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Welcome to the October 2010 Edition of Sponsor E-News

On November 1, Transamerica will provide you with a customized document center. Located on our plan sponsor website, this central repository for your key plan-related documents will provide you with a convenient way to easily access your documents.

We stand behind our pledge of high-quality service standards. In fact, we guarantee it. Read more about our performance on our guaranteed turnaround times.

In *Monthly Market Insight*, the experts at BlackRock offer their predictions for the economy in the fourth quarter and beyond. With little reason to believe the economy will slip back into another recession, BlackRock estimates modest growth for the next 12 months of 2% to 2.5%. Plus, reminding participants that it's not "timing the market," but "time in the market," Wells Fargo/Evergreen Investments has created an educational piece highlighting the value of long-term investing.

Lastly, on October 15 we e-mailed you a Technical Update which provided you with an overview of the Small Business Jobs and Credit Act of 2010. This new law enables 401(k) plan sponsors to allow Roth conversions within their plan without forcing participants to distribute funds from their employer's retirement plan. In this issue of Sponsor e-News we provide you with information on how Transamerica will support in-plan Roth conversions.



Compliments of
Sponsor Connect
(866) 498-4557

Access Plan Documents through our Online Document Center

Effective November 1, Transamerica Retirement Services will offer a centralized repository for your plan documents. Available through our Plan Sponsor website, your customized document center provides a single location for all your plan-related documents.

Over the next few months, we will be transferring key plan documents to your document center. One of the first documents you can expect to find is your plan's annual participant notice. Note that if your plan offers a qualified default investment alternative (QDIA), safe harbor or automatic enrollment feature, your annual participant notice will be customized to include the applicable option(s).

The document center can be easily accessed by visiting www.TA-Retirement.com, logging into your account and clicking on the "Plan Information" tab.

At Transamerica, we strive to provide you with convenient and useful resources to help you better manage your plan. If you have any questions or need assistance, please contact us at (866) 498-4557.



INFORMATION

Transamerica Service Standards: Excellence Guaranteed

Transamerica is committed to high-quality service standards that you can depend on — guaranteed.* In order to earn your business every day and maintain our annual client retention rate of 96%,** we focus on delivering exceptional service with every interaction.

For the calendar year ending 12/31/09, we achieved the following results:

- 100% of participant transactions received via the interactive voice response system or through the participant website prior to 4:00 p.m. Eastern Time are processed on the same day
- 99% of enrollment kits are mailed within five business days of receipt of the request
- 99% of participant statements are mailed within seven business days
- 99.4% of participant distributions and loans are processed within three business days of receipt



We take pride in providing you with superior customer service that exceeds your expectations.

*Transamerica will achieve the following guaranteed turnaround times, or we will waive your administrative service fee for that service: (1) Participant transactions received via interactive voice response system or participant Web site prior to 4 p.m. Eastern Time will be processed the same business day. (Transactions received after 4 p.m. will be processed the next business day.) (2) Employee enrollment kits will be processed and mailed within 5 business days of receipt of the request. (3) Participant statements will be mailed within 7 business days of quarter-end. (4) Contributions will be allocated and ACH requested within 1 business day of receipt of data in good order via the payroll validator. (5) Participant distributions and loans will be processed within 3 business days of receipt of complete and accurate request. (6) Takeover contributions will be allocated within 10 business days of receipt of transferred assets and complete, accurate (reconciled) participant records. Not all service standards may be applicable to your plan. Please see the APPLICATION AND AGREEMENT FOR SERVICES for more information regarding the guarantees as well as specific service standards applicable to your plan.

** As of December 31, 2009

INFORMATION

Monthly Market Insight

In "[What's Ahead in 2010: Autumn Update](#)," the team at BlackRock states that although they do not expect economic growth to accelerate over the next three to six months, they assign only a one-in-five chance that the economy will sink back into a recession. Additionally, over the next 12 months, they predict the real Gross Domestic Product (GDP) growth rate to be a modest 2% to 2.5%. BlackRock's predictions are partially based on the commitment by the Federal Reserve Bank for more quantitative easing, which will most likely take the form of buying up Treasury bonds, thereby reducing the supply of bonds available.



As supply falls, advocates argue, demand will increase and "Treasury yields will fall, which will force investors to move to higher-risk and higher-yielding assets such as corporate bonds." Whether or not this is proven to be true, the team at BlackRock believes that investors with long-term investment horizons should focus on the attractiveness of stocks relative to bonds and look past short-term issues in determining their investment strategies.

The experts at Wells Fargo Advantage Funds/Evergreen Investments remind us that if it were possible to predict the best time to be in or out of the market, we could all be millionaires. As "[It's About Time in the Market](#)" illustrates, by attempting to time the market, investors could miss out on some of the best performing months and substantially reduce the overall performance of their portfolios. The most effective strategy to help manage volatility is to stay invested for the long term.

We hope you will share these pieces with your participants as part of their ongoing investment education.

Evergreen Investment Management Company, LLC ("Evergreen") and Wells Fargo Funds Management, LLC ("Wells Fargo") provide investment management services for some of the investment choices offered in Transamerica's retirement plans. Evergreen and Wells Fargo are wholly owned subsidiaries of Wells Fargo & Company. Evergreen and Wells Fargo are not affiliated with Transamerica.

BlackRock provides investment management services for some of the investment choices offered in Transamerica's retirement plans. BlackRock is not affiliated with Transamerica.

LEGISLATIVE/COMPLIANCE

Roth Conversions Now Allowed Within 401(k) Plans

On Friday, October 15, Transamerica Retirement Services e-mailed plan trustees, plan fiduciaries, and primary plan contacts a Technical Update which provided an overview of the in-plan Roth conversion functionality made available to Roth 401(k) plans by the Small Business Jobs and Credit Act of 2010. This new law enables 401(k) plan sponsors to allow Roth conversions within their plan without forcing participants to distribute funds from their employer's retirement plan.



Please keep in mind that if you want to make in-plan Roth conversions available in your 401(k) plan, the conversion feature is available only to 401(k) plans that allow ongoing Roth contributions. If your plan would like to make in-plan Roth conversions a feature of the plan, please notify Transamerica in writing. Transamerica will begin processing these requests on Monday, November 15. If you have any questions or would like to submit your written notification, please contact me at (866) 498-4557.

Following Transamerica's receipt of your written notification, we will note that your plan offers the conversion feature, but we will not prepare a plan amendment until the U.S. Internal Revenue Service (IRS) issues guidance. With your written notification you may operate your plan in accordance with the new regulation during the remedial amendment period. Following IRS guidance on the legislation, Transamerica will provide plan amendments for signature. Even though we will not immediately issue a plan amendment, we will provide a Summary of Material Modifications (SMM) that the sponsor must distribute to all eligible employees.

Following their receipt of the SMM, participants who wish to initiate an in-plan conversion will be able to contact Transamerica's Participant Contact Center to request a conversion request form. The conversion request form will need to be completed by the participant and approved by the plan sponsor prior to submission to Transamerica for processing. The balances converted to the Roth account will remain invested in the same manner as they were in the participant's pre-tax accounts. Assets attached to outstanding loans may not be converted.

Any taxable amounts that are converted to Roth amounts as part of the in-plan conversion will be taxable to the participant in the tax year in which the conversion takes place. However, there is a special rule for 2010 conversions: if the in-plan conversion is completed by December 31, 2010, the participant will be able to defer the taxes due for 2010 ratably over two years — in 2011 and 2012. Participants should speak to their tax advisor to better understand the rules associated with this tax election and to determine their best course of action given their individual tax situation.

Plan sponsors should discuss adding the in-plan conversion feature with their advisors and take the time to determine whether this provision is appropriate for their plan. For more information about the Small Business Jobs Act, please read [this analysis](#) prepared by the Transamerica Center for Retirement Studies, a non-profit corporation dedicated to educating the American public on trends, issues, and opportunities related to saving and planning for retirement and achieving financial security in retirement.

If you have questions, please contact me at (866) 498-4557.



COMPLIANCE CALENDAR

10/1 – 12/1 — Safe Harbor Annual Participant Notice —If your calendar-year, defined contribution plan document includes a safe harbor plan design for the 2011 plan year, this is the timeframe for providing the required 2010 annual safe harbor notice.

10/1 – 12/1 — Qualified Default Investment Alternative (QDIA) Participant Notice—If your calendar- year, defined contribution plan intends to comply with the DOL rules for default investments, this is the timeframe for providing the required 2010 annual QDIA notice.

10/1 – 12/1 — Automatic Enrollment Participant Notices—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 timeframe for providing the required annual notice to participants.

11/1 – 12/31 — Required Minimum Distribution (RMD) Processing - Transamerica will send you detailed information in November regarding participants in your plan who will be age 70 1/2 by the end of 2010. Transamerica will also provide you instructions on how to determine which of these age 70 1/2 participants must receive a RMD by December 31, 2010.



FEEDBACK

We always welcome your feedback and suggestions. Please send

your comments to sponsorconnect@transamerica.com.

Endnotes

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.

