Frequently Asked Questions

Adapting to the Department of Labor Fiduciary Rule

Final Rule released

Ultimately, you want your employees to be ready for retirement. In light of the new rule released by the Department of Labor, below you will find answers to common questions, provided to help you prepare for the implementation of the new DOL rule.

Q. Does this new rule apply to all employer-sponsored retirement plans and IRAs?

A. No. In the case of employer-sponsored plans, the new rule applies only to plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). These are generally referred to as "ERISA plans." Plans that are not subject to ERISA ("Non-ERISA plans") are generally excluded. Some examples of plans excluded from the new rule are:

- Plans sponsored by public K-12, public community colleges, public higher education employers, and public hospitals
- Plans established for states, counties, and cities
- Non-ERISA voluntary-only 403(b) plans
- Public and private sector 457(b) plans
- Unfunded deferred compensation plans, including plans described in Code sections 457(f), 83, and 409A

Generally, rollovers to IRAs will also be subject to the new rule.

For both ERISA plans and IRAs, the final rule clarifies grandfathering of existing contracts and specifically how advisors can continue to serve clients in those contracts. No matter what the plan type, we will continue to assist plan sponsors with plan solutions, investment alternatives and valuable customer services, as we have for more than half a century.

Q. Does this impact me in 2016?

A. No, the rule's provisions will go into effect beginning April 2017 in a phased implementation approach, with some provisions not becoming effective until January 2018. During the remainder of 2016, your VALIC relationship team and financial advisors will keep you fully informed as we continue the process of implementing the new requirements under the rule. And VALIC will continue to explore products and service delivery adjustments that best serve your needs and interests in the new structure.

Q. Do I need to take any action now?

A. As 2017 approaches, you will want to be sure that your plan service and investment providers are taking necessary steps to comply with the relevant requirements in the new rule. For ERISA plans where VALIC is a service and/or investment provider, you will know that we are prepared, because you will be receiving updates from us throughout the rest of 2016.

Frequently asked questions (cont.)

Q. How will this change affect how we do business?

A. For many plans, especially larger plans and plans utilizing certain investment platforms, there may be little change to interactions between you and your plan's service and investment providers other than exchange of certain disclosures verifying compliance with requirements applicable to those plans. For other plans, including some small plans, the rule may make your service or investment provider a fiduciary at the plan level, and that will impact some of the services that they will be providing.

Q. How will you work differently with my employees?

A. Under the new rule, many recommendations – including selling investment products, recommending investment allocations, and recommending distributions and/or rollovers – may be considered fiduciary recommendations. As a result, in many cases the participant will receive additional disclosures, and in certain cases they may need to enter into a new agreement with their financial advisor.

Q. When will you be able to tell us more?

A. We are already working to gain a detailed understanding of the final guidance, and in particular, to determine what substantive changes have been made from the original proposal. During that process, we will be providing periodic updates to you.

SAVING : INVESTING : PLANNING

Real strategies Let us put real retirement solutions to work for your organization and your employees

CALL 1-800-972-6978 **CLICK** VALIC.com

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

Annuities issued by The Variable Annuity Life Insurance Company. Variable annuities distributed by its affiliate, AIG Capital Services, Inc., member FINRA.

VC 27576 (04/2016) J98515 ER

VALIC®

You Tube

For Plan Sponsor Use Only. Not for Public Distribution.