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New Study from Transamerica Retirement Solutions Reveals Efficacy of Custom Target Date Investment Service for Retirement Plan Participants

Transamerica's white paper finds that participants using its automated, age-based solution may benefit from better investment performance and lower risk compared to "do-it-yourself" strategies

Transamerica Retirement Solutions announced today the results of a year-long analysis on the effectiveness of custom, target date investment structures for participants in employer-sponsored retirement plans. The analysis focused on participants' personalized rates of investment return versus their investment risk, and examined the actual account performance for over one million plan participants during the course of 2012. The analysis compared participants using Transamerica's PortfolioXpress® automated target date investment service to participants who rely on "do-it-yourself" investment strategies.

The newly released study found strong evidence that participants using the PortfolioXpress target date service generally experienced comparable or higher investment returns with less risk when compared to participants who invested on their own. Median annual investment returns for PortfolioXpress participants were approximately 14.8 percent, compared to 10.1 percent for do-it-yourself participants. In addition, do-it-yourself participants were approximately eight times more likely to experience negative or low annual investment returns (at or below five percent) compared to PortfolioXpress participants.

Many retirement plans and providers typically offer target date investments that are managed by a single investment advisory firm. In contrast, Transamerica's PortfolioXpress service provides plan sponsors and participants with a target date solution customized to each plan's investment menu, using investments from multiple, non-proprietary investment advisory firms. In addition, the service can be highly customized to participants' needs, since each participant can select the specific year they wish to retire as well as their risk preference to further tailor their investment strategy to their specific situation.

"Target date investment solutions gained popularity several years ago. However, plan sponsors and their financial advisors have found that evaluating target date solutions is challenging, primarily due to

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the differing approach and underlying investments of each solution,” said Jeremy Hersch, vice president, head of asset allocation services & new product development for Transamerica Retirement Solutions. “This is our first analysis that compares multi-manager, non-proprietary target date investing to do-it-yourself investing. The results support the effectiveness of automated, customized target date solutions for investors seeking to reduce risk and improve returns.”

Target date investments typically invest and rebalance participants’ retirement savings based on a planned retirement year. These investments shift based on a predetermined schedule, known as a “glide path,” into increasingly more conservative allocations over time that carry less equity exposure.

Transamerica’s PortfolioXpress service is a flexible, customized target date solution that automatically implements a well-diversified, regularly rebalanced and reallocated mix of the plan’s investments. “PortfolioXpress simplifies the investment decision-making process for retirement plan participants, and is currently used by more than 360,000 participants and more than 2,500 Transamerica retirement plan clients,” Hersch continued.

The white paper, titled “Automated Investment Services: Transamerica’s Automated Investment Service Outperforms Do-It-Yourself Investors,” is available to financial professional and plan sponsors by calling Transamerica at 888-401-5826, Monday – Friday, 9:00 a.m. – 7:00 p.m. EST.

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About Transamerica Retirement Solutions

Transamerica Retirement Solutions (Transamerica) is a leading provider of customized retirement plan solutions for small to large organizations.

Transamerica partners with financial advisors, third party administrators, and consultants to cover the entire spectrum of defined benefit and defined contribution plans, including: 401(k) and 403(b) (Traditional and Roth); 457; profit sharing; money purchase; cash balance; Taft-Hartley; multiple employer plans; nonqualified deferred compensation; and rollover and Roth IRAs.

Transamerica helps more than three million retirement plan participants save and invest wisely to secure their retirement dreams. For more information about Transamerica Retirement Solutions Corporation, please visit trsretire.com.

About the Study

Transamerica’s white paper, “Automated Investment Services: Transamerica’s Automated Investment Service Outperforms Do-It-Yourself Investors,” studies participants using an automated target date investment service versus participants relying on a “do-it-yourself” investment strategy.

During the calendar year 2012, Transamerica compiled a participant data set of approximately one million plan participants across defined contribution plans that offer the PortfolioXpress service – to ensure a robust sample and to lend confidence to the distribution of returns. For more information on data set construction and analysis, please refer to the white paper.



The study is not intended to constitute tax, legal or investment advice, and no investment or plan design decision should be made solely based on any information provided in the white paper. Because each employer is unique, an employer should consider its individual circumstances when evaluating a plan administrative solution and should consult their retirement plan and/or legal advisor.

PortfolioXpress[®] is a registered service mark of Transamerica Retirement Solutions Corporation. Retirement date portfolios are subject to the same risks as the underlying asset classes in which they invest, and there can be no assurance that any particular asset class will outperform another asset class. The principal value of the portfolio is not guaranteed at any time, including at and after the target date. There is a risk of loss from an investment in securities, and past performance is no guarantee of future results. The performance results shown reflect aggregated data and it is possible for an individual participant to experience poorer performance using the PortfolioXpress service versus using a “do-it-yourself” strategy.

* As of December 31, 2012.

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