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Welcome to the September 2011 Edition of Sponsor E-News

In an effort to make the investment choice change process more manageable and efficient for you, we have recently added some enhancements that can streamline your efforts.

Recent research from Fidelity provides compelling reasons to develop an annual education program for your plan by utilizing Transamerica's Education Planner.

The experts at AllianceBernstein provide an overview of the causes behind the recent global stock market sell-off, as well as some positive domestic economic factors that have been overshadowed by the negative headlines. The experts at Putnam Investments remind that saving even pennies can add up over time.

Lastly, we review the benefits and considerations of adding a 401(k) Roth feature to your plan.



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① INFORMATION

Enhancements to the Investment Choice Change Process

Transamerica recently enhanced the process that allows you to make changes to the investment choices available in your plan, making the process easier and more efficient for you.

The newly added functionality allows your plan trustees and fiduciaries to sign off on your requests for investment choice additions and/or deletions, default investment choice selections or Qualified Default Investment Alternative (QDIA) designations electronically on our website, www.TA-Retirement.com. The enhancement to our process allows you to manage investment choice changes completely and conveniently on the internet.



In addition to new e-signature capabilities, we have created two new website pages, a status update page and a communications option page, for the convenience of sponsors, trustees and fiduciaries. The status update page helps you track the progress of investment choice changes, so automated delivery of new documents to the Document Center can be completed in a timely manner. The communications option page allows the trustee or fiduciary to direct the distribution of correspondence necessary to communicate investment changes.

In order for your plan to derive the most benefit from these enhancements to the investment choice change process, one or more of your plan trustees or fiduciaries must log in and create their own ID and password on our website. This is required since plan trustees and fiduciaries are the only ones authorized to make changes to the investments offered in your plan.

We continue to offer you enhancements in an effort to help streamline your business processes. If you have any questions, please contact us at (866) 498-4557.

INFORMATION

Transamerica's Education Planner Can Help Boost Participation and Savings

Recent research shows compelling findings in regard to targeted employee communications. In their quarterly "[Building Futures Report](#)," Fidelity Investments provides the following insight:

- **Increased enrollment:** Plans with programs that engage employees over time through multiple media were nearly twice as likely to increase their enrollment rates as plans without engagement programs, during the same time period (54% vs. 27%, respectively).
- **Higher deferral rates:** Participants in plans that leveraged educational communications immediately following enrollment were six times as likely to increase their deferral rates compared to participants in plans that did not use the programs (12% increased deferrals vs. 2%, respectively).
- **Improved asset allocation:** Plans that proactively helped participants with their asset allocation decisions were significantly more likely to improve age-based asset allocations across their participant population as compared to plans that did not provide the education (85% vs. 51%, respectively).



The research provides compelling reasons to take advantage of Transamerica's Education Planner, a resource designed to help you develop and implement an annual education program for your plan.

Through the Education Planner, you can first assess key attributes of your plan, and then select the appropriate education campaigns to address your employees' needs. The goals of the campaigns are to help improve plan participation, increase deferral rates, increase average account balances, improve overall asset allocation, and increase employees' retirement planning knowledge. The campaigns can be conveniently delivered to your employees via your firm's intranet, email or Transamerica's online Message Center. The Education Planner can also help you create an education policy statement as a commitment to the plan's educational efforts on your employees' behalf.

The Education Planner is available online at www.TA-Retirement.com. Simply log on to the website, select "Resources" on the left hand toolbar, and click on "Education Planner."

Statistics from Fidelity Investments Building Futures Report, Q1 2011, Issued June 2011. Fidelity Investment provides investment management services for some of the investment choices offered in Transamerica retirement plans. Transamerica is not affiliated with Fidelity Investments.

INFORMATION

Monthly Market Insight

In [What's Behind the Recent Market Sell-Off?](#) from AllianceBernstein, their experts present a holistic view of the current state of the global equity (stock) markets, explaining not only the negative news that caused the recent flight from stocks, but also some positive indicators that lead them to believe "that there is still a case for slow but positive economic growth at the global level."

A number of factors contributed to the recent global equity markets' sharp decline. AllianceBernstein believes that the Federal Reserve's (Fed) comments about its negative views of the prospects for global economic growth and "strains in the global financial markets" prompted the drop. Additionally, investors revealed their skepticism about the effectiveness of



the Fed's Operation Twist, an attempt to stimulate the economy by reducing the cost of borrowing, in the hopes that the savings will result in additional spending.

AllianceBernstein notes that ongoing risks to the global economy include the sovereign debt crisis in Europe, potential slowing of growth in China and domestic difficulties such as our budget deficit, high unemployment and uncertainty on key business issues. Although these risks are not new, they added to investors' fears about the health of the economy and resulted in a sell off of stocks.

The experts at AllianceBernstein remind us of some positive factors that are reasons for cautious optimism about the state of our economy. Corporate profitability remains strong, the need to replace aging equipment is paired with cash-heavy company balance sheets, liquidity is available in the banking system, consumers have reduced their household debt and commodity prices, such as oil, have fallen. These positive points are often overshadowed by the negative headlines.

In summary, the opinion of the experts at AllianceBernstein concerning global economic growth is that "while there are clear risks, it's more of a mixed picture than is often highlighted."

The experts at [Putnam Investments](#) remind us that saving, and investing, even pennies can add up over time. The man made famous for saving close to \$80,000 worth of pennies over 65 years would have accumulated over \$8.8 million had he invested the money in the stock market.

We hope these articles provide you with useful information, which you can share with your participants as part of their investor education.

Transamerica Retirement Services does not provide investment advice. AllianceBernstein L.P. and Putnam Investments provide investment management services for some of the investment choices offered in Transamerica's retirement plans. Transamerica is not affiliated with AllianceBernstein L.P., nor with Putnam Investments.

✓ LEGISLATIVE/COMPLIANCE

Consider the Benefits of a Roth 401(k) Option

In 2006, the Roth 401(k) contribution feature was introduced to retirement plans. This optional provision allows employees to make after-tax contributions, which are subject to the same eligibility, change provisions and contribution limitations as standard 401(k) deferrals.



The Roth 401(k) contribution feature offers participants a number of valuable benefits, including:

- No income restrictions for participants who make contributions, as compared to a standard Roth Individual Retirement Account (IRA)
- A higher contribution and catch-up limit (\$16,500 and \$5,500 respectively) than Roth IRAs
- Tax-free distribution of earnings
- Advantageous tax treatment of distributions if a participant's tax rate is lower at the time contributions are made than at the time distributions are taken, relative to standard pre-tax contributions

Before adding the Roth 401(k) feature to your plan, you should consider that these contributions are included in the Average Deferral Percentage (ADP) test. Participants who had previously chosen not to participate in the plan, contributing instead to an outside Roth IRA, may opt to begin participating under the Roth 401(k) option, which would boost testing results. Additionally, you should bear in mind that Roth 401(k) contributions are required to remain in the plan for a period of at least five years before they are eligible for the tax-free distribution.

If you are interested in learning more about Roth 401(k) contributions or would like to add this feature to your plan, please contact us at (866) 498-4557.



COMPLIANCE CALENDAR

- **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.
- **10/3** — First date by which an employer should provide mandatory notices to participants for safe harbor or automatic enrollment,* where applicable.** For plans that provide a Qualified Default Investment Alternative (QDIA) in addition to a safe harbor feature and/or automatic enrollment arrangement, the required QDIA notice will be incorporated into the safe harbor notice or automatic enrollment notice.
- **10/17** — Due date for Form 5500 for plans on extension.

*This includes an Automatic Contribution Arrangement (ACA), Eligible Automatic Contribution Agreement (EACA), and a Qualified Automatic Contribution Arrangement (QACA).

**Applies to plans where the plan year coincides with the calendar year.



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.

