

457(b)

DCP

457(b) Deferred Compensation Plan

An opportunity to take advantage of tax-deferred income for your retirement

SAVING : INVESTING : PLANNING

The tax advantages, plus plan features and benefits, make the 457(b) DCP with VALIC an ideal way to help accumulate funds for your retirement. And VALIC brings you the expertise, investment options and personal services to help keep things simple.

Pretax contributions

You contribute by convenient payroll reduction before federal income tax withholding is calculated. This helps reduce your current taxable income so you can save more for retirement with money that otherwise would have gone toward income taxes.

2009 contribution limits:

- > 100% of annual includible income up to \$16,500
- > Another \$16,500 (in 2009) as a service-based catch-up contribution if you are within the last three taxable years ending in the year before normal retirement age under your plan and undercontributed in prior years
- > \$5,500 as an age-based catch-up for those age 50 or older (governmental employees only)

IMPORTANT NOTE: You cannot benefit from both the service-based catch-up and the age-based catch-up contribution amounts, but you may select the option that gives you the higher amount. Nongovernmental employees are not eligible for the age-based catch-up option.

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Tax-deferred accumulation

Current federal income taxes on all contributions, interest and earnings in your 457(b) DCP are deferred until withdrawal, usually at retirement. Tax-deferred earnings, coupled with the power of compounding, can provide greater growth than might be possible with current taxable savings methods. Remember that income taxes are payable when you withdraw money from your account and federal restrictions may apply to withdrawals prior to age 70½.

Investment flexibility

VALIC offers an array of innovative investment options from well-known investment managers. This provides the flexibility you might need to design a unique program tailored to your individual needs. Keep in mind that investment values will fluctuate so that your investments, when withdrawn, may be worth more or less than the original cost. Your financial advisor can assist you in choosing the options that will match your long-term goals.

Tax-free loans

Tax-free loans, which are available under some governmental employer plans, enable you to borrow against a portion of your accumulated account value without permanently reducing your account balance. Remember that defaulted loan amounts will be taxed as ordinary income.

Access to your savings

Generally, depending on your employer's plan, your account contributions may be distributed in any of the following events:

- > Attainment of age 70½
- > Separation from service
- > Your death
- > Unforeseeable emergencies

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