TRANSAMERICA

DB COMPLETE™

AN INTEGRATED ASSET AND RISK MANAGEMENT SOLUTION
A SIMPLIFIED, COMPLETE SOLUTION FOR A COMPLEX PROBLEM

When offering a defined benefit (DB) plan, many providers are forced to combine internal and external capabilities, resulting in a less-than optimal solution. Transamerica differentiates itself by combining its asset management, risk management, and actuarial services to provide a cohesive, comprehensive, and complete solution.

As the landscape continues to shift heavily from traditional pension plans to defined contribution plans, a DB offering can help attract and retain talented employees and help them improve their retirement readiness. Yet managing the costs and risks associated with a DB plan can be tricky. Unpredictable markets, rising Pension Benefit Guaranty Corporation (PBGC) premium rates, and changing demographics may be creating unsustainable and unpredictable levels of risk and costs for DB plan sponsors — potentially affecting their bottom line.

Plan sponsors and trustees aren’t in the business of managing the complexities of DB plans. Those with active plans seek help managing the future liabilities, while those with frozen plans are looking for a suitable exit strategy. Both often look to advisors for guidance to help them reach their plan goals.

IT TAKES TEAMWORK

Managing a defined benefit plan requires several distinct, related functions. In most cases, plan administration, actuarial services, non-advisory support services, consulting services, and asset management are handled by separate entities — adding to cost and complexity. That’s why Transamerica and Aegon Asset Management have collaborated to create a more complete, holistic solution.
Aegon Asset Management specializes in delivering investment solutions that span the fixed income credit spectrum and are designed to meet a range of client objectives. Using skills and infrastructure refined over decades of managing insurance company assets, our Customized Investment Solutions team constructs portfolios for defined benefit plans focused on their unique needs and circumstances. Our highly customized approach to searching for relative value along the yield curve is born from the strategy insurers use to match their complex liability cash flow.

Leveraging the resources of our global organization, we combine the full complement of our fundamental, bottom-up research culture, our global top-down macro view process, and our risk management systems to provide customized, multi-sector solutions.

Regardless of the investor or targeted outcome, customized investment solutions generally integrate three common elements.

**COLLABORATIVE PARTNERSHIP**
Each customized solution starts with a conversation. The relationship between clients, actuaries, advisors, investment consultants, investment committees, and our investment professionals is essential to developing and implementing a solution designed to meet the unique needs of each investor.

**MULTI-SECTOR OPPORTUNITY SET**
Our customized investment solutions move beyond single-asset-class portfolios, expanding the opportunity to include a more diverse array of investible assets including high-grade corporates, high yield credit, emerging market debt, structured products, U.S. Treasury Strips, and private placements.

**CONSISTENTLY APPLIED, DYNAMIC FRAMEWORK**
Every customized investment solution is developed through five core steps: assessment, analysis, strategy development, construction, and servicing.
Liability-driven investing, or LDI, is a portfolio strategy designed to help pension plans reduce funded status volatility by better matching plan assets with future liabilities. We work closely with plan sponsors and consultants to develop solutions that align with the plan’s current funded status, plan status, risk tolerance, and overall objectives.

Cash flow-driven investing (CDI) is an investment approach focused on delivering a consistent and reliable stream of cash flow in an effort to meet the near-term obligations of defined benefit plans. CDI portfolios are tailored to an organization’s specific circumstance — designing a customized asset mix, duration profile, and overall time horizon that seeks to meet the unique needs of each plan.
INVESTMENT ADVISORY KNOWLEDGE AND EXPERIENCE IN ASSET ALLOCATION, PORTFOLIO CONSTRUCTION AND MANAGEMENT, AND INVESTMENT SELECTION AND MONITORING FOR DB PLANS

Focusing on your goals and objectives, Transamerica Retirement Advisors’ (TRA) experienced team of portfolio strategists works with you to build a custom solution. Whether it’s a partially hedged or fully hedged portfolio, we pull all of the critical pieces together.

Structuring and managing a defined benefit plan takes time, effort, and resources. We can dramatically streamline the process. Working as a 3(21) or 3(38) fiduciary advisor, we can take on as much responsibility as you would like to delegate while helping to ensure you are in experienced hands.

Serving as the point person for our integrated solution, we draw on TRS’ actuarial and risk management expertise and Aegon Asset Management’s fixed income expertise to develop a custom portfolio asset allocation and future portfolio glide path. These elements are customized to your plan’s specific liability structure and organizational objectives.
To build the portfolio, TRA and Aegon Asset Management combine their expertise in liability-focused fixed income management with an institutional investment selection and monitoring process for the equity and alternative investments. We draw from the universe of nonproprietary collective investment trusts (CITs) and mutual funds to help you create a high-quality investment lineup to manage the plan assets.
### INVESTMENT SELECTION AND MONITORING PROCESS

**WIDE ARRAY OF INVESTMENT PRODUCTS**

**OPEN ARCHITECTURE INVESTMENT PLATFORM**

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<thead>
<tr>
<th>QUANTITATIVE SCREEN</th>
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<tbody>
<tr>
<td>• Performance consistency</td>
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<tr>
<td>• Style consistency</td>
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<tr>
<td>• Risk level</td>
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<td>• Market evaluation</td>
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<table>
<thead>
<tr>
<th>QUALITATIVE SCREEN</th>
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<tbody>
<tr>
<td>• Firm history and ownership</td>
</tr>
<tr>
<td>• Manager tenure</td>
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<tr>
<td>• Firm product growth</td>
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<td>• Portfolio composition</td>
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<tr>
<th>PLAN SPECIFIC SCREEN</th>
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<tr>
<td>• Existing allocation</td>
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<td>• Gaps/duplications</td>
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<td>• Investment policy statement</td>
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<td>• Expenses</td>
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TRA integrates and streamlines the pieces of a complex sophisticated investment process, with a focus on making it easy to understand, implement, and manage. Through decades of experience in managing the components of defined benefit programs, we are committed to helping you meet your organizational and financial objectives.
TRS ACTUARIAL AND CONSULTING SERVICES

OFFERING A VARIETY OF ENHANCED SERVICES THAT GO BEYOND THE NORM

Typically included services
- Funding valuations
- FASB, GASB, and IASB accounting
- IRS and PBGC filings
- Participant notices
- Day-to-day consulting
- Information on legislative and regulatory changes

Enhanced services
- Mergers & acquisitions
- Union negotiations
- Benefit plan redesign
- Hybrid plans
- Plan terminations
- Asset liability modeling
- Risk management services
- Dynamic asset allocation / glide path analysis

FLEXIBLE RISK MANAGEMENT OPTIONS

When evaluating their DB plan, organizations have two key choices: retain the plan or transfer the costs and risks elsewhere.

For those who choose retention, it’s impossible to control all costs and risks. But quality data management can assist with predictable budgeting and hedging strategies.

For those who want to transfer, options include supplementing or replacing the DB plan with a defined contribution plan or transferring the risk to an insurer.

OPTIONS

RETAIN
- Budget

HEDGE
- Diversify
- Duration-matching fixed income portfolio
- Purchase financial instrument
- Fund by borrowing

TRANSFER
- Plan redesign
- Employer to employee (lump-sum options)
- Employer to insurer (buyouts and terminations)
THE DB-DC TRANSFER STRATEGY

When moving from a defined benefit to a defined contribution (DC) plan risk-transfer strategy, the project plan details will vary depending on the plan’s needs and objectives.

Here is a general overview of the key milestones of a DB-to-DC approach:

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<tr>
<th>DC PLAN</th>
<th>ENHANCED DC OR IRA/OTHER QUALIFIED PLANS</th>
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<tr>
<td>Amend for DB Rollovers</td>
<td>Accept DB Rollovers</td>
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<tr>
<td>Enhance DC as Primary Benefit</td>
<td>Risks and costs transferred to participants</td>
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<td>Employee Communications</td>
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<tr>
<td>Explore De-Risking Strategies</td>
<td>Execute Lump-Sum Window Strategy</td>
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<td>Plan Transition</td>
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If terminating the DB plan is not achievable for your firm at this time, a similar strategy can be achieved by freezing the DB plan.

TRS provides:

- Dedication to retirement plans
- Full-service model
- Seasoned defined benefit team
- Fixed-cost philosophy
- Commitment to retirement readiness
Asset risk management is only part of the picture. Sponsors also need to account for risks related to compliance, litigation, and data, to name a few. For plan sponsors, committees, or Trustees seeking the convenience and efficiencies of bundling administration services, Transamerica has more than 80 years experience administering defined benefit plans. Whether you prefer co-sourcing or Total Administration Outsourcing™ (TAO), we have solutions that can offer pricing advantages and service continuity.

**SERVICE:**
Transamerica Retirement Solutions (TRS) offers a comprehensive suite of plan services, including benefit calculations and projections, IRS reporting, participant notices, day-to-day consulting, plan design analysis, compliance support, administrative support, and customized communications and reporting.

**INNOVATIVE TECHNOLOGY:**
TRS’ state-of-the-art, proprietary methodology is built on the three-tier architecture that frames all major IT systems today. It consists of a data tier (consolidated database), a program tier (single calculation engine), and a user interface tier that includes how plan sponsors and plan participants can access data.

**RIGOROUS DATA MANAGEMENT:**
Starting with a detailed test matrix, our team compares current and prior results and conducts regression testing to certify that the benefit valuations in the system are correct. It collects data from the multiple sources required to administer the plan, compares findings, and closes gaps — continually scrubbing the data every payroll period. Our systems incorporate unpredictable factors that manual processes often are unable to handle, such as future employee salary and compensation growth rates, estimated career lengths, cost-of-living adjustments, and changes in beneficiary status.

Data Collection Every Payroll Period

- Cost-of-living adjustments
- Changes in beneficiary status
- Estimated length of careers
- Future employee salary and compensation growth rates
With Transamerica DB Complete, you have access to resources focused on helping you successfully manage your defined benefit plan.

Contact our Defined Benefit Practice Leader, Mark Valentine at mark.valentine@transamerica.com.

Visit: transamerica.com

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