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Welcome to the August 2011 Edition of Sponsor E-News

Transamerica will launch our eighth annual client satisfaction survey in September. Thank you in advance to our plan sponsors who will be participating in the survey.

In this month's Market Insight, the experts at Putnam Investments explore the immediate and possible future effects of Standard & Poor's decision to downgrade U.S. Treasuries. Also, Columbia Management provides a timely reminder of the historical resilience of the U.S. stock market after periods of decline brought on by crisis.

If your plan does not already include catch-up contributions, we encourage you to consider adding them. Catch-up contributions can help employees who are nearing retirement to be better prepared for their futures.

Finally, we remind you that sometimes a letter from the IRS is simply a request for a compliance check. Transamerica can help you prepare your response.



Compliments of
Sponsor Connect
(866) 498-4557

① INFORMATION

Transamerica Launches Eighth Annual Client Satisfaction Survey

Transamerica Retirement Services' mission is to lead the retirement services industry in offering our clients innovative, "Best in Class" retirement plan services and solutions. This mission sets the standard for, and drives, our client-focused efforts. Our annual client satisfaction survey is a prime example of our commitment to this mission.

Each year, our annual client satisfaction survey conducted by Chatham Partners, LLC, a leading market research firm,¹ enables us to reach out to our plan sponsors for their feedback on a variety of topics, ranging from overall satisfaction with Transamerica to specific products and services. Chatham Partners assesses the results of the survey and creates a "report card" on the success of our mission and client-focused efforts. That report card is then developed into a prioritized action plan that enables us to implement services, technology and investment enhancements that directly respond to your input.

In September, Chatham Partners will conduct our eighth annual client satisfaction survey and contact over 1,200 randomly selected Transamerica clients to ask for their input. At the end of October, they will close the survey and begin their analysis of the data. In December, Chatham Partners will provide Transamerica with detailed survey results, which we will prioritize and incorporate into our strategic plans for 2012 and beyond.



Through the 2010 survey, you provided us with valuable feedback and suggestions that resulted in a number of service enhancements:

- Sponsors' invoices available on our website for easy reference and archival
- A Document Center, which provides sponsors with an online filing system where they can easily access and review the most current versions of their important plan documents
- Compliance testing results on the web, allowing sponsors to make corrective elections online
- An Education Planner, which helps sponsors to create targeted participant education campaigns, which are saved to the Document Center for easy reference
- Electronic delivery to participants of transaction confirmations
- Web access to our clients' Audit Package
- Auditor Access, which enables sponsors to provide their auditors with online access to the plan's 5500 audit package

As we embark on the 2011 annual client satisfaction survey, we would like to thank those of you who have participated in prior surveys as well as those of you who will be participating in this year's survey. Your feedback helps us provide you with even better service, and helps ensure that our mission to lead the retirement services industry in providing innovative, "Best in Class" retirement plan services and solutions remains alive and vital year after year.

¹ Chatham Partners' 2010 Client Satisfaction Analysis Survey, December 2010. Chatham Partner, 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.

INFORMATION

Monthly Market Insight

The experts at Putnam Investments provide some insight into the effects of Standard & Poor's (S&P) decision to downgrade the United States Treasury debt from AAA to AA+ in their article, [What the S&P downgrade may mean to investors](#).

Although the move was not a surprise because S&P had made it clear that the lack of resolution to the debt ceiling debates would result in a downgrade, the timing was a bit unexpected. Nonetheless, the fact that S&P only dropped Treasuries by one ratings notch removed some of the uncertainty.

Since most investment guidelines do not require AAA ratings by all agencies, it should mean limited sell off of Treasuries. Putnam contends that "the direct impact of the downgrade on the fundamentals of financial and other companies should ... be fairly limited." On the other hand, some investors have reacted to the downgrade by selling their stocks, resulting in market volatility, and by buying more Treasuries -- which indicates that investors are not interpreting the downgrade as a signal that U.S. default risk has increased.

In Putnam's view, the possibility of a market rebound in the coming months remains viable. They cite a number of positive forces that could help buoy the markets, including the recent debt ceiling agreement, strong corporate earnings, healthy and cash-laden corporate balance sheets, a stronger U.S. financial system than in 2008, and an accommodating Federal Reserve policy. Although Putnam will remain vigilant for signs that the markets are worsening, they believe volatility can generate opportunity and "seek to take advantage of the markets' exaggerated moves" in the upcoming months.

[Recovery after a crisis](#) by Columbia Management reminds investors of the resilience of the U.S. stock market and the benefits of staying invested. At a time when fear is prevalent, it is important to note that since 1929, the Dow Jones Industrial Average (DJIA) has, on average, produced double-digit returns 12 months after periods of decline that were brought on by crisis. Investors who stay invested in their stock portfolios may be better off than those who sell.

We hope you will share these informative articles with your plan participants.

Transamerica Retirement Services does not provide investment advice. Putnam Investments and Columbia Management Investment Advisers, LLC provide investment management services for some of the investment choices offered in Transamerica's retirement plans. Putnam

✓ LEGISLATIVE/COMPLIANCE

Introduce Your Participants to the Benefits of Catch-up Contributions

As some employees near retirement age, they may realize that they have not saved enough for their retirement. The solution to underfunded retirements may be catch-up contributions, an option created by Congress in 2002 to help participants who are over age 50 add money to their retirement plans beyond the regular deferral limit.

Through catch up contributions, an employee contributing the maximum \$16,500 to their plan, if over age 50, can contribute an additional \$5,500 for a total deferral of \$22,000. A plan is not required to match the catch-up contribution, unless it is a safe harbor plan.



One of the advantages of catch-up contributions is that they do not impact testing. Catch-up contributions are not calculated into ADP, 415 or top-heavy tests. Therefore, company owners and other highly compensated employees can make catch-up contributions without any negative consequences. In fact, if your plan fails the ADP test, you are allowed to reclassify the refund amount as a catch-up contribution, thereby reducing the taxable distribution made to correct the test or the total amount of any contribution made to the plan to correct the failure.

If you are interested in adding this beneficial feature to your plan, please contact *SponsorConnect* at (866) 498-4557, Monday through Friday, 9 a.m. to 8 p.m. Eastern Time.

✓ LEGISLATIVE/COMPLIANCE

What is a Compliance Check?

As a plan sponsor, it is possible you may receive a letter from the Internal Revenue Service (IRS) requesting information on your plan. Although you may assume you are being asked to submit to an audit, it may, in fact, just be a compliance check.



A compliance check allows the IRS to increase its coverage and expand its enforcement presence through correspondence-based contacts, and failure to respond to a compliance check can result in an audit. Participating in a compliance check involves verifying information on a return that has been filed; books and records are not inspected. If plan errors are identified, the plan is still eligible to use the IRS correction program to rectify them.

If you receive a request to submit to a compliance check, please contact us, so we can guide you in the preparation of your response. For more information on compliance checks, please contact *SponsorConnect* at (866) 498-4557, Monday through Friday, 9 a.m. to 8 p.m. Eastern Time.

COMPLIANCE CALENDAR

- **9/15** — If corporate extension was filed in March (Form 7004¹), file Form 5500 with a copy of Form 7004.
- **9/30** — Mail Summary Annual Report (SAR) to participants or if Form 5558 was filed for extending Form 5500 filing date then mail by 12/15.

¹ 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 1/2 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.



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-TALIC 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.

