

# SMALL BUSINESS, BIG IMPACT

**TRANSAMERICA'S RETIREMENT PLAN EXCHANGE®:  
A RETIREMENT SOLUTION FOR SMALL BUSINESSES**

**PLAN SPONSOR USE ONLY**

Offered in Connection with Transamerica Retirement Solutions



**TRANSAMERICA®**






**LET'S SHOW YOUR  
EMPLOYEES HOW IMPORTANT  
THEIR FUTURE IS.**

**70%**

**of Millennials say traveling is their  
No. 1 retirement dream, compared to 64%  
of Gen Xers and 59% of Baby Boomers.**

NONPROFIT TRANSAMERICA CENTER FOR RETIREMENT STUDIES®





After over 100 years of empowering people to feel better about their future, we understand that sponsoring and maintaining a retirement plan for a small business can be challenging. And the way we see it, our responsibility goes far beyond offering retirement plans. We make wellness a central part of everything we do - and strive to inspire you to do the same - because we want you and your employees to charge toward retirement with a healthy balance sheet, and a healthy heart to match.

### **WHAT IS THE RETIREMENT PLAN EXCHANGE®?**

The *Retirement Plan Exchange* (the *Exchange*) is a solution for small- to mid-sized businesses that allows you to offer the comfort and longevity of a retirement plan to your employees. We designed the *Exchange* to reduce your administrative burden, transfer certain risks, and reduce the overall plan cost.

The *Exchange* brings together a team of professionals on your behalf so you can focus on what matters most.

### **HAVE AN EXISTING PLAN?**

You can still experience all the benefits the *Exchange* has to offer. Ask about a retirement plan conversion consultation.

# 75%

**of workers at small companies expect to rely on retirement accounts – 401(k)s, 403(b)s, IRAs – as a source of income in retirement. They say their top financial priority is saving for retirement.**

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## **HOW THE *EXCHANGE* CAN BENEFIT YOUR SMALL BUSINESS**

### **THE *EXCHANGE* IS DESIGNED TO OFFER YOUR SMALL BUSINESS FOUR PRIMARY BENEFITS WHEN IT COMES TO RETIREMENT PLANNING:**

- Retirement readiness.
- Fiduciary risk mitigation.
- Administrative relief.
- Cost-effectiveness.



## SMALL BUSINESS OFFERINGS

### RETIREMENT READINESS

We're living longer than ever. But how can we make sure those extra years are good ones?

Workers say they will need to save at least \$500,000 to feel financially secure when they retire<sup>1</sup>, and having a retirement plan makes a significant difference in their abilities to save. Two-thirds of workers who don't have a retirement plan have less than \$1,000 in savings.<sup>2</sup>

The *Exchange* is one way that you can help your employees and their families in their quest for retirement readiness—by providing them with a savings vehicle like a 401(k) plan.

When workers stay in the workforce longer or delay retirement, there are ramifications for employers and society as well. Nonprofit *Transamerica Center for Retirement Studies*<sup>®</sup> found that the majority of workers (54%) plan to retire after the age of 65 or do not plan to retire at all.<sup>1</sup> With the *Exchange*, employers have an opportunity to help their employees prepare for retirement as well as to transition into retirement.

### FIDUCIARY RISK MITIGATION

The *Exchange* is comprised of professional service firms that will assume certain fiduciary roles on your behalf. Fiduciary responsibility can be thought of as a relationship imposed by law where someone has voluntarily agreed to act in the capacity of a "caretaker" of another's rights, benefits, and retirement plan assets.

The fiduciary has a legal obligation to carry out its plan responsibilities with the highest degree of prudence, good faith, honesty, integrity, service, and undivided loyalty to the beneficiaries' interests—in this case, retirement plan participants. The *Exchange* will assume a fair amount of fiduciary responsibility on your behalf.

### ADMINISTRATIVE RELIEF

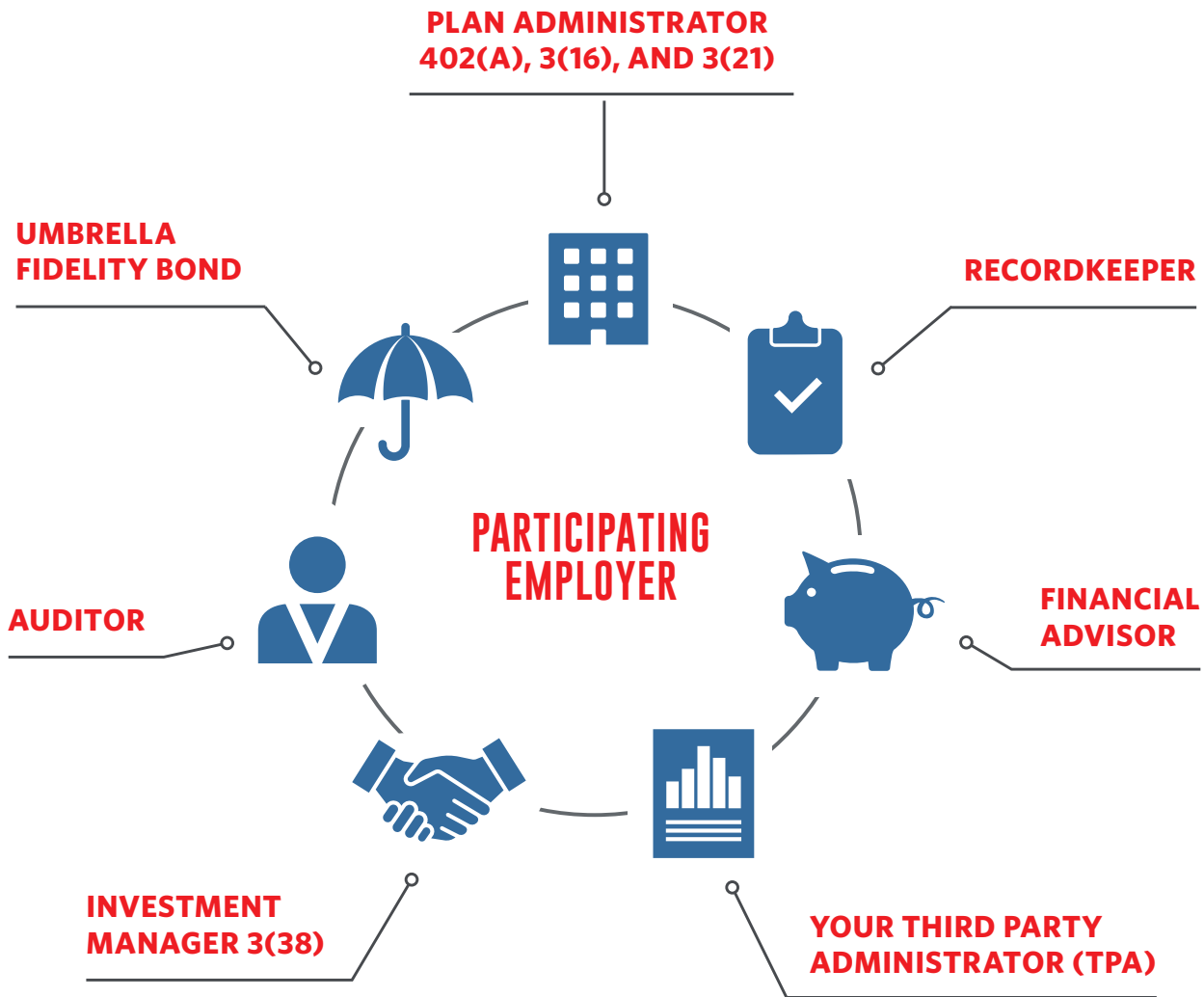
The time it takes to manage a retirement plan can really add up, and underestimating that time commitment is a common mistake of many employers. Small employers typically don't have the resources to effectively manage the complex requirements of offering and administering a qualified retirement plan. The *Exchange* will allow for outsourcing of all plan administrative duties - a benefit typically only available to very large corporations. Tasks such as annual nondiscrimination testing, employee eligibility tracking, contribution limit tracking, distribution of Summary Plan Descriptions, and other notices will be offloaded.

### COST-EFFECTIVENESS

There's strength in numbers. By teaming up with other small businesses under the *Exchange*, you can benefit from certain economies of scale and seamless processing that help reduce the costs associated with operating and maintaining a retirement plan.

# HOW THE *EXCHANGE* WORKS

Sponsoring a 401(k) retirement plan brings with it many responsibilities. When you sponsor a retirement plan under the *Exchange*, you become a participating employer. **The *Exchange* pulls together seven important parties to help you manage your retirement plan.**



**80% of workers in small companies say people in their generation will have a much harder time achieving financial security compared to their parent's generation.**

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# THE ROLES OF YOUR SUPPORT TEAM

## **TAG RESOURCES: PLAN ADMINISTRATOR 402(A), 3(16), AND 3(21)**

TAG Resources is the Plan Administrator and a named fiduciary, as defined under ERISA sections 402(a), 3(16), and 3(21). It is TAG's job to perform all functions necessary to keep your plan compliant.

As such, TAG Resources is responsible for the day-to-day operations of your plan. The functions it perform on your behalf include: the signing and filing of the Form 5500, QDRO determinations, authorization of benefit payments, ensuring proper spousal consent on payments is obtained, service of legal process for any potential lawsuits related to the Plan, plan operations, participant claims and appeals, distributions, beneficiary determinations, and timely completion and filing of annual information returns on Form 5500, including any related extensions to the plan.

## **TRANSAMERICA: RECORDKEEPER**

Transamerica is an industry leader, which along with its affiliates, has more than 75 years of experience providing innovative, best-in-class retirement plan services and solutions. With over \$245 billion in assets serviced, Transamerica provides retirement plans for 5.4 million workers.<sup>3</sup> In addition to providing recordkeeping services for the *Exchange*, handling the benefit payments, and enrollments, Transamerica also provides support up to and through each plan participant's transition to retirement.



Retirement For All



## **FINANCIAL ADVISOR**

Offering a 401(k) and selecting the providers to run the 401(k) plan is a fiduciary decision. The financial advisor plays a key role in helping you with the due diligence process and documentation of that process.

Financial advisors who offer the TAG Program are in tune with the complexity and liability of running a 401(k) plan. Advisors who use the TAG Program look to reduce the administration duties and risk to you to the greatest degree possible, but at a cost that is competitive in the market.

In addition, many advisors offer services that can help increase participation, help with enrollment meetings, provide investment guidance and education for the plan participants, provide plan reviews on a regular basis, and suggest potential plan-design enhancements.

## **LOCAL TPA: THIRD PARTY ADMINISTRATOR**

The local TPA plays a critically important role. They will help you with plan design, insuring that the plan provisions you select meet the needs of your organization. On an ongoing basis- your TPA will provide compliance services including completing the mandatory testing and administration needs for your plan. Your TPA will also be available to answer questions and to support you locally.

## **TAG RESOURCES: BEDROCK REPORTING SYSTEM**

The Bedrock Reporting System™ aggregates data from client uploads to check eligibility and rate changes. With the data gathered from the contribution files from the plan sponsors and recordkeepers, TAG can match employees with the specifics provided in the sponsor's plan documents to determine eligibility and check match amounts.

The Bedrock Reporting System also captures rate changes, new loans, and hardship withdrawals for the sponsors and monitors contributions and distributions to ensure compliance with plan documents and 401(k) limits. Every step in the process is time-stamped so the complete data cycle is monitored from

the payroll date to when the upload files arrive at TAG, to the time the funds are traded at the recordkeeper.

The Bedrock Reporting System allows TAG to produce a quarterly Fiduciary Report for each plan in the program so TAG can monitor the operational health of the plan and catch minor errors before they expose the plan to possible compliance violations.

### **MERCER LLC: INVESTMENT MANAGER 3(38)**

As the named ERISA 3(38) Fiduciary in the plan document, Mercer LLC, is responsible for the selection and monitoring of the funds in the investment menu in accordance with the Investment Policy Statement for the plan.

Mercer has been a leading global provider of investment services for over 40 years. With 130 manager research professionals, many of whom have hands-on fund management experience, an investment staff of 1,300, and over \$151 billion in assets as the named investment manager, Mercer has the human capital, technology, and experience to manage investment risk and return outcomes.<sup>4</sup>

### **COULTER & JUSTUS, P.C.: AUDITOR**

Coulter & Justus, P.C., is an AICPA Employee Benefit Plan Audit Quality Center Member and conducts hundreds of 401(k) audits each year.

Federal law requires employee benefit plans with 100 or more participants to conduct an annual audit. Coulter & Justus, P.C., is registered with the Public Company Accounting Oversight Board, which is a requirement to perform audits for SEC companies. This requires Coulter & Justus, P.C., to have the highest level of quality controls and peer reviews.

### **NAPLIA: UMBRELLA FIDELITY BOND**

NAPLIA is a boutique insurance agent that has provided clients with their best option for professional liability and errors and omissions insurance since 1998.





# THE EXCHANGE: AFFORDABILITY FOR SMALL BUSINESSES

## AUDITS

Large employers that sponsor their own plans may benefit from this cost savings.

An independent, qualified public accountant must conduct an audit of the plan's financial statements, including a review of the plan's Form 5500, schedules, internal control practices, and other information. This audit can potentially cost more than \$5,000 annually. By sponsoring a retirement plan under the *Exchange*, your business may receive cost savings.

## DOCUMENT PREPARATION

When a business provides a retirement plan, plan documents must be professionally drafted, often by an attorney. The business must pay to have the plan drafted, and as laws and regulations change over the years, modifications to the original plan must be made. This can be quite expensive over time.

Document preparation costs are significantly reduced for participating employers, since most document preparation is provided under the *Exchange*.

## COMPLIANCE TESTING

Most non-safe harbor 401(k) retirement plans must pass rigorous nondiscrimination tests annually to ensure the plans do not discriminate in favor of highly compensated employees in order to qualify for tax-advantaged status. Under the *Exchange*, testing is included for each participating employer, and savings are realized during testing processing.

## INVESTMENT UNDERWRITING

The *Exchange's* pricing reflects the combined assets of all its participating employers and, using that buying power, can generally obtain lower fees, more services, and a more diverse investment choice offering than a small single-employer plan.

## FORM 5500 FILING

Each year, pension and welfare benefit plans are required to file an annual report regarding their financial condition, investments, and operations. This annual reporting requirement is generally satisfied by filing the Form 5500. Outside of the *Exchange*, your business would pay to handle this requirement for a single-employer plan. These costs can potentially be several hundred dollars or more per year for a plan sponsor. The *Exchange* submits your Form 5500 for you.

## ELIMINATE THE EXCUSES

Employers who don't plan to offer a 401(k) within the next two years give the following reasons:



**50%** cost



**13%** concerns about fiduciary liability







**19%** concerns about administrative complexity and the amount of work involved



# EVERYONE HAS A DREAM RETIREMENT

When small business workers dream of retirement, here's what they look forward to:

-  **63%** traveling
-  **57%** spending more time with family and friends
-  **46%** pursuing hobbies
-  **30%** doing some sort of work

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To see participant education materials from Transamerica, visit the employer section at **TA-Retirement.com** and click on resources.

## YOU CAN DELIVER A COMPLETE EMPLOYEE RETIREMENT PLAN EDUCATION PROGRAM

Helping your employees understand how to plan for the future is important. Transamerica provides your employees with access to a series of online educational tools and resources designed to meet their retirement planning educational needs. We offer the "Brighten Your Retirement Outlook®" series of retirement planning and investing seminars, multimedia presentations, and a variety of educational materials. We provide the resources to get your employees involved in your plan, maintain their participation, and increase their deferrals.

In addition to enabling your employees to manage and monitor their accounts online, we provide online retirement planning tools at **TA-Retirement.com**.

This includes the interactive *OnTrack*® tool,\* which allows participants to see how different contribution rates and investment selections within their plan can optimize their long-term retirement strategy.



**Important: The projections or other information generated by the engine regarding the likelihood of various investment outcomes are hypothetical, do not reflect actual investment results, and do not guarantee future results. Results derived from the tool may vary with each use and over time.** Please visit your engine's website for more information regarding the criteria and methodology used, the engine's limitations and key assumptions, and other important information.

\*Please refer to page 12 for information regarding probability illustrations, limitations, and key assumptions for *OnTrack*®.



# PLAN ENROLLMENT AND EDUCATION SERVICES

## ENROLLMENT RESOURCES

### TRANSAMERICA MAKES ENROLLMENT FAST AND EASY WITH:

- Enrollment workbook – Contains detailed information about your plan, including a list of the investment choices selected for the plan, as well as sample allocation models.
- Transamerica Voice Pass – A secure, biometric voice authentication system that enables customers to easily access their accounts, get automated assistance on simple transactions, and speak to the right customer care representative – all in one simple phone call.
- An online enrollment workshop – Available 24/7 at **TA-Retirement.com**. Employees will learn about the value of retirement planning, tax-free deferral savings contributions, asset diversification, asset allocation, and more.
- The toolkit - We offer an assortment of online retirement planning tools, including various calculators and strategy tools to supplement participant knowledge of the 401(k) plan and its investment choices.

## PLAN PERFORMANCE MONITORING

Transamerica allows plan sponsors and their plan participants to monitor and better manage their investment choices with:

- Investment performance reports.
- Quarterly participant statements.
- Participant website at **TA-Retirement.com**.

## EDUCATION RESOURCES

Transamerica offers you a wealth of resources that can help empower participants to better manage their accounts, including:

- *OnTrack*®, an online, interactive tool designed to help participants determine if they are on course to meet their retirement income goals.\*
- *RetireIncomeTrack*®, a retirement income planning tool used by retirement advisors to help participants model how different withdrawal strategies may affect their retirement income, allowing them to optimize the income generated by all of their retirement assets.<sup>6</sup>
- Instructional seminars and workshops (also available in Spanish).
- Informative brochures and flyers (also available in Spanish).
- Community blog and discussion forum at **community.wealthmeethealth.com**.
- Educational articles at **knowledge-place.wealthmeethealth.com**.
- Retirement planning calculators and tools.

\*Please refer to the following page for information regarding probability illustrations, limitations, and key assumptions for *OnTrack*®.



# ABOUT PROBABILITY ILLUSTRATIONS, LIMITATIONS, AND KEY ASSUMPTIONS

The probability illustrations generated from the engine are based on “Monte Carlo” simulations of 500 possible investment scenarios for a given time period and assume a range of possible returns. The illustrations are generated according to models developed by Morningstar Investment Management LLC, a leading independent provider of asset allocation, manager selection, and portfolio construction. The *Your Retirement Outlook*® graphic reflects the difference between the model’s estimated annual income (which corresponds to a 70% probability level of income in the investment scenarios simulated) and your annual income goal.

When forecasting the probability of achieving your income goal, the model employs different returns for different asset classes, based on Morningstar Investment Management’s capital market assumptions developed using historical and forward-looking data. Forecasts of expected return, expected standard deviation and correlation among asset classes based on Morningstar Investment Management LLC’s proprietary equity, fixed income, currency and risk models. Current assets are assigned to asset classes based on Morningstar Categories, and fees and charges inherent in investing are incorporated with an average fee assumption for each asset class. The benchmarks used for modeling the various asset classes are below. Return assumptions are updated annually; these updates may have a material impact on your projections. Return assumptions are estimates not guarantees. The returns you experience may be materially different than projections. You cannot invest directly in an index.

**Lower Risk/  
Volatility**

Asset Class	Benchmark
Cash Alternatives	BofA ML US Treasury Bill 3 Month USD
Short Term Bonds	BarCap US Govt/Credit 1-3 Yr TR USD
Aggregate Bonds	Barclays Capital US Agg Bond TR
Foreign Bonds	Barclays Global Aggregate Ex USD TR
Direct Real Estate	NCREIF Transaction Based Index
High Yield Bonds	Barclays Capital US Corporate High Yield TR
TIPS	Barclays Capital Global Inflation Linked US TIPS TR
Long Term Bonds	Barclays Capital US Govt/Credit Long TR
Large Cap Value Equity	Russell 1000 Value TR
Large Cap Equity	Russell 1000 TR
Mid Cap Value Equity	Russell Mid Cap Value TR
Mid Cap Equity	Russell Mid Cap TR
International Equity	MSCI EAFE GR
Commodities	Bloomberg Commodity TR
Mid / Small Cap Value Equity	Russell 2500 Value TR
Large Cap Growth Equity	Russell 1000 Growth TR
Mid / Small Cap Equity	Russell 2500 TR
Small Cap Value Equity	Russell 2000 Value TR
Small Cap Equity	Russell 2000 TR
Mid Cap Growth Equity	Russell Mid Cap Growth TR
Mid / Small Cap Growth Equity	Russell 2500 Growth TR
REITs	FTSE NAREIT Equity REITs TR
Small Cap Growth Equity	Russell 2000 Growth TR
Emerging Markets Equity	MSCI EM GR

**Higher Risk/  
Volatility**

Unless you choose otherwise or your employer supplies different information, the probability illustrations assume retirement at the age at which you qualify for full Social Security benefits and an annual retirement income goal of 80% of your projected final working salary. Social Security estimates are based on the Social Security Administration methodology and your current salary. The probability illustrations also assume a consistent contribution percentage (unless you’ve chosen to periodically increase it) and asset allocation (no future changes or rebalancing), annual inflation of approximately 2%, and annual salary increases based on a calculation that incorporates multiple factors including a salary growth curve and inflation. Mortality assumptions are based on the Society of Actuaries tables.

The models are subject to a number of limitations. Returns associated with market extremes may occur more frequently than assumed in the models. Some asset classes have relatively limited histories; for these classes the models use historical data for shorter time periods. The model does not consider other asset classes such as hedge funds or private equity, which may have characteristics similar or superior to those used in the model. Capital market assumptions are forecasts which involve known and unknown risks, uncertainties, and other factors which may cause the actual results to differ materially and/or substantially from any future results, performance, or achievements expressed or implied by those projections for any reason.

**There is no guarantee that your income goal will be achieved or that the aggregate accumulated amount will ensure a specified annual retirement income. Results may vary with each use and over time.**

**IMPORTANT: The projections or other information generated by the engine regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.** Moreover, even though the tool’s estimates are statistically sound based upon the simulations it runs, the tool cannot foresee or account for every possible scenario that may negatively impact your financial situation. Thus you should monitor your account regularly and base your investment decisions on your time horizon, risk tolerance, and personal financial situation, as well as on the information in the prospectuses for investments you consider.

Transamerica has licensed the Morningstar® Wealth Forecasting Engine<sup>SM</sup> from Morningstar, Inc., which is used by Morningstar Investment Management LLC, a registered investment adviser and subsidiary of Morningstar, Inc, in the services it provides to participants. Morningstar and Morningstar Investment Management are not affiliated with Transamerica. The Morningstar name and logo are registered marks of Morningstar, Inc.

Securities offered by Transamerica Investors Securities Corporation (TISC), 440 Mamaroneck Avenue, Harrison, NY 10528. All Transamerica companies identified are affiliated companies.



TRANSAMERICA®

## Get in touch:



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## TRANSAMERICA RETIREMENT PLAN EXCHANGE

1 *Transamerica Center for Retirement Studies*®, 17th Annual Transamerica Retirement Survey of workers © 2016.

*Transamerica Center for Retirement Studies*®, is a division of Transamerica Institute®, a nonprofit, private foundation that is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties.

For more information about *Transamerica Center for Retirement Studies*®, please refer to [transamericacenter.org](http://transamericacenter.org).

2 "The 2016 Retirement Confidence Survey: Many Workers Lack Retirement Confidence and Feel Stressed About Retirement Preparations," EBRI Issue Brief, No. 431 (Employee Benefit Research Institute, March 2017).

3 As of December 31, 2016.

4 As of September 30, 2016.

5 *Transamerica Center for Retirement Studies*®, 16th Annual Transamerica Retirement Survey of employers © 2016.

6 **Important:** The projections or other information generated by *RetireIncomeTrack*® regarding the likelihood of various investment outcomes are hypothetical, do not reflect actual investment results, and do not guarantee future results. Results derived from the *RetireIncomeTrack*® tool may vary with each use and over time. Additional information regarding its methodologies and assumptions is provided as part of the generated report.

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