

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 and National Business Services



TRANSAMERICA®



SHOW YOUR EMPLOYEES

HOW IMPORTANT

THEIR FUTURE IS

70%

of Millennials say traveling is a retirement dream, compared to 64% of Gen Xers and 59% of Baby Boomers.

NONPROFIT TRANSAMERICA CENTER FOR RETIREMENT STUDIES®



After over 80 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 are making 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 benefit 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.

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 income in retirement from retirement accounts (e.g., 401(k)s, 403(b)s, IRAs) and other savings and investments.

NONPROFIT TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®¹

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 retire¹, 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.²

The *Exchange* is one way that you can help your employees and their families in their quest for retirement readiness—by providing them with an retirement 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*[®] found that the majority of workers (54%) plan to retire after the age of 65 or do not plan to retire at all.¹ 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

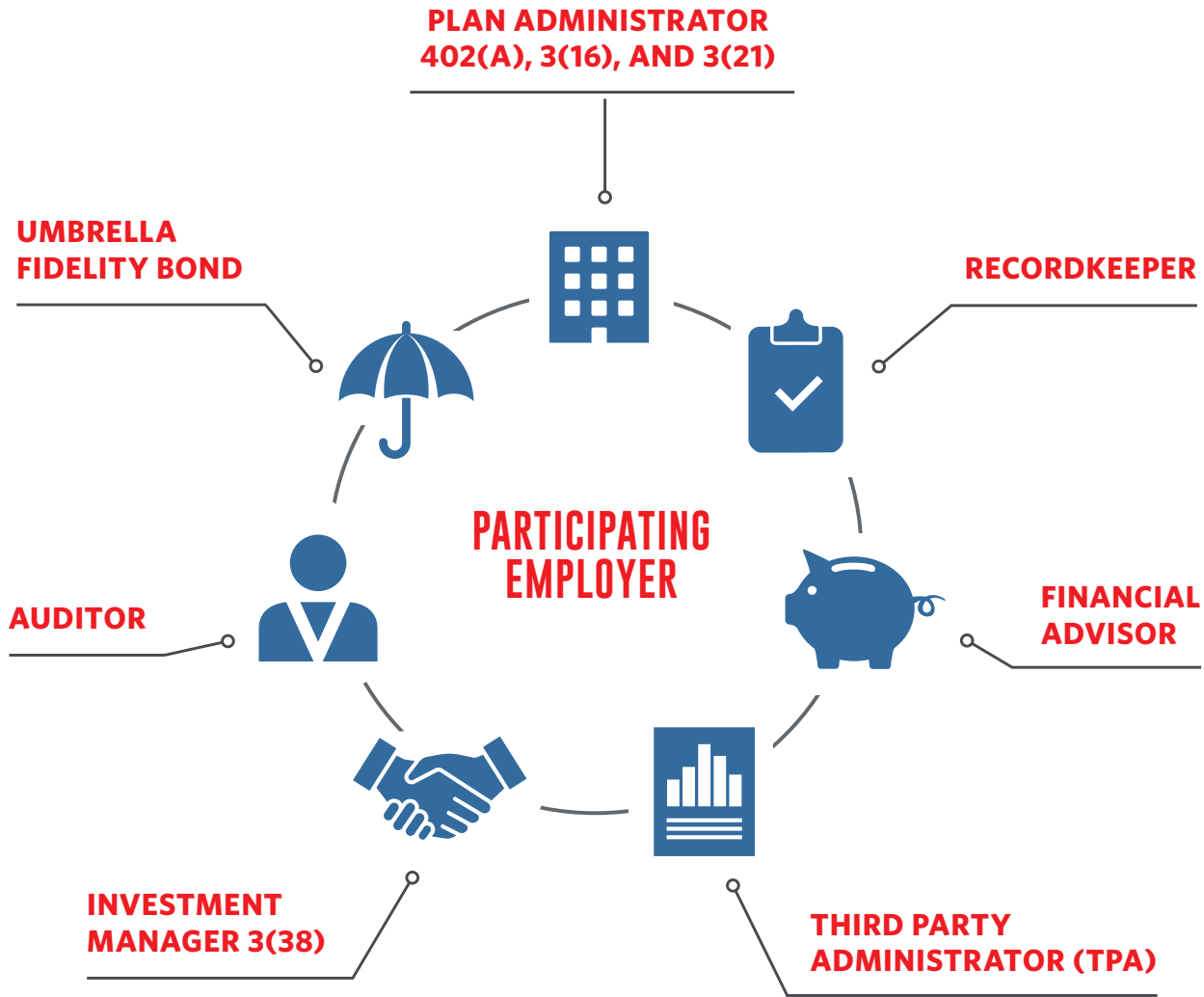
The time it takes to manage a retirement plan can really add up, and underestimating that time commitment is a common mistake of many employers. Small employers typically don't have the resources to effectively manage the complex requirements of offering and administering a qualified retirement plan. 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.

NONPROFIT TRANSAMERICA CENTER FOR RETIREMENT STUDIES®¹

THE ROLES OF YOUR SUPPORT TEAM

NATIONAL BENEFIT SERVICES

PLAN ADMINISTRATOR 402(A), 3(16), AND 3(21)

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

As such, NBS 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 80 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.³ 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.

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 fiduciaryPath program are in tune with the complexity and liability of running a 401(k) plan. Advisors who use the fiduciaryPATH 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.

FIDUCIARY MANAGEMENT CORP

INVESTMENT MANAGER 3(38)

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

AUDITOR

Federal law requires employee benefit plans with 100 or more participants to have an annual audit. A quality audit will help protect the assets and the financial integrity of your employee benefit plan and ensure that the necessary funds will be available to pay retirement, health, and other promised benefits to your employees. An audit also will help you carry out your legal responsibility to file a complete and accurate annual return/report for your plan each year.



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 \$6,500 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:



48% cost







13% concerns about fiduciary liability



19% concerns about administrative complexity

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

NONPROFIT TRANSAMERICA CENTER FOR RETIREMENT STUDIES®¹

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 see the end of the brochure 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 access their accounts, get automated assistance on certain transactions and queries and be directed 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.*
- Instructional seminars and workshops.
- Informative brochures and flyers.
- Community blog and discussion forum at **community.wealthmeethealth.com**.
- Educational articles at **knowledge-place.wealthmeethealth.com**.
- Retirement planning calculators and tools.

* Login required.

** 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.

	Asset Class	Benchmark
Lower Risk/ Volatility	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
	Higher Risk/ Volatility	Mid / Small Cap Equity
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

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 and asset allocation (no future changes or rebalancing unless you are subscribed to a managed account or a target date asset allocation service), 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. The engine utilizes models, algorithms and/or calculations (“Models”), which have inherent risks. Models may incorrectly forecast future behavior or produce unexpected results resulting in losses. The success of using Models depends on numerous factors, including the validity, accuracy and completeness of the Model’s development, implementation and maintenance, the Model’s assumptions, factors, algorithms and methodologies, and the accuracy and reliability of the supplied historical or other data. If incorrect data is entered into even a well-founded Model, the resulting information will be incorrect. Investments selected with the use of Models may perform differently than expected as a result of the design of the Model, inputs into the Model, or other factors.

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 EngineSM 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 are offered through Transamerica Investors Securities Corporation (TISC), 440 Mamaroneck Avenue, Harrison, NY 10528. Investment advisory services are offered through Transamerica Retirement Advisors, LLC (TRA), registered investment advisor. All Transamerica companies identified are affiliated companies.



TRANSAMERICA®

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Transamerica Retirement Solutions, National Benefit Services and 3(16) Fiduciary Management Corp are not affiliated companies.

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

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For more information about *Transamerica Center for Retirement Studies*®, please refer to 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 Nonprofit *Transamerica Center for Retirement Studies*®, 17th Annual Transamerica Retirement Survey of employers © 2017.

The Exchange is not a multiple employer plan (MEP). Unlike a MEP, certain plan qualification and ERISA requirements are applied at the individual plan level.

The information provided in this brochure is based upon complex requirements of the Internal Revenue Code and Treasury regulations. This information is intended to be used as an executive summary or overview and is being provided for informational purposes only. It should not be viewed as an investment recommendation by Transamerica for customers or prospective customers. Although care has been taken to present the material accurately, Transamerica disclaims any implied or actual warranties as to the accuracy of any material herein or completeness and any liability with respect thereto. Customers seeking advice regarding their particular investment needs should contact a financial professional.

Before adopting any plan you should carefully consider all of the benefits, risks, and costs associated with a plan. Information regarding retirement plans is general and is not intended as legal or tax advice. Retirement plans are complex, and the federal and state laws or regulations on which they are based vary for each type of plan and are subject to change. In addition, some products, investment vehicles, and services may not be available or appropriate in all workplace savings plans. Plan sponsors and plan administrators may wish to seek the advice of legal counsel or a tax professional to address their specific situations.

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