

IN THIS ISSUE

i INFORMATION

[Introducing the Transamerica Institute for Retirement Readiness](#)

[Transamerica's New Education Planner](#)

[Saver's Credit Reminder](#)

[Monthly Market Insight](#)

v LEGISLATIVE/COMPLIANCE

[Cost of Living Adjustments for 2011](#)

c COMPLIANCE CALENDAR

[Click here for this month's tasks.](#)

Welcome to the November 2010 Edition of Sponsor E-News

We have expanded our website to include the new Transamerica Institute for Retirement Readiness, to help educate participants so that they can make more informed decisions about their financial goals.

In an effort to increase the overall success of your plan, Transamerica introduces "Education Planner," a new online tool that provides you with a step-by-step process to help identify plan needs and build employee education campaigns designed to meet key goals.

Now is the time to remind participants that they may be able to take advantage of the Saver's Credit. Created for the benefit of low wage earners, the Saver's Credit may reduce eligible participants' federal income tax bill.

In Monthly Market Insight, the experts at American Century explain why they believe that uncertainty is the reason for the economy's lagging growth. Also, Legg Mason reminds participants about the value of taking a long-term approach to investing with a blend of stocks and bonds.

Finally, the Internal Revenue Service recently released the annual Cost of Living Adjustments for pension plans, Social Security, Medicare and other benefit programs. The 401(k) contribution limits for 2011 remained the same as for 2010. For your information, we have provided you with a detailed list of retirement plan limitations and a Cost of Living Adjustments history.



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i INFORMATION

Introducing the Transamerica Institute for Retirement Readiness

Transamerica understands the importance of educating your plan's participants so that they are able to make the necessary financial decisions that will help them prepare for retirement. We've expanded our website, www.TA-Retirement.com, to include the new Transamerica Institute for Retirement Readiness for participants. This new self-service Web-based tool simplifies retirement planning and categorizes education components into four different stages, based on an employee's current level of investment knowledge and education needs.



The Transamerica Institute for Retirement Readiness helps employees increase their financial literacy at their

own pace via the website, 24/7, by allowing them to choose the educational content that is most relevant to them. Online resources include video presentations, saving/planning calculators and information on investing principles.

If you would like to introduce your employees to the new Transamerica Institute for Retirement Readiness, you may wish to send this [email](#), or post this information on your firm's intranet site. Transamerica is pleased to offer comprehensive education that can help your employees maximize their success in planning for retirement.

INFORMATION

Transamerica's New Education Planner

Transamerica's new *Education Planner* is a systematic process that helps you identify plan needs and build employee education campaigns to influence goals such as:

- Increasing your plan's participation rate
- Increasing your plan's average salary deferral rate
- Enhancing your plan-level asset allocation
- Increasing your plan's average account balance
- Improving the level of your employees' financial literacy



The online *Education Planner* helps you to easily build and schedule a calendar of employee education campaigns. These education campaigns can help employees better understand the various concepts and principles of investing for retirement, which in turn can help them to become more comfortable making complex decisions regarding their retirement accounts.

The education campaigns include video presentations, saving/planning calculators and information on investing principles that can be easily delivered to your employees. We have even included sample campaign emails for you to use with your employees. In addition to email, you can post this information to your firm's intranet, or use our Web-based Message Center provided at www.TA-Retirement.com.

The Message Center allows you to easily distribute messages that post to all of your participants' Web accounts. The next time your participant logs on to our website, he or she can open and read your message. To create a message, just log on to www.TA-Retirement.com, and select "Message Center," and then "Create Message" in the left menu.

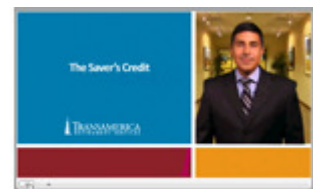
The *Education Planner* also provides you with a sample Education Policy Statement that documents your plan's education efforts on behalf of your employees. This can help you meet fiduciary requirements to educate and inform employees about saving for retirement.

You can use the new *Education Planner* by logging on to our website and selecting "Resources," then "Education Planner" in the left menu. We hope that you will take advantage of this new comprehensive employee education solution.

INFORMATION

Saver's Credit Reminder

Now is the perfect time to remind participants that they may be eligible for the Saver's Credit, also known as the Retirement Savings Contributions Credit. Introduced in the Tax Reconciliation Act of 2001 and made permanent under the Pension Protection Act of 2006, the Saver's Credit provides certain low wage earners with tax credits, which can be deducted from their federal income tax bill.



Single filers may take a credit of up to \$1,000, joint filers up to \$2,000. The amount of the credit is determined by the participant's filing status, adjusted gross income, and other retirement contributions. Note that this tax credit is only useful to tax filers who owe federal income tax, since refunds of excess credit are not allowed.

To qualify for the Saver's Credit in 2010 and 2011, participants must meet certain requirements:

- Be age 18 or older
- Not enrolled as a full-time student
- Not claimed as a dependent on someone else's tax return
- Have an adjusted gross income at or below the following levels:

	<u>2010</u>	<u>2011</u>
Single Filer	\$27,750	\$28,250
Head of Household	\$41,625	\$42,375
Married Filing Jointly	\$55,500	\$56,500

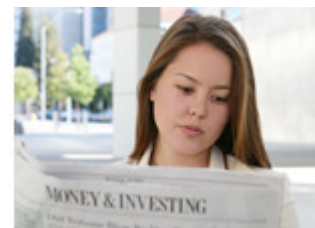
- Additionally, the participant must make eligible contributions to a qualified retirement plan, such as a 401(k) plan or traditional IRA.

Your participants already benefit from the tax deferral of their 401(k) contributions. Help them save even more on their federal income taxes by reminding them about the Saver's Credit. Participants can learn more about the Saver's Credit by clicking on this [e-Tips link](#).

INFORMATION

Monthly Market Insight

In "[Economic Growth, Company Earnings, and Uncertainty](#)," the experts at American Century Investments® explore the answer to the question on many people's minds. That is, "Where's the growth?" Unlike a typical post-recession economic recovery in which accelerated Gross Domestic Product (GDP) growth occurs, the current GDP growth has decelerated. In fact, since the fourth quarter of last year, GDP growth has gone from a 5% annual rate of growth to 3.7% in the first quarter of this year and an estimated 1.6% for the second quarter.



While economic growth has been weak, business earnings growth since the end of the recession has been impressive. Generally, strong business earnings go hand-in-hand with strong economic recovery. American Century proposes that the underlying cause of the current unusual dichotomy is uncertainty. For businesses and investors, uncertainty "regarding new regulations, taxes, laws, and the cost of doing business" is a key factor. Households are also affected "as home prices remain soft and the job market weak — despite extraordinary government incentives and record low borrowing costs."

In order to fully exploit our economic growth potential, the underlying causes of uncertainty need to be addressed. Meanwhile, developing economies in other parts of the world are maintaining the positive overall growth of the global economy. Therefore, American Century advises a broad and effective asset allocation as a crucial element of any investment strategy.

"[The rewards of diversified long-term investing](#)" by Legg Mason reminds us of the value of taking a long-term

approach to investing with a blend of equities (stocks) and fixed income (bonds). A hypothetical portfolio of 80% equities and 20% fixed income, invested from 1926 – 2009, would have produced a positive return in 70% of the years, demonstrating that a long-term investment time horizon produces a high likelihood that returns are positive. Although it may be difficult to stay invested during times of market volatility, remaining invested can offer the best opportunity to generate gains over the long term.

We hope you find these articles helpful in providing your participants with further investment education.

American Century Investments and Legg Mason provide investment management services for some of the investment choices offered in Transamerica's retirement plans. American Century and Legg Mason are not affiliated with Transamerica.

✓ LEGISLATIVE/COMPLIANCE

Cost of Living Adjustments for 2011

On October 28th, the Internal Revenue Service released the Cost of Living Adjustments for 2011. These adjustments can affect retirement plan contribution rates for both participants and employers. However, in 2011, the rates that affect most qualified defined contribution plans remain unchanged.

In detail, the limits to 401(k) plans for pre-tax deferrals, after-tax Roth contributions, and catch-up contributions remain the same as 2010. Other limits, including the Internal Revenue Code section 415 limits (also known as the "annual additions" limit) and the compensation limit remain unchanged at 2009 levels.



Plan Type	2011	2010	2009
Pre-tax deferrals	17,500	17,500	17,500
After-tax Roth contributions	17,500	17,500	17,500
Catch-up contributions	5,500	5,500	5,500
Section 415(a)(1) limit	49,000	49,000	49,000
Section 415(b) limit	255,000	255,000	255,000

For your convenience, we have attached a [table](#), which lists some of the retirement plan limitations for 2011, as well as a Cost of Living Adjustment history from 2005 – 2010.

We hope you will share this information with your company and your plan's participants so they can maximize their contributions to their retirement plans.

COMPLIANCE CALENDAR

12/2 — Safe Harbor Annual Participant Notice deadline — If your calendar-year, defined contribution plan document includes a safe harbor plan design for the 2011 plan year, this is the deadline for providing the required 2010 annual safe harbor notice.

12/2 — Qualified Default Investment Alternative (QDIA) Participant Notice deadline — If your calendar-year, defined contribution plan intends to comply with the DOL rules for default investments, this is the deadline for providing the required 2010 annual QDIA notice.

12/2 — Automatic Enrollment Participant Notice deadline — If your calendar-year, defined contribution plan document includes an Automatic Contribution Arrangement (ACA), Eligible Automatic Contribution Arrangement (EACA) or Qualified Automatic Contribution Arrangement (QACA) for the 2011 plan year, this is the deadline for providing the required annual notice to participants.

12/15 — Summary Annual Report extended deadline — For calendar-year, 2009 plan-year plans that filed an extension for their 2009 Form 5500 (two months after the extended deadline for filing Form 5500).

12/31 — Required Minimum Distribution (RMD) — For those age 70 ½ and older participants required to receive a RMD, the RMD check must be issued by no later than 12/31/10.

12/31 — Corrective Distribution deadline — For calendar-year plans that failed 2009 ADP and/or ACP tests.*

*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.



FEEDBACK

We always welcome your feedback and suggestions. Please send your comments to sponsorconnect@transamerica.com.

Transamerica Retirement Services ("Transamerica"), a marketing unit of Transamerica Financial Life Insurance Company ("TFLIC"), 440 Mamaroneck Avenue, Harrison, New York 10528, 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.

