



SUPPLEMENTAL RETIREMENT SAVINGS PLAN – FREQUENTLY ASKED QUESTIONS

Why has Houston County Schools made these changes to our Supplemental Retirement Savings Plan?

The most important reason is to provide you with better services and a lower cost way for you to save for retirement. The expenses associated with our current annuity investments made it difficult for you to earn a good return on your savings. Part of that cost was sales commissions – which are eliminated in the new plan. In addition we wanted to help you become a more knowledgeable investor, so you would not miss out on the advantages of our plan. Now, you have the added assurance of impartial guidance when you consult our advisor.

At the same time, new Federal requirements made it necessary for the Board to monitor and track all data across all providers to assure our plan was in compliance. We needed an expert partner to help us manage and administer the plan and we needed to eliminate some of the unnecessary complexity associated with multiple providers.

Why have the investment options gone from annuities to mutual funds?

Because they are less costly to you. Without forcing you to change your current investments (and a few fixed annuities **shouldn't be changed**) the new mutual fund options enable you to immediately reduce the expenses you are paying to invest. The mutual fund options both lower your cost and provide a wide array of investments from well-known fund families to help you maximize your retirement savings.

What are the key differences between my present 403(b) annuity investments and the new mutual fund investments?

They are actually quite similar but the key difference is cost, with mutual funds being less costly. Here is a chart that illustrates the differences:

VARIABLE ANNUITY	MUTUAL FUND
Subject to Separate Account charges	No Separate Account charges
May be subject to surrender charges for premature withdrawal	May be subject to contingent deferred sales charges for premature withdrawal
Subject to custodial fees	No custodial fees
No maintenance fees	Subject to maintenance fees
Guaranteed death benefits	No guaranteed death benefits
Variety of payout options available	Use balance to purchase annuity

Please refer to the mutual fund’s prospectus and/or the annuity fund prospectus for more detailed information.

Your letter mentions “no sales charges” for the mutual funds investments. What are sales charges and were they applied to the annuity investments?

Sales charges are fees that some funds charge “up-front” when investing in the fund. Both annuity and mutual fund investments have fees that are charged, however, neither the annuity nor mutual fund investments under the Houston County Schools Plan have “sales charges.”

What kind of savings will I see by moving to a mutual fund investment?

The following table illustrates the average total fees for both annuity and mutual fund investments in the Plan. It’s based on the *average cost* to invest to illustrate the typical expense savings from this change. To see the actual fees charged for each fund, please refer to the attached Mapping of Investment Options.

PRODUCT	STRAIGHT AVERAGE TOTAL EXPENSES	HYPOTHETICAL EXPENSES OVER 1-YEAR (\$10,000 ACCOUNT)
CURRENT Annuity	1.41%	\$141
NEW Mutual Fund	.90%	\$90
Difference	.51%	\$51

What’s the procedure for transferring money I have in my annuity to the mutual funds in the new plan?

You can transfer your existing VALIC annuity assets, with no surrender charges, now or later according to a quarterly schedule. When you’re ready, complete an **Asset Conversion Form**. A form is attached for your use. They will also be available online via the **ePrintSM** Web site, or from your local VALIC financial advisor.

The schedule for the coming quarter is:

Asset Conversion Form Cutoff Date	Quiet Period	Asset Conversion Date
November 19, 2010	December 17, 2010 – January 7, 2011	December 31, 2010

What is the “quiet period”?

When you transfer your annuity balances to mutual funds, there will be a short time during which you will not be able to access to your account. This gives VALIC time to establish your new account. During the quiet period, you will be able to view your account but you will not be able to move your money or change your investment selections. Quiet periods last for about three weeks.

The initial quiet period for the transfer of annuity account balances to mutual funds will begin on **December 17, 2010** and will end on **January 7, 2010**, as described on the Asset Conversion Form. The effective date of this transfer will be **December 30, 2010**.

Am I required to move my existing VALIC annuity account balances to the new mutual fund platform?

No, you have a choice to leave your money right where it is. However, you will not benefit from the new plan’s lower expenses until your money is in a mutual fund.

Important: In some cases, where you have a guaranteed rate of your return on your annuity, it may be best **not** to move it. Our financial advisor will help you decide your best course.

Can I just move some of the money in my annuity?

No. If you choose to transfer your existing annuity balances to the new mutual funds, you must move **all** of your annuity account value.

If I transfer my annuity balances to mutual funds, can I transfer them back at a later date?

No. Once you have moved your annuity balance to mutual funds, you will not be able to convert them back. Keep in mind though, that the mutual funds are lower cost and thus offer a significant advantage over the annuity contracts.

What will happen to my existing annuity account balance?

It will stay in place, unaffected, until you decide to move it.

If I am currently contributing to an annuity, how will my future contributions be invested?

Your future contributions will be “mapped” from your current investment elections on the annuity platform to a like mutual fund investment. (See enclosed **Mapping Schedule**) The amount/percentage that you are currently contributing to an annuity will now be deposited, starting with the **September** payroll will flow to mutual funds. Contributions will no longer flow to the annuity platform.

If I am not currently contributing to the Plan and would like to enroll for the first time beginning on the first payroll in February 2010 on the mutual fund platform, what do I need to do?

If you are currently not contributing and would like to enroll, you may do so by contacting John Lamberth, your local VALIC financial advisor at 478-396-5228. John will help you with enroll.

Beginning **in September**, you may initiate a new deferral percentage or investment election changes via one of the following channels:

By Phone: Client Care Center at 1-800-448-2542

Online via www.valic.com, Click the "Access Your Account" link

Your local VALIC financial advisor – John Lamberth at 478-396-5228

Any changes to your current deferral percentage initiated prior to February 15, 2010 at 4:00 p.m. EST should be initiated through our normal channels.

Will loans be available with the VALIC mutual fund investment plan?

Yes. A fee of \$50.00 will be charged as an initial set-up cost with a \$50.00 annual fee for administration. In addition, the interest rate charged for participant loans on the mutual fund platform is different than from the interest rate charged on the annuity platform. The method of repaying your loans will change also. All loan interest re-paid will be credited to the participant's account. Please consult with your VALIC financial advisor for more information.

Can I transfer to the mutual fund options if I already have loan on my annuity account?

Yes. All available annuity account balances, except outstanding loan balances will be available to transfer to the new mutual fund platform. When annuity loans have been fully repaid, the remaining annuity value can be moved to mutual funds.

Who can I contact if I have questions about any of the mutual funds or procedures to move my money?

You should contact John Lamberth, our local financial advisor at 478-396-5228.

The Legal Disclosure Stuff – Please Read

Securities and investment advisory services are offered by VALIC Financial Advisors, Inc., member FINRA and an SEC-registered investment advisor.

To view or print a prospectus, visit www.valic.com and click on ePrintSM under Links to Login. The prospectus contains the investment objectives, risks, charges, expenses and other information about the respective investment companies that you should consider carefully before investing. Please read the prospectus carefully before investing or sending money. You can also request a copy by calling 1-800-448-2542.

To obtain a Portfolio Director prospectus and underlying fund prospectuses, visit www.valic.com or call 1-800-448-2542 and follow the prompts. The prospectuses contain the investment objectives, risks, charges, expenses and other information about the respective investment companies that you should consider carefully before investing. Please read the prospectuses carefully before investing or sending money. Policy Form series UIT-194, UITG-194 and UITG-194P.

VALIC represents The Variable Annuity Life Insurance Company and its subsidiaries, VALIC Financial Advisors, Inc. and VALIC Retirement Services Company.

The plan manager is VALIC Retirement Services Company.