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Welcome to the March 2011 Edition of Sponsor E-News

Transamerica introduces the TRS Mobile Enroller application, a new, convenient and secure way for employees to enroll in their plans in as little as three minutes at enrollment meetings.

We are making enhancements to our audit assistance on our website for large plan sponsors that require annual audits.

We would like to thank all our plan sponsors who submitted their annual census data through the Transamerica website, allowing us to complete annual testing in a timely manner.

In this month's Market Insight, the investment team at Diversified Investment Advisors, an affiliate of Transamerica, comments on the effects of the recent disasters in Japan on the global economy. Also, the experts at Wells Fargo Advantage Funds discuss why investors' recent focus on company fundamentals, rather than economic fundamentals, may offer opportunities for standout companies with the best secular growth prospects. Finally, Legg Mason reminds us of the benefits of a diversified portfolio.

Finally, the reduced Social Security tax rate for 2011 may provide another opportunity for you to talk with employees about enrolling in the retirement plan, and to participants about potentially increasing their contribution rates.



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(866) 498-4557

INFORMATION

Transamerica Launches TRS Mobile Enroller for Participants

Earlier this month, Transamerica introduced a new way for eligible employees to immediately enroll in their retirement plans during enrollment meetings. Using the TRS Mobile Enroller application, employees can quickly and securely join their plans in as little as three minutes.

When you elect to utilize the TRS Mobile Enroller at your enrollment meetings, Transamerica's Enrollment Specialists will provide employees access to an iPod touch,[®] pre-loaded with the TRS Mobile Enroller application. Participants can select their contribution rate and investment election. If they prefer to automatically invest 100% of the contributions in the plan's default investment choice, they can choose the "quick enrollment." Selecting "regular enrollment" allows participants to allocate contribution percentages across the menu of investment choices offered in their plan. If allowed under the plan's provisions, they can also choose to make catch-up contributions, if they are age 50 or over. Once a participant has confirmed his or her enrollment elections, the



information is securely uploaded to Transamerica's server and the enrollment begins processing.

Please note that to ensure privacy, all employee data is encrypted, and no information is stored on the iPod touch devices provided by Transamerica for enrollment purposes.

Transamerica is committed to providing you with innovative and convenient ways to increase participation in your retirement plan. To take advantage of the TRS Mobile Enroller, your retirement plan must first select the online enrollment feature. Learn more about the TRS Mobile Enroller and our online enrollment capabilities by contacting us at (866) 498-4557.

INFORMATION

Enhanced Audit Assistance Available to Large Plan Filers

Transamerica is enhancing our audit assistance for large plan filers who require an annual audit. Large plan filers are generally those plans that cover 100 or more participants as of the beginning of the plan year. In the past, large plan filers received an audit package from Transamerica containing a guide, SAS 70 reports and various reports/files with information on the plan's assets and participants. All of this information was prepared to assist the independent qualified public accountant with completing the required annual plan audit.



This year materials will be posted to our secure website at www.TA-Retirement.com. We'll provide you with more comprehensive information in the coming weeks.

Implementation of these enhancements will begin with December 31, 2010 plan-year audits. We continue to upgrade and enhance our services in order to provide you with clear, concise, and accessible information that will help your annual audits run smoothly.

INFORMATION

2010 Compliance Testing Successfully Completed

A sincere thank you to all our sponsors who submitted their annual census data through the Transamerica website. According to our records, the vast majority of our sponsors entered their annual census data online, helping to make it possible for us to complete their annual testing in a timely manner.

On behalf of the entire Transamerica Retirement Services team, we appreciate your cooperation and effort, as we continue to provide "best in class" service.



INFORMATION

Monthly Market Insight

In "Market Alert-March 2011," the investment team at Diversified Investment Advisors, an affiliate of Transamerica, comments on the effects of the natural and nuclear disasters in Japan on the global economy. Although Japan's economy is the third largest in the world, Diversified does not expect the Japanese stock market's recent drop to signal panic. In fact, many experts believe this drop will be followed by economic growth through rebuilding. In any case, "prior to the disaster, Japan's economy was not expected to be an important component of global economic growth in 2011, so a downturn in Japan's economic growth is not expected to have a material impact on the global growth rate."



The team at Diversified will continue to monitor the situation. As always, they advise individual investors to take a long-term view and avoid overreacting to short-term market movements.

The experts at Wells Fargo Advantage Funds believe that investor focus is shifting from a cyclical to a secular view. That is, investors are now reviewing the fundamentals of an individual company, rather than the overall health of the economy, in determining how and when they invest.

Wells Fargo's [Investment Perspective](#) explains how the slow yet sustainable pace of the current economic recovery provides opportunities for "secular growth stories-companies that can grow by differentiating themselves from the competition." Investors favor these standout companies, which exhibit such attributes as strong demand for their products, newly developed products and services for their markets, increased market share and exploration of emerging market opportunities.

Rather than researching economic fundamentals, investors are taking more of a company-by-company approach to their investments, attempting to identify those with the best secular growth prospects ahead of the rest of the market. The experts at Wells Fargo believe these standout companies will be particularly favored by today's investors.

Legg Mason's [Diversification—a prudent strategy in any market](#) compares the annual returns of U.S. stocks, international stocks, bonds, and a blend of the three over a 20-year period. Although the worst-performing asset class varies over the years, it has historically been outperformed each year by the blended return. This comparison demonstrates how diversification can help mitigate the "worst case scenario" of an individual asset class.

We hope you share these informative articles with your plan participants as part of their ongoing investor education.

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

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

LEGISLATIVE/COMPLIANCE

Social Security Tax Cut Provides Increase in Workers' 2011 Take-Home Pay

Millions of American workers are benefiting from a 2% increase in their annual take-home pay for 2011. In an effort to further stimulate the economy, Congress passed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, which reduces the Social Security tax withholding rate from 6.2% to 4.2% for 2011.

As a result of the tax cut, a worker earning \$50,000 would receive an extra \$1000 this year. The tax cut would top out at \$2100, since only the first \$106,800 in wages is subject to the Social Security tax. The reduced withholding will not affect an employee's future Social Security benefits or Social Security solvency. Shortages in the Social Security Trust Fund will be made up through the U.S. Treasury General Fund.

The new rates were effective January 1, 2011. However, since the payroll tax cut was not announced until December of last year, employers were given until January 31, 2011 to implement the new rates and March 31, 2011 to make any adjustments to taxes over withheld during January.

This 2011 "bonus" may provide the opportunity and incentive your employees need to begin their retirement savings contributions, or increase their current contribution rates. To help them learn more about the tax cut, we have created [The Payroll Tax Cut: The Perfect Opportunity to Increase Your Retirement Savings](#).



We hope you will share this information with your employees in a continuing effort to keep them informed of current retirement issues.



COMPLIANCE CALENDAR

3/15 to 9/15 — Make 2010 Plan Year contributions, if any, to a profit-sharing plan by 3/15, or 9/15 with a corporate tax extension.¹

4/1 to 7/31 — Expect signature ready electronic Form 5500 and summary annual report (SAR) from your plan's recordkeeper (the SAR is not filed with the Form 5500). The Form 5500 requires electronic signature and electronic filing to the U.S. Department of Labor's filing system (Efast2).

4/1 — If previously requested by the plan participant, Transamerica will issue trustee authorized Required Minimum Distribution² (RMD) payments to participants who turned 70½ or retired in 2010 and postponed their first RMD payment to 2011.

4/15 — Deadline for issuing excess deferral refunds (deferrals that exceed the Internal Revenue Code section 402(g) limit).³

¹ 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.

² RMDs must commence no later than 4/1 of the year following the later of (a) the calendar year in which the participant attains age 70 ½, or (b) if permitted by your plan, the calendar year in which a non-5% owner retires. However, if a participant is a 5% owner, the RMD must commence by 4/1 following the calendar year in which a participant attains age 70 ½ regardless of employment status. Participants who are non-5% owners may be entitled to defer payment until retirement if they are still employed at age 70 ½ (if permitted by your plan). For RMD purposes, a 5% owner is anyone who owns more than 5% of the employer (including ownership due to family attribution rules).

³ Participants, 49 years old or younger in 2011 cannot exceed the annual limit set by the IRS in Internal Revenue Code section 402(g) which is \$16,500 for participant's pre-tax contributions and any Roth contributions (deferrals) to a 401(k) plan. Participants, 50 years old or older in 2011 are allowed to make pre-tax contributions and any Roth contributions (deferrals) to a 401(k) plan totaling \$22,000, which consists of pre-tax and Roth contributions that cannot exceed \$16,500, as well as, catch-up contributions that cannot exceed \$5,500. Excess deferrals made in 2010 must be distributed to the participant, with related earnings, by 4/15/2011. Failure to make these corrective distributions could result in plan disqualification.



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.

