchanged, these limits remain crucial to participants interested in maximizing their contributions to a 401(k) plan. For your convenience, this table lists some of the retirement plan limitations for 2010, as well as a Cost of Living Adjustment history from 2005 – 2009.

LEGISLATIVE/COMPLIANCE

Temporary Waiver of Required Minimum Distributions (RMDs) Rules

On December 23, 2008, the president signed the Worker, Retiree, and Employer Recovery Act of 2008 (the Act) into law. Section 201 of the Act waives mandatory payment of RMDs from qualified retirement plans for 2009. Therefore, most participants and beneficiaries who otherwise must receive RMDs from their plans are not required to be paid any RMD amounts for 2009.

Following are details about how the Act's special waiver of 2009 RMD payments affects participants and beneficiaries eligible to receive them:

Ongoing RMD Payments: Under the Act, defined contribution plans are not required to distribute 2009 RMDs in accordance with Internal Revenue Code (IRC) section 401(a)(9) to participants who are already receiving RMDs from plans subject to IRC sections 401(a) and 401(k). This waiver also applies to death benefits payable to beneficiaries in 2009 from these types of plans.

First-year RMD Payments: Participants whose Required Beginning Date (RBD) is in 2009 will also not be required to take an RMD in 2009, nor a 2009 RMD that is not paid until April 1, 2010. The IRC defines the RBD as the first period in which a distribution must be taken, and is generally prior to the April 1st following the later of the year of attainment of age 70½ or retirement. The RBD therefore mandates when RMDs begin for a particular participant.

Although no RMDs are mandatory for calendar year 2009, a participant's applicable RBD does not change. Thus, a participant who does not choose to receive an initial RMD by April 1, 2010, attributable to his or her RBD in calendar year 2009 will still be required to take a 2010 RMD by December 31, 2010.

Rollovers of 2009 RMDs Allowed: The Act also allows all or a portion of a 2009 RMD from a qualified retirement plan to be processed as an eligible rollover distribution, since it is no longer subject to the mandatory RMD rules. Also, 2009 RMDs will not be subject to 20% withholding tax or the employer direct rollover requirements. Finally, the Special Tax Notice is not required to be distributed to participants in advance of 2009 RMD payments. Normally, all of these requirements apply to payments eligible for rollover distributions from qualified retirement plans.

For a 2009 RMD sent to a participant or beneficiary as opposed to being a direct rollover, the Act grants the participant or beneficiary a 60-day period in which to roll over the distribution to a qualified plan (including the plan from which payment was made) or IRA.

If you have any additional questions regarding this temporary waiver of RMDs, please contact us at (866) 498-4557.

LEGISLATIVE/COMPLIANCE

The DOL's New Enforcement Project
Targets Untimely Contribution Remittance

In June, you received our article regarding the "Timing of Employee Deferral Remittances." In that article, we reminded sponsors that current regulations state that contributions must be funded no later than the 15th business day of the month following payroll deduction. However, the entire phrase in the regulations states that "contributions should be made *as soon as administratively feasible* , but in no case later than the 15th business day of the following month."

Recently the U.S. Department of Labor (DOL) has launched a new enforcement project aimed at prosecuting violators who fail to forward participant contributions to employee benefit plans. Assistant Secretary of Labor Phyllis C. Borzi says the program is designed "to target the most egregious and persistent violations, and to protect the most vulnerable employee populations by pursuing criminal prosecution of individuals who commit crimes involving contributory health and retirement plans."

This new enforcement project, in addition to the DOL's ongoing compliance efforts to address the remittance of untimely contributions, remain a priority for the DOL, according to Borzi.

As a reminder, the best business practice in accordance with the DOL, and the one that the DOL will presumably be monitoring in audit, is for plan administrators to remit plan contributions as soon as they can possibly segregate the assets. A good guideline, and one that an auditor looks at as well, is how quickly the employer can remit their FICA and FUTA taxes. In the DOL's opinion, if the employer can segregate and remit these payroll taxes, he or she can also remit plan contributions.

We will keep you up-to-date if the proposed regulations become final concerning the timing of employee deferral remittances.

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.