

The University of Texas UTSaver 403(b) Program

SAVING : INVESTING : PLANNING

For more than half a century, VALIC has specialized in providing tax-qualified retirement programs, and today is the third-largest retirement plan provider to employees of major colleges and universities across the nation. We manage long-term investment programs for nearly 25,000 organizations nationwide. When you choose VALIC, you receive exceptional client service including the following:

- > Personal, face-to-face service at your convenience from a local VALIC financial advisor who knows you
- > State-of-the-art portfolio optimizers that take the complex process of choosing investment options and turn it into an easy-to-understand procedure
- > Guided Portfolio Services® (GPS), a fee-based service that helps manage your retirement account with objective advice from an expert third party
- > A self-directed brokerage account offering access to thousands more mutual funds
- > Annual review to make sure your retirement savings plan is on track to meet your goals
- > Ongoing financial education through on-site seminars or via the VALIC Financial Planning Center at VALIC.com/fpc

Your UTSaver 403(b) plan through VALIC affords you an excellent opportunity to help accumulate money for a secure retirement. You may choose to invest in either our mutual fund platform that offers a variety of mutual funds, including a Fixed-Interest Option,* or our annuity platform with Portfolio Director® Fixed and Variable Annuity (Portfolio Director). Either way, you contribute pretax by convenient payroll reduction, which might lower current income taxes. Your account also benefits from tax-advantaged growth.

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Eligibility

You are immediately eligible to begin contributing to the plan.

Enrolling with VALIC

- > Log onto UTRetirement Manager (www.myretirementmanager.com)
- > Click on the Enroll/Make Changes tab (For the UTSaver TSA, you should contact your Benefits Office for a calculation of your contribution limit)
- > Follow the instructions on the Enroll/Change screen
- > Or you can contact your VALIC financial advisor, who will work with you through each step of the enrollment process

Your contributions

Generally, you may contribute as much as 100% of your annual includible compensation up to \$16,500 in 2011. You may increase or decrease the amount you contribute to the plan at any time.

Pretax or Roth contributions

You have a choice regarding your elective contributions. You can direct all of your contributions to a traditional pretax account, to a Roth account or to a combination of the two. Contributions to a Roth account are after-tax. Regardless of your election, you are subject to the annual contribution limits detailed previously.

Catch-up contributions

You may be able to contribute up to an additional \$5,500 in 2011 if you are age 50 or older. If you have more than 15 years of service with UT System, you may be eligible for a special catch-up contribution. Please contact your financial advisor for more information.

Vesting

You are always 100% vested in your own contributions.

Stop/change contributions

You may change your contribution amount or discontinue contributing to your plan at any time and resume contributing again later. In the meantime, your account will continue to grow on a tax-deferred basis. You may, once per month, revise your participation election, including a change or cessation of the amount of your elective deferrals and/or Roth 403(b) contributions.

Account consolidation

You might be able to transfer your vested retirement account balance from a prior employer's plan to your current employer's retirement plan with VALIC. This can be an excellent way to simplify your financial profile and to ensure your overall investments are suitably diversified and consistent with your investment preferences. However, before you make that decision, check to see if the other provider's contract imposes surrender charges.

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Investment flexibility

All contributions to your plan will be invested in either Portfolio Director or the mutual fund options you designate. While both the annuity and mutual fund platforms offer a wide range of investment choices, you may not invest in both platforms at the same time. Income taxes are payable upon withdrawal. Federal restrictions and a 10% federal tax penalty may apply to withdrawals prior to age 59½.

Retirement plans and accounts that satisfy relevant qualification rules, such as 403(b)s, IRAs, 401(k)s, etc., can be tax deferred regardless of whether or not they are funded with an annuity. If you are considering funding a tax-qualified retirement plan or account with an annuity, you should know that an annuity does not provide any additional tax-deferred treatment of earnings beyond the tax deferral of the tax-qualified retirement plan or account itself. However, annuities do provide other features and benefits.

Specific product features

Portfolio Director

- > Choose up to 20 options from a pool of more than 60 fixed and variable investment options, managed by well-known investment managers, that span all major asset categories and classes.
- > No initial sales charge.
- > No account maintenance fees.
- > No-cost withdrawals or surrenders.
- > Separate Account fees (0.55% to 1.05%) and Fund Annual Expenses apply, depending on your contract and the variable option selected. The total current Annual Net Fund Expense is 0.19% to 1.35%. The current Annual Net Fund Expense is the current annual total fund expense less expense waivers or reimbursements. Fees are subject to change.

Investment values will fluctuate so that the investor's units, when redeemed, may be worth more or less than the original cost.

Mutual funds

- > Choose from 67 mutual funds and Fixed-Interest Option. All funds are managed by well-known investment managers.
- > An effective annual charge of 0.10% per year will be assessed on mutual fund assets in the plan for which administrative services are provided.
- > Fund Annual Operating Expenses apply, depending on the mutual fund chosen, and range from 0.20% to 1.08%. Detailed information can be found in each fund's prospectus.

Investment values will fluctuate and there is no assurance that the objective of any fund will be achieved. Mutual fund shares are redeemable at the then-current net asset value, which may be more or less than their original cost.

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Death benefit

Portfolio Director

In the event of your death prior to annuitization, your Portfolio Director contract provides for a guaranteed death benefit. Whether you contribute to fixed or variable investment options, your contract guarantees that your beneficiary will never receive less than the amount contributed provided no withdrawals have been made from the account. Withdrawals will reduce the death benefit, depending on the account value at the time of withdrawal. All guarantees are backed by the claims-paying ability of The Variable Annuity Life Insurance Company. See your prospectus for details.

Also, in the event of your death, the benefit passes directly to your named beneficiary. This generally avoids the costs and delays of probate. Your beneficiary can leave all or a portion of the account balance on deposit, depending on the circumstances. Usually, your beneficiary can make withdrawals at any time without incurring charges from VALIC, subject to tax laws that might require distributions to occur within certain time frames. There also will be no charges from the company if the beneficiary chooses to withdraw the entire account balance.

Mutual funds

In the event of your death, your beneficiary would receive an amount equal to the then-current balance of mutual fund and fixed account assets.

The benefit passes directly to your named beneficiary. This generally avoids the costs and delays of probate. Your beneficiary can leave all or a portion of the account balance on deposit, depending on the circumstances. Usually, the beneficiary can make withdrawals at any time without incurring charges from VALIC, subject to tax laws that might require distributions to occur within certain time frames. There also will be no charges from the company if the beneficiary chooses to withdraw the entire account balance.

Fund transfer provisions

Portfolio Director

- > You can transfer money among the variable and fixed options without charges or tax consequences, subject to certain limitations as detailed in your prospectus.
- > Fixed options can restrict when and how much you can transfer to other investments and how much you may withdraw from the plan in a single year. For example, Fixed Account Plus in-service transfers are limited to 20% each contract year.
- > Remember that your Portfolio Director account is a long-term investment, and the value of the variable options you choose will fluctuate so that your investment values might be worth more or less than the original cost.
- > To discourage frequent trading and market timing, if you sell fund shares valued at \$5,000 or more, whether through an exchange, transfer, or any other redemption, you will not be able to make a purchase of \$5,000 or more in that same fund for 30 calendar days.

Mutual funds

- > You can transfer money among the mutual funds and Fixed-Interest Option without charges or tax consequences, subject to certain limitations as detailed in your custodial agreement and fixed contract.
- > The fixed account can restrict when and how much you can transfer to other investments and how much you may withdraw from the plan in a single year. A 20% annual withdrawal is allowed from the Fixed-Interest Option with no withdrawal charge each contract year. This restriction includes money transferred to mutual funds or to another provider.
- > Remember that your mutual fund account is a long-term investment, and mutual fund shares are redeemable at the then-current net asset value, which might be more or less than their original cost.

Portfolio Director investment options

To view the investment offerings available through Portfolio Director, visit VALIC.com/utsystem and click on the appropriate choice under "Annuity Performance."

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Group mutual fund investment options

VALIC is pleased to offer our group mutual fund platform to the University of Texas System for no administrative fee except for a 0.65% fee on assets held in the Vanguard Institutional Index Fund, and underlying fund expenses as listed below.¹

Asset Class	Fund Name	Fund Expense Ratio (%)
Diversified Emerging Mkts	Invesco Developing Markets A	1.52
Foreign Large Blend	Dreyfus Int'l Stock Index	0.60
	American Funds EuroPacific Gr R4	0.86
Foreign Large Value	MFS International Value R3	1.36
World Stock	Oppenheimer Global N	1.47
Specialty - Real Estate	Neuberger Berman Real Estate Tr	0.99
Small Growth	Legg Mason ClearBridge Small Cap Gr A	1.39
Small Blend	Dreyfus Small Cap Stock Index	0.50
Small Value	JP Morgan Small Cap Value A	1.25
Mid-Cap Growth	JP Morgan Mid Cap Growth A	1.24
Mid-Cap Blend	Dreyfus MidCap Index	0.50
Mid-Cap Value	RidgeWorth Mid-Cap Value Equity A	1.32
Large Growth	Nuveen Large Cap Growth Opp A	1.20
	JP Morgan US Equity A	1.05
Large Blend	Vanguard Institutional Index Instl ²	0.05
	American Funds American Mutual R3	0.99
Life Cycle	T. Rowe Price Rtmt Income 2010 Ad	0.89
	T. Rowe Price Rtmt Income 2020 Ad	0.96
	T. Rowe Price Rtmt Income 2030 Ad	1.01
	T. Rowe Price Rtmt Income 2040 Ad	1.02
	T. Rowe Price Rtmt Income Ad	0.84
Inflation Protected Bond	American Century Infl Adj Bond A	0.73
Global Bond	Templeton Global Bond A	0.91
Intermediate-Term Bond	PIMCO Total Return A	0.90
	Dreyfus Bond Market Index Inv	0.40
Money Market	American Century Capital Pres Investor	0.28
Stable Value	Fixed-Interest Option ³	N/A

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. While the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money while investing in the fund.

Generally, higher potential returns involve greater risk and short-term volatility. For example, small-cap, mid-cap, sector and emerging funds can experience significant price fluctuation due to business risks and adverse political developments. International (global) and foreign funds can experience price fluctuation due to changing market conditions, currency values, and economic and political climates. High-yield bond funds, which invest in bonds that have lower ratings, typically experience price fluctuation and a greater risk of loss of principal and income than when investing directly in U.S. government securities such as U.S. Treasury bonds and bills, which are guaranteed by the government for repayment of principal and interest if held to maturity. Investors should carefully assess the risks associated with an investment in a fund. Fund shares are not insured and are not backed by the U.S. government, and their value and yield will vary with market conditions.

¹ Only core mutual funds are listed here. For a full list of mutual funds, visit VALIC.com/utsystem and click on the Mutual Fund Performance link.

² Administrative fee of 0.65%.

³ Policy Form GFA-504, a group fixed allocated annuity, issued by The Variable Annuity Life Insurance Company, Houston, Texas.

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Guided Portfolio Services

Guided Portfolio Services is a valuable, fee-based service that supports the management of your retirement account with objective advice from independent financial expert Ibbotson Associates, Inc. And with GPS, you can choose between two approaches:

- > [GPS Portfolio Advisor](#) offers expert advice that includes asset allocation, fund selection, retirement income forecasting, savings rate recommendations and ongoing portfolio optimization.
- > [GPS Portfolio Manager](#) offers the same advice and features as Portfolio Advisor, plus it automatically implements the investment advice for you, provides ongoing asset management and offers access to services via a financial advisor.

The Schwab Personal Choice Retirement Account® (PCRA)

A self-directed brokerage account for an additional fee, the PCRA provides access to more than 3,200 mutual funds, including 2,400 funds with no loads and no transaction fees, from well-known and respected providers. The PCRA is generally used by experienced investors to diversify over a larger group of investments and to direct a more aggressive investment strategy. **A prospectus(es) containing more complete information, including management fees, charges and expenses, is available from Schwab (1-800-435-4000). Please read the prospectus(es) carefully before investing.**

Tax-free loans

Tax-free loans make it possible for you to access your account 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 tax penalty if the employee is under age 59½.

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Withdrawal restrictions

Your plan was established to encourage long-term savings, so withdrawals prior to age 59½ might be subject to federal restrictions and a 10% federal tax penalty.

Generally, depending on your employer's plan provisions, you may withdraw your account balance if you meet one of the following requirements:

- > Attaining age 59½
- > Retirement or severance from employment
- > Your death or disability
- > Hardship

The following are some events upon which you may withdraw vested amounts without incurring a 10% federal tax penalty:

- > Attaining age 59½
- > Your death or disability
- > Taking substantially equal payments after separation from service for a period of five years or attainment of age 59½, whichever is later

In addition, you must begin taking distributions once you reach age 70½ or you retire, whichever is later.

Distribution options

Depending on your employer's plan provisions, your withdrawal options include:

- > Transferring your vested account balance over to another tax-advantaged plan that accepts rollovers
- > Receiving systematic or partial withdrawals
- > Taking a lump-sum distribution
- > Choosing one of the many annuity options available from The Variable Annuity Life Insurance Company
- > Deferring distributions until a later date (but no later than attainment of age 70½) if you are no longer working, allowing your account to continue to grow tax deferred

Generally, income taxes must be paid on all amounts you withdraw from your plan. A 10% federal tax penalty for early withdrawal may apply to distributions taken prior to attainment of age 59½.

Qualified distributions from a Roth account are tax-free. Generally, a qualified Roth distribution is a distribution that is made after the end of the five-year period beginning with the first year for which a Roth contribution was made to the plan and is after attainment of age 59½, death, or disability.

Consult your financial advisor for more specific information.

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Account information

You can access your account, 24 hours a day, seven days a week from anywhere, at any time by way of the following:

- > VALIC Online at VALIC.com/utsystem
- > VALIC by Phone at 1-800-448-2542

You can also reach a Client Service Professional at the phone number shown above from 7 a.m. to 8 p.m. CT. Quarterly account statements detailing account transactions and balance(s) are mailed directly to you.

Mutual fund prospectuses

To view or print a prospectus for a currently offered fund, visit www.valic.com/utsystem and look to the right-hand side of the screen. Click the appropriate link inside the box titled "Prospectuses and Other Important Materials." Click on "Funds" in Quick Links, and funds available for your plan are displayed. 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 1-800-428-2542.

Portfolio Director and funds prospectuses

To obtain a Portfolio Director prospectus and underlying fund prospectuses, visit www.valic.com or call 1-800-428-2542 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.

* Policy Form GFA-504, a group fixed allocated annuity, issued by The Variable Annuity Life Insurance Company, Houston, Texas.

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This is not your plan document. The administration of each plan is governed by the actual plan document. If discrepancies arise between this insert and the plan document, the plan document will govern.

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