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Welcome to the February 2011 Edition of Sponsor E-News

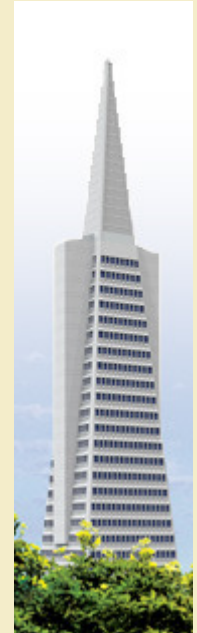
Beginning this month, participants will be able to receive electronic delivery of their financial confirmations.

The Saver's Credit is a tax credit that can help low- to middle-income workers save for retirement. Find out how you can help notify your eligible employees.

Sponsor Exchange offers you an opportunity for sharing and learning successful retirement plan strategies from other plan sponsors. We encourage you to participate in our Sponsor Exchange.

In Monthly Market Insight, the experts at Fidelity remind us of the important influence that economic liquidity can have on the stock market. Also, Putnam shows us that, historically, market rebounds have outlasted declines. How we respond to these rebounds is what matters most.

Lastly, the U.S. Department of Labor has extended the effective date for compliance with ERISA Section 408(b)(2) Fee Disclosure to January 1, 2012.



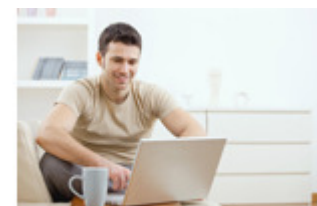
Compliments of
Sponsor Connect
(866) 498-4557

i INFORMATION

e-Confirmations Now Available

Last August, Transamerica Retirement Services began offering participants the option to receive their quarterly account statements online. Starting this month, your participants will be able to receive electronic delivery of their financial confirmations as well. Participants may select this option by logging on to the Transamerica website and updating their communication preferences in their personal profiles.

This electronic delivery option is part of our ongoing commitment to providing convenient services to you and your participants.



Saver's Credit Education Campaign

Recently, the Transamerica Center for Retirement Studies® launched an education campaign to raise awareness of the Saver's Credit, a tax credit created to encourage low- to middle-income workers to save for retirement. Only 12% of workers who qualify for the credit based on their income levels are even aware of it, according to the 11th Annual Transamerica Retirement Survey.



As part of the campaign, Transamerica has issued this [press release](#) and [article](#). We hope that you will share this information with your participants, and encourage them to visit www.transamericacenter.org for more information.

About Transamerica Center for Retirement Studies

The Transamerica Center for Retirement Studies is a non-profit corporation and private foundation. The Transamerica Center for Retirement Studies is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties.

Share Your 401(k) Success Story on Sponsor Exchange

Sponsor Exchange is an online publication that provides an opportunity for sharing success stories and learning about retirement plan strategies from other plan sponsors. Located on the Employers section of our website, [Sponsor Exchange](#) can be an invaluable resource for finding innovative solutions to common retirement plan management issues.

Take a look at how [John Kennedy Dealerships](#) increased their plan participation and deferral rates through the hands-on approach of their Chief Executive Officer.

If you have a retirement plan success story or helpful information you would like to share with other plan sponsors, please contact us at (866) 498-4557 and participate in Sponsor Exchange.



Monthly Market Insight

In [Watch the Money: The Impact of Liquidity on the Markets](#), the Fidelity Market Analysis, Research & Education experts remind us of the important role liquidity can play in stock market movements. After Federal Reserve (Fed) Chairman Ben Bernanke announced in August that the Fed would begin to create more liquidity in the economy through quantitative easing, stocks and other riskier assets rallied. What would have likely been a negative performance for the year went on to finish at average to above-average annual returns for most stock categories around the world. Although other factors also contributed to the markets' positive performance, the Fed's actions to create more liquidity in the economy positively impacted investor behavior and helped to drive up the markets.



On the other hand, Fidelity's analysts report that some developing nations, such as China, India and Brazil, are employing a very different monetary policy. In an effort to stem inflationary pressures, these nations

are reducing their liquidity through tighter monetary policies, such as raising interest rates. However, on the whole, liquidity conditions remain abundant in major emerging economies.

Since developing nations are part of the global economy, "significant changes to liquidity levels, particularly if they negatively impact economic growth in emerging economies, would likely have significant impact not only on worldwide economic activity, but also on investor sentiment."

Monetary policy will continue to influence investor behavior and drive global stock market markets. Fidelity's analysts believe that watching the monetary policy of emerging market central banks may be just as important as watching the U.S. Federal Reserve's monetary policy throughout 2011.

The experts at Putnam remind investors that, historically, [market rebounds have outlasted declines](#), and that moving assets into conservative investments with low rates of return may increase the amount of time it takes for your account to recover.

Please share this ongoing education with your plan's participants, to help them prepare for a successful retirement.

Fidelity Investments provides investment management services for some of the investment choices offered in Transamerica's retirement plans. The Market Analysis, Research & Education (MARE) group is a unit of Fidelity Management & Research Co. Fidelity Investments and Fidelity Management & Research Co. are not affiliated with Transamerica Retirement Services.

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

✓ LEGISLATIVE/COMPLIANCE

Effective Date for Compliance with ERISA Section 408(b)(2) Fee Disclosure Extended to January 1, 2012

On February 11, 2011 the U.S. Department of Labor (DOL) announced that it intends to extend the compliance date for the new 408(b)(2) service provider to plan sponsor fee disclosure rules from July 16, 2011 to January 1, 2012. In the announcement, Phyllis Borzi of the DOL said an "extension of the applicability date to January 1, 2012 will ensure that [the DOL] has the time to get the final rule right and that plans and their service providers have the time they need to undertake orderly and efficient compliance efforts following publication of the final rule." By making this statement, it appears that the DOL may still make changes to the final fee disclosure regulation prior to the January 1, 2012 applicability date and that final rules may be forthcoming.



Recognizing that our clients have been anticipating these regulations for quite a long time, to the extent that the final rules do not materially change the current "interim final" regulations, Transamerica's intent is to comply with the regulations on, or as close as possible to, the original applicability date of July 16, 2011. However, this is subject to change if the final rules do, in fact, materially change the interim final regulations. We will continue to keep you informed on this important subject over the upcoming months.

For more details, please go to the Transamerica Center for Retirement Studies' [website](#) where you can read their complete release on the [DOL's extension of the 408\(b\)\(2\) fee disclosure regulations](#).

3/9 — Transamerica completes compliance and nondiscrimination testing.¹

- Employer instructs Transamerica to refund any excess contributions (deferrals) and/or excess aggregate contributions (match) by this date to avoid the 10% penalty.² Transamerica must receive instructions by 3/9 to meet the 3/15 deadline.³ (If your plan has an Eligible Automatic Contribution Agreement [EACA] that covers all eligible employees, this deadline is extended to 6/30.)
- Employer passes a board resolution declaring an employer discretionary contribution, if any, and makes any discretionary or required employer contributions to the plan (by 9/15 if a corporate tax extension is filed).
- If appropriate, employer files Form 7004 (which extends the deadline for filing corporate taxes, for making employer contributions to the plan, and filing Form 5500). The 5500 filing deadline is extended only to 9/15, if using Form 7004.⁴
- For a plan with an EACA that covers all eligible employees,⁵ Transamerica must receive complete census data and the Additional Plan Data Form by 5/27 in order to 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.

3/15 to 9/15 — Make contributions, if any, to a profit-sharing plan by 3/15, or 9/15 with a corporate tax extension.⁶

¹ Compliance and nondiscrimination 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 by 2/7 in order to complete testing in March and meet the 3/15 deadline for distributing excess contributions without penalty to the employer. For a plan with an EACA please refer to footnotes 2 and 3.

² If the plan fails the ADP and/or ACP test(s), the correction can be made by distributing excess contributions. If a correction is made within 2 ½ months after the end of the plan year (on or before 3/15 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 ½ months after the end of the plan year, the employer will pay the 10% excise tax on the corrective distributions. For plans with an EACA that applies to all eligible employees, the deadline is extended to 6/30.

³ If your plan has an EACA that applies to all eligible employees, Transamerica must receive refund instructions by 6/24 to meet the 6/30 deadline.

⁴ Form 7004 extends the deadline for filing corporate taxes, making employer contributions to the plan, and filing Form 5500. Form 7004 must be filed within 2 ½ months following fiscal year-end. If your fiscal year does not end on 12/31, please discuss actual dates with your TPA and/or tax counsel.

⁵ 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.

⁶ Actual deadline is 2 ½ months following fiscal year-end. If your fiscal year does not end on December 31, please discuss actual dates with your service provider. If contributions are to be deducted they must be deposited prior to the filing of the corporate tax return which may not be March 15 or September 15.



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