

TECHNICAL UPDATE

In February of this year the IRS announced that in April they intend to send a questionnaire to a statistically valid sampling of 401(k) plans. Aside from that announcement, the IRS has not published much about this project. While your plan may not be chosen to receive this questionnaire, this communication is to make you aware of the IRS' intent and to provide you with the few details that we have learned.

It is our understanding that the questionnaire is not a survey or an audit and plans that receive the questionnaire will not be treated as "under examination" by the IRS for compliance purposes. It is also not anticipated that plans currently under IRS examination will receive the questionnaire. What the questionnaire is being called is a "compliance check" on a range of issues, including plan documents, plan operation and the use of the IRS' Employee Plans Compliance Resolution System (EPCRS) for plan corrections.

The questionnaire is being described as "fairly comprehensive" but Plan Sponsors will have ample time to respond and the IRS may allow extensions. Based on what we've learned, completion of the questionnaire is not mandatory and the IRS does not expect that the answers provided will trigger, or be used in, an audit. **However, it is possible that failure to respond fully and in a timely fashion could result in an audit.**

From what we've learned, the IRS' intent is to gather information about:

- The level of compliance within the 401(k) plan population
- Areas where enforcement should be enhanced
- Necessary education and outreach projects
- Areas needing additional guidance
- The effect of the economic conditions on plans and compliance
- The need for improvements to the determination letter and voluntary compliance programs

We expect that answers to the questionnaire will be primarily in the form of check the box responses and providing plan data. However, Plan Sponsors without significant in-house expertise are expected to need their service providers' help in completing the questionnaire.

It is likely the questionnaire will be made available to everyone online, but we expect online completion will not be required.

After the completed questionnaires are received, the IRS will publish a report based on its findings.

It is fully understandable that you may find the thought of receiving this questionnaire intimidating and that the questions asked may be beyond the scope of your retirement plan knowledge. We suggest that you contact your third party administrator (TPA) if you need assistance responding to the questionnaire. Your TPA has the information and expertise to help you respond accurately.

Transamerica, along with your TPA, is committed to providing you with the highest quality service in the retirement industry. We hope you find this information useful.

Thank you for entrusting Transamerica with your retirement plan business.

Sincerely,



Mary Sanderson
Vice President and Director, Client Management
Transamerica Retirement Services