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Welcome to the July 2011 Edition of Sponsor E-News

We are proud to announce that for the seventh consecutive year, Transamerica Retirement Services' sponsor and participant websites were awarded the prestigious "Seal of Excellence for Communications" from DALBAR, Inc.

At the end of this month, Transamerica will offer you the ability to receive your invoices for services rendered electronically. Additionally, you'll be able to view invoices online for up to 24 months after being posted to the plan sponsor website.

Increase your plan's participation by building a 401(k) Day campaign utilizing our impactful posters, participant flyers, planning tips and statement inserts.

In this month's Market Insight, Franklin Templeton provides insight into key issues the market is facing as the debt situation unfolds, and J.P. Morgan Funds provides a comprehensive report on the U.S. debt and its ramifications. In addition, J.P. Morgan Funds' Chief Market Strategist reveals why he believes that the economy will do slightly better in the second half of the year than it did in the first, and offers the opinion that a recession in the second half is highly unlikely. The experts at Goldman Sachs remind us of the penalty for overreacting to volatility by moving in and out of the market.

Finally, we provide you some points to consider if you are thinking of implementing a safe harbor design for your plan.



Compliments of
Sponsor Connect
(866) 498-4557

INFORMATION

DALBAR Seal of Excellence: Seventh Consecutive Year

For the seventh consecutive year, Transamerica Retirement Services' sponsor and participant websites were awarded the prestigious "Seal of Excellence for Communications" from DALBAR, Inc., an independent market research firm. The Seal of Excellence is awarded for outstanding communications that effectively and efficiently meet the needs of sponsors and participants. In addition, the Transamerica Retirement Services' plan sponsor website outperformed all other 42 retirement plan provider websites by earning the "Excellent" designation every quarter in 2010 by DALBAR's Defined Contribution WebMonitor program.



For Transamerica's participant website, DALBAR recognized the Transamerica Mobile Enroller as a best practice for enrollment. Using the Transamerica Mobile Enroller Application, employees can quickly and securely join their plan and begin saving for retirement during their enrollment meetings, further helping plan sponsors to increase enrollment rates. DALBAR also recognized Transamerica's mobile account access capabilities, indicating it was a best practice for account details.

DALBAR also highlighted Transamerica's Total Plan Management program on the plan sponsor website. The program brings together three vital aspects of retirement plan fundamentals-education, fiduciary support tools, and plan management- to help sponsors in the small- and mid-sized markets assess and identify specific plan needs, set goals and take action to enhance their plan's overall success.

Transamerica is honored to receive recognition for excellence from DALBAR, one of the nation's leading market research firms for the financial services industry.

INFORMATION

Coming Soon: Electronic Delivery of Plan Invoices

At the end of this month, Transamerica Retirement Services will be offering you the ability to view invoices for services rendered online. As the designated primary contact of your plan, you will receive an email when the invoice is available on the plan sponsor website and be able to view invoices on the website for up to 24 months.



To access the invoices, log into your account at www.TA-Retirement.com, and select "**Plan Administration**," then "**Plan Invoices**." If you have any questions or need assistance, please contact *SponsorConnect* at (866) 498-4557, Monday through Friday, 9 a.m. to 8 p.m. Eastern Time.

At Transamerica, we strive to provide you with fast, convenient and green resources to help you better manage your plan.

INFORMATION

401(k) Day - Don't Get Left Behind!

With our award-winning marketing materials Transamerica strives to provide our sponsors with innovative, action-oriented, and timely campaigns and ideas to help increase your plan's participation rate. This year, our 401(k) Day campaign is named "**Don't Get Left Behind.**" This campaign can help motivate your employees to think about their retirement future and take immediate action to save for their retirement.



Plan sponsors can select any day of the year to celebrate 401(k) Day. It's easy to build a campaign around 401(k) Day utilizing a combination of our posters, participant flyers, planning tips, and statement stuffers. You can choose from two themes: "Don't miss the boat" or "Don't miss the train."

To download our 401(k) Day materials, visit www.TA-Retirement.com, or call *SponsorConnect*SM at (866) 498-4557, Monday through Friday, 9 a.m. to 8 p.m. Eastern Time. The printed materials and e-Tips will be available via eKits in mid-August. Simply log into your account, and access eKits.

401(k) Day campaigns are just one more example of the educational tools that Transamerica offers to educate your employees and promote your plan.

INFORMATION

Monthly Market Insight

The U.S. debt ceiling and deficit negotiations are making the news. The Chief Investment Officer of the Franklin Templeton Fixed Income Group provides a thoughtful perspective in this [new video interview](#), including why he believes a U.S. default would be highly unlikely, and the key issues that the market is focusing on as the debt situation unfolds.



For a detailed study of the current U.S. debt situation including a look at the state of federal finances, proposed solutions, and their implications on investment strategy, we have provided this article from J.P. Morgan Funds on [The Debt Issue](#).

Other economic news is provided in the June issue of [J.P. Morgan Funds Monthly Update](#). J.P. Morgan Fund's Chief Market Strategist gives us reasons to believe that although the current recovery has been slow with a real Gross Domestic Product (GDP) growth rate of just 1.8% in the first quarter, a recession in the second half of this year is highly unlikely. The factors that have contributed to the anemic growth in the economy in the first two quarters include higher oil prices, the disasters in Japan, and reduced activity in construction due to harsh winter conditions. He believes these issues will be offset in the second half of the year by auto manufacturers' plans to sharply increase production in the third quarter, improved consumer finances, increases in pent up demand for homes and vehicles, and rising U.S. exports stimulated by a falling dollar. J.P. Morgan Funds' strategist asserts that "while another recession is possible, the most likely scenario is one of continued and then strengthening economic growth." He advises investors not to act on the "buy high" and "sell low" philosophy that often accompanies uncomfortable times, but rather to "maintain a balanced and disciplined approach to investing."

[The Penalty for Missing the Market](#) from Goldman Sachs underscores the importance of the buy-and-hold investment strategy with this comparison of annual returns from 1991-2010 if you were invested all 5047 days (9.14%), minus the 10 best days (5.42%), minus the 40 best days (-0.98%) and minus the 70 best days (-5.79%).

We hope you will share this information with your participants in an effort to help them increase their investment and retirement knowledge.

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

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 and J.P. Morgan Funds are not affiliated with Transamerica Retirement Services.

Goldman Sachs Asset Management provides investment management services for some of the investment choices offered in Transamerica's retirement plans. Goldman Sachs Asset Management is not affiliated with Transamerica Retirement Services.

Transamerica Retirement Services provides educational information to help sponsors and participants make investment decisions, but does not provide investment advice.

✓ LEGISLATIVE/COMPLIANCE

Could Your Plan Benefit from a Safe Harbor Design?

If you are thinking about implementing a safe harbor design for your 401(k) plan, you may want to consider some of these advantages. A safe harbor plan:

- Eliminates the possibility of actual deferral percentage (ADP) and actual contribution percentage (ACP) test failures, which allows the highly compensated employees (HCEs) to maximize their deferrals and receive matching contributions without worry of refund or forfeiture
- May satisfy the top-heavy required contributions and the new comparability plans (NCP*) gateway contributions** for some plans
- May result in annual fee reduction



Bear in mind that although you may benefit from these advantages, you can also incur additional costs for

maintaining a safe harbor plan. While you may eliminate the need for ADP/ACP tests, safe harbor plans must match employee contributions or make profit sharing contributions with a specified formula. These contributions must be 100% vested immediately.

Still, a safe harbor design may be ideal for your plan if it is:

- A top-heavy plan
- Already providing matching contributions close to safe harbor levels
- Unable to maximize HCEs deferrals due to ADP testing limitations
- A new comparability plan
- Featuring short or no service requirements for full vesting
- Using qualified non-elective contributions (QNECs) to pass ADP or ACP tests

To help you explore a safe harbor design option, Transamerica offers a safe harbor [brochure](#). Note that if your plan is a calendar-year plan, the deadline for implementing a safe harbor plan is November 30th.

As a reminder, if you are currently sponsoring a safe harbor plan, participant notices must be distributed between 30 and 90 days before the start of the plan year. For calendar-year plans, this "notice" period begins October 1 and ends December 1.

*NCP is a plan that uses a profit-sharing allocation formula that allows a greater allocation rate for a target group(s) of participants.

**The NCP gateway is the minimum contribution percentage for any non-highly compensated employee. The gateway/minimum contribution percentage must be at least either (1) one-third of the highest percentage for any highly compensated employee or (2) 5%.



COMPLIANCE CALENDAR

- **8/1** — File Form 5500 or Form 5558¹ for calendar year plans.
- **8/1** — If a plan audit² is required, employer must receive accountant's opinion letter to include with Form 5500 filing.



FEEDBACK

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

Endnotes

Plan-related recordkeeping and administration services are provided by Transamerica Retirement Services Corp. ("Transamerica" or "Transamerica Retirement Services"), which is headquartered in Los Angeles, CA. The investment choices are available through a contract issued by Transamerica Financial Life Insurance Company ("TFLIC"), TA-AP-2001-CONT, or Transamerica Life Insurance Company ("TLIC"), TGP-439-194, TGP-416-192/194, TGP-430-192/194, CNT-TALIAC 05-02, or CNT-TLIC 10-05. Transamerica is an affiliate of TFLIC and TLIC. TFLIC is not authorized and does not do business in the following jurisdictions: Guam, Puerto Rico, and the U.S. Virgin Islands. TLIC is not authorized in New York and does not do business in New York. Contract form and number may vary, and these investment choices may not be available in all jurisdictions. Fees and charges may apply. For complete information, contact your Transamerica representative.

¹ Form 5558 is an application for extension until October 17 of Form 5500 filing. If Form 5558 is not filed, but a Form 7004 is filed (to extend the corporate tax filing), the filing deadline for Form 5500 is extended to September 15.

² An audit is generally applicable for plans with 100 or more participants at beginning of plan year, an independent qualified public accountant must conduct an audit of the plan's financial statements, including review of the plan's Form 5500, schedules, internal control practices, and other information.