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January Sponsor E-News

Welcome to the January edition of the Transamerica Retirement Services' Sponsor E-News. Each year, we strive to serve our clients even better than the year before through innovation and continuous improvement of our services. Transamerica is dedicated to delivering outstanding customer service to plan sponsors and their participants.

We are pleased to announce that our exceptional commitment to quality has earned Transamerica 85 "Best in Class" ratings from our plan sponsors in an independent study released by Chatham Partners.

Beginning in February, interested participants will receive emails from Transamerica highlighting information that can help them better manage their retirement accounts.

In this month's Market Insight, the experts at J.P. Morgan explore the factors that have made the current recovery unique. Also, MainStay Investments provides five compelling reasons why it makes sense to buy stocks now.

A new report entitled "Educational Matters: The Impact of Educational Attainment on Worker Retirement Outlook" describes the strong correlation between educational attainment and retirement planning among American workers.

The U.S. Department of Labor has published proposed regulations relating to additional disclosure requirements for Target Date Funds.

We hope the articles in this edition are helpful to you as you prepare for another successful year. We are committed to providing you with the tools and information you need every month to help you reach your plan goals.



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Transamerica Receives 85 "Best in Class" Ratings in Client Satisfaction Analysis

As part of Transamerica's commitment to quality, we survey our plan sponsors annually to help us determine ways to enhance the experience of our plan sponsors and their participants. In a recently released independent study by Chatham Partners, Transamerica Retirement Services has again received recognition from our plan sponsors for our exceptional commitment to client service. Transamerica earned 85 "Best in Class" ratings, and exceeded Chatham's proprietary benchmark in all 23 of the survey categories, including overall satisfaction.



In the study, plan sponsors also ranked Transamerica as the top performing plan provider in seven key areas, including:

- Employee education
- Investment services
- Help in fulfillment of fiduciary responsibility
- Plan sponsor website
- Participant website
- Participant statements
- Client service provided by third party administrator

The study was conducted by Chatham Partners, LLC, an independent, third-party research firm. Plan sponsors were asked to rate their plan provider on 97 key attributes, including transaction processing, recordkeeping, investments, statements, websites, call centers, voice response systems, education, administration services, fees and personnel. The study shows that Transamerica exceeded Chatham's proprietary benchmark in 95 of the 97 individual attributes measured. More information about the survey results can be found on TA-Retirement.com.

In the fall of 2010, the Chatham Partners survey was sent to a sample number of plan sponsor clients, and their responses and feedback are used to identify opportunities to improve the services we provide. With 85 "Best in Class" ratings, we believe the study validates our dedication to providing the highest quality of services.

We thank the plan sponsors that were asked to participate in the Chatham Partners study for the honest feedback provided, and we are committed to using their feedback to provide continuous improvement in our service quality. As always, we welcome all of our sponsors' comments and requests, as they are used to identify opportunities to provide you with the highest quality of services.

Chatham Partners' 2010 Client Satisfaction Analysis Survey, December 2010. Chatham Partners, LLC is an independent, third party research firm. Questions were asked of 732 Transamerica Retirement Services' clients. Quantitative questions were rated on a 7-point scale with "6" and "7" representing the highest levels of satisfaction. A "Best in Class" rating was received when over 85 percent of the respondents selected a "6" or "7" for a specific area. Transamerica received a total of 85 "Best in Class" ratings in Chatham's 2010 analysis.

Transamerica Introduces Participant Education Emails

Transamerica is pleased to introduce a new communication enhancement designed to help plan participants better manage their retirement accounts. Beginning in February, Transamerica will send emails to certain participants to highlight the Transamerica retirement planning tools and resources available to them.



Our first email will feature the recently introduced Transamerica Institute for Retirement Readiness, a new self-service education website that helps simplify retirement planning. The Institute's education components are grouped into categories based on an employee's current level of investment knowledge and education needs. By using the website, employees can increase their financial literacy at their own pace and convenience. In addition to introducing the Transamerica Institute for Retirement Readiness, the first email will also instruct participants on how to elect to receive their quarterly account statements electronically, if they have not already done so.

You can be assured these emails will be sent only to participants who have proactively elected to receive email communications from Transamerica. Other participants may receive information through the online Message Center when they log onto their accounts at www.TA-Retirement.com. The Message Center is an effective and efficient way for you to communicate with your participants, and for Transamerica to communicate with participants about new educational tools.

This new communications effort is part of Transamerica's ongoing commitment to helping participants plan successfully for retirement.

INFORMATION

Monthly Market Insight

It may be hard to believe, but some analysts say the economy has now been in a recovery for as long as it had previously been in a recession. As of January 2011, the recovery and recession have each lasted 18 months. Even more surprising is the fact that the increase in real Gross Domestic Product (GDP) during the recovery is just about equal to the decline experienced during the recession. So why does this recovery appear to be so different from others in the past? The experts at J.P. Morgan explain how factors such as the less than normal bounce back of the cyclical sectors, greater involvement and activity of the Federal Reserve and Federal Government, and lower consumer confidence level have made this recovery unique and will likely shape its progress in the future.



Cyclical sectors include such industries as housing starts and vehicle sales. Both industries suffered tremendous losses during the recession. Housing starts were down from an average of 1.7 million units per year to 477,000 during the worst of the recession. By October of 2010, that number had only increased to 519,000, still well below its earlier averages. Vehicle sales also dropped significantly from an average of 16.7 million per year to 9.3 million during the worst of the recession. The number only increased to 12.3 by November 2010. Both of these cyclical industries experienced only a subtle rebound.

The unprecedented actions taken by the Federal Reserve and Federal Government to stimulate the economy have also helped define this recovery. Through near zero interest rates, tax cuts and other incentives, Washington has fought aggressively to foster the recovery. With more tax cuts and other incentives likely to be passed in 2011, it appears that the "stimulus party is not over yet."

The last unique aspect is the below normal level of confidence at this stage of a recovery. "Our slow progress on the road to recovery has not been due to a lack of fuel - it has been due to a lack of spark." However, it appears that continued gains in the stock market, stabilization in the housing market and improvement in the job market are all helping consumer confidence to be on the rise. Continued confidence will be essential to accelerated growth in the next phase of this atypical recovery.

MainStay Investments offers five reasons [Why Equities Make Sense Now](#) . One, equities (stocks) are relatively inexpensive, so it may be an ideal time to find value in the stock market. Two, the S&P 500 is in part driven by global growth. Even if the economic recovery has been slow domestically, the multi-national companies in the index are able to take advantage of continued global growth. Three, stocks are attractive compared to bonds. The current yields on corporate bonds are near their 50-year lows. Four, corporations are boasting their strongest balance sheets ever, positive signs for the stock market. Five, stocks are less sensitive to interest rate movements. Eventually, interest rates will rise and when they do, bond prices will fall.

We hope you will share these articles with your participants in an effort to keep them informed about investing and the economy.

J.P. Morgan Asset Management provides investment management services for some of the investment choices offered in Transamerica's retirement plans. J.P. Morgan Asset Management is the marketing name for the asset management businesses of JPMorgan Chase & Co. J.P. Morgan Asset Management is not affiliated with Transamerica Retirement Services.

MainStay Investments provides investment management services for some of the investment choices offered in Transamerica's retirement plans. Transamerica is not affiliated with MainStay Investments or its affiliates.

INFORMATION

New Report on the Impact of Education Attainment on Worker Retirement Outlook

The Transamerica Center for Retirement Studies, a center dedicated to the study of retirement trends and issues facing the American workforce, has released a new report from the 11th Annual Transamerica Retirement Survey entitled, "Educational Matters: The Impact of Educational Attainment on Worker Retirement Outlook."

As described in the report, the survey found that the levels of educational attainment among American workers are strongly correlated to their retirement confidence, as well as their ability to save and plan for retirement. To help improve retirement security among all workers, the report offers recommendations for outreach initiatives and public policy, including promoting available tax incentives, improving financial and retirement literacy, and expanding retirement plan coverage. The press release and survey report can be found on the Center's website at www.transamericacenter.org.



About Transamerica Center for Retirement Studies®

The Transamerica Center for Retirement Studies is a non-profit corporation and private foundation. The Center is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties. For more information about The Center, please refer to www.transamericacenter.org.

LEGISLATIVE/COMPLIANCE

U.S. Department of Labor Proposes Additional Disclosure Requirements for Target Date Funds

In late 2010, the U.S. Department of Labor (DOL) published proposed regulations, which impose additional disclosure requirements relating to Target Date Funds and similar investments in participant-directed individual account plans. The additional disclosures are in the form of proposed amendments to two existing DOL final regulations—the qualified default investment alternative (QDIA) final regulations published on October 24, 2007 and the participant fee disclosure final regulations published on October 20, 2010.



The proposed amendments to the QDIA final regulations offer more specificity as to the information plan fiduciaries must provide in their notices to participants regarding investments in QDIAs, including Target Date Funds. In addition, they expand and modify the participant notice requirements for QDIAs by requiring plan fiduciaries to provide information to participants similar to that which is required in the participant fee disclosure final regulations.

To ensure that all participants and beneficiaries receive the same information regarding Target Date Funds, the proposed amendment to the participant fee disclosure final regulations requires the inclusion of the same disclosure elements relating to Target Date Funds as are being added to the QDIA regulations, noted in the above paragraph.

The proposed regulations will be effective 90 days after they are finalized and published in the Federal Register. For more information on the DOL's proposed amendments to Target Date Funds, please visit www.transamericacenter.org.



COMPLIANCE CALENDAR

Early - Mid February — Transamerica must receive complete census data and the Additional Plan Data Form in order to guarantee completion of the 401(k) nondiscrimination testing by 3/9.*

If your plan has an Eligible Automatic Contribution Arrangement (EACA), and if the EACA applies to all eligible employees, the deadline by which Transamerica must receive complete census data, including the Additional Plan Data Form, is 5/27. This will guarantee completion of 401(k) nondiscrimination testing by 6/24, which is the latest date by which Transamerica must receive refund instructions for distributions to be made by 6/30.



FEEDBACK

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