



HARDSHIP DISTRIBUTION FORM

For VALIC Annuity Accounts Only – Plan Types 403(b), 401(a) and 401(k)

The Variable Annuity Life Insurance Company (VALIC), Houston, Texas

Mail Completed Forms to:

VALIC Document Control

P.O. Box 15648, Amarillo, TX 79105-5648

Call 1-800-448-2542 for assistance.

1. CLIENT INFORMATION

Name: _____ SSN or Tax ID: _____

Daytime Phone: (____) _____ Date of Birth: _____

Use this form if you are currently employed with the employer sponsoring the Plan. If you have separated from service, please complete a Cash Distribution Form (VL 8725).

2. DISTRIBUTION REQUEST In accounts/contracts containing Multi-Year Terms, distributions made prior to maturity date may be subject to a market value adjustment.

\$ _____ AMOUNT requested on account of your immediate financial need. You may, at your option, request a distribution amount that includes taxes you reasonably expect to be payable on the distribution you are requesting in an amount not to exceed 40% of your hardship need.

Optional: You may request we distribute the amount pro-rata against all funds or specify an amount or percentage to be taken from each fund for the account(s) listed below. If neither option is specified, the funds will be withdrawn in the following order: Fixed Account (FB001/FB004/FB009), Short Term Fixed (FP002), Largest Variable Investment Option, Second Largest Variable Investment Option, etc., Fixed Account Plus Enhanced (FB003) and lastly the Multi-Year Term(s).

Please Indicate Account(s) you wish to withdraw from.

Account # _____ \$ _____ or _____ % <input type="checkbox"/> IncomeLOCK Maximum Annual Withdrawal Amount Choose One: <input type="checkbox"/> Distribute the amount pro-rata against all funds <input type="checkbox"/> Distribute the amount or percentage from each fund as specified below:	Account # _____ \$ _____ or _____ % <input type="checkbox"/> IncomeLOCK Maximum Annual Withdrawal Amount Choose One: <input type="checkbox"/> Distribute the amount pro-rata against all funds <input type="checkbox"/> Distribute the amount or percentage from each fund as specified below:	Account # _____ \$ _____ or _____ % <input type="checkbox"/> IncomeLOCK Maximum Annual Withdrawal Amount Choose One: <input type="checkbox"/> Distribute the amount pro-rata against all funds <input type="checkbox"/> Distribute the amount or percentage from each fund as specified below:
Fund Code _____ Amount _____ \$ _____ or _____ %	Fund Code _____ Amount _____ \$ _____ or _____ %	Fund Code _____ Amount _____ \$ _____ or _____ %
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3. REASON FOR DISTRIBUTION

Check the appropriate box(es) that describes the nature of your immediate and heavy financial need and attach documentation (confirming nature of need, date and amount needed) to support each box checked, such as medical bills, notice of eviction or foreclosure, etc. Note: Your plan may restrict allowable reasons.

- Medical expenses for you, your spouse, or your dependent.
- Expenses directly related to the purchase of your principal residence, excluding mortgage payments.
- Tuition-related educational fees, room and board, for post-secondary education for the next 12 months for you, your spouse, your children, or your dependents.
- Amounts required to prevent eviction from, or foreclosure on, your principal residence.
- Funeral expenses of a family member, or travel expense to attend funeral of family member.
- Repairs for uninsured or underinsured damage to your home due to theft, storm or other casualty.
- Other (if employer's plan allows) - The Plan Administrator of my employer's plan has reviewed and approved this "other" reason for my hardship request and has signed this form accordingly (provide reason): _____

4. INVESTMENT PROVIDER INFORMATION (Skip this section if your plan has only one provider or you are not in a 403(b) Plan.)

Plan type of my account: 403(b) 401(a) or 401(k) (If 401(a) or 401(k), skip to Section 5)

This section is applicable to hardship distributions from 403(b) plans. If you are requesting a hardship distribution from a 403(b) plan and Plan Administrator or Third-Party Administrator (TPA) signature is required in Section 9, skip this section. Contact your employer to determine if Plan Administrator or TPA signature is required.

I have funds in this plan with other investment providers: Yes No (If no, skip to Section 5.)

If you answered "Yes" to the question above, the Hardship Distribution Supplement for Investment Providers (on page 3) will be required.

List all other investment providers and account number(s) under this Plan where contributions have been made at any time:

Investment Provider	Customer Service Phone Number	Account Number

Use a separate sheet for additional accounts.

5. MAILING INSTRUCTIONS

The distribution will be mailed to your permanent address on record unless otherwise indicated below.

Street Address _____ City _____ State _____ ZIP _____

Check if the above is your new permanent address.

Send check by overnight delivery. I understand, by providing my credit card number below, that there will be a charge billed to my credit card for this service and that a street address is required. If the credit card charge is not approved, the check will be sent by regular mail. Master Card Visa American Express

Card # _____ Expiration Date: _____

6. INCOME TAX WITHHOLDING INFORMATION AND INSTRUCTIONS

Any amounts that are not eligible for rollover will be subject to 10% federal tax withholding on any taxable amount by VALIC unless you request otherwise below. In addition, any distribution to you will be taxable in the year received and may be subject to an additional 10% penalty tax if you are under age 59½. If you choose not to have taxes withheld, interest and penalties may be imposed by the IRS for any under-withholding. State withholding may be subject to a 5% administrative default rate when state withholding is requested and no withholding amount is designated. Your state of residence may require that your state income tax withholding election be provided to us on a specific state form. Should your state of domicile require a specific state withholding form, your state income tax withholding election will not occur until the required form is received by our office. Your state of residence may require that your state income tax withholding election be provided to us on a specific state form. Should your state of domicile require a specific state withholding form, your state income tax withholding will not occur unless the required form is received by our office.

Federal Withholding Instructions

DO NOT withhold any federal income taxes unless mandated by law.

DO withhold federal taxes in the amount of _____ %
(cannot be less than any mandatory withholding).

State Withholding Instructions

DO NOT withhold any state taxes unless mandated by law.

DO withhold state taxes in the amount of _____ %
(cannot be less than mandatory withholding).

Notice to Non-Resident Aliens: A payment to an address outside the United States may be subject to federal income tax withholding at a 30% rate unless the payee submits a completed IRS Form W-8BEN and the payments are eligible for reduced withholding.

7. SPOUSAL CONSENT

ERISA-covered and certain other employer plans require the client to state his/her marital status and the spouse to consent to this distribution. Please check the appropriate box below:

REQUIRED FOR CLIENT: Client Marital Status

- Not Married Married Legally Separated: Attach Court Order of Legal Separation (petition not acceptable)
- Missing Spouse: I hereby affirm that I have made reasonable attempts to locate my spouse and have not been able to do so.

REQUIRED FOR SPOUSE: Spousal Consent

Under federal law for ERISA plans and the terms of some employer plans, as the spouse of the contract owner, you have the right to receive a survivor benefit of at least 50% of the amount in this contract if your spouse dies before you. As a result, your spouse must have written consent before making withdrawals from this contract. If you consent to the withdrawal, you will not receive a survivor benefit payment from VALIC for the amount withdrawn. If you agree to the withdrawal, please read and sign the statement below and have your signature witnessed.

- I agree to the payment of funds from the contract(s) listed in Section 2.
- I understand and agree that I am giving up my right to receive a survivor benefit payment from VALIC for the amount being paid and I release VALIC from all liability for making this payment.

Spouse (Print Name): _____ Spouse's Signature _____ Date _____

SPOUSE'S SIGNATURE WITNESSED BY NOTARY PUBLIC

This section is only to be used for a Notary Public's witnessing of the Spousal Consent *in absence of the Plan Administrator's Witness.*

State of _____ County of _____ on this _____ day of _____, year of _____.

Before me personally appeared _____ (name of spouse) known to me to be the person who executed the SPOUSAL CONSENT and he/she acknowledged to me that he/she executed the same.

Notary Public _____

8. VESTING DETERMINATION FOR EMPLOYER CONTRIBUTION SOURCES

Vesting Information: To be completed by the employer sponsoring the plan if VALIC is NOT providing full plan administration services.

Employer Basic Vested _____% Employer Supplemental/Matching Vested _____%

All Employers: **Indicate hours worked if Hours of Service is used by your plan to calculate benefits. Indicate months worked if Elapsed Time is used by your plan to calculate benefits. Any month in which an employee was compensated for one hour must be counted as a month worked.**

Hours Worked _____ or Months Worked _____ or \$ _____

9. PLAN ADMINISTRATOR APPROVAL

To be completed where required under your employer's plan.

- I approve this distribution in accordance with current plan provisions and all applicable laws and regulations.
- I verify that the information provided on this form for purposes of this distribution is correct to the best of my knowledge.
- If applicable, the client has established to my satisfaction that spousal consent is not required.
- I affirm that any signature of a client's spouse in Section 7 of this form has been witnessed either by me or by a Notary Public.

Plan Administrator or Authorized Representative (Print Name) _____ Plan Administrator or Authorized Representative Signature _____ Date _____

10. CLIENT APPROVAL

- I authorize the above distribution and certify that all statements, including marital statements, are complete and accurate to the best of my knowledge and belief.
- I have read and understand the information provided in the Information pages of this form, including IncomeLOCK Option if applicable, and acknowledge that distributions may be subject to surrender charges as provided in the contract and that this distribution may result in taxable income and penalties.
- I have read and understood the "Joint and Survivor Annuity and Qualified Annuity Benefit" section of the Special Tax Notice, applicable to plans subject to ERISA only. By signing below I am agreeing to waive any benefit or right described in that section that would have been provided with respect to the amount that I am withdrawing. I also understand that I have the right to revoke any waiver if a distribution has not already been made.
- I am unable to obtain the amount needed from other reasonably available resources and have already reduced the amount of my hardship by other resources that are reasonably available to me, as described in the Information pages of this form, including but not limited to (a) amounts available to me under any retirement plan of my employer, and (b) any loans where repayment would not itself create a hardship.
- I hereby authorize VALIC to confirm the accuracy of all information provided in Section 4 and understand that my request will not be processed until confirmed. I also authorize VALIC to confirm with the listed providers, and I authorize those listed providers to confirm the information provided in this section regarding my account balance, prior hardship withdrawals and the ability to obtain a loan from the plan, subject to the requirement that the information provided herein is authorized for use by VALIC solely for the purposes of satisfying the restrictions under the plan.

Note: If you borrow, surrender, or withdraw any funds from your contract, the guaranteed elements, non-guaranteed elements, face amount, or surrender value of your existing contract may be affected.

Client (Print Name) _____ Client's Signature _____ Date _____



Hardship Distribution Supplement for Investment Providers

(For use with decentralized multi-investment provider 403(b) plans.)

(Skip this section if your plan has only one provider or you are not in a 403(b) Plan.)

The Variable Annuity Life Insurance Company (VALIC), Houston, Texas

Employee: A request for hardship distribution from your 403(b) account and answering "Yes" to the question in Section 4 also requires the submission of this supplemental form to your other investment providers to ensure compliance with the federal tax rules governing these withdrawals. You should complete Box A (below) and provide a copy of this form to each of the other investment provider(s) for completion of Box B. Upon completion of this form, the supplemental form should then be submitted along with the Hardship Distribution Form and any required documentation to support the request such as medical bills, notice of eviction or foreclosure, etc.

Remit this page to each of the investment providers listed in Section 4 for completion of required information:

PARTICIPANT INFORMATION

Name: _____ Daytime Phone: (_____) _____
 SSN: _____ Contract or Account: _____
 Address: _____ City: _____ State: _____ ZIP: _____

BOX A:

Name of Investment Provider:	
Employer Name:	
Plan Name:	
Participant's Name:	
Participant's Address:	
Provide Account #:	Provide Account #:

- I certify that the information I have provided is true and correct to the best of my knowledge.
- I hereby authorize VALIC to confirm the accuracy of all information provided in Section 4 and understand that my request will not be processed until confirmed. I also authorize VALIC to confirm with the listed providers, and I authorize those listed providers to confirm the information provided in this section regarding my account balance, prior hardship withdrawals and the ability to obtain a loan from the plan, subject to the requirement that the information provided herein is authorized for use by VALIC solely for the purposes of satisfying the restrictions under the plan.

Participant's Signature _____

Date _____

Investment Providers: Client has authorized VALIC to collect the following information. Complete the following table for each 403(b) account where contributions have been made at any time.

Return to Client upon completion.

BOX B:

Account #1

Account #2

	Account #1	Account #2
Account Number(s):		
Account Balance(s):		
Account Balance(s) On 12/31/1988:		
Amount in account(s) that is not restricted (e.g., rollovers, unrestricted employer contributions):		
Amount of this hardship that has been satisfied by distribution from this provider:		
Date of hardship distribution(s):		

Signature of Investment Provider _____

Date _____

Printed Name of Investment Provider _____

Title of Investment Provider _____

For more information regarding the completion of this form, you may call our Client Care Center at 1-800-448-2542 or your financial advisor.

Your employer's plan may not allow hardship withdrawals or may limit hardship withdrawals to only certain reasons. Your employer's plan may require you to stop voluntary salary deferrals to all available plans for 6 months. If so, you will generally also lose any associated matching contributions, if applicable.

Please check with your financial advisor or your employer's benefits office for more information on plan provisions. The IRS will be notified that you have made a withdrawal due to hardship. Your hardship must be bona fide or your account value may become immediately taxable to you and subject to substantial penalties and interest.

You are permitted to take a hardship distribution ONLY IF YOU ARE UNABLE to satisfy the immediate and heavy financial need identified on the form, from other reasonably available resources, including, but not limited to, the resources listed below.

- Cessation of deferrals to all plans of the employer.
- Liquidation of savings or investment, including sale of property; and permitted withdrawals from all retirement plans.
- Loans available from life insurance policies, retirement plans of your employer (including the plan from which you are requesting this distribution), or commercial lenders on commercially reasonable terms, if repayment of such loans would not itself create a financial hardship.
- Insurance proceeds.
- Other reasonably available resources.

Any amount that you could withdraw without requesting a hardship withdrawal (including pre-89 TDA funds) may be eligible for rollover to another plan or IRA, and will be subject to mandatory 20% federal income tax withholding. By completing this form, you are choosing to waive any right you may have to a direct rollover, and to waive any right to wait up to thirty days before receiving this distribution. If you do not wish to waive either of these rights, or if you intend to roll over any eligible portion of your withdrawal within 60 days after you receive it, avoiding current taxation, you should: (1) complete VALIC's Cash Distribution Request Form for the rollover-eligible amount; and (2) reduce the amount requested on this form accordingly.

***PRIVATE TAX-EXEMPT 457(b) DEFERRED COMPENSATION PLANS**

Section 457(b) deferred compensation plans sponsored by private tax-exempt employers require participants to make an irrevocable election regarding the distribution of benefits. Commencement of payments cannot be later than April 1st of the year following the year you attain age 70½ unless you are still working for the plan's sponsor. Please contact your plan administrator for more information.

SPECIAL TAX NOTICE

The information in this notice applies to qualified plans, 403(b) and governmental section 457(b) plans ("Plan") and IRAs. You are receiving this notice because all or a portion of a payment you are receiving from an employer-sponsored plan or IRA may be eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover. You have the right to at least 30 days to consider your alternatives after receiving this notice. You may waive this review period. Your signature on this form will indicate that either you have had this 30-day review or that you have chosen to waive it and you are requesting an immediate distribution. This notice does not describe any State or local income tax rules (including withholding rules).

ELIGIBLE ROLLOVER DISTRIBUTIONS

You will be taxed on a payment from the Plan or IRA if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan or IRA is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Amounts paid from certain deferred compensation plans

If a payment is not an eligible rollover distribution, 10% federal income tax withholding will apply unless you indicate differently. The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

You may roll over the payment to either an IRA or an employer plan (qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. Check with the administrator of that plan about whether the plan accepts rollovers and, if so, the types of rollover distributions it accepts. See below for rollover rules regarding payments from designated Roth accounts in 401(k) or 403(b) plans. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan. For example, the employer plan may restrict distributions or require spousal consent or plan administrator approval for distributions. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan. If you roll over a payment from a governmental section 457(b) plan to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

There are two ways to do a rollover. You can do either a **direct rollover** or a **60-day rollover**.

If you do a direct rollover, the Plan or IRA will make the payment directly to your IRA or an employer plan.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover of a Plan distribution, the Plan is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

After-tax Contributions. After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day

rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

ROLLOVERS OF BENEFICIARY/ALTERNATE PAYEE ACCOUNTS

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section, "Special Tax Treatment for Certain Lump Sum Distributions," applies only if the participant was born on or before January 1, 1936. Note that whether a payment from a designated Roth account (see below) is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to a traditional or Roth IRA, you may treat the IRA as an inherited IRA or as your own. If you treat the IRA (either traditional or Roth) as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½. A traditional IRA you treat as your own is treated like any other traditional IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your traditional IRA do not have to start until after you are age 70½. A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited traditional or Roth IRA. Payments from the inherited IRA (even if a nonqualified distribution from a Roth IRA) will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited traditional or Roth IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

10% PENALTY

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan or IRA (including amounts withheld for income tax) (or, for payment from a Roth IRA, for the earnings paid) that you do not roll over, unless one of the exceptions listed below applies (or, for payment from a Roth IRA, is a qualified distribution). This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan or IRA:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation (not applicable to IRA)
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary) (exception applies to IRA without regard to separation from service)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Payments from a governmental 457(b) plan, unless the payment is from a separate account holding rollover contributions that were made to the Plan from a qualified plan, a section 403(b) plan, or an IRA
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO) (not applicable to IRA; special rule applies for IRAs under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.
- IRA Only: (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Note: Eligible rollovers into a governmental 457(b) plan that were previously subject to the 10% additional income tax will continue to be subject to that penalty at the time of withdrawal unless you are over age 59½ or some other exception applies.

DESIGNATED ROTH ACCOUNTS AND ROTH IRAS

Contributions to designated Roth accounts and Roth IRAs are not deductible and therefore are distributed tax-free at any time. Earnings which accumulate in a designated Roth account or Roth IRA are not taxed currently and are not taxed upon a qualified distribution described below. Rollovers or conversions to a Roth IRA from a traditional IRA or pre-tax contributions to an employer plan are taxable in the year of the distribution.

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account. If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011. If you are under age 59½, a 10% additional income tax on early distributions will also apply to the earnings (unless an exception applies). This tax is in addition to the regular income tax on the earnings not rolled over. However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions. If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account or Roth IRA is a payment made after you are age 59½, after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000 (not applicable

to designated Roth accounts) and after you have had the designated Roth account in the Plan or Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1st of the year for which your first contribution was made to a designated Roth account or Roth IRA. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1st of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

You may roll over the designated Roth account payment to either a Roth IRA or a designated Roth account in an employer plan (qualified plan or section 403(b) plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan. Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1st of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

There are two ways to do a rollover. You can do a direct rollover (Plan will make payment directly) to a Roth IRA or designated Roth account in an employer plan. If you do not do a direct rollover, you may still do a rollover by making a deposit within 60 days into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the earnings in your designated Roth account. If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

If you roll over the payment to a designated Roth account or Roth IRA, later payments from the designated Roth account or Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). Payments from the designated Roth account or Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

LOANS

If you request a total surrender of your Plan account and you have an outstanding loan, the account balance will be reduced by the outstanding loan balance and outstanding loan security will be returned to the account. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) (in the case of a nonqualified distribution from a

designated Roth account, only to the extent of the earnings in the loan offset) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan (or in the amount of the nonqualified distribution earnings to a Roth IRA or designated Roth account in any employer plan). You may also choose to pay off the outstanding loan balance prior to the surrender by submitting payment in full to the Loan Department.

SPECIAL TAX TREATMENT FOR CERTAIN LUMP-SUM DISTRIBUTIONS

If you were born on or before January 1, 1936 and receive a lump sum distribution (including a nonqualified distribution from a designated Roth account) that you do not roll over, special rules for calculating the amount of the tax on the payment (or the earnings in the payment for a nonqualified distribution) might apply to you (not applicable to governmental 457(b) plan distributions). For more information, see IRS Publication 575, Pension and Annuity Income.

ELIGIBLE RETIRED PUBLIC SAFETY OFFICER

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments (including nonqualified distributions from designated Roth accounts) paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

NONRESIDENT ALIEN

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

OTHER SPECIAL RULES

- If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).
- If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.
- Unless you elect otherwise, a mandatory cashout of more than \$1,000 will be directly rolled over to an IRA chosen by the Plan administrator. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).
- You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or a professional tax advisor, before taking a payment from the Plan or IRA. Also, you can find more detailed information on the federal tax treatment of payments from employer plans and IRAs in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov or by calling 1-800-TAX-FORM.

DISTRIBUTABLE EVENT

Generally a distributable event includes age attainment of age 59½ (age 70½ for governmental 457(b) plans), separation from service, disability or death. However, the employer's plan may place additional restrictions that must also be met prior to a distribution. If you have met a distributable event, you may

request a rollover of funds to any eligible plan type or a transfer to a like plan type. If you wish to move funds from your VALIC 403(b) account to another 403(b) account via a rollover distribution, and have made contributions prior to 01-01-87, those amounts may lose a grandfathered status that can impact future required distributions. However, movement of funds from your VALIC 403(b) account to another 403(b) account via a transfer distribution may retain the status. For more information, please call 1-800-448-2542.

TRANSFERS

Transfers to a like plan will not be taxed or reported to the IRS. Generally, transfers are allowed regardless of employment status. However, your employer's plan may restrict you to authorized carriers. Transferred amounts generally become subject to the requirements of the plan receiving the transfer as though originally contributed to that plan.

INCOMELOCK OPTION

If you have chosen the IncomeLOCK living benefit option, withdrawals from the contract will reduce the account value and all benefits of the IncomeLOCK living-benefit option. Withdrawals exceeding the Maximum Annual Withdrawal Amount may reduce future Maximum Annual Withdrawal Amounts. Minimum distribution amounts calculated for each year will include the value of the IncomeLOCK benefit. One year's required minimum distribution based solely on the value of each individual account will not be treated as an excess withdrawal, but may reduce the Maximum Withdrawal Period. See your contract endorsement.

QUALIFIED JOINT AND SURVIVOR ANNUITY AND QUALIFIED ANNUITY BENEFIT: FOR ERISA PLANS ONLY

This notice should be provided to you at least 30 days, but no more than 180 days, before your proposed distribution date.

If you are married, your retirement plan distributions will be paid to you in the form of a Qualified Joint and Survivor Annuity ("QJSA") unless you elect a different form of distribution. Under your QJSA, if your spouse survives you, the plan will pay him or her at least 50% of the amount the plan had been paying to you, on the same frequency as the payments to you. If you are not married, your benefit will be paid monthly over your life and will end upon your death unless you elect a different form of distribution. This benefit is referred to as a Qualified Annuity Benefit ("QAB").

The plan may satisfy the QJSA or QAB by using your vested account balance to purchase an annuity contract from an insurance company. The actual monthly payments made under the annuity contract will depend on the value of your account balance, annuity purchase rates used by the insurance company, your age, and if you are married, your spouse's age at the time the distribution begins.

The following table reflects the relative values of monthly payments from a Joint and Survivor Annuity and a Life Annuity, assuming a vested account balance of \$5,000 and an interest rate of 6%. This table is based on the Annuity 2000 Mortality tables. **The table is hypothetical and does not reflect the value of your individual benefit or the actual payments you or your beneficiaries would receive.** Please note that as the ages change, the payment amount will change. If none of the examples closely approximates your situation, you may obtain a more accurate value specific to your situation from your plan administrator or from your financial advisor.

Age at Benefit Starting Date

Annuitant	70	65	60	55	50	45	40	35
Spouse	65	70	55	60	45	50	35	40

Monthly Payment

Annuitant Life Only	39.62	35.35	32.38	30.27	28.75	27.61	26.76	26.13
Joint and 50% Survivor	35.47	33.65	30.21	29.26	27.53	26.99	26.07	25.76
Joint and 75% Survivor	33.71	32.86	29.23	28.78	26.95	26.70	25.73	25.58

This QJSA or QAB requirement may not apply to smaller account balances (generally below \$5,000) and will not apply if you have elected another form of benefit. A partial withdrawal would be considered another form of benefit for this purpose. Other alternate forms of benefits that may be available under your employer's plan and under your plan investments may include:

Annuity

An annuity can provide you with payments for your life or for your life and that of your beneficiary; payments for a specified period; payments for your lifetime with a minimum guaranteed period; or a continuation of payments to your surviving spouse that is different from the plan's percentage of the payments made to you. Generally, the more that the form of payment guarantees, such as a minimum period of payments, or payments to your surviving spouse or to another beneficiary, the more that specified benefit amount will cost. There are IRS rules that may limit the period during which payments may be made.

Lump Sum Distribution

If you elect a lump sum distribution, your benefit will be paid to you in one payment. The amount of your benefit is the vested portion of your account balance as of the valuation date used to calculate your distribution.

Installments

If you elect to receive your benefits in installments, you may specify the dollar amount and frequency of your payments. The period of time over which you receive these installments cannot be greater than your life expectancy or the joint life and last survivor expectancy of you and your designated beneficiary. There are other IRS rules that may further limit the period over which you receive payments.

In order to elect one of these alternative forms of benefits you must waive your right to the QJSA or QAB, and if you are married, your spouse must also consent in writing. In addition, this written consent must be witnessed by a Notary Public or by your Plan Administrator. You are entitled to 30 days (but no more than 180 days) within which to make this decision. Although you have at least 30 days to make this decision, under some circumstances, you may waive this minimum 30-day period, and if you submit a waiver of the QJSA or QAB less than 30 days after it is signed we will assume that you are waiving this notice period. Unless a waiver of the QJSA or QAB is made irrevocably, you have the right to revoke the waiver and execute another waiver at a later time, up to the time when the benefit payments have started. You also have the right to defer receiving a distribution, subject to the terms of your employer's plan as well as legal requirements that generally require distributions to commence upon the later of attainment of age 70½ or retirement.

The investment options available to you, the right to change investment options, and the fees imposed under the investment options will not be affected by your decision to defer distributions.

Please send completed forms to:

VALIC Document Control
P.O. Box 15648
Amarillo, TX 79105-5648

Call **1-800-448-2542** for assistance.