

# SMALL BUSINESS

# BIG IMPACT

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

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Offered in connection with Transamerica Retirement Solutions.

**DWC**  
THE 401K EXPERTS

  
**TRANSAMERICA®**

A woman with long braids, wearing a black jacket, an orange scarf, and light blue jeans, is walking on a wooden boardwalk. She is holding the hand of a young child who is wearing a red vest, blue long-sleeved shirt, and blue jeans. The child is stepping onto the boardwalk. The background is a vast field of tall grass under a cloudy sky.

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

**age 90**

**Today's workers are planning to  
live until age 90 (median).**

<sup>1</sup>Nonprofit Transamerica Center for Retirement Studies®

After over 80 years of helping people feel better about their future, we understand that sponsoring and maintaining a retirement plan for a small business can seem challenging. And the way we see it, our interest goes beyond offering retirement plans. People want to live long healthy lives with the financial means to do so. They're concerned about healthcare costs, retirement readiness, and protecting their family's quality of life. A sound financial strategy is about more than dollars and cents. After all, what good is wealth if you're not healthy enough to enjoy it.

### **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 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.

# 32%

**of workers at small companies expect to rely on retirement accounts (e.g., 401(k)s, 403(b)s, IRAs) as their primary source of income in retirement. Expectations that “working” will be their primary source of income is higher among workers in small companies compared to those in large companies (16% and 13%, respectively).**

<sup>2</sup>Nonprofit Transamerica Center for Retirement Studies®

## **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 estimate they will need to save \$500,000 (median) to feel financially secure when they retire,<sup>1</sup> and having a retirement plan makes a significant difference in their ability to save. A significant portion, 44%, of small company workers have less than \$10,000 in emergency savings.<sup>2</sup>

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

When workers stay in the workforce longer or delay retirement, there are effects on employers and society as well. Nonprofit *Transamerica Center for Retirement Studies*® found that the majority of workers (53%) plan to retire after age 65 (40%) or do not plan to retire at all (13%).<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* understands your role as a fiduciary, which is why the support team helps you meet those responsibilities by performing certain functions on your behalf.

### ADMINISTRATIVE RELIEF

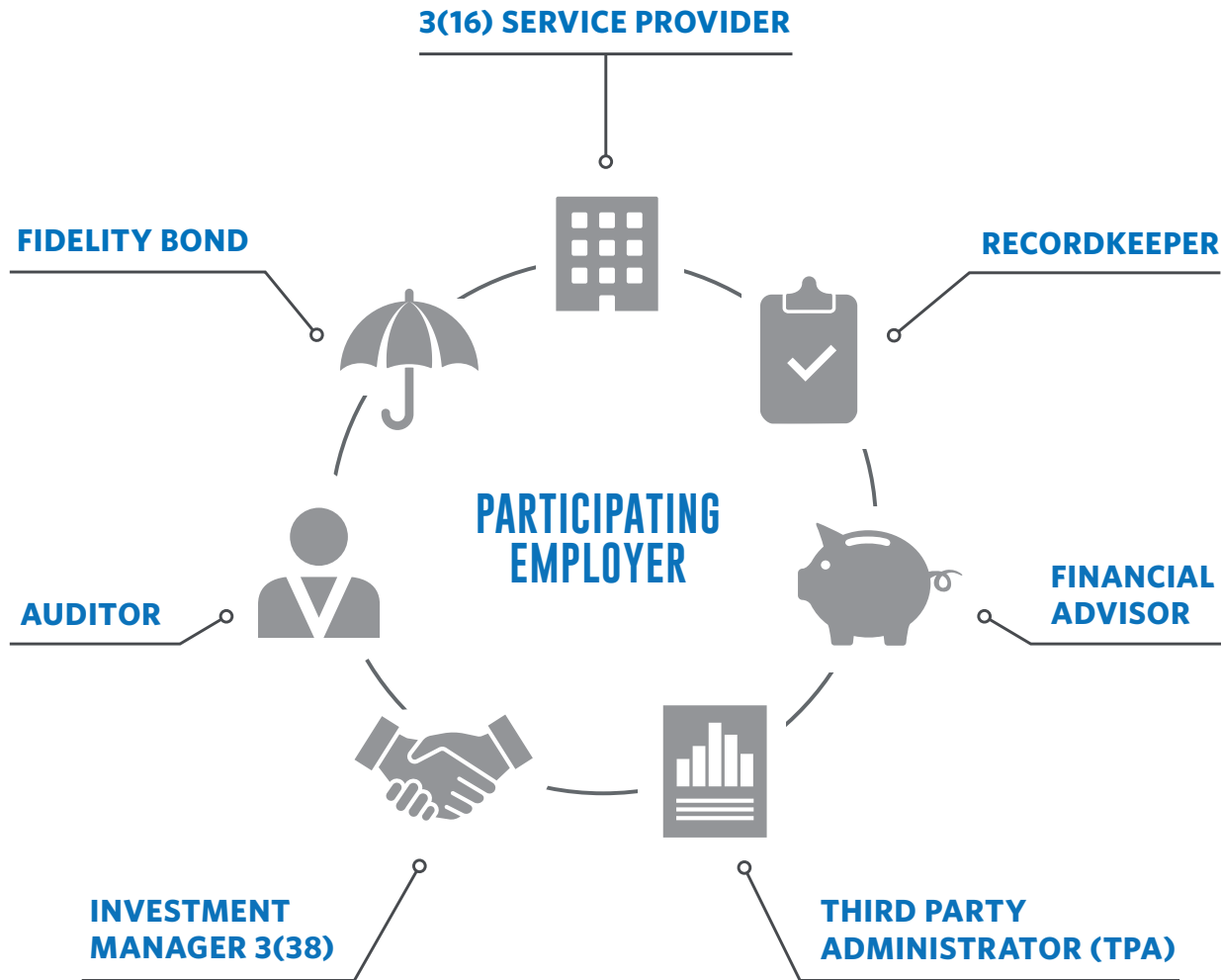
The time it takes to manage a retirement plan can really add up, and underestimating that time commitment is a common mistake of many employers. Small employers typically don't have the resources to effectively manage the complex requirements of offering and administering a qualified retirement plan.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



**79% 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.**

<sup>2</sup>Nonprofit Transamerica Center for Retirement Studies®

A man with grey hair and glasses is looking down at a laptop screen. He is wearing a light-colored, vertically striped button-down shirt. The background is a soft-focus office setting.

# THE ROLES OF YOUR SUPPORT TEAM

## **DWC - THE 401(K) EXPERTS: 3(16)**

The plan administrator serves as a named fiduciary with the plan sponsor. The fiduciary role is to perform all functions necessary to keep the plan compliant.

As such, the plan administrator is responsible for the day-to-day operations of your plan. The functions it performs on your behalf can include: QDRO determinations, authorization of benefit payments, ensuring proper spousal consent on payments is obtained, plan operations, participant claims and appeals, distributions, and timely completion and filing of annual information returns on Form 5500, including any related extensions for the plan.

## **TRANSAMERICA: RECORDKEEPER**

Transamerica is an industry leader, which along with its affiliates, has more than 80 years of experience providing innovative, high-quality retirement plan services and solutions. With more than \$240 billion in assets serviced, Transamerica provides retirement plans for nearly 5 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.

## **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 are in tune with the complexity and liability of running a 401(k) plan. They 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.

**DWC - THE 401(K) EXPERTS:  
THIRD PARTY ADMINISTRATOR**

The local TPA plays a critically important role. It will help you with plan design, ensuring 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.

**RESOURCES INVESTMENT  
ADVISORS: 3(38) INVESTMENT  
MANAGER**

The named 3(38) fiduciary is responsible for the selection and monitoring of the funds in the investment menu in accordance with the Investment Policy Statement for the plan.



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RETIREMENT PLAN EXCHANGE® | TRANSAMERICA

# THE RETIREMENT PLAN 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 can be 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.

## ELIMINATE THE EXCUSES

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



**41%** cost



**9%** concerns about administrative complexity and the amount of work involved







**4%** concerns about fiduciary liability



# EVERYONE HAS A DREAM RETIREMENT

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

-  **70%** traveling
-  **57%** spending more time with family and friends
-  **50%** pursuing hobbies
-  **26%** doing volunteer work

<sup>1</sup>Nonprofit Transamerica Center for Retirement Studies®

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

Helping your employees understand how to plan for the future is important. Transamerica provides online educational tools and resources designed to help your employees meet their long-term financial goals. They include blog posts, videos, webinars, and flyers encouraging people to join your retirement plan, maintain their participation, and increase their contributions.

In addition to enabling your employees to manage and monitor their accounts online, we provide online retirement planning tools at **transamerica.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 refer to page 9 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 — Employees will learn about the value of retirement planning, tax-free deferral 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 **transamerica.com**

## EDUCATION RESOURCES

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

- *OnTrack*<sup>®</sup>, an online, interactive tool designed to help participants determine if they are on course to meet their retirement income goals\*
- Instructional seminars and workshops (also available in Spanish)
- Informative brochures and flyers (also available in Spanish)
- Educational articles on our Knowledge Place and discussion forums on our Community at **transamerica.com**.
- Retirement planning calculators and tools

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

# 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 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 engine utilizes models, algorithms, and/or calculations (“models”). 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. Additionally, models 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 Engine<sup>SM</sup> from Morningstar, Inc., which is used by Morningstar Investment Management LLC, a registered investment advisor 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), member FINRA, 440 Mamaroneck Avenue, Harrison, NY 10528. All Transamerica companies identified are affiliated companies.



TRANSAMERICA®

## Get in touch:

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 **Visit:** [transamerica.com](http://transamerica.com)

<sup>1</sup> Nonprofit *Transamerica Center for Retirement Studies*®, 18th Annual Transamerica Retirement Survey of Workers, "A Compendium of Findings About American Workers," © 2018

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

<sup>2</sup> Nonprofit *Transamerica Center for Retirement Studies*®, 18th Annual Transamerica Retirement Survey of Workers, "Influences of Company Size on Retirement Readiness," © 2018

<sup>3</sup> As of December 31, 2019

<sup>4</sup> Nonprofit *Transamerica Center for Retirement Studies*®, 18th Annual Transamerica Retirement Survey of Employers, "Striking Similarities and Disconcerting Disconnects: Employers, Workers and Retirement Security," © 2018

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