



The Variable Annuity Life Insurance Company
P.O. Box 15648
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VALIC Specimen Governmental Section 457(b) Plan Document Changes

The following summary highlights the material changes made to the VALIC specimen governmental 457(b) plan document:

Separate Adoption Agreement. The elections that were formerly in Article II (and several new elections) are now set forth in a separate Adoption Agreement. The specimen plan now includes both an Adoption Agreement and a Basic Plan Document.

Section 2.06, Compensation. This new definition replaces the former definition of Normal Compensation. For years beginning after 2008, "Compensation" also includes "differential wage payments" (as defined in Section 2.17).

Section 2.09, Designated Roth Contributions. This section defines Roth (after-tax) contributions, which the Employer may elect to permit for years after 2010 (see Item 3 of the Adoption Agreement).

Section 2.13, Employee. Under the HEART Act, for years beginning after 2008, the term "Employee" also includes an individual (on military leave) who is receiving "differential wage payments" (as defined in Section 2.17).

Section 2.14, Eligible Employee. This is an Employee who, based on the Employer's elections in the Adoption Agreement, is eligible to participate in the Plan.

Section 2.16, Employer Contribution. This is a new defined term for amounts (other than Employee Elective Deferral Contributions or Designated Roth Contributions) that the Employer elects to contribute to the Plan as additional Deferred Compensation (based on the Employer's elections in the Adoption Agreement).

Section 2.17, Includible Compensation. Under the HEART Act, for years beginning after 2008, Includible Compensation must include "differential wage payments" (payments by the Employer to Participants on active duty in the uniformed services.)

Section 2.18, Maximum Limitation. The Applicable Dollar Amount and the Age-Based Catch-Up amounts were updated to reflect the 2011 limits (\$16,500 and \$5,500, respectively).

Section 2.22, Severance from Employment. Under the HEART Act, for years after 2008, for purposes of the withdrawal restrictions under Section 457(b) (which normally prohibit distributions before severance from employment or attainment of age 70½), an individual is "treated" as having a severance from employment during any period the individual is performing service in the uniformed services.

Sections 4.08 and 4.09, Deferrals of Sick, Vacation and Back Pay and Deferrals of Amounts Paid after Severance from Employment. *Before* a Severance from Employment, Participants may elect to defer accumulated sick, accumulated vacation, and back pay if an agreement providing for the deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the Participant is an Employee on the date the amounts would otherwise be paid or made available. *After* a Severance from Employment, deferrals may be made for former Employees for certain types of Compensation. Payments for accrued bona fide sick, vacation or other leave may be deferred if such amounts are paid by the later 2½ months after severance, or the end of the year in which the agreement to defer these amounts is entered into before the beginning of the month in which the amounts are paid, and the Employee would have been able to use the leave if employment had continued. Deferrals may also be made for former Employees for Compensation paid to permanently and totally disabled Participants, and for Compensation related to qualified military service

Section 4.10, Designated Roth Contributions. This section describes how (if the Employer elects in the Adoption Agreement) Participants may designate that some or all of their elective contributions to the Plan be treated as after-tax Roth contributions. It also describes how such amounts must be separately accounted for, and how distributions may be made from this separate account.



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Section 6.05, 2009 Required Minimum Distributions (“RMDs”). This section was added to reflect the optional waiver of the minimum distribution requirements (under Code Section 401(a)(9)) for the 2009 calendar year. The Employer must elect (in the Adoption Agreement) how the Plan handled required minimum distributions for 2009, and what distributions were eligible for direct rollover.

Section 6.08, Unforeseeable Emergency Withdrawals. The Employee may elect (in Item 6 of the Adoption Agreement) whether to allow unforeseeable emergency withdrawals under the Plan, and if so, whether to allow such distributions based on a severe financial hardship of the Participant's primary Beneficiary.

Section 6.12, In-Plan Roth Conversions. The Employer may elect (in Item 10 of the Adoption Agreement) to allow in-plan conversion of pre-tax amounts to taxable Roth contributions. However, such conversions are limited to amounts (such as rollover contributions) that are distributable under the terms of Code Section 457(b) and the terms of the Plan and the Employer must also elect to allow designated Roth contributions (see Item 3 of the Adoption Agreement).

Section 6.13, Distributions to Individuals Performing Service in the Uniformed Services. The Employer may elect (in item 9 of the Adoption Agreement) to allow distributions by individuals on military leave, but participants who elect such distributions (if allowed) will be subject to a 6 month suspension of pre-tax and Roth after tax deferrals.

Section 6.14, Eligible Retired Public Safety Officer Distribution Deduction Election. Unless the Employer elects otherwise (in Item 11 of the Adoption Agreement), a Participant who qualifies as an eligible retired public safety officer may elect to have up to \$3,000 of an otherwise taxable distribution withheld and paid directly to the provider of an accident or health insurance plan or qualified long-term care insurance contract and exclude any amount paid from gross income.

Section 8.03, Non-spousal Beneficiary Rollovers. Under the Pension Protection Act of 2006, plans had the option to allow a non-spouse beneficiary to make a direct rollover to an “inherited” IRA (for distributions after 2006). Under later legislation, this provision became mandatory (for distributions after December 31, 2009). The Employer may elect (in Item 12 of the Adoption Agreement) to allow such rollovers by non-spouse Beneficiaries as of a date earlier than January 1, 2010 (but not earlier than January 1, 2007).

Article XIV, Participating Employers. This article sets forth the conditions under which the plan may be adopted by more than one employer. Each Participating Employer must execute a separate Participation Agreement (the last two pages of the Adoption Agreement).