

403(b)

Retirement Savings 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 a 403(b) plan 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

When you participate in a 403(b) plan, you contribute by convenient payroll reduction before federal income tax withholding is calculated. This helps reduce your currently taxable income so you can save dollars for retirement that otherwise would have gone to pay income taxes.

Depending on the terms of the plan, you may contribute up to 100% of your annual includible compensation, up to \$18,000 in 2015. You can contribute an additional \$6,000 in 2015 if you are age 50 or older. You could also be eligible to contribute up to an additional \$3,000 if you have 15 or more years of service with a qualifying employer and have undercontributed in prior years.

If you meet certain requirements, you might be able to make the regular maximum contribution, plus the 403(b) catch-up contribution and the age-based catch-up contribution during the plan year. If you are eligible for both catch-up contributions, you must exhaust the 15-year catch-up first. Your VALIC financial advisor can help calculate your annual contribution limits.

Tax-deferred accumulation

Current federal income taxes on all contributions, interest and earnings in your 403(b) plan 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 currently taxable savings methods. Remember that income taxes are payable when you withdraw money from your account. And since retirement accounts should be considered long-term investments, federal restrictions and a 10% federal early withdrawal penalty may apply to withdrawals prior to age 59½.

Investment flexibility

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 Keep in mind that investment values in the variable options will fluctuate so that your investments, when withdrawn, can be worth more or less than the original cost.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

Tax-free loans

Tax-free loans, available under some employer plans, enable you to borrow against a portion of your accumulated account value, subject to certain limitations, without permanently reducing your account balance. Defaulted loan amounts (not repaid on time) will be taxed as ordinary income and may be subject to a 10% federal early withdrawal penalty if you are under age 59½.

Access to your contributions

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

- > Attainment of age 59½
- > Severance from employment
- > Your death or disability
- > Financial hardship (employee contributions only)

Again — a 10% federal early withdrawal penalty may apply to withdrawals prior to age 59½.

Real strategies

Choose a retirement plan provider with a half century of experience

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VALIC.com

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financial advisor

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