

Regulatory Update

VALIC's positions on the Department of Labor Fiduciary Rule

As of 03/24/2017



The Department of Labor (DOL) Fiduciary Rule is currently scheduled to take effect April 10, 2017. President Trump has directed the DOL to review the Rule and related guidance. On March 2, the DOL announced a proposed 60-day extension of this date to June 9, 2017, with a 15-day comment period on the proposed delay and a separate, concurrent 45-day comment period on the substantive provisions of the Fiduciary Rule. While the timing of further action is currently undetermined, VALIC is continuing to prepare to meet the requirements of the Rule, and we will keep our stakeholders informed and maintain our dedication to our clients.

No change in VALIC services

VALIC remains committed to our clients through our one-on-one service and powerful participant technology. As we have for more than 60 years, we will continue to provide guidance focused on a singular objective, which is improving the financial futures of our clients. Our efforts will include the use of a number of existing and newly developed tools to focus on client needs, regardless of the regulatory environment. We will continue in this unwavering commitment and focus on helping Americans prepare for the retirement they envision.

We will continue our long-standing commitment to educating and assisting plan participants in achieving important objectives including:

- Saving for the future
- Making adequate preparations for potential future income and financial needs
- Balancing saving for the future with current spending needs

We will continue to offer robust financial planning tools including:

- Online calculators
- Educational content
- Informative videos

Reminder: What is the overall effect of the Rule?

- The DOL Fiduciary Rule puts new requirements in place designed to ensure that when working with a client, a service provider and/or a financial advisor acts in the client's best interest and that potential conflicts of interest are eliminated. The primary focus of the Rule is ERISA retirement plans and Individual Retirement Accounts (which impacts rollovers from both ERISA and non-ERISA plans). Please see our [DOL Whitepaper](#) at VALIC.com for more details regarding the entire Rule and how it may impact your plan.

How is VALIC responding to the potential delay in the DOL Fiduciary Rule?

- We support the intent of the DOL Fiduciary Rule, which is to put our clients' interests first when making fiduciary advice recommendations.
- We will continue to promote guidance and education aimed at improving the financial futures of our clients, including the use of a number of existing and newly developed tools to focus on client needs, regardless of any delay or change in the Rule.
- The presidential memo did not specifically direct a delay in the regulation. We are prepared for any situation, including a delay, or timely implementation of the Rule. We will monitor potential future changes or new standards and will be prepared to respond accordingly.
- We remain actively involved with industry organizations and will keep you informed.

If the DOL Fiduciary Rule is delayed, what impact will that have on ERISA plan participants?

With a delay in the applicability of the DOL Fiduciary Rule, VALIC will not expand its current participant-level fiduciary services as planned, in the absence of the Rule's new best interest contract exemption (BICE). [\(See our Whitepaper for a more detailed explanation of BICE.\)](#)

- A delay in the Rule's Applicability Date means VALIC will have no reliance on the DOL's new best interest contract exemption (BICE), and in that case VALIC Financial Advisors, Inc. (VFA) will not be able to assume additional fiduciary responsibilities which rely upon that new exemption, and we will not be issuing the documents required under that exemption that describe the additional fiduciary responsibilities.
- VFA will be able to continue offering fiduciary services to plan participants in the form of both traditional advice (self-service Guided Portfolio Services® Portfolio Advisor service) and managed accounts (advisor-assisted Guided Portfolio Services Portfolio Manager service).
- VFA advisors will continue to provide detailed participant education.
- VFA advisors will have a variety of tools to assist plan participants in determining what steps (including distributions and rollovers) may be appropriate for them.

Will VALIC act in the "best interest" of clients, per the intent of the DOL Fiduciary Rule, for participants in both ERISA and non-ERISA plans?

VALIC Financial Advisors, Inc. provides the same advisor training, product solutions, compensation structures, client support tools and compliance oversight regardless of whether the client is a participant in an ERISA or non-ERISA plan.

- While "best interest" has taken on a specific legal meaning, with specific defining elements, the training of our advisors is focused on helping our clients achieve their unique goals for saving. Our commitment to that focus will continue unchanged.
- The DOL Fiduciary Rule's best interest contract exemption (BICE) does not apply to most non-ERISA plans, but we will apply the same training, tools, compensation structure and oversight mentioned above to every VALIC participant.

Will VALIC be the fiduciary for both ERISA and non-ERISA plan participants?

The DOL Fiduciary Rule does not apply to most non-ERISA plans, and therefore did not provide guidance for those plans.

- Without the rule and the exemptions being applicable, there is no clear fiduciary standard for non-ERISA plans.
- VFA advisors will offer fiduciary services to both ERISA and non-ERISA plan participants in the form of both traditional advice (self-service Guided Portfolio Services® Portfolio Advisor service) and managed accounts (advisor-assisted Guided Portfolio Services Portfolio Manager service).
- VFA advisors also will have a variety of tools to assist plan participants in determining what steps (including distributions and rollovers) may be appropriate for them. These tools will be used to benefit both ERISA and non-ERISA plan participants.
- Assuming the DOL Fiduciary Rule becomes applicable, VALIC will rely upon BICE to provide fiduciary services for ERISA plan participants and in non-ERISA plans where it applies, but generally cannot rely upon BICE for non-ERISA plan participants.

Please contact your relationship manager if you have more questions regarding the new DOL rule implementation.

We at VALIC appreciate the opportunity to serve you and value the trust you have placed with us. We look forward to our continued relationship.

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