SIMPLE Solutions
for your retirement

401(k) BASICS

Learn about the benefits of a 401(k) Plan.

YOUR 401(k) CAN HELP YOU PLAN FOR YOUR RETIREMENT.

Just how much money are you going to need to maintain your current lifestyle throughout retirement?

Experts suggest that in order to maintain your lifestyle in retirement, you will likely need 77% to 94% of your final year's wages for each year you are retired.[1]

THE POWER OF STARTING EARLY

Retirement income from your 401(k) account, if contributions begin at age 25 or age 45

Monthly Income	Monthly Contributions	Pre-Retirement* Accumulation at age 65		Post-Retirement** Monthly Income beginning at age 65	
		Beginning at age 25	Beginning at age 45	Based on age 25	Based on age 45
$1,000	$ 60	$124,255	$28,281	$ 771	$175
$1,733	$100	$207,091	$47,134	$1,285	$292
$2,083	$125	$258,864	$58,918	$1,606	$365
$3,333	$200	$414,183	$94,269	$2,569	$585

**Pre-Retirement example assumes a 6.3% rate of average annual return. **Post-Retirement example calculations assume a constant 5.75% rate of annual return on unused account balances during retirement, and an exhausted account balance at the end of retirement. It is unlikely that any investments would have such consistent returns. The example does not reflect the return of any specific investment and is not intended to imply or guarantee future results. Retirement income based on 25 years certain, age 65 through age 90.*

SAVING FOR RETIREMENT

How can I ever afford to retire? The answer may be simpler than you think. Participating in your employer-sponsored 401(k) plan may give you key tax advantages and the power of compound interest to help you reach your retirement goal.[2]

How a 401(k) Plan Works for You

401(k) plans let employees save for retirement on a tax-deferred basis by having contributions to their employer-sponsored 401(k) plan deducted directly from their pay before taxes. Although you don't typically pay taxes up front on the contributions you make to your 401(k) plan, the taxes are generally due when you withdraw your savings.

As a 401(k) plan participant, your contributions are deducted from every paycheck before taxes. This means you typically only pay federal income taxes on the amount of your income remaining after your 401(k) contributions have been deducted by your employer. This reduces your overall taxable income, which may reduce your federal income taxes.[2]

REDUCTION IN PAID INCOME TAXES [2, 3]

	EMPLOYEE 1 NOT CONTRIBUTING	EMPLOYEE 2 CONTRIBUTING
Annual Salary (Gross Income)	$35,000	$35,000
401(k) Plan Contributions (3% deferral)	$0	$1,050
Gross Income Less 401(k) Plan Contributions	$35,000	$33,950
Federal Income Tax[4] ($437.50 plus 15% of amount over $10,425)	-$4,124	-$3,966
Summary		
Total Retirement Savings	$0	$1,050
Total Reduction in Paid Income Tax	$0	$158

This chart is for illustrative purposes only, and your circumstances may differ from this example.

With a 401(k) plan you may pay less in taxes and may have more to spend each year!

Your 401(k) contributions are placed into the investment choices[5] that you select and accumulate on a tax-deferred basis until they are withdrawn.

For 2011 employees may be able to defer up to $16,500 per year in a 401(k) plan.

Making Catch-up Contributions

If you are an employee, aged 50 or over, you may be able to make additional "catch-up contributions" each year through an employer-sponsored plan. For 2011 the catch-up contribution limit is $5,500. Making the maximum catch-up contribution every year could add significantly to your retirement nest egg.

The Saver's Credit

The Saver's Credit is a federal government incentive to help you save for retirement. If you qualify, the Saver's Credit may allow you to take a credit of up to $1,000 (up to $2,000 if you file jointly) if you make eligible contributions to a qualified retirement plan, such as a 401(k) plan. The amount of the credit is determined by your filing status, your adjusted gross income, and your retirement contributions. This tax credit is only useful to tax filers who owe federal income tax, since no refund of excess credit is allowed.

To qualify for the Saver's Credit you must meet these requirements:[2]

TO QUALIFY FOR THE "SAVER'S CREDIT" FOR 2010 AND 2011, YOU MUST MEET CERTAIN REQUIREMENTS:

- You are age 18 or older
- You are not a full-time student
- You cannot be claimed as a dependent on another person's tax return
- Your adjusted gross income is at or below:

	2010	**2011**
Single filer	$27,750	$28,250
Head of Household	$41,625	$42,375
Married filing jointly	$55,500	$56,500

- AND you made eligible contributions to a qualified retirement plan, such as a 401(k) plan or an IRA.

SAVER'S CREDIT HELPS YOU SAVE MORE

TAXPAYERS ADJUSTED GROSS INCOME (2010 TAX YEAR)			
Joint Filer	Head of Household	Single	Credit Rate
$0 - $34,000	$0 - $25,500	$0 - $17,000	50%
$34,001 - $36,500	$25,501 - $27,375	$17,001 - $18,250	20%
$36,501 - $56,500	$27,376 - $42,375	$18,251 - $28,250	10%
Over $56,500	Over $42,375	Over $28,250	0%

Note: The Saver's Credit is non-refundable and may only be applied toward federal income taxes owed in a given year. If an individual or household has no tax liability, then the Saver's Credit would not be treated by the IRS as a refund. For more information, log on to the IRS website at www.irs.gov, or ask a tax professional.

ACCESSING YOUR RETIREMENT SAVINGS

Your 401(k) Savings Availability

The money deducted from your salary to contribute to your 401(k) account may be available to you to access,* or you can leave it in the account and let it build your retirement nest egg.[2] If your employer makes matching contributions to your 401(k) account, these matching funds may be subject to a vesting schedule. This means that ownership of the matching contributions becomes yours over time with continued service to your employer.

Borrowing Against Your 401(k)

Your plan may allow you to borrow from your 401(k) account.*

Like a bank loan, the IRS requires that you pay interest on the money you borrow. However, the interest is credited back to your account—you pay it to yourself. Repayment of a 401(k) loan may be deducted right from your pay, making it easy to manage. If your plan allows loans, and you are otherwise eligible to take a loan from your plan, you should consult with your financial planner or other qualified professional to determine if such a loan is right for you.

*Subject to legal and plan restrictions. See your employer for more details.

Making a Hardship Withdrawal

Your 401(k) plan may enable you to access your account should you experience a personal hardship. You must have exhausted all other sources of money, including taking a loan from your 401(k) account first. Some hardship reasons may also apply for immediate family members or primary beneficiaries, so check with your employer, or www.irs.gov, for current rules and restrictions that apply.

The hardship must be a qualified "immediate and heavy financial need," such as one of the following:

- Excessive medical expenses
- Purchase of a principal residence
- Prevention of eviction or foreclosure
- College tuition
- To repair damage to a principal residence due to casualty loss
- Funeral expenses

Before making a hardship withdrawal, check with your employer and keep in mind the stringent IRS rules about this type of withdrawal. Still, this option may be available to you.

A hardship withdrawal is a distribution, so taxes are typically due in the year of receipt, and if you're under age 59 ½, a 10% IRS penalty may also apply.

As with loans, hardship withdrawals should not be taken lightly. Saving for retirement requires a long-term commitment, and the IRS does impose some restrictions in exchange for tax advantages.

WHAT HAPPENS IF I CHANGE EMPLOYERS OR RETIRE?

Wondering what happens when you leave your employer—for retirement or for any other reason?

There are several options for your 401(k) plan:

- Roll it over into your new employer's plan, if your new employer's plan permits rollover contributions
- Roll it over to an individual retirement account
- Leave your 401(k) in your old employer's plan (subject to certain restrictions)
- Lump sum distribution

If you transfer your 401(k) savings into a new employer's plan or into an individual retirement account (IRA), you may be able to avoid any immediate taxation or tax penalties, and maintain control and flexibility over you savings.[2]

Another option may be to leave your 401(k) account in your old employer's plan. This might be the easiest choice, but it is subject to certain limitations.

Or, you might decide to take a lump sum distribution of your 401(k), but keep in mind that income taxes are typically due on this amount. The point is: You do not "lose" your 401(k) retirement savings if or when you leave your employer or retire.

Just remember, starting to contribute as early as you can to your 401(k) plan is critical to maximizing your retirement savings and your peace of mind.

Transamerica Retirement Services has been helping individuals like you save for retirement for more than 70 years.[6] We'd like to help make your retirement planning as successful as possible.

To learn more, visit us at www.TA-Retirement.com or contact your human resources representative.

Transamerica Financial Life Insurance Company and Transamerica Life Insurance Company are affiliates of Diversified Investors Securities Corp. Securities are offered by Diversified Investors Securities Corp. (DISC), 440 Mamaroneck Avenue, Harrison, NY 10528.

1. The contribution percentages are based on a 2008 Replacement Ratio Study by Aon Consulting, and are meant to be guidelines only.

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3. The example in this chart was created using the following assumptions: (a) current gross annual pay is $35,000; (b) files as head of household; (c) has no other source of income; (d) 15% federal income tax bracket; (e) Employee 2 elected to contribute 3% of pay to the employer's 401(k) plan.

4. This example does not include FICA, Medicare, Social Security, and other pre-tax deductions.

5. All investments involve risk, including loss of principal and there is no guarantee of profits. Investors should carefully consider their objectives, risk tolerance, and time horizon before investing.

6. 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. 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.

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