

## ***Frequently Asked Questions:*** **Retirement Plan Transition**

***Q 1: What do I need to do to take advantage of moving my existing account balance to the new mutual fund platform?***

**A:** Employees who choose to move account balances from the annuity platform to the mutual fund platform will sign the Asset Conversion Form.

The annuity funds you are currently invested in will be “mapped” to like funds in the new mutual fund platform; this process will take place automatically upon return of your asset conversion form in good order. Please note that if you decide to transfer your annuity balance to mutual funds, all accounts will be transferred.

Any applicable surrender charges will be enforced.

***Q 2: What will happen to my existing annuity account if I do not complete the Asset Conversion Form?***

**A:** Your existing annuity account will continue to be invested in the annuity platform until you make an active election to convert to the mutual fund platform.

***Q 3: How will future contributions be invested?***

**A:** Future contributions will be invested in the mutual fund platform and VALIC will create your new mutual fund account by mirroring your current investment allocations using the enclosed mapping schedule.

***Q 4: If I choose not to transfer my annuity account balances now, can I make the change to the new mutual fund options in the future? Can I transfer just a portion?***

**A:** You may leave your existing balance in the current annuity platform or transfer at any time to the new mutual fund options. However, if you choose to transfer your existing annuity balances to the mutual fund platform you must transfer all of your annuity account value; partial transfers will not be allowed.

***Q 5: If I transfer my annuity balances to the mutual funds, can I transfer them back to the annuity plan at a later date?***

**A:** No, once you have moved your annuity balance to the mutual fund platform, you will not be able to convert them back.

***Q 6: Do I have the option to map my contributions and account balances differently to the new mutual fund platform?***

**A:** Yes, prior to conversion to the mutual fund platform, participants can contact VALIC to make fund transfers that will align their investments in such a way that account balances and/or future contributions will map to their preferred investment options within the new mutual fund platform. Alternately, you can wait until after your account is converted.

***Q 7: Are there any fees associated with any of these potential transactions?***

**A:** No, however possible restrictions may apply to investments in the VALIC Fixed Interest option\*.

***Q 8: Will I be subject to taxes on my funds because of the transition?***

**A:** No, amounts will continue to be tax-deferred.

**Q 9: *How often will I receive an account statement?***

**A:** Quarterly. VALIC mails account statements to your address of record no later than 15 business days after each calendar quarter. These account statements include helpful information about your account balance, your investment elections and transaction history for all of your accounts with VALIC. Account statements can also be accessed online at [www.valic.com](http://www.valic.com).

**Q 10: *Why has Arkansas State University decided to make changes to the retirement plan?***

**A:** The Retirement Plan Committee, along with Multnomah Group, reviewed the current investment options in the retirement plan as a part of our review process. As a result of the evaluation, it was recommended that we add the “Mutual Fund” based platform as the investment for our participants. The addition will offer an enhanced lineup of investment options including target date funds, as well as lower expenses.

**Q 11: *What criteria were considered in determining the new investment options?***

**A:** The investments were evaluated using a wide range of industry standard metrics including: performance, risk, portfolio characteristics, consistency of investment style, expense ratio, strength of investment philosophy and process, performance in both up and down markets and consistency of returns.

**Q 12: *What are the major differences between the Annuity Fund Platform and the Mutual Fund Platform offered by VALIC?***

**A:** Both plans use mutual funds as the investment option, but there are several factors that differentiate each platform:

- **Investment Fees:** Fees associated with annuity products are typically higher than fees associated with a mutual fund platform. Fees paid by participants in a retirement plan can have an effect on long-term investment performance which may lower the return over time.
- **Death Benefit:** An annuity platform includes a guaranteed death benefit, where mutual fund platforms do not. The general concept of a death benefit is to make sure that your beneficiary will receive the greater of the amount you have invested (less withdrawals) or the annuity contract's value on the most recent quarterly policy statement. There is a fee for the death benefit called a Mortality and Expense Risk Charge or M & E. The current VALIC Annuity Platform charges an M & E fee in addition to management and fund fees that the mutual fund companies charge within the Plan. Without the M & E expense, the new Mutual Fund Platform may offer participants cost savings and potentially higher returns over time.
- **Fixed Rate vs. Variable Rate low-risk investments:** Both types of plans offer participants investment option(s) along a conservative approach that have a low correlation to stock market fluctuation. In an annuity platform, participants are generally offered a Fixed Rate Option that guarantees an interest rate with a “floor”. The annuity company cannot lower interest rates below the agreed floor.

The VALIC annuity platform currently has a fixed-rate option guarantee of 1% to 3% based on the date you entered your individual contract. Participants will want to verify their personal fixed rate of return which can be found on their last statement, or review with a VALIC financial advisor.

The fixed-rate floor under the Mutual Fund platform is 1%; however it is currently paying 2.15%.

**Q 13: *Will I be able to convert my annuity account to the mutual fund account if I currently have a loan outstanding?***

**A:** If you currently have a loan, you may convert that portion of your annuity account balance that is not securing the loan. Be aware that you will need to complete another conversion form once the loan is paid in full. This is not an automatic process.

***Q 14: What factors should I consider when deciding on whether to stay in the annuity fund platform or transition my retirement plan account to the new mutual fund platform?***

***A:*** Every individual has unique circumstances and retirement goals that need to be considered when making retirement investment choices and determining which product offered best suits their needs. We strongly encourage you to take advantage of the educational sessions that we will be hosting at several locations. Your VALIC financial advisor, Marc Phillips, will be available at these sessions to review your retirement goals and to assist you in determining which platform would be best suited for you.

**Below are a few points you should consider:**

- Fees: Mutual fund platform investment fees are usually lower than annuity fund platform fees.
- Options: Guided Portfolio Services®, a fee-based investment advisory service provides you independent money management
- Benefits: The VALIC annuity platform includes a death benefit.
- Guarantees: Understand how the fixed rate guarantee in your current annuity compares to the new rate offered in the mutual fund platform.

Again, every participant situation is unique. Please attend one of the educational sessions offered. Enclosed is a schedule of dates to assist you with making an informed decision about your retirement plan options.

**CONTACT INFORMATION**

***Q 16: How can I access my account with VALIC?***

- A:*** You can access your account 24 hours a day, 7 days a week at:
- Online at [www.valic.com/astate](http://www.valic.com/astate)
  - VALIC Mobile Access for web enabled devices at <https://my.valic.com/mobility>
  - By phone at **1-800-448-2542**, you can connect with a Customer Service Representative Monday through Friday, between the hours of 7:00 a.m. and 8:00 p.m. (Central Time). In addition, account questions may be directed to your VALIC representative.

***Q 17: Whom can I contact if I have questions about the mutual funds or this process?***

- A:*** Please call the VALIC representative:
- Marc Phillips                                  870-919-5191 (CELL)

\* Policy Form GFUA-398, GFUA-12, GFUA-315 or GFA-504, a group fixed annuity issued by The Variable Annuity Life Insurance Company.

**Investors should carefully consider the investment objectives, risks, fees, charges and expenses before investing. This and other important information is contained in the prospectus, which can be obtained from your financial professional or visit [www.valic.com](http://www.valic.com) and click on Access ePrint on right side of screen. Enter your Group ID in the Login field and click Continue. Click on Funds on right side of screen, and the funds available for your plan will be displayed. You can also request a copy by calling 1-800-428-2542. Read the prospectuses carefully before investing.**

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The principal value of an investment in a Target Date fund is not guaranteed at any time including at or after the target maturity date. The target date is the approximate date when investors plan to start withdrawing their money. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date.

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