

Retirement ESSENTIALS

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WINTER 2012

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“An investment in knowledge
always pays the best interest.”

—Benjamin Franklin

Fund Update

Effective November 1, 2011, the Invesco Balanced-Risk Commodity Strategy Fund [102] was added to the investment option line-up of the Portfolio Director®, Portfolio Director Advantage® and Equity DirectorSM Fixed & Variable Annuity products. The fund's investment objective and strategy is to seek total return by investing in derivatives and other commodity-linked instruments that provide exposure to the following four sectors of the commodities markets: agriculture, energy, industrial metals and precious metals. For more information, contact your advisor or visit VALIC.com.

Effective June 1, 2011, for IL policyholders only, any reference in the contract to “spouse” or “Spousal Beneficiary” is amended to include civil union or domestic partners. However, the Federal Defense of Marriage Act states that neither civil union partners nor same-gender married couples are married under federal law. Therefore, any favorable tax treatment provided by federal tax law to a spouse or Spousal Beneficiary is NOT available to a civil union partner or spouse of a same-gender marriage. For questions, please consult your tax advisor.



Stick With Your Strategy

When the stock market turns volatile, it can be tempting to sell your stock funds. However, when planning for retirement, giving up stocks' long-term growth potential can be riskier than holding on to them. Remember: Stocks can potentially recover. During the 12 months following every bear market from 1973 to 2009, large-cap stocks have gained an average of 38%.¹

Get—and stay—on track

The best way to balance the twin goals of minimizing risk and building your retirement plan account savings is to establish an asset allocation—a mix of stocks, bonds and cash investments that suits your needs—and stick to it. It's important to revisit that allocation

regularly. (For more on asset allocation, see “Ask Us” on page 2.)

Rebalance annually

Over time, large gains or declines in an individual investment or the stock market can cause your portfolio to drift away from its target allocations. At the beginning of each year, consider rebalancing your portfolio: Simply shift savings out of an asset class that exceeds your target and into one that has become too small a portion of your assets. You can generally do this on your plan administrator's website, and your VALIC financial advisor is always available to help.

¹Standard & Poor's.



> To help you plan and invest for retirement, visit the Retirement Planning section at VALIC.com.



Mix It Up

Last-Minute Tax Moves

2011 is history, but there are still a few things you can do to take advantage of that year's tax breaks and set yourself up for the 2012 tax year:

- > **Fund an IRA** in addition to contributing to your workplace plan. You can contribute up to \$5,000 (\$6,000 if you're age 50 or older) by April 17.¹
- > **File your FSA claims** (flexible spending account) for healthcare and dependent care. Deadlines—typically in March and April—vary by company, so ask your benefits provider for the date.
- > **Review your withholdings.** Ideally, you want to avoid the ill effects of having too little or too much money withheld from your paycheck during a given calendar year—incurring a penalty or giving the IRS an interest-free loan, respectively. Make any adjustments to ensure that your money is working for you.

¹irs.gov.

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

Ask Us

Find Your Balance

Q Am I invested too conservatively or too aggressively?

A The degree of investment risk you should take on depends largely on your time horizon. If you're in your 50s, you may feel comfortable allocating at least 60% of your portfolio in stocks with the remainder in fixed income.¹ As retirement approaches, you should gradually reduce your stock holdings in favor of bond funds and cash investments.

Don't trim too much

At the same time, because of longer life expectancies, today's investors need to guard against being overly cautious. One in four of today's 65-year-olds will live to age 90 and one in 10 to age 95.² For many Americans, that means funding as many as 30 years in retirement. Investors who dial their stock holdings back too far during those years will sacrifice decades of potential growth. What's more, without some stock exposure in retirement, they'll risk watching inflation whittle away at the purchasing power of their savings.

Take it slow

Instead, gradually reduce your stock holdings as you near retirement to reduce your risk exposure and protect the gains you've worked to achieve. If, for example, you've held 60% of

your funds in stocks, 30% in bonds and 10% in cash investments, you might consider lowering your stock allocation to 50% or less.

Create a safety net

If you want to continue to harness the growth potential of stocks into retirement, make sure you have a substantial emergency fund to fall back on. Consider shifting two to five years' worth of living expenses into a safe, liquid account, such as a money market or savings account.³ This way, if the market plummets just before you retire, you'll have savings to live on until your portfolio recovers.



¹"Retirement Guide for 40- and 50-Somethings," February 18, 2009, smartmoney.com.

²"Don't Join the Ostrich Generation," September 17, 2011, *The Wall Street Journal*.

³"Top 5 Last-Minute Retirement Tips," November 2, 2007, smartmoney.com.

- > To find out more about asset allocation and diversification, visit the Learning Center at VALIC.com.

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What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> • Social Security number and income. • Account balances and retirement assets. • Investment experience and risk tolerance. <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons VALIC chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does VALIC share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?	Call 1-800-448-2542 or go to www.VALIC.com
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Who we are	
Who is providing this notice?	This notice is provided by The Variable Annuity Life Insurance Company (VALIC); Western National Life Insurance Company; WNL Marketing Group, Inc.; VALIC Financial Advisors, Inc.; VALIC Retirement Services Company; American General Assignment Corporation of New York; American General Distributors, Inc.; American General Financial Distributors of Florida, Inc.; American General Financial Distributors of Illinois, Inc.; HRA Administrator, LLC; VALIC Company I; VALIC Company II; American General Assignment Corporation.
What we do	
How does VALIC protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does VALIC collect my personal information?	We collect your personal information, for example, when you <ul style="list-style-type: none"> • open an account or provide account information • seek advice about your investments or tell us about your investment or retirement portfolio • tell us about your investment or retirement earnings We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only <ul style="list-style-type: none"> • sharing for affiliates everyday business purposes — information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> • Our affiliates include the American General family of companies and the SunAmerica companies.
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> • We do not share your personal information with nonaffiliates so that they can market to you
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> • Our joint marketing partners include companies with which we jointly offer investment products
Other important information	
<p>You have the right to see and, if necessary, correct personal data. This requires a written request, both to see your personal data and to request correction. We do not have to change our records if we do not agree with your correction, but we will place your statement in our file. If you would like a more detailed description of our information practices and your rights, please write us at: VALIC, PO Box 15648, Amarillo, TX 79105-5648.</p> <p>For Vermont Residents only. We will not share information we collect about you with nonaffiliated third parties, except as permitted by Vermont law, such as to process your transactions or to maintain your account. In addition, we will not share information about your creditworthiness with our affiliates except with your authorization.</p> <p>For California Residents only. We will not share information we collect about you with nonaffiliated third parties, except as permitted by California law, such as to process your transactions or to maintain your account.</p> <p>For Nevada Residents only. We are providing you this notice pursuant to state law. You may be placed on our internal Do Not Call List by calling 800-448-2542. Nevada law requires that we also provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number - 702.486.3132; email: BCPINFORM@ag.state.nv.us.</p>	