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i INFORMATION

Transamerica Awarded 84 "Best in Class" Cups by *PLANSPONSOR*® Magazine



In its 2012 Defined Contribution Survey, *PLANSPONSOR*® Magazine honored Transamerica with a **combined 84 "Best in Class" Cups for services provided to plan sponsors and participants**. We extend our sincere thanks to the plan sponsors who participated in the survey.

"Best in Class" Cups are awarded to retirement plan providers that score in the top quartile of 23 categories, across market segments based on plan assets. Transamerica received a **perfect 23 "Best in Class" Cups in two market segments** — a true honor for us.

Full results are available in the November 2012 edition of *PLANSPONSOR*.® For additional information, please read Transamerica's [results flyer](#).

Transamerica strives to deliver the services that best serve you and your participants.

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INVESTMENT COMMENTARY

From fiscal cliff to spending slope

This month's commentary features a [Q&A](#) from American Funds in which two of their experts discuss the eleventh-hour fiscal cliff deal reached by Congress, and the impact it may have on investors and the economy.

Below are some of the deal's features:

- Income, capital gains and dividends tax increases for individuals earning more than \$400,000 per year (\$450,000 for couples)
- Estate tax increase for estates worth more than \$5 million
- No extension of the 2% payroll tax holiday
- Two month delay of automatic spending cuts



We hope you will include these articles as part of your ongoing effort to help educate your employees on how to plan for a successful retirement.

INVESTOR EDUCATION

The importance of a financial plan

The beginning of a new year is a good time to consider creating a financial plan to help you assess your current financial situation and set comprehensive goals. This [piece](#) by Janus highlights the benefits of having a detailed financial plan as a road map to your financial future.

Transamerica Retirement Solutions does not provide investment advice. American Funds and Janus provide investment advisory services for some of the investment choices offered in Transamerica's retirement plans. American Funds and Janus are not affiliated with Transamerica.

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LEGISLATIVE / COMPLIANCE

PLAN MANAGEMENT

Monitoring Your Forfeiture Account Balance

Your plan may require participants to complete a period of service before becoming fully vested in matching or non-elective employer contributions. If a participant's employment is terminated prior to becoming fully vested, a plan may forfeit the non-vested portion at the time a distribution is processed. Special rules apply to these forfeited benefit amounts.

At Transamerica, a participant's non-vested portion is transferred to the plan's designated Forfeiture Default Fund when a termination distribution is processed.

The assets remain invested in the Forfeiture Default Fund until, as the plan document indicates, they are used in one of three ways:

- to pay administrative expenses of the plan
- as an additional employer contribution, and allocated among the

Be sure to check your plan's forfeiture balance and procedure for processing the balance on a regular basis to remain in compliance with IRS regulations.

remaining participants of the plan

- to reduce future employer contributions

The Internal Revenue Service (IRS) has increased focus on forfeiture usage, and forfeitures are a popular topic in IRS plan audit articles. The IRS may review how you monitor your Forfeiture Account. Their main areas of concern have been how promptly the balance is used and that it is used in accordance with plan document provisions.

How to Monitor Your Plan's Forfeiture Balance

- Log on to www.TA-Retirement.com.
- Select "Plan Reports" in the left menu, then choose the "Plan Level" tab.
- Generate a "Forfeiture Balance" report.

For further information on forfeitures, you can contact SponsorConnectSM at (866)498-4557 to be put in contact with your Compliance Analyst.

LEGISLATIVE / COMPLIANCE

In-Plan Roth Conversions and the American Taxpayer Relief Act of 2012



On January 2, 2013, President Obama signed the American Taxpayer Relief Act of 2012 ("Act"). Section 902 of the Act expanded the availability of in-plan Roth conversions, effective for conversions made after December 31, 2012.

Pre-Act

An employer with a plan permitting on-going Roth contributions could amend its plan to allow in-plan Roth conversions of amounts eligible for distribution and for rollover ("Eligible Distributions").

Eligible Distributions include:

- In-service withdrawals of elective contributions after age 59½
- In-service withdrawals of employer contributions after a stated age and/or stated period of time (but only if the plan allows such types of withdrawals)
- Distributions due to an employee's disability, severance of employment, or retirement

Post-Act

An employer with a plan permitting on-going Roth contributions may still amend its plan to allow in-plan Roth conversions of Eligible Distributions as described above, and **they may now amend the plan to allow in-plan Roth conversions of amounts *ineligible* for distribution.**

"Amounts ineligible for distribution" are amounts that may not currently be withdrawn from the plan, including:

- Elective contributions for an active employee who does not meet any of the plan's distribution or withdrawal criteria

- Profit-sharing contributions for an employee in a plan that does not allow in-service withdrawals at any age

Generally, in-plan Roth conversions may be beneficial for younger employees, or other employees who are in a current tax bracket that is a lower bracket than what they believe will apply to them later in life.

Currently, Transamerica is waiting for anticipated Internal Revenue Service (IRS)/Treasury Department guidance regarding any special rules pertaining to the Act, which may include any required tracking of distribution limitations, maintenance of protected benefits, and record-keeping considerations for in-plan Roth conversions of amounts ineligible for distribution. Transamerica may draft an amendment incorporating the changes of the Act upon receipt and review of IRS/Treasury guidance.

We will keep you posted on any updates regarding IRS/Treasury Department guidance for in-plan Roth conversions of amounts ineligible for distribution.

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COMPLIANCE CALENDAR

Census Data Submission Deadline for 2012 Plan Year

Transamerica must receive complete census data and the Additional Plan Data Form, in good order, by the dates listed below to guarantee completion of the 401(k) nondiscrimination testing by March 12, 2013. Please review these dates to determine which one pertains to your plan:

- For employers that sponsor a Multiple Employer Plan, the deadline is **January 31, 2013**.
- For employers that sponsor a Single Employer Plan, the deadline is **February 15, 2013**.
- 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 **June 5, 2013**. This will guarantee completion of 401(k) nondiscrimination testing by June 27, 2013. Transamerica must receive refund instructions by June 27 in order for distributions to be made by June 30, 2013.

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