



Image Courtesy: <http://www.springfieldpublicschoolsno.org>

Request for Proposal

THE CSD RETIREMENT TRUST IN PARTNERSHIP
WITH VALIC & CBIZ RETIREMENT PLAN SERVICES

Proposal to Provide Recordkeeping and
Administration Services

March 21, 2017

CSD
Retirement
A Program Developed by EducationPlus® **Trust**

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SECTION ONE



Stephen H. Keyser, Managing Director
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Re: Response to the Springfield Public Schools Request for Proposal

CSD Retirement Trust ("Trust") in partnership with CBIZ Retirement Plan Services and VALIC is pleased to provide the enclosed holistic proposal for fiduciary governance, compliance, administration, investment, employee education, and education/communication services for Springfield Public Schools' 403(b) and 457(b) Plan Services. Our proposal outlines a comprehensive package of services available to Springfield Public Schools and its employees through the CSD Retirement Trust. A few features of our proposal are highlighted below:

The Trust was created by educators for educators over a two-year period and launched in January, 2010. Since then, the Trust has grown to 39 school districts/charters, over 4,300 participants and \$93 million in plan assets. The Trust has grown because it constantly focuses on the services and programs that educators and staff want and need while reducing, if not eliminating, the administrative burden and cost a district incurs in sponsoring 403(b) and 457(b) plans. **It is the only program that was built from the ground up for the Missouri K-12 market.** For that reason employee participation in our member districts has increased, in some cases dramatically, and we would expect the same to occur for Springfield.

Because of its growth and exceptional and comprehensive services the Trust has gained industry-wide recognition as the leading program in the emerging single provider market. We offer an innovative program with dedicated administration, superior investment management and focused employee education and communication. **The Trust puts achieving participants' retirement goals first** as evidenced in our education, investment advice, low fees and transparency vs. selling products.

Here's a brief summary of how the CSD Retirement Trust with its partners CBIZ and VALIC provide Springfield Public Schools and its employees a **"best in class" defined contribution** program.

Improves retirement outcomes for Participants by:

- **Lowering fees and increasing transparency:** A participant pays 32bps (0.32%) annually on their plan assets plus a \$20 headcount fee, regardless of how many accounts, in administrative fees annually. The weighted average investment management fee for the Trust's investment options is currently 13bps. **THERE ARE NO OTHER FEES, including no revenue sharing fees associated with many mutual funds.** What that means is a participant with a \$10,000 account balance pays \$65 (using

the weighted average investment management fee) today vs. \$157 for that same account when the Trust launched in January 2010, a 59% decrease. Participants receive a quarterly account statement showing administrative fees for the prior quarter for transparency.

- **Providing diversified investment options using a single trading platform for both 403(b) & 457(b) plans:** The Trust offers actively managed, low-cost passively managed index funds and age-appropriate target date funds. On a quarterly basis, CBIZ and the Trust's Investment Committee monitor/report on fund performance and replace underperforming funds as needed. In seven years, only two funds have been replaced. **From inception of the Trust in Jan 2010 through December 31, 2016, the Trust's investment options have outperformed their category peer group average performance 94% of the time. During that same time, investment management fees for 91% of the Trust funds have decreased.**
- **Adding Managed Accounts:** For participants who prefer a professional investment service to manage their investments, the Trust has engaged Ibbotson through its partnership with VALIC to do so at significantly lower cost than outside the Trust's umbrella.
- **Adding a Qualified Longevity Annuity Contract (QLAC)** so retirees have a guaranteed income option in addition to PSRS/PEERS plus tax benefits.
- **Providing flexibility** with both pre- and post-tax (Roth) deferral options for its 403(b) and 457(b) plans
- **Enabling participants to buy time into the PSRS system with no rollover fees.**
- **Focusing on participant education and retirement outcomes**, not selling products, using non-commissioned, licensed Financial Advisors whose compensation is not effected by an employee's investment choice.

And addresses Springfield's issues by:

- Solving compliance, including tax compliancy, for the district and its participants;
- Being faster and more flexible to incorporate needed plan changes, e.g. ROTHs, Managed Accounts, QLAC;
- **Placing all providers (including current ones) under the Trust's umbrella for all** administration, thereby improving compliance in the areas of loan, hardship withdrawals, etc.;
- Saving Administration time and money, thereby helping allocate valuable resources to other needs; and
- Ensuring consistent plan communications.

Additionally, the Trust provides:

- **A comprehensive communication/education strategy** un-paralleled in the industry. The Trust complements VALIC's vast resources that deliver a "spectrum of client care" from technology to personal service and many points in between. Our service team works with the Springfield Public Schools to customize the strategy and deliver the tools and tactics that will work best in the organization. In addition to the variety of educational programs that VALIC conducts the Trust also, on a quarterly basis, presents a program for employees focused on optimizing their PSRS, PEERS and Social Security benefits as part of our focus on retirement education. The Trust is also launching a new

educational program focusing on the catch-up provisions of both the 403(b) and 457(b) to assist educational employees within three years of retirement.

- **Providing employees the professional guidance they deserve with Financial Advisors.** Some employees prefer to talk one-on-one with an expert. The VALIC advisors for the Trust combine experience and knowledge with advanced modeling tools to help employees plan for a secure retirement. Relationships matter, and the Trust through VALIC will dedicate three trusted financial advisors, to provide Springfield Public Schools' employees with personalized service.
- **A customer centric website and state-of-the-art recordkeeping system.** VALIC's award-winning website and proprietary recordkeeping system were designed with the plan sponsor and participant in mind. Our recordkeeping system operates in a real-time environment, and VALIC.com is fully integrated into the system ensuring the plan sponsor and employees always receive up-to-date account information, news, and information.

I hope the enclosed proves helpful to you. Statements made in the CSD-RT's proposal are true and correct and unless otherwise expressly stated in the contract between the parties, the terms of the RFP are understood to be included as part of any agreement between the CSD-RT and the District that relates to providing 403(b) and 457(b) services. Should you have any questions regarding this proposal, please contact me at the address or telephone number above.

I look forward to meeting with you to discuss how the Trust can provide the best possible retirement program for Springfield Public Schools and its employees

Sincerely,

A handwritten signature in cursive script that reads "Stephen H. Keyser".

Stephen H. Keyser, CPA, CMA, CGMA
Managing Director

SECTION TWO

**What is the CSD Retirement Trust?
(CSD-RT)**



"VALIC is very helpful with retirement. The options are wonderful."

--Christina York
Special School District

"CSD Retirement Trust provides great and reliable service. I am glad our district chose this company to meet our needs."

--Nilsa A. Avila
Ritenour School District

"In a marketplace that is complex with financial planners that many times make decisions that are in their own best interest, it is hard to know who to trust. I believe that the retirement planning provided through CSD provides a services that places the customers best interest first."

--Dane Williams
Webster Groves School District

"My VALIC advisor was very helpful in planning for my retirement. Any concerns or questions I had were quickly addressed and he took the time to explain what I needed to do to meet my retirement goals."

--Kim Hollis
Hazelwood School District

What is the CSD Retirement Trust?

An Educated Choice for Participants and Their Districts.

The CSD Retirement Trust is a consortium of school districts that have joined together to improve retirement planning and outcomes for their employees and to reduce employee fees. The Trust also saves districts time and money while ensuring compliance with 403(b) and 457(b) regulations. Over 4,300 active employees and retirees from 39 school districts with over \$93 million in plan assets make up the Trust.

Performance

Since it launched in January 2010, the CSD Retirement Trust:

- Through 2016, investment options have outperformed their peer benchmark in 29 of the 31 (94%) investment categories
- Investment management fees have decreased in 91% of the Trust's investment options since its launch.
- Lowered administrative expenses by 59 percent

The CSD Retirement Trust is "An Educated Choice" because...

For Participants:

- Lowers fees, striving for the lowest fee share class, and increases transparency
- Provides diversified investment options through actively managed, index and age-appropriate target date funds
- Monitors and reports on fund performance quarterly, replacing underperforming funds as needed
- Provides flexibility with both pre and post-tax contribution plans
- Deploys salaried, not commissioned, financial advisors who focus on educating participants, not selling products, thus reducing confusion and indecision
- Enables participants to buy time into PSRS/PEERS with no rollover fees
- Improves the bottom line for participants by increasing retirement balances, providing higher income replacement

For School Districts:

- Eliminates compliance (including tax) and record-keeping issues
- Significantly reduces, if not eliminates, costs
- Ensures consistent plan communications
- Reduces interruptions and security concerns during the school day



About EducationPlus™

The mission of EducationPlus, formerly Cooperating School Districts, is to provide member school districts with high-quality and cost-effective services, resources and leadership to achieve educational excellence for all students. This is done effectively through the Business Services division, which is committed to helping districts maximize the purchasing power of school dollars.

Business Services continues to research new and better ways to offer its customers the best quality products and services at the lowest possible price, and from that commitment came the CSD Retirement Trust.



About CBIZ Financial Solutions

CBIZ Financial Solutions Inc., a Registered Investment Advisor, has been engaged to provide Investment Advisory Services to the CSD Retirement Trust. Through the creation of an Investment Policy Statement, CBIZ assists the CSD Investment Committee with the selection and monitoring of all investment options offered in the 403(b) and 457(b) plan. CBIZ will provide market commentary and assist the committee at their regularly scheduled due diligence meetings.

CBIZ Financial Solutions, Inc. is a Broker/Dealer and a Registered Investment Adviser • Member FINRA, SIPC • Home Office is located at 44 Baltimore Street, Cumberland, Maryland 21502 • Phone: (800) 445-7447 • CBIZ Financial Solutions, Inc. is a wholly owned subsidiary of CBIZ and is not affiliated with the CSD Retirement Trust or VALIC.

About VALIC

With more than 2 million participants and \$61 billion in total assets, VALIC is an industry leader among defined contribution plan service providers. Since their inception in 1955, VALIC's focus has been on providing retirement services to the K-12 education market. Today, VALIC is the number one retirement plan provider in the K-12 education market.

VALIC provides a comprehensive package of employee education, communication, administration and investments for the Cooperating School Districts of St. Louis. VALIC's offering of diverse, name brand mutual funds and guaranteed fixed interest option provide District employees with the necessary investments to help them achieve their retirement goals. VALIC also provides the necessary compliance services including loan and hardship withdrawal certification across legacy providers to keep the plan in compliance with new 403(b) regulations and reduce the District's administrative burden.



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Narrative on the CSD-RT

The CSD Retirement Trust

“Cooperative buying power that benefits Districts and their Participants”

The story behind the CSD Retirement Trust

The mission of Cooperating School Districts (“EdPlus as of 2013”) is to provide School Districts with high-quality and cost-effective services, resources and leadership to achieve educational excellence for all stakeholders in Public education. EdPlus is a non-profit educational service agency that brings School Districts together to share resources, information and ideas through exemplary, nationally-recognized services in educational technology, cooperative purchasing, staff development and more.

On July 23rd, 2007, the IRS issued the long-awaited new 403(b) regulations. These were the first major changes to 403(b) regulations since the early 1960’s. The majority of these regulations went into effect on January 1st 2009. At that time, 403(b) plans began to undergo extensive changes, making them look much more like other salary reduction arrangements including 401(k) plans. These changes created challenges for many Public School Districts around the country, including yours. Due to these new regulations, Districts had a strong motivation to improve plan administration & compliance, provider service and fees, all while enhancing employee retirement outcomes and highlighting the 403(b) as a critical employee benefit that helps Districts attract and retain top talent.

EdPlus began to listen to Districts as they communicated the challenges they were facing with the changing landscape. They were asking... “What can EdPlus do from a consortium standpoint to help us?” For many Districts, the typical 403(b) & 457(b) landscape was a “multi-provider” environment, oftentimes referred to as the “Wild, Wild West” by District officials. Sales representatives of competing vendors, fighting for their share of clients and available assets. Employees were oftentimes confused and over-whelmed with multiple vendor choices. There was no single comprehensive retirement message to all employees regarding the importance of supplemental savings. Typically, 403(b) environments had multiple vendors and products, varying pricing structures, lack of transparency, lack of investment monitoring, and in some cases, serious compliance and administration challenges at the District level. As part of EdPlus’s cooperative purchasing efforts, the “CSD Retirement Trust (CSD RT)” was created as a “controlled access model” (single provider) solution to these regulation changes and to improve participant outcomes.

In early 2009, EdPlus began the process of forming a task force made up of member Districts including business officials, educators and NEA representatives. In order, the following items were accomplished:

- A task force was formed to select a retirement plan consultant and Registered Investment Advisor (RIA) to assist in the creation of the Trust. An RFP was issued and as result, CBIZ Retirement Plan Services was chosen as a trusted advisor. This relationship was validated again in 2015 with another RFP and a further fee reduction.
- Expert retirement plan legal counsel was engaged to build the Trust’s administrative and compliance features through customized plan documents. Legal counsel continues to serve the Trust.
- A second task force was formed to develop an RFP for a qualified vendor. The RFP was released to fourteen vendors resulting in nine proposals. Three finalists made in-person presentations to the task force which resulted in the selection of VALIC as the Trust’s single provider for recordkeeping, compliance & administration services. In the spring of 2014, the Trust took the program to market once again. An RFQ and RFP were issued and posted publicly to give all marketplace vendors an opportunity to respond. As a result, out of four finalists, VALIC again carried the day and secured an extension of their agreement with the trust and a -33% reduction in cost for recordkeeping, compliance & administration services.
- A CSD RT “Board of Advisors” was formed to include representatives from each participating School District. The Board of Advisors elected three Trustees and meets on a quarterly basis to conduct the Trust’s business. If your District chooses to join the CSD Retirement Trust, you will have a representative of your District on the Board of Advisors.
- An Investment Committee was formed with the assistance of CBIZ. The committee approved an Investment Policy Statement (IPS) which provides the Trust with guidance on the selection, monitoring and replacement of investment managers. This provides a due diligence process for investment selection that is typically not available in a multi-vendor environment. As a Registered Investment Advisor, CBIZ is independent and takes on a fiduciary status for the advice rendered to the Trust.
- There are no out of pocket costs for a District to join the CSD RT for any recordkeeping, administration or compliance services.

The CSD Retirement Trust

“Cooperative buying power that benefits Districts and their Participants”

- **District Fees:**
 - Districts pay no fees to sponsor the CSD-RT.
- **Participant Fees:**
 - Participants currently pay the following fees, which are a “line item” on participant statements for the following service providers:
 1. **CSD-RT Marketing, Legal, Insurance, Administration & Governance-\$20 fixed fee/annum.**
 2. Participants pay a 0.32% (**32 bps**) **annual asset based administrative fee.**
 - **VALIC Recordkeeping, Administration, Education, Compliance & Advisors-23bps/annum**
 - **CBIZ Consulting and Investment Advisory Services-8.75bps/annum**
- **Investment Management Fees:**
 - Range from **0.04% to 1.10%** depending on investments selected. The current weighted investment management fee average based on participant investing behavior is 0.13% (**13 bps**) which is netted from investment returns.
- **Total Fees:** Based on the weighted investment management fee above, a participant with a \$10,000 account balance will pay \$65/annum. When the Trust launched in January 2010, a participant with a \$10,000 balance paid \$157/annum, a 59% decrease.
- **Benefits to your District and your Participants:**
 - Why is the CSD Retirement Trust “A Better Choice”?
 1. A **consortium solution** with 39 participating school districts, over 4,200 participant accounts and \$93+ million in assets as of 2/28/17.
 2. A “**Best in Class**” model that improves retirement outcomes for participants.
 3. **Lowens fees** and makes them transparent; no front load commissions, no surrender charges, no M&E expenses, no 12(b)(1)fees. Administrative fees have reduced -59% since the inception of the program in January, 2010 through December 31, 2016. During that same time, because of the Trust’s buying power, Investment Management fees have decreased in 91% of the investment options.
 4. Provides **32 multi-manager investment options** including actively managed, target-date & index funds as well as professionally managed investment accounts.
 5. From January, 2010 through December 31, 2016, the Trust’s investment options have **outperformed 94%** of their category peer group averages.
 6. Deploys **non-commissioned**, FINRA licensed financial advisors to focus on education and retirement outcomes. Advisor compensation is not determined by what funds your participants choose.
 7. Offers **Managed Accounts** (reduced cost) for those participants who prefer to have a professional investment manager oversee their accounts.
 8. Offers a **Qualified Longevity Annuity Contract (QLAC)** for retirees seeking guaranteed monthly income with tax advantages
 9. Offering both **Traditional (pre-tax) and Roth (after tax)** deferral options.
 10. Ensures **tax compliancy** while remaining nimble and flexible when it comes to plan amendments and changes.
 11. “**Retirement Manager**” technology coordinates and improves District administration, compliance & record keeping responsibilities.
 12. Places all providers (including current) under the **Trust’s umbrella**.
 13. **Saves Districts time and money.**

What is your decision?



The CSD Retirement Trust

“Cooperative buying power that benefits Districts and their Participants”

- Approval to join the Trust is easy. An affirmative Board decision and the execution of an “**adopting resolution**” and “**participation agreement**” is all it takes. The Trust will take it from there with the proper communication to your staff and the on-boarding of your district.

For additional information, please contact Stephen Keyser, Managing Director CSD Retirement Trust. E-mail him at skeyser@edplus.org or by calling 314.265.6192.

CSD-RT Press Release

CSD Retirement Trust: Seven Years Later - Bigger & Better than Ever as Fees Drop Again

Participant fees dropped again on January 1, 2017. Participants now pay 0.32% of their plan assets plus a \$20 annual fee. Investment management fees (assessed by a mutual fund's manager) dropped, as well. The average annual fee for all funds is now 0.13% of plan assets annually, or a little more than one-tenth of one percent.

When the RT launched in January 2010, a participant with a \$10,000 account balance paid \$157 annually. Today a participant with a \$10,000 account balance pays only \$65 annually, a 59% decrease.

"Early on the Trust recognized that investment expenses were the only factor it could control," said Managing Director Steve Keyser.

As the Trust's plan assets increased, participant fees decreased. Each participant benefits from the buying power of the Trust. Mutual funds lower fees as dollars invested increase. A fund that lowers its fee because the Trust has \$5 million invested means that all participants who invest in that fund, regardless of the amount, benefit from the lower fee.

While fees continue to decrease, investment options continue their outstanding performance. Since the Trust launched seven years ago, 29 of its 31 funds or 94 percent have outperformed their category average.

The Trust continues to focus on five areas to help participants improve their retirement outcomes:

- **Education:** In addition to the ongoing education at each district/charter, the Trust sponsors a quarterly workshop on how to optimize service credits in PSRS/PEERS and Social Security benefits. The workshops have been well attended and attendee feedback has been excellent;
- **Low fees:** As noted above and transparency;
- **Best in Class" investment options:** The RT reviews all funds quarterly replacing underperforming funds, if needed;
- **Purchasing** service credits in the PSRS and PEERS retirement systems for no additional fees;
- **Flexible Participant Options:** In addition to offering both Traditional and Roth 403(b) and 457(b) plans, in the last 12 months the Trust added two new services-a Managed Account option for participants who want a professional investment advisor to oversee their investments (at a reduced cost); and a Qualified Longevity Annuity Contract (QLAC-a recently approved Federal program) that provides additional guaranteed retirement income and tax advantages.

What 8 of 10 say about the CSD-RT



A Better Choice for Participants and Their Districts

What 8 of 10 Say!



Based on a participant survey in April 2015, 8 out of 10 participants would encourage their colleagues to save for retirement through the CSD Retirement Trust.

What Are They Saying About the CSD-RT?



What are they saying about the CSD-RT?

What do you like most about the Trust?

Looking for a single vendor program to simplify administration. Very impressed with the transparency of fees in the CSD program. Low rate and transparency of fees compared to other programs/vendors. Ease of administration. Resources regarding trends etc. in 403 market place available at the asking from VALIC, CSD as well as CBIZ

Joel Cracchiolo
Meramec Valley R-III

What do you like most about the Trust?

We like the way the Trust is structured with its low administrative fees and the variety of investment opportunities. In addition, we like having one advisor working with our employees. Having one advisor for our plan gives our employees a sense of security. Our advisor is in our district every few months checking on and meeting with our employees and the Director of Personnel to ensure everyone is content with their plans. All of our employees who participated in plans prior to the CSD Trust opened new accounts and a majority transferred existing funds to their Trust accounts. When Gasconade County R-2 Schools joined the Trust, we had 19 people participating in a 403/457(b) plan. We now have 50 employees investing in 403(b)/457(b) plans through the CSD Retirement Trust. Another positive is the advisor is an employee of the Trust and is not receiving commission off our employees 403/457(b) plan.

Chuck Garner
Gasconade County R-2

What do you like most about the Trust?

The School District of Washington has been part of the CSD Retirement Trust since it began in January, 2010. We joined the trust for two major reasons. First, we always strive to provide our employees with the best possible benefit package. After much research, we felt the CSD Retirement Trust gave our employees the best option to enhance their retirement. As part of that research, we found that some employees were unknowingly being charged hidden fees. Some employees who were investing small amounts (\$10 per month) were being charged so much in fees that they would never see a return on their investment. Because of the reduced fees and a great fund lineup, the CSD Retirement Trust gives our employees the best opportunity to maximize the return on their investment. Second, the administrative burden has been drastically reduced. Prior to joining the CSD Trust, our human resource and finance departments were continually trying to correct recordkeeping and paperwork problems with multiple providers. Those issues have now been eliminated and we are also much more comfortable knowing we are in compliance with government requirements. Some employees who had developed good relationships with specific advisors and understandably they had concerns about the single provider format. The CSD Trust was very helpful in providing information we could use to help us educate our employees. The single biggest selling point we



What are they saying about the CSD-RT?

used with our employees was the transparency of the fees that the trust provided. In some cases we were able to run simulations for our employees comparing the return on their investment using their provider versus the CSD Trust. Those simulations proved to be very beneficial. We have stayed with the CSD Retirement Trust, and will continue to stay, for multiple reasons. First, everything we thought would happen when joining in January, 2010 has either happened or it has been better than expected. Second, we continue to have a great working relationship with CSD, CBIZ, and VALIC. Third, the fees are continually decreasing, thus providing an even better return on our employee's investment. Forth, our employees (even many with doubts in 2010) are happy with the CSD Retirement Trust.

Brendan Mahon
Washington SD

What do you like most about the Trust?

Participants receive great investment options at low cost. We have been impressed with the Trust's high performance and great service. The Trust offers low fees and a wide selection of funds to choose from. The Trust also has financial advisors that offer financial support and guidance. What we like most about the Trust is the ability and the confidence to focus on other important things, knowing that employee's financial interests are being taken care of.

Tony Chance
Warren County R-III SD

What do you like most about the Trust?

The Trust has helped the district by only having one approved vendor and streamlining of payments as well as making sure the district is in compliance. I believe having only one vendor available makes it easier on the employee. You don't feel pressured to participate in the program.

Anne Anthony
Elsberry SD

What do you like most about the Trust?

The District wanted to provide personnel with quality retirement investment products with a competitive rate of return and excellent, competent support. By providing quality retirement products and support services at competitive prices. Staff has been pleased with the support level provided by the VALIC reps assigned to the District. The quality of the retirement products offered and the competencies and dedication of the representatives assigned to our district. Because it works well for our district at all levels (i.e., with both administration & staff).

Carlton Brooks
Maplewood Richmond Heights SD



What are they saying about the CSD-RT?

What do you like most about the Trust?

Our employees were getting tired of the competition among vendors so our salary committee took a look at the Trust. It was clear that we could lower our internal administrative costs by going single-source, as well as having our employees' funds working for them rather than their vendor. Our main vendor really spread disinformation among staff. We've stuck with our message of lower costs and better returns through the Trust. Lower costs and higher returns.

Chris Gaines
Wright City SD

What do you like most about the Trust?

The Trust is very helpful to Brentwood in being a one-top, single-source solution for compliance, administration and investments that provides best-in-class investment options at a low cost for the participants. It is the best thing going in the 403(b) and 457(b) world!

John C. Stewart
Brentwood School District

What do you like most about the Trust?

Investment committee made up of member district representatives and the trustees, who perform a quarterly review of the investments to ensure we maintain a "best-in-class" lineup of available investments, at the lowest possible fees. Transparent fee structure, instead of hidden fees that drain participants' retirement funds, without them realizing it. Financial advisors truly interested in educating employees, instead of selling them something. This allows more employees to benefit from these retirement savings vehicles. I have been pleased with joining the trust from the beginning, and continue to be thrilled with all aspects of being a member. As a district, this is truly one of the best decisions we ever made; both from a district timesaving standpoint and for the benefit of employees.

Dwight L. Lindhorst
Hazelwood School District

What do you like most about the Trust?

First and foremost, to provide our employees with integrity, honesty and best in class investments from a trustworthy financial advisor. Not to mention professional education from registered investment advisors at no-cost to our employees. Secondly, from the Districts administration standpoint this allowed professional management with consistency of how all transactions and compliance with IRS regulations would be followed from day one. We overcame the pushback from the destructive and non-informative "Wild West" show by educating our staff via meetings about the undisputable facts regarding costs and types of investments. The Trust affords the Orchard Farm R-V District an outstanding option for



What are they saying about the CSD-RT?

education of staff at no-cost, professional compliance and a network of trustworthy advisors. It has simplified the optional investment process for both employee and employer by offering a highly professional plan with best in class reviewed quarterly investments. The single provider provides consistent, reliable and compliance for processing all transactions with the ability to ask any questions that may arise in the process. It is an excellent option for all since it was created by the members Districts of Educationplus.

Kurt Kaup
Orchard Farm R-V

What do you like most about the Trust?

The Grain Valley School District just recently joined the CSD Retirement Trust in March, 2014. We joined the trust because we had grown to the point where we were entertaining too many vendors with many different retirement options. The large number of vendors led to a lot of confusion with our staff and difficulty keeping up with the paperwork for our HR and Finance staff. The confusion was so prominent that we faced very little opposition with our employees when we implemented the CSD Trust. We actually had our employees thanking us for limiting the number of options and making the process so much easier. The CSD Retirement Trust provides our district with one point of contact, and provides our employees easy access to retirement options with much lower fees than ever before. As a district leader, I have been most thankful for the ability to provide our employees with lower fees and easier access, while providing our HR and Finance staff easier processes, one point of contact, and the oversight necessary to run our retirement program for all employees. I do not regret the decision to join the CSD Retirement Trust. I actually regret not doing it sooner.

Marc Snow
Grain Valley School District

What do you like most about the Trust?

Special School District joined the CSD Retirement Trust at the beginning in 2010. SSD joined the trust because it offers a low cost menu of investment options to our employees for 403(b) investments. Prior to joining the CSD Trust, SSD employees invested their funds with various vendors many of which sold the employees high-cost annuity products. SSD ran into some resistance to joining the CSD Trust from the SSD chapter of the NEA due to financial incentives that the NEA receives from Horace Mann and other 403(b) vendors. We overcame the resistance by providing the SSD Board with compelling information about the cost savings to employees as well as relieving SSD of the administrative burden of directly providing the 403(b) investments. As the fees have been reduced further due to the growth of the Trust, our employees have benefited more by earning a higher net return on their 403(b) accounts.

Richard Carver
Special SD



What are they saying about the CSD-RT?

What do you like most about the Trust?

The Trust provides excellent oversight and compliance with federal and state guidelines as well as security in knowing the investments of Bayless staff members are being well managed. Being a member offers our staff answers to any investment questions they may have, including questions pertaining to their current investment(s) and potential rollover into their PSRS/PEERS funds. Provided within the Trust is a wide array of investment options for our staff members.

Teresa Lange
Bayless SD

What do you like most about the Trust?

It is great having one person or company come in and work with staff. They are not trying to outsell a competitor. I believe they are here to help our staff plan for the future. I believe that the business office likes the idea of one check for all staff members. If there are questions we have a single point of contact. Overall – simply a much easier process. I feel they are watching the money. I often think that when individuals have their own account they need to watch their money to see if it is in the right fund. I believe that is being done with this model. Teachers like the ease and we have more staff involved in planning for the future than ever before. I believe that is a service we, as a district, can provide for our staff.

Bryan McDonald
Harrisonville SD

What do you like most about the Trust?

The district is very confident we are offering our employees the best possible avenue to invest in their future.

JoAnn Kite
Webster Groves SD

What do you like most about the Trust?

Joining the CSD Retirement Trust has been one of the best business department decisions Lindbergh Schools has made. What I like most about the trust is the low fees and the continual monitoring of the investment options for performance and lowest expense shares. This gives our employees the most bang for their buck.

Kathryn Wood
Lindbergh SD



What are they saying about the CSD-RT?

What do you like most about the Trust?

The Trust helps our District employees by offering lower fees to participants due to group purchasing power. Valic representatives are salaried and as a result take more of an education approach versus a sales approach resulting in more educational opportunities for staff. The Trust makes it easier for Districts to remain compliant and reduces recordkeeping. Bringing providers under a single umbrella allows us to have a single contact for staff to discuss their 457 and 403B questions.

MaryJo Gruber
Clayton SD

What do you like most about the Trust?

We desired a more engaged retirement plan for our employees and wanted to see participation in our 403(b)/457(b) vehicles increase from the 10%-12% levels we were experiencing in our trend under the prior multi-vendor program. We presented the idea of joining the trust to our employee representation team and immediately found them on-board. Rolling it out to our entire system was very easy from there. CSD-RT guided us every step of the way with template communications and educational programming for our employees. The only resistance we found came from the vendors who would be losing the ability to continue working with District employee's future contributions. This resistance was minimal and did not dissuade the Board of Education from joining the CSD-RT.

Robert Vogelaar
Liberty SD

What do you like most about the Trust?

The Trust helps the district stream line its investment portfolio and makes it very easy from a bookkeeping standpoint to track employee deductions and easily pay vendors. The Trust helps school district employees by providing a wide variety of investment opportunities at a great rate and provides financial advisors that are knowledgeable and well trained. We love the great service. No better options available to us—we think it's a fantastic opportunity!

Robin Ritchie
Dallas County SD

CSD-RT References

References:

- 1) Ms. Joel Cracchiolo-Business Manager: Meramec Valley RIII School District.
126 North Payne-Pacific, MO 63069. 636.271.1400.
jcracchiolo@mvr3.k12.mo.us

- 2) Mr. Ron Orr-Chief Financial Officer: Pattonville School District. 11097 St.
Charles Rock Road-St. Ann, MO 63074. 314.213.8005. rorr@psdr3.org

- 3) Mr. Dwight Lindhorst-Chief Financial Officer. Ritenour School District-2420
Woodson Rd. St. Louis, MO 63114. 314-493-6066.
lindhorstd@ritenourschools.org

CSD-RT Fee Comparison Worksheet

How Does Your 403(b)/457(b) Stack Up to the CSD Retirement Trust?

	Comparison Vendor	CSD Retirement Trust
Sales Loads - Up Front (Typically 1% to 5.75% of contributions)	% range	N/A
Annuity M&E Expenses (Typically 1.5% of assets)	% range	N/A
Investment Manager Fees (Mutual Funds) (i.e. Fidelity - based on share class)	% range	0.04% to 1.10% range Current Weighted Average = 0.13%
Contingent Deferred Surrender Charges (usually 1% to 7% when contract surrendered)	% range % average	N/A range N/A average
Annuity Contract Maintenance Fees (usually a flat annual fee between \$25 and \$50)	\$ average	N/A average
Recordkeeping/Admin/Compliance Fees (Typically an "add on" asset based fee)	% Your Vendor(s)	0.23% Current VALIC Fee
Registered Investment Advisor Fee (asset based) (District currently does not have an independent RIA)	N/A	0.0875% Current CBIZ Fee
CSD Retirement Trust Fee (set by CSD Board of Advisors)	N/A	\$20/Annum Headcount Fee Current CSD-RT Fee
Managed Account Fee-Annual		0.60% Optional Fee for those that participate
12(b)1 Fees to pay advisor commissions (Usually an asset based 0.25% fee)	% range	N/A range
Transparency of Fees	?	Yes
Fixed Income Current Yield	?	2.15%
Financial Advisors compensation	?	Not Commission Based
403(b)/457(b) Investment Options	?	Same Options for Both
Roth 403(b) Available?	?	Yes
Roth 457(b) Available?	?	Yes
Qualified Longevity Annuity Contract (QLAC)		Yes
Rollover Fee to purchase time in PSRS	?	\$0
Ways to Manage Account	?	Financial Advisor/Internet/#800
Professional Review of Investment Options	?	Quarterly
Performance of Investment Options vs. Industry Benchmark: 1/1/2010-12/31/16	?	29 out of 31 beat benchmark
Able to maintain current FA while in the Trust?	?	Yes
Number of unique mutual funds investment options	?-How many are duplicated?	32

CSD-RT Employee Presentation



A Better Choice for Participants and Their Districts

The CSD Retirement Trust

“An Employee Benefit That Benefits All”



Steve Keyser - Managing Director, CSD Retirement Trust

Ed Hinders - VP, Retirement Plan Services-CBIZ



A Better Choice for Participants and Their Districts

The CSD Retirement Trust - What Is It?

The Trust was created **by educators for educators** to provide the best Supplemental Retirement Program, 403(b) & 457(b) for K-12 Employees:

The Trust focuses on the Participant by

- ❖ Providing Financial Education
- ❖ Utilizing “Best in Class” Investment Options
- ❖ Keeping Administrative and Investment Management Fees LOW
- ❖ Ensuring Flexible Retirement Options
 - 403(b) & 457(b)
 - Roth or Traditional
 - Managed Accounts
 - Income Replacement



How the RT Helps Your Employees Secure a Good Retirement

Traditionally, 403(b) & 457(b) plans are not promoted as an employee benefit the same way health insurance, paid time off, family medical leave, etc. are.

Why?



A Better Choice for Participants and Their Districts

Promoting 403(b) & 457(b) plans in a multi-vendor environment is challenging





For Employees It Can Be Frustrating in a Traditional Multi-Vendor Model

Referral



Research



Give Up!





And...You can't take on the responsibility



Sorry...when it comes to 403(b) or 457(b) Plans, I can't make a recommendation. Here's a list of our approved providers.

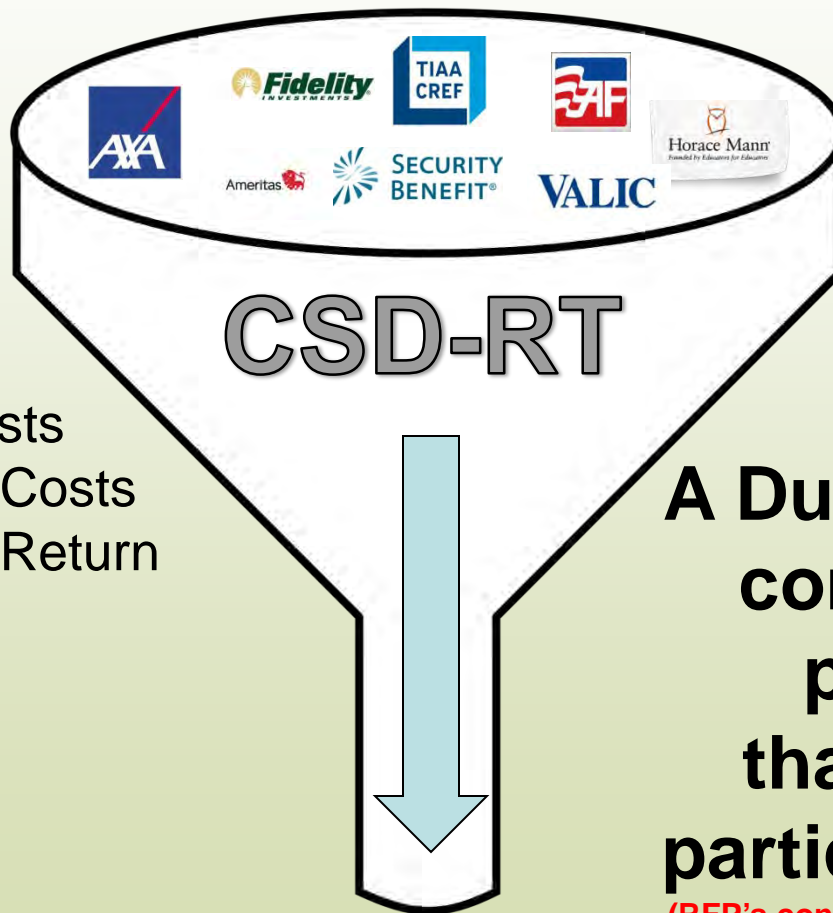


A Better Choice for Participants and Their Districts

CSD Retirement Trust-Single Provider

RFP Process

- ✓ Open Architecture
- ✓ Advisor Guidance
- ✓ Financial Strength
- ✓ Low Investment Costs
- ✓ Low Administrative Costs
- ✓ High Fixed Income Return
- ✓ Technology
- ✓ Administration
- ✓ Compliance



**A Due Diligence
competitive
process
that put the
participant first!**

(RFP's conducted in 2009 & 2014/15)





A Better Choice for Participants and Their Districts

How the RT Helps Your Employees Secure a Good Retirement

To Help you employees be Financially Fit, the Trust

- ❖ Provides:
 - ✓ A 457(b) as well as the 403(b)
 - ✓ Both Traditional and Roth 403(b) & 457(b)
 - ✓ Financial advisors that focus primarily on retirement planning & education

- ❖ Employs an “open architecture” approach to selecting investment options including
 - ✓ Index & Actively Managed Funds including Target Date Funds
 - ✓ Managed Accounts
 - ✓ Income Replacement (when retiring)

- ❖ Educates participants to improve retirement outcomes - does not sell products



How the RT Helps Your Employees Secure a Good Retirement

Roth: To Have or Not - That is the Question

Why Does the RT Offer a Roth for its 403(b)& 457(b)?

- ❖ Roth accounts differ from Traditional Plans “Tax Wise”
- ❖ Roth accounts may be a better option for younger employees just starting to work.
- ❖ To provide flexibility and choice



How the RT Helps Your Employees Secure a Good Retirement

Managed Accounts

- ❖ **What is a Managed Account?** A Managed Account is an investment management service performed by a professional investment advisor, packaging together a group of investments for the participant. The independent financial expert will exercise discretionary authority, based on the participant's risk tolerance, outside assets and other shared financial data. Upon approval of the participant, the Investment Manager will allocate and/or reallocate their account to implement the individualized advice.
- ❖ **Why offer them?** Because it helps participants who are not comfortable making their own investment decisions and:

Managed Accounts are one of three options approved by the Department of Labor (DOL) for (Q)ualified (D)efault (I)nvestment (A)lternatives. The three are target date funds, balanced funds and managed accounts.



How the RT Helps Your Employees Secure a Good Retirement

Income Replacement-Why?

How worried are Americans about retirement?

A 2012 Study by AIG found that:

- ❖ 28% of workers say they are “not at all confident” they will be prepared for retirement
- ❖ 67% of study respondents want products guaranteed not to lose value
- ❖ 62% said they want products that protect against market loss and can guarantee income for life



How the RT Helps Your Employees Secure a Good Retirement

Income Replacement-Why Does the RT Offer a QLAC?

What is a QLAC and how does it help participants in providing guaranteed income in retirement?

- ❖ Qualified Longevity Annuity Contract (QLAC) allows participants to begin their income payments after age 70½ up to age 85. This option allows for deposits of the lesser of \$125,000 or 25% of the account balance under the plan without incurring required minimum distribution (RMD) penalties.
- ❖ Participants can purchase the product through transfers of amounts from qualifying plan assets. Participants purchase a specific income stream that will begin at least 13 months after the purchase date but not later than age 70½ if not purchased as a QLAC.
- ❖ It is available only with employer-sponsored retirement and deferred compensation programs such as a 403(b) plan, governmental 457(b) deferred compensation plan, including designated Roth accounts in a 403(b) or governmental 457(b) plan.



A Better Choice for Participants and Their Districts

CSD

Investment Lineup

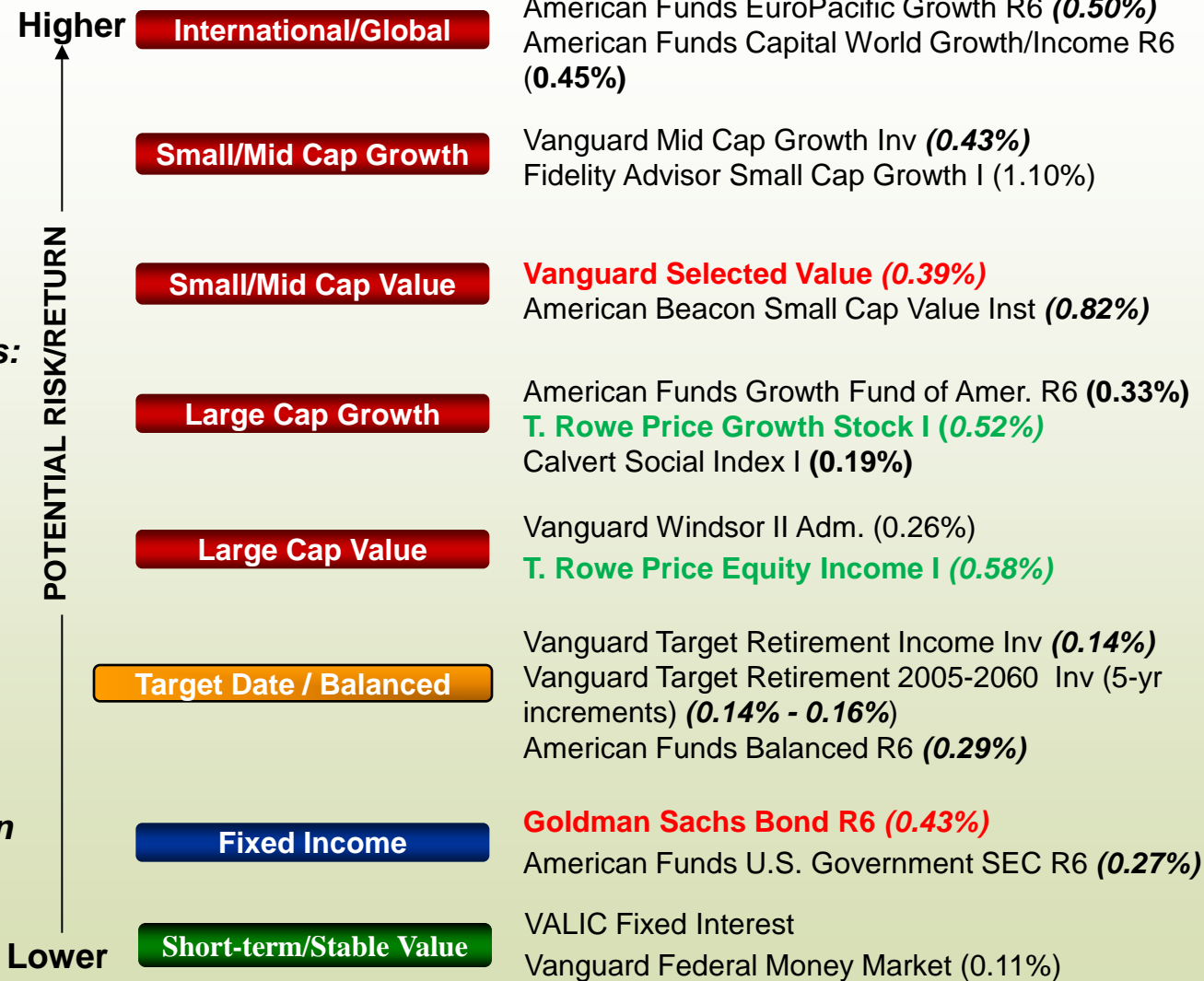
(investment management fees in parenthesis as of 1/31/17. Wtd. Avg. = 13bps)

Plus Vanguard Admiral Index Funds in the following categories:

- Bond (**0.06%**)
- Large Cap Growth (**0.08%**)
- Large Cap Value (**0.08%**)
- S&P 500 (Large Blend) (**0.04%**)
- Mid Cap (**0.08%**)
- Small Cap (**0.08%**)
- Foreign/International (**0.12%**)

Bold % reflect lower investment management fees since inception

Investors should carefully consider the investment objectives, risks, charges and expenses of a fund before investing. This and other information is contained in the fund's prospectus and should be read carefully before investing. To obtain a prospectus please contact VALIC.

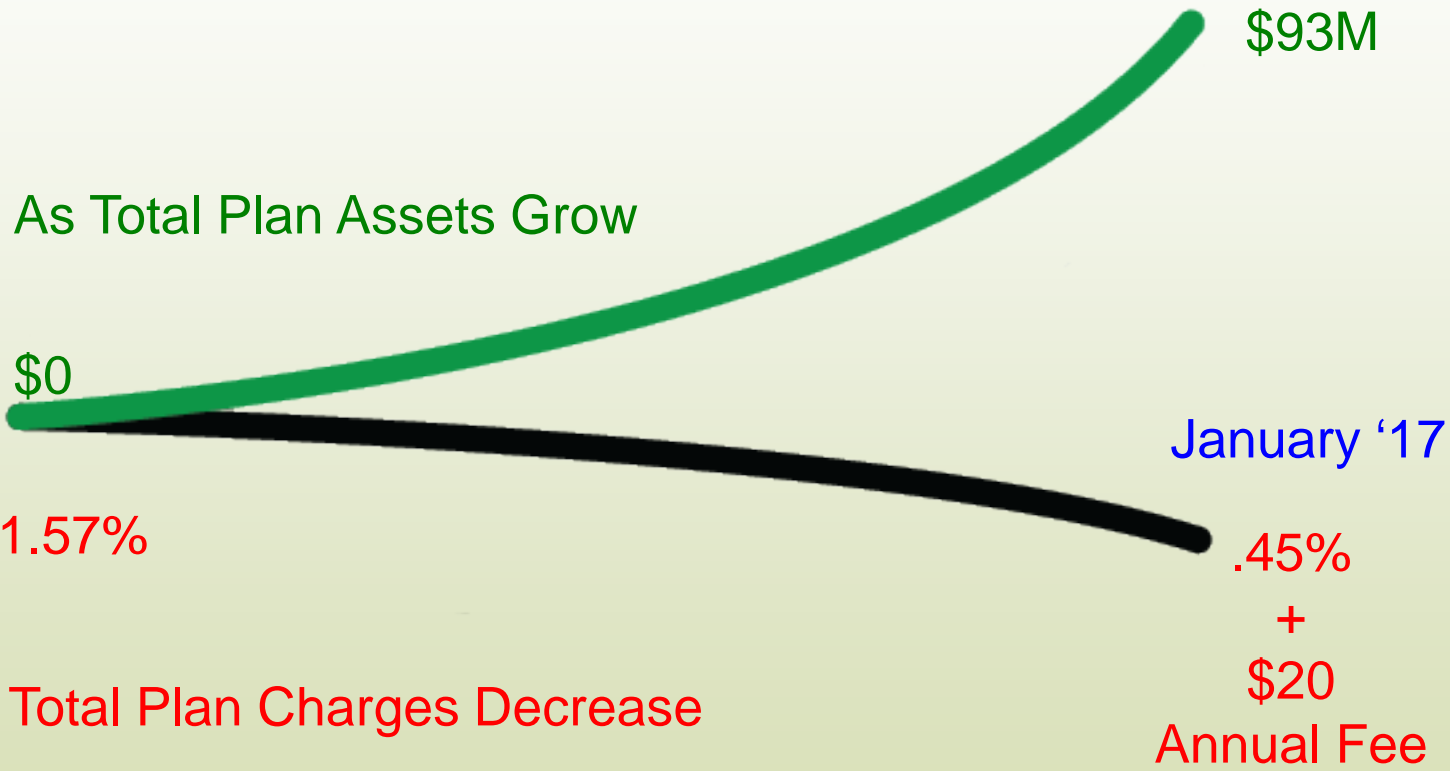




A Better Choice for Participants and Their Districts

PARTICIPANT "ALL-IN" FEES

(Including average .13% Investment Management Fee as of 2/28/17)



In January 2010, annual fee for a participant with a \$10,000 account was \$157 but in January 2017 it's only \$65



So...What Do You Get for \$65?

- ❖ Financial Advisor, an 800# and Award-Winning Website
- ❖ Financial Education
 - ✓ Ongoing at your District
 - ✓ Quarterly Workshops on optimizing PSRS/PEERS & Social Security Benefits
- ❖ “Best in Class” Investment Options
 - ✓ Actively Managed, Index & Target Date Funds
 - ✓ Reviewed Quarterly for Performance vs. Benchmark (Since January 2010, 94% beat benchmark)
- ❖ LOW Administrative and Investment Management Fees-Since January 2010
 - ✓ Admin Fees decreased 59%
 - ✓ Investment Management Fees have decreased in 91% of the funds
- ❖ Flexible Options:
 - ✓ 403(b) & 457(b): Roth & Traditional
 - ✓ Managed Accounts
 - ✓ Income Replacement (QLAC)



Why the Trust is “A Better Choice” It is a “Best in Class” model that...

Improves retirement outcomes for Participants by:

- ❖ Increasing flexibility with pre- and post-tax deferral options for both 403(b) and 457(b)
- ❖ **Enabling participants to buy time into PSRS/PEERS with no rollover fees**
- ❖ Providing participants **educational seminars & workshops** to help improve retirement planning
- ❖ Using **non-commissioned**, licensed Financial Advisors whose compensation is not effected by a participant’s investment choice, and whose focus is helping participants improve retirement outcomes, not selling products
- ❖ Improving the bottom line for participants by striving to increase their retirement balances to provide **higher income replacement**
- ❖ Providing Managed Accounts for participants who prefer having their assets managed by a financial professional at a reduced fee
- ❖ Providing a Qualified Longevity Income Annuity (QLAC) for participants needing additional **guaranteed income** in retirement



A Better Choice for Participants and Their Districts

Why the Trust is “A Better Choice” It is a “Best in Class” model that...

Addresses Administrative issues by

- ❖ Solving compliance, including tax compliancy, for Employers and ultimately for Participants
- ❖ Being faster and more flexible to incorporate needed plan changes, e.g. ROTHs
- ❖ Placing all providers (including current ones) under the Trust’s umbrella for all administration, thereby improving compliance in the areas of loan, hardship withdrawals, etc.
- ❖ Saving Administration time and money, helping allocate valuable resources to other needs
- ❖ Ensuring consistent plan communications
- ❖ Reducing interruptions and security concerns during the workday
- ❖ Representation on the Board of Advisors as a decision-maker



A Better Choice for Participants and Their Districts

39 Participating School Districts/Charters (2/28/17)

- | | | |
|----------------------------------|----------------------------|--|
| Affton | Jennings | Smithville |
| Bayless | KIPP–St. Louis | St. Clair |
| Brentwood | Lee’s Summit | Special School District |
| Clayton | Liberty | Spring Bluff |
| Carondelet Leadership
Academy | Lift for Life Academy | The Saint Louis Language
Immersion School |
| Dallas County | Lindbergh | The School District of Kansas
City, MO |
| EducationPlus | Maplewood Richmond Heights | Valley Park |
| Elsberry | Mehlville | Warren County R-III |
| Gasconade | Meramec Valley | Washington |
| Grain Valley | Orchard Farm | Webster Groves |
| Grandview R-II | Parkway | Wentzville |
| Hazelwood | Pattonville | Wright City |
| Harrisonville | Ritenour | |
| | Rockwood | |

Over 4,300 Participants and \$93+ Million in Plan Assets (2/28/17)



Does Your Plan Help Your Employees
Secure a Good Retirement?

QUESTIONS?
AND... MAYBE SOME
ANSWERS TOO

Thank you for your interest

For additional information, please contact Stephen Keyser, Managing Director CSD Retirement Trust. Email him at skeyser@edplus.org or at 314.265.6192.

Securities and Investment Advisory Services Offered Through CBIZ Financial Solutions, Inc.
Member FINRA, SIPC and Registered Investment Adviser.
6050 Oak Tree Blvd S., Independence, OH 44131 (216) 447-9000

Sample CSD-RT Adopting Resolution 2017

**CSD RETIREMENT PLAN TRUST
Adopting Resolution**

_____ (the "Participating Employer"),
a public school district, educational service agency, community college or charter school in the
State of Missouri, hereby elects to participate in the CSD Retirement Plan Trust ("Trust") and to
adopt the CSD Multiple Employer 403(b) Plan and the CSD Multiple Employer 457(b) Plan
(each, individually, the "Plan") for the benefit of its eligible employees, as of the date stated in a
resolution substantially in the following form adopted by its Board on _____,
20__.

“RESOLVED,

That the Participating District hereby elects to become a Participating District in
the CSD Retirement Plan Trust and to adopt the CSD Multiple Employer 403(b)
Plan and the CSD Multiple Employer 457(b) Plan effective as of
_____, 20__.

FURTHER RESOLVED,

That the Superintendent be and is hereby authorized to execute the Participation
Agreement and such other instruments as are necessary to evidence the election
of this District to become a Participating District in the Trust and its adoption of
the Plan, and thereby to become subject to the terms of the Trust Agreement, the
Plan and the Participation Agreement, until this election is revoked pursuant to
Article VI of the Trust.

IN CONSIDERATION OF One Dollar (\$1.00), receipt of which is hereby acknowledged,
and the mutual covenants of the other Participating Districts to be bound by the terms of the
Trust Agreement, the Plan and the Participation Agreement, the Participating District hereby
agrees to be bound by the terms of the Trust Agreement, the Plan and the Participation
Agreement.

IN WITNESS WHEREOF, the Participating District has caused this Adopting Resolution
to be executed by its duly authorized official.

District Address:

(Name of District)

By: _____

Title: _____

“Participating District”

Sample CSD-RT Participation Agreement 2017

CSD RETIREMENT PLAN TRUST PARTICIPATION AGREEMENT

This Participation Agreement is made and entered into by and between _____ (EIN: _____) (the “Participating District”) and the Trustees of the CSD Retirement Plan Trust (the “Trustees”).

The Trustees have established the CSD Retirement Plan Trust (the “Trust”) for the exclusive purpose of receiving, holding and administering the assets of the CSD Retirement Trust Multiple Employer 403(b) Plan and the CSD Retirement Trust Multiple Employer 457(b) Plan (each, individually, the “Plan”) for the benefit of eligible Employees of Participating Districts. With the consent of the Trustees, the Participating District desires to participate in the Trust and to adopt the Plan with respect to its eligible Employees.

NOW, THEREFORE, the Participating District hereby elects to participate in the Trust and to adopt the Plan effective as of _____, _____, and the Trustees hereby consent to such adoption and participation upon the following terms:

1. **Adoption of Plan and Trust.** The execution of this Agreement by the Participating District shall be construed as the adoption of each Plan and the Trust in every respect as if the Plan and the Trust had this date been executed by the Participating District. Each Plan shall be adopted as a restatement and/or merger and continuation of any prior Section 403(b) plan or Section 457(b) plan maintained by the Participating District (a “Prior Plan”).
2. **Rights and Obligations of Participating District.**
 - a. The Participating District agrees that during the period of its participation in the Plan and the Trust it shall not make or remit contributions on behalf of its Employees to any other Section 403(b) plan or Section 457(b) plan or to any annuity contract or custodial account not approved by the Trustees as a permitted investment vehicle for Plan assets.
 - b. The Participating District agrees to accept all of the responsibilities of a Participating District as described in the Plan and the Trust.
 - c. The Participating District agrees to accept all of the responsibilities of an Employer as described in the Plan and the Trust with respect to its Employees and Participants and their Beneficiaries, and to comply with such rules and procedures as may be established by the Trustees and the Contract Administrator from time to time. The participation of the Participating District in the Plan and the Trust shall in no way diminish, augment, modify or in any way affect the rights and duties of the Trustees as Trustees and Plan Sponsor under the Plan.

- d. The Participating District shall supply to the Contract Administrator full, accurate and timely information on all matters relating to the Plan, including the eligibility of its Employees to participate in the Plan, their Compensation, dates of retirement, death, disability, or Severance from Employment, and such other pertinent information as the Contract Administrator may require.
 - e. The Participating District shall provide the names and contact information for the Vendors of any annuity contracts and/or custodial accounts to which the District made contributions under any Prior Plan. Such information for the respective Prior Plans shall be provided on Prior Plan Vendor Schedules substantially in the form attached hereto and incorporated herein by reference. The Participating District certifies the accuracy of the information reported on the Prior Plan Vendor Schedules. The Plan Sponsor may rely upon all information supplied by the Participating District and shall have no duty or responsibility to verify such information.
 - f. The Participating District agrees to make reasonable efforts to require all such Prior Plan Vendors to share information with the Plan and the Contract Administrator in the manner determined by the Trustees from time to time. The Participating District further agrees not to permit contract exchanges between the annuity contracts and/or custodial accounts held by such Prior Plan Vendors (other than exchanges into the approved investment vehicles) unless such Vendors cooperate in sharing information in the manner prescribed by the Trustees.
 - g. The Participating District shall remit all contributions to the Trust within the time prescribed by the Plan.
 - h. The Participating District shall refer claims for Plan benefits and all requests for information concerning the Plan to the Contract Administrator immediately upon receipt of the same by the Participating District.
 - i. The Participating District shall timely comply with all requests of the Plan Sponsor to distribute to its Participants all Plan disclosures required by applicable law.
3. **Fees and Expenses.** The Participating District agrees that fees and expenses of the Plan and the Trust shall be paid from Trust assets, including a fee payable to CSD in an amount approved by the Trust's Board of Advisors. Fees shall be allocated to Participant Accounts on a periodic basis as prescribed in the Plan. All such fees and expenses shall be fully disclosed to the extent required by applicable law.
 4. **Designation as Agent.** All actions required or permitted by the Plan or the Trust to be taken by the Trustees, including but not limited to the authority to select and remove Vendors and investment options and to amend the Plan and the Trust, shall be effective with respect to the Participating District when taken by the Trustees in the manner prescribed in the Trust Agreement. The Participating District hereby irrevocably

designates the Trustees as its agent for such purposes. The Trustees shall notify the Participating District in the event the Trustees make any changes in Vendors or investment options or any amendments to the Plan or the Trust.

5. **Representation and Warranties.** The Participating District represents and warrants that it is a public school district or educational service agency or community college that qualifies as a political subdivision under Missouri or Illinois law (or other approved State) or a charter school established pursuant to Missouri or Illinois law (or other approved State) and meets all the requirements of the Internal Revenue Code necessary for participation in the Plan.
6. **Indemnification.** The Participating District agrees to protect, defend, hold harmless and indemnify CSD, the Trustees, the Contract Administrator and their agents and employees from and against any and all claims, damages, liabilities, taxes, penalties, losses and expenses and reasonable attorney's fees and costs, arising out of any negligence, misrepresentation, or breach under this Agreement or applicable law by the Participating District or its agents or employees.
7. **Termination.** This Agreement shall terminate upon termination of the Trust in accordance with Article VII of the Trust. This Agreement may be terminated by the withdrawal of the Participating District upon 30 days advance written notice delivered to the Trustees and the Contract Administrator. The Participating District agrees that, in such event, the District shall adopt successor plans for the District's Employees and shall assume full responsibility for administration and compliance of such successor plans. The withdrawing District further agrees that all Plan Accounts of its Participants shall be considered accounts under the District's successor plans and the Plan Sponsor and Contract Administrator shall cease to have any responsibility for compliance of such Accounts. However, any amounts held in annuity contracts or custodial accounts through the Trust shall continue to be held in such contracts or accounts, subject to all terms and conditions governing such contracts or accounts, until the Participant requests distribution, transfer or exchange of such contracts or accounts consistent with the requirements of the investment vehicle, the District's successor plans and applicable requirements of the Code.
8. **Independent Contractors.** The parties enter into this Agreement as independent contractors and nothing contained in the Trust or the Plan or this Agreement shall be construed to create a partnership, joint venture, or joint-employer relationship between the parties. Nothing contained in the Plan or the Trust or this Agreement shall be construed to make the Employees of the Participating District Employees of CSD or the Trust. The Participating District shall remain the Employer of its Employees and shall be liable for all wages, salaries, employment taxes and other costs associated with such employment.

IN WITNESS WHEREOF, the Participating District and the Trustees have caused this Participation Agreement to be executed in their respective names by their duly authorized representatives, effective as of the date set forth herein.

PARTICIPATING DISTRICT

By _____

Title _____

**TRUSTEES OF THE
CSD RETIREMENT PLAN TRUST**

By _____

Trustee

PRIOR PLAN VENDOR SCHEDULE
457(b) Plan

Vendor Name and Contact Information

SAMPLE

SECTION THREE

CSD-RT & VALIC's RFP Response to Springfield

III Prospective Vendor Firm Questionnaire

A. Organization and History

1. Please provide the name(s), title(s), address(es), e-mail address, telephone and fax number(s) of the individual(s) responsible for responding to this request.

Richard Counts
Vice President, Relationship Management
12312 Olive Blvd Suite 265
St. Louis, MO 63141
Office: 314-703-0408
Fax: (314) 514-0981
richard.counts@valic.com

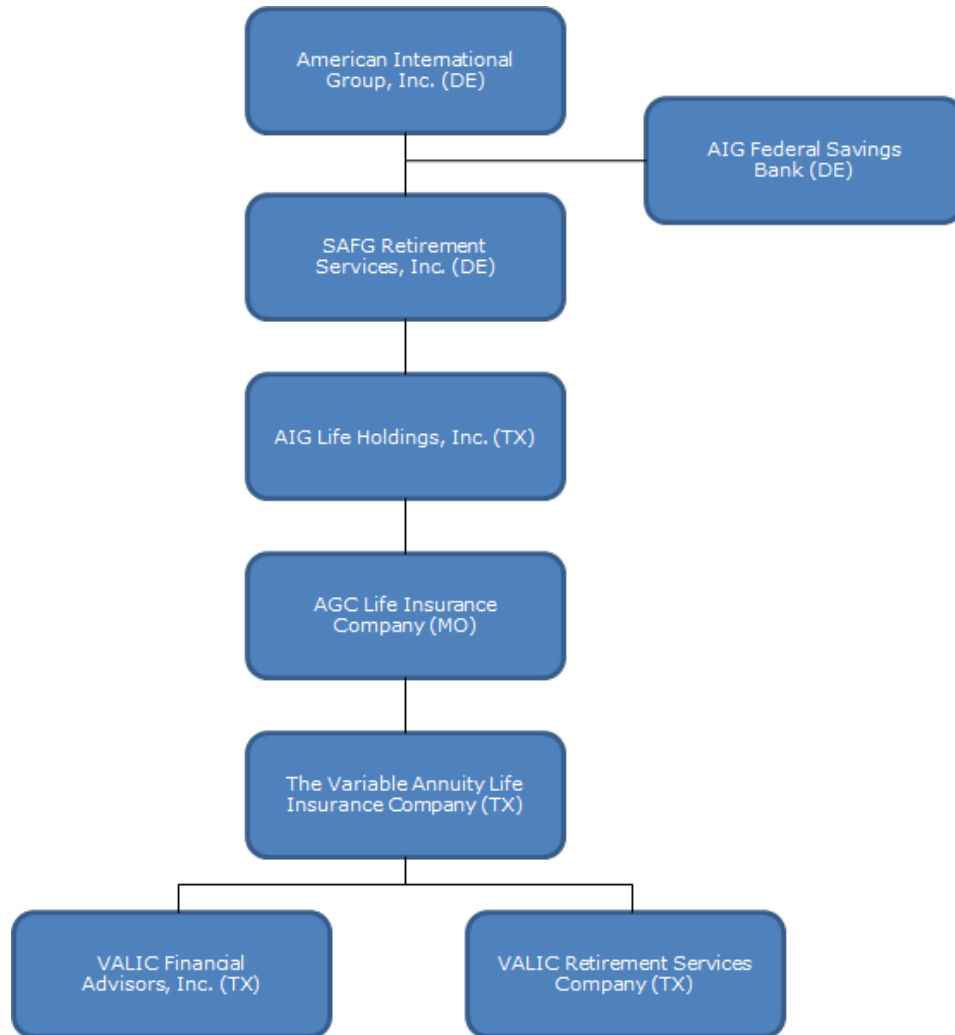
Tom Goodwin
Vice President, Business Case Development, VALIC
2929 Allen Parkway, L6-40
Houston, TX 77019
Office: (713) 831-4336
Fax: (713) 831-6161
tom.goodwin@valic.com

-
2. Provide a brief overview of your company and history of your organization, including an organizational chart of your retirement plan operations. Please describe any relevant parent/subsidiary/affiliate relationships.

Since 1955, VALIC has developed customized retirement programs that offer the best in investment services, administration, recordkeeping, education and communication. In 1964, VALIC narrowed its focus to institutional defined contribution retirement plans. We currently provide bundled services for tax-favored retirement programs for more than 24,000 organizations representing approximately 1.8 million participants.

VALIC represents The Variable Annuity Life Insurance Company and its subsidiaries VALIC Financial Advisors, Inc. and VALIC Retirement Services Company. Together with AIG Federal Savings Bank (AIG FSB), we will provide a comprehensive package of investment options and retirement plan services to Springfield R-XII School District.

Each of these organizations will bring its own unique measure of expertise to the service of Springfield R-XII School District's retirement program, as described below.



The Variable Annuity Life Insurance Company (VALIC) issues and administers annuity contracts and provides related plan services, including administration of the company's general account underlying fixed account products/contract options, and serves as non-bank custodian for qualifying plan custodial accounts and as investment advisor to proprietary mutual funds.

VALIC Financial Advisors, Inc. is a registered investment advisor and broker/dealer that provides all enrollment, communication, and educational services within the program and provides investment and trading services among the plan's selected investment options.

VALIC Retirement Services Company is a registered transfer agent, providing recordkeeping and administrative services.

AIG Federal Savings Bank receives, holds and disburses monies; provides directed, non-discretionary trustee services; produces trust reports; provides custodial services; and performs other services as required by the plan.

VALIC is 100 percent owned by AGC Life Insurance Company. AGC Life Insurance Company is 100 percent owned by AIG Life Holdings (US), Inc., which is 100 percent owned by SAFG Retirement Services, Inc., which is 100 percent owned by American International Group, Inc.

3. How many employees do you have (locally and nationally)? How many are dedicated to the 403(b) and 457(b) recordkeeping and administration services?

Local:

4 VALIC Financial Advisors

Nationally:

2,760

VALIC has maintained a local office in Springfield, MO for over 15 years located at 1811 South Holland. All of VALIC's employees are dedicated to the servicing and administration of our defined contribution plans. We provide coordinated recordkeeping, administration, and investment services through our employees in our Houston and Amarillo, Texas offices. Our national network of licensed financial advisors provides communication and education services. These employees are not dedicated by plan type but are experienced in the administrative requirements of all defined contribution plan types, ensuring quality service for all VALIC clients.

VALIC is directly owned by AGC Life Insurance Company, and is indirectly wholly owned by American International Group (AIG) and much of the support personnel for VALIC also provides support for other areas of our Life & Retirement division; therefore, we no longer report staff numbers for VALIC alone. There are 7,978 employees in AIG's Life & Retirement division and VALIC Financial Advisors, about half of which are considered to be VALIC employees.

4. Please complete the following table, providing as much detail on plan demographics as possible.

Number of Employees	403(b) Plans			457 Plans		
	Plans	Participants	Assets	Plans	Participants	Assets
<100	16,442	242,099	\$10,041,898,369	4,103	64,001	\$2,251,330,760
100 - 499	1,458	299,842	\$10,538,805,084	312	64,949	\$2,213,801,666
500 - 999	242	165,077	\$5,773,557,730	45	29,447	\$766,818,665
1000 – 4,999	173	363,501	\$13,404,768,314	31	59,452	\$1,788,330,435
Over 5,000	26	236,162	\$9,380,652,620	3	27,553	\$628,431,221
Totals	18,341	1,306,681	\$49,139,682,117	4,494	245,402	\$7,648,712,747

5. Please provide a breakdown of the number of institutional clients you service by plan type as a percentage of your total business.

Plan Type	Percentage of Total Business
Non-ERISA 403(b) Plans	54%
All 403(b) Plans	19%*
401(a) Plans (including 401(k) Plans)	15%
457 Plans	12%
Other Plans	0%
Totals	100%

**ERISA 403(b) plans only*

B. Client Service / Quality Assurance

1. Please describe the team that would deal directly with us during the transition and on an ongoing basis. Indicate staff size, experience and turnover rates.

Martha Durio, Senior Relationship Manager

Role: Martha Durio is the representative responsible for the overall service of the plans and serves as the primary point of contact for your administrative staff. She ensures that VALIC delivers on our overall commitments to the plan sponsor in terms of financial education and retirement planning services, a well-diversified, competitively priced investment lineup, and ongoing administrative services, including regular and accurate reporting of plan activity to the plan sponsor.

Qualifications: Ms. Durio joined VALIC in 1984 as a Financial Advisor and now works as Senior Relationship Manager, servicing clients in our Midwest Region. She has more than 30 years of experience in the retirement benefits industry. Ms. Durio is a Certified Financial Planner and holds a Bachelor of Business Administration from the University of Texas as well as her FINRA Series: 7 (General Securities Representative); 63 (Uniform Securities Agent State Law); 65 (Uniform Investment Adviser Law) and other industry licenses. Additional professional designations include Chartered Retirement Plans Specialist (CRPS) and Qualified Plan Financial Consultant (QPFC.)

Staff Size, Experience and Turnover Rate: VALIC staffs approximately 40 Relationship Managers at any given time. The average length of industry experience among VALIC relationship managers is 22 years. The turnover rate for relationship managers is 1.5 percent.

Plan Coordinator

Role: In addition to the Relationship Manager VALIC also provides a Plan Coordinator to assist with the day-to-day administration of the plan. The Plan Coordinator is an integral

part of the service team. They are available as a resource directly to the plan sponsor to provide technical support with reporting, file transmission, plan design, compliance questions, etc. The plan Coordinator adds value with their in depth understanding of regulatory changes, system enhancements and operational procedures.

On average, each Plan Coordinator is assigned between 25 and 30 defined contribution clients. Responsibilities include:

- Maintaining a daily client relationship. This requires the assigned plan coordinator to be the main point of contact for the plan sponsor's daily administrative issues.
- Responding to inquiries, performing research, and providing the plan sponsor's personnel with pertinent plan related information regarding plan activity and operations.
- Coordinating plan activity with other areas within VALIC to ensure that all administrative activities are executed properly.

Staff Size, Experience and Turnover Rate: VALIC staffs approximately 12 plan coordinators. The average length of tenure among VALIC plan coordinators is 10 years. The average length of industry experience among VALIC plan coordinators is 15 years.

Implementation Team

The implementation process will begin with the assignment of a VALIC home office team. This team will be led by an assigned relationship manager who will remain as the main point of contact after the implementation process is completed and will be responsible for coordinating all aspects of the servicing model being designed. In addition, an implementation consultant will be assigned to coordinate all aspects of recordkeeping setup, trading responsibilities and data conversion.

Staff Size, Experience and Turnover Rate: VALIC employs approximately 26 implementation/conversion professionals and staff. The average experience for implementation/conversion personnel is 20 years. The turnover rate for implementation/conversion professionals is 3.5 percent.

2. What is the average number of clients managed by the relationship manager for plans similar to the size of ours?

15

3. What type of training is required for new employees before they work on client plans?

Once an employee is hired, we build upon his or her capabilities through our comprehensive training program. The training program differs according to the department and functions of each position. Our training department continually develops and maintains our training programs (both initial and ongoing) and supports reference materials to increase the professional and technical competency of our staff, especially our local financial advisors who often work one-on-one with participants.

Relationship Managers / Plan Administrators

Relationship management and plan administration professionals are hired with industry experience to minimize the learning curve on basic and plan design administrative functions. New account management and plan administration professionals immediately enroll in an intensive six-week training program. The training program builds on their existing pension and plan administration skills by focusing on the administration, recordkeeping, compliance and fiduciary aspects of retirement plans. The training also introduces new employees to VALIC’s business models, recordkeeping systems, documentation requirements and performance standards.

4. How many of your employees work on 403(b) and 457 defined contribution plans? Provide a breakdown by functional area.

All of VALIC's employees are dedicated to the servicing and administration of our defined contribution plans.

Senior Executive Management Team	15
VALIC Financial Advisors	1,362
Operations Including Call Centers	958
IT & Recordkeeping/Internet Enhancements	135
Institutional Marketing	125
Plan Compliance and Legal	160
Other support services	5
TOTAL	2,760

5. What are your client retention statistics for each of the last three years?

2016 99.31%
 2015 99.51%
 2014 99.49%

6. For those who left, what percentage left due to service related issues?

Zero

7. What is your average client relationship tenure?

15 years

8. Describe your organization's commitment to quality and your philosophy/approach to client services.

Commitment to Quality

VALIC understands that service and the products offered to the plan are critical. As a forward-looking company, we are committed to keeping our position as a leader* by initiating progressive, innovative, quality programs and ensuring that our staff is trained to the fullest extent possible.

VALIC's focus has always been to provide a package of quality products and services for its clients. We have developed services that not only reduce the employer's workload and expense, but also meet the need to inform, educate and engage their employees through our trained Financial Advisors. VALIC provides high quality technical services via our website and voice response system. Personal high-touch retirement planning services are provided to our participants via our local Financial Advisors.

**Source: LIMRA SRI Not-for-Profit Retirement Market Survey 09/30/2016*

Philosophy and Approach to Client Services

VALIC's client service philosophy is driven by our belief that as each client is unique, each solution must also be customized. This philosophy is demonstrated in our commitment to our plan sponsor clients, for whom we develop individualized retirement programs based on plan demographics, participation goals and other plan sponsor needs. We extend our commitment to this philosophy to the participants we serve. Our financial advisors meet face-to-face with these participants and develop financial and retirement solutions based on individual circumstances.

Employees can receive information, education and advice in the manner most suited to their personalized needs. Our onsite, local financial advisors, Houston-based client service representatives and web-based enrollment options offer opportunities to interact with VALIC in the way each participant desires.

9. Describe your approach and methods for monitoring client satisfaction.

To measure client satisfaction, VALIC regularly conducts client-plan sponsor-specific surveys. Using this data allows the plan sponsor and VALIC to focus on areas that need improvement and to deploy programs to raise awareness, provide education, and improve plan-level results.

10. Describe your service/timing standards.

- **terminations**

Two business days after receipt of forms in good order.

- **loan processing**

Three business days after VALIC receives the signed documents in good order.

- **hardship withdrawals**

Three business days after VALIC receives the completed and approved written request.

- **regular statements**

Mailed within 10 business days of quarter end.

- **investment transfers**

If the participant initiates the transfer prior to the close of the New York Stock Exchange, normally 4:00 p.m. Eastern Time, the transfer is processed that business day using closing prices from that day. If the participant initiates the transfer after the close of the stock market, the transfer is processed on the next business day.

- **payroll processing**

Payrolls are loaded the same day as remitted by the plan sponsor as long as the files are in good order and received before 3:00 p.m. Central Time.

- **processing contributions**

Contributions are processed and allocated to accounts the same business day after both instructions and funding have been received in good order by VALIC.

- **loan repayments**

Same day upon receipt of forms in good order.

- **change confirmations**

The Voice Response System and website provide participants with immediate confirmation. Most transactions are also reported via a written confirmation statement within two business days.

- **purchase of service credits**

Two business days after receipt of forms in good order.

11. Do you guarantee service performance? If so, please describe.

Yes. VALIC understands how important a successful implementation/conversion is to Springfield R-XII School District and its employees. VALIC will partner with you during the initial kick-off call to establish the implementation/conversion milestone activities, responsibilities and timelines.

12. What checks and balances do you have in place to assure record keeping and plan administration integrity and accuracy, including how the foregoing applies to participant account data?

VALIC's programs and procedures ensure plan administration integrity and participant account data accuracy. These programs and procedures include:

- A combination of automated and manual checks and audits ensure that data has been entered correctly. For any error that occurs in processing, VALIC makes immediate retroactive adjustments to ensure that the participant's account is not affected.
- Each plan's records and transactions are subject to scheduled audits by VALIC's internal audit unit. Each October, VALIC schedules internal audits to be performed the following year. The schedule is based on a methodical risk analysis of all areas within VALIC. Therefore, plan records and transactions can be examined as part of any number of operational and financial audits.
- VALIC's recordkeeping system monitors transactions to ensure compliance with plan rules. Additionally, a team of dedicated professionals keeps the system in compliance with changing rules and regulations.
- All purchase and redemption activity is handled at the plan (or trust) level, and individual transactions are maintained at the participant level. An automated comparison/reconciliation program monitors, tracks, and reconciles all cash movements.
- Updates to plan documents (if provided by VALIC) are made as needed to ensure that the plan complies with all government regulations. Furthermore, VALIC performs periodic audits to verify that all necessary forms and authorizations are on file.
- Our employer communication package notifies organizations of changes in tax laws and the plan sponsor's responsibility to comply with those laws. VALIC specialists work closely with plan sponsors to make certain that plan-specific changes are implemented quickly and effectively.

13. Which of the following activities will account representatives handle? (for dual responsibility, please check all that apply):

Activities	Vendor Responsibility	District Responsibility	Participant Responsibility
Eligibility determination?		X	
New enrollments?	X	X	
Dissemination of communication materials?	X		
Enrollment meetings?	X		
Contribution rate changes (including an automated interface to payroll)?	X		
Final distributions?	X		
Monitoring and soliciting age 70 ½ minimum distributions?	X		
Rollovers?	X		
QDROs?	X		

Beneficiary changes?			X
Beneficiary tracking?	X		
Address changes?	X		
Questions on employee statements?	X		
Questions on taxability of distributions?	X		
Request for investment information?	X		
Information requests for prospectus?	X		
Payroll withholding?		X	

C. Recordkeeping/Administration

- 1. When was the most recent independent quality control audit of your recordkeeping system performed? Please provide a copy of auditors' most recent SOC 1 report.**

The most recent report was for the period from October 1, 2015 through September 30, 2016.

Please refer to the CSD-RT VALIC tab for the most recent SSAE 16 Report.

- 2. Please detail the most efficient way for the District to remit participant data and contributions to your firm. Are there any other options? If so, please describe.**

VALIC prefers contribution remittance via electronic transfer of funds (EFT) and electronic submission of data through our secure website.

VALIC provides a secure, web-based upload process using the latest encryption technology for transmitting plan contributions 24 hours a day, seven days a week. This service assists plan sponsors with ensuring plan contributions are invested on a timely basis. Access to the site is restricted to only those authorized by the plan sponsor and requires a user ID and a user-established password.

Contributions are processed and allocated to accounts the same business day both instructions and funding have been received by VALIC. The preferred method for transmitting payments is via a federal wire transfer. A history of contribution file transactions is available on the website for the plan sponsor to view at any time.

In addition, we offer our clients the option of fund remittance via Debit ACH (Automated Clearing House). VALIC does not anticipate any timing or pricing issues with Debit ACH.

- 3. Please describe how your system processes comply with the 403(b) and 457(b) regulations, and 415 and other regulations that apply.**

VALIC has dedicated a team of professionals to monitor our systems and our clients' plans to make sure they remain in compliance with changing rules and regulations. Additionally, we assign law division personnel to support the system review process to ensure continued

compliance. VALIC also actively participates in design and testing of system enhancements made necessary by regulatory changes. VALIC administers the plan document according to its terms, and updates our plan documents to reflect legislative or regulatory changes, enabling VALIC to monitor compliance and help the plan sponsor meet federal regulations with respect to its plan. We also perform periodic audits to verify that all necessary forms and authorizations are on file.

4. Do you provide one main contact for the daily record keeping and administrative needs of this plan?

Yes. Richard Counts, Vice President, Business Development works in coordination with the relationship manager as the point of contact for the plan sponsor's senior staff to ensure that VALIC delivers on our overall commitments to the plan sponsor in terms of onsite financial education and retirement planning services, a well-diversified, competitively priced fund line-up, seamless implementation, and ongoing administrative services including regular, accurate reporting of plan activity to the plan sponsor.

5. Do you provide daily valuation? Describe in detail how your system allocates earnings.

Yes. VALIC individual participant accounts are valued daily.

For our fixed investment options, interest is credited on a daily basis at an annual effective yield. VALIC supports both unit and share accounting. Unit values and share prices are loaded onto the system on a nightly basis. Our preferred method is share accounting.

6. Describe in detail, including timing, how your systems process the following:
a. Lump-sum distributions of account and/or contract surrender. Specify whether your products require this for terminated/retired participants.

VALIC will process lump-sum distributions in accordance with plan provisions and IRS guidelines. Paperless account distributions are available for amounts less than \$25,000. The participant can execute the transaction on the VALIC participant website or if they prefer they can call our toll free customer care line and speak with a Client Service Specialist, and funds can be deposited via EFT or a check can be issued. Lump-sum or partial distributions are typically processed the next business day after VALIC receives the completed request in good order.

b. Periodic payments/installments.

Systematic withdrawal payments are processed in accordance with the option selected by the participant. Participants have the option to receive periodic distributions from their accounts. Participants have the flexibility of selecting a specific dollar amount, a specific percentage amount, substantially equal periodic payments, or a five-year payment method. The distributions are made pro-rata across investment options unless a participant elects systematic payment from a specific investment option, in which case such an election will be honored in lieu of pro-rata.

Paperless account distributions are available for amounts less than \$25,000. The participant can execute the transaction on the VALIC participant website or if they prefer they can call our toll free customer care line and speak with a Client Service Specialist, and funds can be deposited via EFT or a check can be issued.

c. Annuities.

If a participant elects to receive annuity benefits on a periodic basis, benefit payments will commence on the first of the month following receipt of notice, provided that notice is received in VALIC's Home Office 31 days prior to the commencement of benefit payments. The first payment will be sent either via EFT or a check can be issued directly to the participant by the tenth day after the payment date. All subsequent payments will be sent either via EFT or a check can be mailed in time to arrive by the first day of the month.

The following are just a few of the many annuity options that are available:

- Monthly Income for Life – The participant will receive a lifetime income with all monthly payments ceasing at his or her death.
- Monthly Income for Life with a Designated Period – With this option, monthly income is guaranteed for the life of the participant. A participant may also elect a specified period between five and 20 years, so that should he/she die prior to the end of the term, a designated beneficiary receives the remainder.
- Unit Refund Life Annuity – Annuity payments are payable monthly during the participant's lifetime. Under the unit refund annuity option, should the participant die prior to the time that the total number of units credited to his or her account have been paid out, the beneficiary will receive a payment equal to the then cash value of the remaining unpaid units.
- Joint and Last Survivor Annuity – The participant and his or her survivor receive a lifetime income. Payments under this option continue until the death of both persons.
- Payments for a Period of Years – Selecting this option, the participant receives monthly payments for a selected number of years, generally between five and 30. Payments under this option are guaranteed for the period of years selected and will be paid to the spouse or designated beneficiary if the participant dies before the period is complete.

d. Rollovers to another plan or an IRA.

Participant requests to transfer monies to another carrier or an IRA would be made by completing a Rollover/Transfer Out Request Form. Rollover and transfer requests are typically processed within two business days after VALIC receives the completed written request in good order.

e. Required minimum distributions.

VALIC's recordkeeping system identifies those participants who may be required to begin receiving minimum distributions. If client verification of payees is desired, VALIC forwards a list to the client contact for verification purposes. VALIC's system calculates a minimum distribution amount based on the account balance at the end of the prior plan year by using the appropriate IRS tables and rates.

VALIC sends notifications regarding required minimum distributions on a monthly basis. Eligible participants receive a notice no later than September of the year in which the distribution is to be taken. Accompanying the notice are instructions for completing a Minimum Distribution request, outlining the various payout options available to the participant and all applicable regulations. The notice also details the opportunity for the participant to delay the initial distribution until April of the following year, resulting in an additional payment being made in December of the following year.

Paperless account distributions are available for amounts less than \$25,000. The participant can execute the transaction on the VALIC participant website or if they prefer they can call our toll free customer care line and speak with a Client Service Specialist and the funds can be delivered via EFT or a check can be issued.

We request that the participant make the request no later than 60 days after the receipt of the notification mailed during the current year to ensure that the request is processed prior to December 31. Recalculation options for the participant and beneficiary are available in the system, as allowed by the plan document. VALIC's recordkeeping system ensures that distributions meet the pre- and post-death payment requirements of 401(a)(9), 403(b), and 457(d)(2)(B). Our financial advisors provide participants with the guidance they need in this area.

f. Hardship withdrawals.

Once VALIC receives the appropriate withdrawal form in good order, one of our Client Service Professionals enters the appropriate information (date of distribution, amount of request, withholding details) into our recordkeeping system, and distribution processing is typically completed within two business days. If requested by the plan sponsor, VALIC will provide "pre-approved" withdrawal processing based on the plan's established guidelines. We also monitor the six-month deferral suspension period for hardship withdrawals according to the plan's provisions.

g. QDROs.

VALIC is pleased to review draft orders for compliance with Section 414(p) in accordance with the administrative procedures and guidelines approved by the plan sponsor. Our QDRO specialists are trained to have limited discussions regarding variances with the attorneys representing the parties.

When a Qualified Domestic Relations Order (QDRO) is received, VALIC compares the decree to a QDRO checklist containing IRC Section 414(p) requirements. If the decree meets the Section 414(p) requirements and does not violate plan restrictions, VALIC honors the instructions in the decree that pertain to VALIC accounts.

Once the domestic relations order is determined to be acceptable, VALIC administers the order by setting up a new account in the name of the alternate payee, mailing quarterly account statements to the alternate payee, reporting information on the alternate payee's account to the Plan Administrator in conjunction with regular employees, and complying with

written approval from the Plan Administrator to distribute funds and report a taxable distribution to the alternate payee, based on the plan sponsor's administrative services agreement and the applicable tax law.

When the alternate payee is also a participant of the same plan with his/her own account, a separate alternate payee account is established for the participant. Alternate payee funds are not comingled with existing accounts.

h. Investment allocations and reallocations within the contract or account

A participant can reallocate funds by percentage or dollar amounts on any business day through VALIC's Voice Response System or website. If the participant initiates the transaction prior to the close of the New York Stock Exchange (normally 4:00 p.m. Eastern Time), it is processed that business day using closing prices from that day. If the participant initiates the transaction after the close of the stock market, it is processed on the next business day.

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- 7. Describe in detail how your system processes loans, including but not limited to the following:**
- a. Do you have paperless loan capabilities? If so, describe.**
 - b. Describe the flexibility in your loan repayment processing (i.e., additional payments, multiple loans, missed payments).**
 - c. How do you handle delinquent and/or defaulted loans?**

Yes.

Paperless Loans

Loans initiated at VALIC.com are completely paperless for any plan that does not require spousal consent for distributions. To obtain a loan online, a participant first accesses the loan modeling function to select the type and amount of loan desired, and then chooses whether to proceed with that loan via an electronic signature. If the loan is requested prior to close of the New York Stock Exchange, it is processed that same business day and the direct deposit (or hard copy check, if desired) of loan proceeds, loan note, disclosure statement, and amortization schedule are distributed to the participant the following business day.

Our website also offers the following loan transactions and information:

- Loan balance information
- Loan modeling
- Loan status
- Loan history
- Loan payoff amount

Processing

Once VALIC receives the completed loan agreement, our loan specialists verify that all specified requirements have been met before processing the loan. If the loan is requested online or over the phone prior to close of the New York Stock Exchange, it is processed that

same business day and the direct deposit (or hard copy check, if desired) of loan proceeds, loan note, disclosure statement, and amortization schedule are distributed to the participant the following business day.

Repayment

VALIC is flexible with regard to loan repayment processing for participants. Loan repayments can be made via ACH debit initiated by VALIC directly from the participant's bank account or alternatively if the plan sponsor prefers, repayments can be made via payroll deduction and transmitted to VALIC as part of the ongoing contribution process.

Missed Payment, Catch-Up Payments

If a loan payment is missed because of no compensation, a catch-up payment can be accommodated along with a subsequent regular payment. The final payment may be slightly affected.

Number of Loans

Multiple outstanding loans are accommodated on VALIC's recordkeeping system if allowed by the plan document and the plan sponsor's loan policy. There is no system limitation as to the number of loans; however, each loan's repayment amount must be identified separately in the payroll feed from the plan sponsor.

Payments While On Leave

VALIC can accept additional loan payments and scheduled payments when a participant is on family or medical leave.

Payment Delinquencies

If a loan payment is not received within 65 days after the payment due date, VALIC will send a default warning notice to the participant advising them of the past due status and of the consequences of not making a payment promptly. The notice informs the participant that, once defaulted, the unpaid balance of the loan, plus the interest due, will be reported to the Internal Revenue Service as a taxable distribution.

Loan Defaults

If a loan payment is not made within 90 days after the due date, the entire outstanding loan amount, plus any interest due, is treated as a taxable distribution. Defaulted loan amounts are taxed as ordinary income, and may be subject to a 10% federal tax penalty if the employee is under age 59-½. VALIC will send a default warning notice to the participant advising them of the past due status and of the consequences of not making a payment promptly. The notice informs the participant that, once defaulted, the unpaid balance of the loan, plus the interest due, will be reported to the Internal Revenue Service as a taxable distribution. If the loan is secured by amounts subject to withdrawal restrictions, the loan will remain outstanding until a distribution event occurs.

8. Describe in detail how your system handles Federal and State tax reporting (i.e. Form 1099R, W-2 for 457 plan). Do you provide tax form preparation and filing?

VALIC prepares and distributes the Form 1099R and all applicable tax forms as required by the Internal Revenue Service to any participant who has received a distribution by January

31 following the year in which the distribution was made. VALIC remits all participants' withholding information to the Internal Revenue Service by March 31 following the year in which distributions were made.

VALIC mails tax forms to participants and makes these forms available online with the participant's account login.

9. What checks and balances do you have in place to ensure transactional integrity?

VALIC has quality review procedures to monitor all transactions and ensure that they are carried out in accordance with plan provisions and IRS guidelines. We flag a plan's specific provisions in our recordkeeping system to systematically prevent transactions that violate plan rules. VALIC modifies our recordkeeping system as needed when plan specifications change.

D. Regulatory Services

- 1. Please provide a brief summary of your overall plan-level compliance and administrative services capabilities and experience. Provide specific information on services that would apply across multiple providers in the plan. Additionally, you may provide information about any other plan-level compliance and administrative services capabilities not covered in your response to the following specific questions.**

VALIC Retirement Services Company ("VRSCO") created Retirement Manager in 2003 as a defined benefit aggregator service. Retirement Manager is a multi-vendor, multi-plan aggregator service providing cost-saving solutions to help plan sponsors simplify retirement plan administration through their existing websites. It provides loan and hardship disbursement compliance. This vendor-neutral service is designed to strengthen the plan sponsor's retirement branding. VRSCO has experience working side-by-side with legacy providers through its Retirement Manager plan administration and vendor aggregation program. Retirement Manager serves as the central location for loan and hardship withdrawal approvals, and universal availability compliance. VRSCO has been successful in gathering electronic data from the legacy providers and maintaining the data within each participant's Retirement Manager portal.



Retirement Manager provides plan participants with an aggregate cross-vendor view of their retirement savings and access to educational articles and financial planning tools. Cross-vendor disbursement compliance is provided for loans and hardship withdrawals in addition to a suite of online retirement plan administration reports.

Loan and Hardship Withdrawal Monitoring (Applicable to 403(b) and 457(b) Plans)

Retirement Manager loan and hardship monitoring is based on an electronic feed from vendors. It provides the front end compliance tool needed to help coordinate plan compliance procedures across all vendors. Hardship withdrawal and participant loan activity is tracked across all eligible plan types and vendors. The current loan and hardship withdrawal data is submitted by the vendors via a file sent using a secure (FTP) transmission.

When a participant wants to apply for a loan or hardship at the eligible plan vendor of their choice, they request a loan or hardship eligibility certificate from Retirement Manager as their first step. The eligibility certificate is then presented to the vendor approving the distribution. With loans and hardships, the employee relationship with the current vendor will not change. Loan and hardship requests are processed using administrative procedures for the current vendor. A link to plan vendors will be provided on the Retirement Manager Website.

Retirement Manager provides the plan sponsor with plan-level loan and hardship withdrawal reports to assist in the monitoring of participant loans and hardships against Internal Revenue Code (IRC) limits.

Retirement Manager will monitor hardship withdrawals as reported by plan vendors on the data sharing SPARK file to systematically send a stop contribution in the feedback file to the plan sponsor based on the effective date of the withdrawal. The plan sponsor will update their payroll system with that contribution stop. Retirement Manager will send the plan sponsor a contribution restart notification at the end of the six month suspension period.

Retirement Manager IRC Limits Monitoring

Retirement Manager automatically monitors basic Internal Revenue Code (IRC) contribution limits, age-based catch-up, and special catch-up limits when applicable to identify excess deferrals. It monitors the following IRC limits:

- 403(b) basic limit under 402(g), age-based catch-up and 15-year lifetime cap expansion
- 457(b) basic limit, age-based catch-up (where applicable) and special catch-up
- 415 limits
- Cross-plan limits for situations when the 402(g) limit applies across multiple plans of the same employer

Retirement Manager uses data provided and approved by the plan sponsor to determine the maximum allowable amounts. It also monitors the amount(s) contributed to each plan and produces online reporting across all plan types and vendors. Retirement Manager limits enforcement is designed to prevent participating employee's contributions in excess of the available monitored IRC contribution limits for which each employee is eligible from being deposited in the employee's account in the retirement plan. With Retirement Manager Limits Monitoring in place, excesses should be greatly reduced.

In addition, Retirement Manager provides an enforcement module designed to prevent excess deferrals through a proactive process that systematically reduces and/or stops excess deferrals from occurring. The process includes plan sponsor and participant notifications through reports and emails. An additional reactive enforcement process is designed to be a second IRC limits validation to prevent excess deferrals from occurring.

Common Remitter Services

Retirement Manager provides simplified contribution processing and remittance procedures through common remitter services; consolidated compliance procedures with cross-vendor contribution limit monitoring, reporting, and a suite of online retirement plan administration reports.

The common remitter capability enables plan sponsors to send a single remittance file and wire after each payroll. Each plan sponsor remittance is automatically in balance since Retirement Manager forwards all contribution changes to the payroll system(s). The contribution files sent to each vendor contain census data for each participant that has elected them as a vendor.

Participant Statements

Retirement Manager provides an online, plan-level benefit statement reflecting year-to-date contributions and account balances across vendors for each employee. Plan sponsors are provided an aggregate view of retirement plan participation across vendors. Retirement Manager does not impact the participant statements that each vendor provides.

All participant information is kept confidential and only delivered to a particular vendor if a participant has elected to establish a relationship with that vendor.

Plan Reporting

Retirement Manager provides a suite of online plan reports to assist the plan sponsor in administering its retirement plans. Plan reports can be generated by plan type for specific date ranges and can be exported to Excel. Ad hoc reporting is also supported. Reporting is available at the aggregate vendor, selected vendor and participant levels. Reports can be generated for any historic period with the date range based on the selected start and end dates. Retirement Manager reports are available based on the administration services selected, examples of popular reports include:

- Plan eligibility and participation reports that enable tracking of plan participation rates
- Employee classification reports that enable targeted employee communications
- Contribution limit monitoring reports including the "Expected to Exceed Limits" report
- Hardship withdrawal report
- Loan monitoring report
- Account Balance reporting across plan, vendor and participant

Enrollment

Retirement Manager guides the plan participant through the enrollment process. The employee will enroll in the plan of their choice which they are eligible for by selecting a contribution amount, the pay period contributions are to start and the vendor allocation for these contributions. The participant will provide an e-mail address so Retirement Manager can send them a confirmation that details their enrollment. After allocating their contribution to vendors and selecting the allocation percentage among vendors, the employee will be presented with a link to each selected vendor's electronic enrollment site (if provided by the vendor). To complete the enrollment process, the employee can complete the vendor application and investment elections online. If the vendor selected does not provide electronic enrollment, Retirement Manager provides a paper application, instructions, and links to vendor representatives, as provided by the vendor, to complete the application process.

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- 2. Describe your capabilities and requirements for providing common remitting services for contributions. Please specifically identify any costs associated with this service in the Fees and Expenses portion of your response.**

Common Remitter Services

Retirement Manager provides simplified contribution processing and remittance procedures through common remitter services; consolidated compliance procedures with cross-vendor contribution limit monitoring, reporting, and a suite of online retirement plan administration reports.

The common remitter capability enables plan sponsors to send a single remittance file and wire after each payroll. Each plan sponsor remittance is automatically in balance since Retirement Manager forwards all contribution changes to the payroll system(s). The contribution files sent to each vendor contain census data for each participant that has elected them as a vendor.

Remittance instructions are provided to VRSCO via an electronic file in the Retirement Manager standard format. The file can be delivered either through a secure FTP or uploaded through the Retirement Manager Web site upload page. Funds and files received in good order by 10:00 a.m. Central Time will be released to the other vendors for processing on the same day. The remittance instructions are available to other vendors through a secured FTP delivery or by downloading a report through the Retirement Manager site. The contribution files are sent to each vendor.

The remittance file totals are provided on the Retirement Manager Web site, along with confirmation of the total of all remittances for the payroll date. Upon receipt of funding from the plan sponsor, any discrepancies in the file totals will be identified in the system. Files that are not in balance cannot be released to vendors. The plan sponsor will be contacted immediately to reconcile any discrepancies between the remittance file and the payment.

Once instructions and payment are in balance, files and payments are released to the vendors. File details, remittance totals and payment confirmation are provided on the web site for vendor validation. A processing procedure validates that all file data is accurate prior to the release to vendors.

3. Can you assist us in the following areas of plan documentation design? If so how?
a. Specimen or customized plan document – salary reduction; employer contributions.

Yes. VALIC can develop a customized plan document for any plan type, to mirror an existing plan or meet other specifications. For 403(b) plans, we also offer standard plan documents that allow plan sponsors to design their plans by choosing from a variety of available plan models. VALIC provides these services at no additional fees.

For 457(b) plans, VALIC provides a specimen plan document that has withstood numerous DOL and IRS audits and provides for flexibility in plan design with employee and/or employer contributions.

Retirement Manager does not provide a plan document service.

b. Participant notices (e.g., universal availability, auto-enrollment, if applicable). Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.

As part of the communications strategy, VALIC develops and distributes communications materials that would be delivered directly to participants in hardcopy and/or digital formats, depending on the materials. At the outset, these communications would include a welcome letter, orientation meeting fliers/posters, plan highlight information, and the enrollment brochures, to name a few. On an ongoing basis, communications would include quarterly participant statement mailings, additional digital availability of participant statements, and the Retirement Perspectives online newsletter, and may include other hardcopy and/or digital communications such as seminar postcard reminders, email blasts, and other targeted materials.

VRSCO Retirement Manager provides an online, plan-level benefit statement reflecting year-to-date contributions and account balances across vendors for each employee. Plan sponsors are provided an aggregate view of retirement plan participation across vendors. Retirement Manager does not impact the participant statements that each vendor provides. Each vendor is responsible for providing participant statements with their specific vendor account information.

4. Can you, an affiliated or other related party, provide necessary information sharing?

VALIC Retirement Services Company (“VRSCO”)

5. Describe your capabilities and processes for performing plan-level screening and or approval of the following items. Specify whether the processes are manual or automated, and any limitations on the number of permitted providers:

a. Distributions generally.

Retirement Manager offers distribution eligibility certificates for loans, hardships, in-service exchange and separation from service. There is no maximum number of vendors that can be accommodated within Retirement Manager.

b. Hardships.

When a participant wants to apply for a hardship withdrawal at the eligible plan vendor of their choice, they request a distribution eligibility certificate from Retirement Manager. The eligibility certificate is then presented to the vendor approving the distribution.

When a participant requests a hardship withdrawal eligibility certificate, Retirement Manager validates against plan rules entered into Retirement Manager. These include:

- Does the plan allow hardship withdrawals?
- Does the plan allow safe harbor rules only?
- Does the plan limit the number of distributions in a 12-month period?
- Does the distribution require plan sponsor signature (will only be required if the plan sponsor elects)?

Next, the requested distribution is validated against participant transaction data in the database provided by the approved plan vendors. If there is unrestricted pre-89 money available, the distribution request is directed to the vendor with the pre-89 money. If there is loan availability to meet the hardship amount requested, the participant is prompted to use loan resources first. If taking the loan will create a hardship in itself, the participant is able to certify the statement and proceed with the certificate request. If a request meets all distribution validations, it is issued to the participant. If the request is denied based on the distribution validations, the plan sponsor can override and issue the certificate upon request by the participant.

Retirement Manager will not change the participant’s current hardship distribution process with their selected vendor.

c. Loans.

When a participant wants to apply for a loan at the eligible plan vendor of their choice, they request a loan eligibility certificate from Retirement Manager as their first step. The eligibility certificate is then presented to the vendor approving the distribution.

When a participant requests a loan eligibility certificate, Retirement Manager validates against plan rules entered into Retirement Manager. These include:

Does the plan allow loans?

Does the plan limit the number of loan in a 12-month period?

Does the distribution require plan sponsor signature (will only be required if the plan sponsor elects)?

Next, the maximum loan amount available is calculated, based on the \$50,000 maximum loan cap and/or the 50% of account balance. Retirement Manager can also administer the 403(b) \$10,000 Floor Loan Rule. This provides plan level validation for loan requests.

With loans, the employee relationship with the current vendor will not change. Loan requests are processed using administrative procedures for the current vendor. A link to plan vendors will be provided on the Retirement Manager website.

d. Contract exchanges.

When a participant wants to withdraw a portion or all of their account balance and move it to an eligible plan vendor of their choice, they request an in-service exchange eligibility certificate from Retirement Manager as their first step. The eligibility certificate is then presented to the vendor approving the distribution. With an in service exchange the employee relationship with the current vendor will not change. The in service exchange requests are processed using administrative procedures for the current vendor. A link to plan vendors will be provided on the Retirement Manager Website.

Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.

Any fees would be billed based on the Retirement Manager Agreement.

6. Describe your capabilities for the following:

a. Annual addition limitations 415(c).

b. Monitoring of elective deferrals (402(g)); 15 year and age 50 catch-up).

c. 401(a)(17) limit on compensation.

Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.

Retirement Manager automatically monitors basic Internal Revenue Code ("IRC") contribution limits, age-based catch up, special catch-up limits when applicable to identify

excess deferrals. Retirement Manager monitors the following IRC limits:

- 403(b) basic limit under 402(g), age-based catch-up and 15-year lifetime cap expansion
- 457(b) basic limit, age-based catch-up (where applicable) and special catch-up
- 415 limits
- Cross-plan limits for situations when the 402(g) limit applies across multiple plans of the same employer

Retirement Manager does not perform 401(a) (17) limits monitoring.

7. Does your Firm prompt or remind 403(b) and 457(b) participants that they are eligible for the catch-up elections or must they notify you? If not, why? What controls are in place to assure the maximum catch-ups are not exceeded?

VALIC system provides, upon request, employer-level reports that detail available catch-up amounts, based on expanded cap and age-based rules. These amounts are based on a participant's age, years of service, and cumulative contributions. The 15 year catch-up allowance under 402(g)(7) will be calculated first, prior to determining any 414(c) age 50 catch-up allowance.

VALIC proprietary contribution limit monitoring system projections are calculated and provided to each financial advisor to help participants maximize their contributions while preventing excess contributions before the calendar year end. Based on final year-end contribution information, our system recalculates and identifies excesses in the first quarter so that any necessary corrective action may be taken. Our financial advisors receive weekly updates from the system on both potential and actual excesses allowing them to help their clients maximize their retirement contributions.

Retirement Manager does not notify the participant if they are eligible for the catch-up or expanded cap contributions. However Retirement Manager does automatically monitors basic Internal Revenue Code ("IRC") contribution limits, age-based catch up, special catch-up limits when applicable to identify excess deferrals. Retirement Manager monitors the following IRC limits:

- 403(b) basic limit under 402(g), age-based catch-up and 15-year lifetime cap expansion
- 457(b) basic limit, age-based catch-up (where applicable) and special catch-up
- 401(a) limits
- 415 limits
- Cross-plan limits for situations when the 402(g) limit applies across multiple plans of the same employer

Retirement Manager uses plan and eligibility data provided by and approved by the plan sponsor to determine the maximum allowable amounts. Retirement Manager monitors the amount(s) contributed to each plan. Retirement manager produces online reporting across all plan types and vendors.

In addition, Retirement Manager provides an enforcement module designed to prevent excess deferrals through a proactive process that systematically reduces and/or stops

excess deferrals from occurring. The process includes plan sponsor and participant notifications through reports and emails. An additional reactive enforcement process is designed to be a second IRC limits validation to prevent excess deferrals from occurring. Each time a remittance file is received, an IRC limits projection is completed. If an over contribution is detected, a contribution reduction or contribution stop will be included on the contribution change feedback file for the corresponding payroll date. There is also a reactive process to ensure that if the over contribution changes were not included in the next remittance file, Retirement Manager will contact the plan administrator regarding the over contribution amount.

8. Does your Firm prompt participants aged 50 or older about the catch-up provision available to them?

Yes. VALIC financial advisors have the ability to download plan participant data from our Contribution Limit Monitoring system that notifies them of not only the actual contribution amount for each participant, but also each participant's annual limit including his/her expanded cap amounts and his/her age-based catch-up amounts. Advisors can then use this information to reach out to participants to notify those who are eligible for catch-up amounts and their total annual limit amount.

Retirement Manager does not notify the participant if they are eligible for the catch-up or expanded cap contributions.

9. What correction procedures does your Firm employ should participants exceed IRS limits? Or, if 415 limits are exceeded? Do you monitor compensation limits? Please describe in detail.

VALIC takes a legally acceptable form of corrective action regarding excess contributions. Upon authorization from the participant, VALIC provides refunds or limitations on deferrals due to violations of any test.

The procedure for correcting excess deferrals and earnings thereon is determined by the date that authorization to correct the excess deferral is received from the participant. If VALIC receives authorization from the participant to correct an excess deferral prior to December 31 of the year in which the deferral occurred, we will issue a check for the excess deferral and earnings thereon. Earnings are determined on the excess deferral from the effective date of the excess deferral up to the date the check is issued.

For excess deferrals discovered after the end of the plan year, such excesses are returned to the participant in two checks, one for the excess deferral and one for the earnings. If the earnings are \$25 or less, one check is issued for the total amount.

Yes. These limits are monitored on a periodic basis and individuals are notified if an excess occurs.

Retirement Manager provides an enforcement module designed to prevent excess deferrals through a proactive process that systematically reduces and/or stops excess deferrals from occurring. The process includes plan sponsor and participant notifications through reports

and emails. An additional reactive enforcement process is designed to be a second IRC limits validation to prevent excess deferrals from occurring. Each time a remittance file is received, an IRC limits projection is completed. If an over contribution is detected, a contribution reduction or contribution stop will be included on the contribution change feedback file for the corresponding payroll date. There is also a reactive process to ensure that if an excess contribution was included in the next remittance file, Retirement Manager will contact the plan administrator regarding the over contribution amount.

10. Does your Firm's system track cumulative contributions? Is the data available upon IRS audit?

VALIC can provide coordinated suspension of contributions due to a hardship withdrawal or emergency distribution.

Retirement Manager provides a suite of online plan reports to assist plan sponsors in administering its retirement plans. Plan reports can be generated by plan type for specific date ranges and can be exported to Excel. Ad-hoc reporting is also supported. Reporting is available at the aggregate vendor, selected vendor and participant levels. Reports can be generated for any historic period with the date range based on the selected start and end dates. Retirement Manager reports are available based on the administration services selected, examples of popular plan reports include:

-Participant contribution report

11. For individuals who have contributed near their maximum limit, can you conduct a final recalculation at the end of the year? If so, can this be conducted on a plan-wide basis and reported to the District?

Yes. Based on final year-end contribution information, VALIC system recalculates and identifies excesses in the first quarter so that any necessary corrective action may be taken. Our financial advisors receive weekly updates from the system on both potential and actual excesses allowing them to help their clients maximize their retirement contributions.

Retirement Manager uses data provided and approved by the plan sponsor to determine the maximum allowable amounts. It also monitors the amount(s) contributed to each plan and produces online reporting across all plan types and vendors. Retirement Manager limits enforcement is designed to prevent participating employee's contributions in excess of the available monitored IRC contribution limits for which each employee is eligible from being deposited in the employee's account in the retirement plan. With Retirement Manager Limits Monitoring in place, excesses should be greatly reduced.

In addition, Retirement Manager provides an enforcement module designed to prevent excess deferrals through a proactive process that systematically reduces and/or stops excess deferrals from occurring. The process includes plan sponsor and participant notifications through reports and emails. An additional reactive enforcement process is designed to be a second IRC limits validation to prevent excess deferrals from occurring.

12. Can your Firm provide the District with a report of participants utilizing the catch-up provisions?

VALIC can provide limits monitoring and enforcement of applicable limits across supported plans.

Retirement Manager automatically monitors basic Internal Revenue Code ("IRC") contribution limits, age-based catch up, special catch-up limits when applicable to identify excess deferrals. Retirement Manager monitors the following IRC limits:

- 403(b) basic limit under 402(g), age-based catch-up and 15-year lifetime cap expansion
- 457(b) basic limit, age-based catch-up (where applicable) and special catch-up
- 415 limits
- Cross-plan limits for situations when the 402(g) limit applies across multiple plans of the same employer

Retirement Manager uses data provided and approved by the plan sponsor to determine the maximum allowable amounts. Retirement Manager monitors the amount(s) contributed to each plan and determines whether an employee is eligible to utilize certain catch-up provisions in each plan. Retirement Manager produces online reporting across all plan types and vendors. With Retirement Manager Limits Monitoring in place, excesses should be greatly reduced.

In addition, Retirement Manager provides an enforcement module designed to prevent excess deferrals through a proactive process that systematically reduces and/or stops excess deferrals from occurring. The process includes plan sponsor and participant notifications through reports and emails. An additional reactive enforcement process is designed to be a second IRC limits validation to prevent excess deferrals from occurring.

13. Describe your in-house legal and compliance support for these services, including your ability to provide periodic regulatory and compliance updates (not legal or tax advice) to us.

Legal Support

VALIC's legal department of attorneys and tax professionals has significant expertise in:

- ERISA and tax laws
- Regulations associated with retirement programs and plans established under Internal Revenue Code sections 401(a)/403(a), including:
 - 401(k)
 - 403(b)
 - 408(k)
 - 408(p)
 - 457
- Non-qualified deferred compensation plans
- IRAs
- Tax-deferred annuities under section 72

Our lead attorney has more than 20 years' experience working directly with plans and was a contributing author to the Panel's 403(b) Answer Book from 1995 until 2011.

VALIC also retains a major Washington, D.C. law firm as outside legal counsel to assist in tax matters. As well, VALIC's government affairs department is committed to supporting legislative efforts to retain tax features associated with retirement programs for governmental, healthcare, educational and tax-exempt organizations.

Please note that VALIC's law division does not render legal advice to our client groups. However, we are happy to offer, at no additional cost, collaborative (non-advisory) contacts between your legal counsel and ours to discuss plan matters (deemed appropriate by you and VALIC) within the context of our ongoing relationship.

Regulatory and Legislative Changes

VALIC uses several methods to notify clients of legislative or regulatory changes that may affect their programs. First, our newsletter provides updates on such changes periodically. This publication is sent to clients, as well as all field offices and relationship managers. Second, our extensive network of local financial advisors, district vice presidents and relationship managers is available to discuss any pending or enacted legislation. Finally, VALIC's website features articles and webcasts on the most current news, legislation and regulatory updates that may affect retirement programs.

VALIC has dedicated a team of professionals to monitor our systems and our clients' plans to assist the plan sponsor with compliance with changing rules and regulations. Additionally, law division personnel support the system review process to ensure continued compliance. VALIC also actively participates in design and testing of system enhancements made necessary by regulatory changes.

Because our plan administration professionals are highly trained in the intricacies of plan design and compliance, they can assist the plan sponsor with these issues.

Plan Compliance

VALIC administers the plan document according to its terms, and updates our plan documents to reflect legislative or regulatory changes, enabling VALIC to monitor compliance and help the plan sponsor meet federal regulations with respect to its plan. We also perform periodic audits to verify that all necessary forms and authorizations are on file.

14. Describe the support you provide in the event of a plan audit. Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.

In the event that your retirement program is selected for examination by the IRS, VALIC's standard audit package can ensure that a prompt response is provided. If circumstances lead to compliance failures, our Audits Task Force has knowledge and experience in assisting clients with corrections under the Employee Plans Compliance Resolution System (EPCRS) published by the IRS. We are happy to assist you and your legal counsel in implementing any necessary corrective activity.

VALIC prepares and distributes all applicable tax forms required by the Internal Revenue Service (such as Form 1099R) to any participant who has received a distribution in the given plan year by the January 31 following the year the distribution is made. VALIC electronically remits participants' withholding information to the Internal Revenue Service by the March 31 following the year the distribution is made. We provide audit packages to the plan sponsor upon request.

VALIC electronically remits participants' state income tax withholding data to the IRS using the IRS Federal/State Combined Filing Program.

Form 5500

VALIC offers different levels of administrative services to correspond with the plan sponsor's needs. We can prepare the Form 5500 and required schedules or provide reports to assist a representative from your organization in doing so.

Financial reports for use by the plan sponsor's Form 5500 auditors are supplied to clients upon request.

15. Describe your processes and procedures to ensure:

a. Data integrity

Retirement Manager programs and data are isolated from main record keeping system. Access to Retirement Manager is restricted to authorized users only. Retirement Manager only shares client data with investment providers, including VALIC, when the participant is a client of the provider.

Access to programs and data is monitored, controlled and audited. Audits are conducted on an ongoing basis with both scheduled like SOX and SSAE16 and impromptu reviews.

In storing and handling information, VRSCO will comply with applicable requirements of federal and state laws governing privacy and security.

The underlying VRSCO infrastructure, applications, and processes provide layers of defense to prevent inappropriate use of client information. At the most basic level, there are firewalls, network intrusion detection devices, and the servers are hardened. Next, the applications are built with security as a basic tenet utilizing modern technology, secure coding techniques and extensive logging and monitoring. Lastly, and most important, is that there is a Governance process in place to ensure security practices at these different layers are kept current to protect client information.

Employee access to client information must be explicitly granted and periodically recertified for each VRSCO employee. Access to highly sensitive information like SSN and DOB, has been removed or masked on internal systems unless it is absolutely necessary to perform a transaction or exchanging information with an employer. Extensive automated restrictions exist to limit employee ability to download, email, and even print sensitive client data. Client data on VRSCO systems is encrypted when

stored; this also applies to all portable media including laptops. VRSCO has ongoing employee security awareness training programs.

b. Vendor neutrality

Retirement Manager programs and data are isolated from main record keeping system. Access to Retirement Manager is restricted to authorized users only. Retirement Manager only shares client data with investment providers, including VALIC, when the participant is a client of the provider.

c. Data confidentiality

VRSCO is a wholly-owned subsidiary of The Variable Annuity Life Insurance Company VALIC. The Retirement Manager service described in this proposal is offered by VRSCO and is separate from the investment, recordkeeping and administration services offered by VALIC.

VRSCO is only permitted to use Employer Data or Participating Employee Data, or provide such data to another party, whether affiliated or unaffiliated with VRSCO, only to the extent necessary or appropriate for VRSCO to perform the Services outlined in this proposal.

16. Please provide sample service agreements related to any plan-level services involving any of the following parties:

- a. Plan sponsor or the plan, and your organization
- b. Plan sponsor or the plan, and other service providers
- c. Your organization and other service providers relating to any services that would be provided to the plan, plan participants or the plan sponsor

Please refer to Tab V for the Portfolio Director Service Provider Agreement and the Sample VRSCO Service Provider Agreement.

E. Reporting

1. Describe the standard plan sponsor reporting package, including any customized or ad hoc reporting capabilities. Please specify the standard delivery time for providing these reports and provide samples.

VALIC provides plan sponsors with online access to plan and participant information through our website. The secure website provides around-the-clock information about the retirement program and allows plan sponsors to use one central location to perform multiple functions. The Plan Information section of the site provides a plan overview displaying asset allocation, assets by plan, and assets by plan and fund. In addition, this section provides access to a number of reports that can be scheduled using our On Request report wizard. Plan sponsors can then view, print, or export a report to common applications such as Microsoft Word or Excel. The following reports are available online:

- Plan Summary Report - Provides transaction history from beginning to end balance for each participant. Participant information includes money type and fund.

- [Plan Fund Summary Report](#) – Provides listing of contributions and ending cash value by investment vehicle, including the number of participants who made contributions by fund as well as those with ending cash value by fund.
- [Fund Activity Report](#) – Provides transaction history from beginning to ending balance for each fund held by the plan. The report is divided by location (subgroup).
- [Contribution Report](#) – Provides total contributions by payroll or process date for a specific time period.
- [Distributions Report](#) - Provides detailed listing of distributions made by participants for a specific time period.
- [Hardship Withdrawal Report](#) - Provides subset of the distribution report listing hardship withdrawals.
- [Unforeseen Emergency Withdrawal Report](#) - Provides subset of the distribution report listing unforeseen emergency withdrawals.
- [Loan Summary Report](#) - Provides participant information concerning loan status, interest rate, loan start date, loan maturity date, original loan amount, principal paid, ending loan balance.
- [Vesting Status Report](#) – List of participants with vesting years of service and vesting percent.
- [Capital Transfers Report](#) – Provides detail listing of capital transfers into the plan made by the participant for a specified time period.
- [Separation Report](#) – Provides list of participants separated from service with account balance.
- [Internal Transfer Report](#) – Provides a detailed supplemental report for the internal transfers column on the plan summary and fund activity reports. The report lists loan setups, loan repayment, loan terminations, product exchanges, transfers of value, reversals of any of these actions, and loan adjustments.
- [Forfeiture Activity Report](#) – Provides forfeiture activity by participant and total ending forfeiture account balance.

VALIC can also create custom reports for the plan sponsor if requested. Our systems have the flexibility necessary to accommodate a variety of ad hoc requests and special needs. Timing and additional cost, if any, depend on the complexity of the report.

In addition to the employer reports described above, VALIC provides a management summary of plan statistics during the annual review. This summary plan review helps the plan sponsor determine employee use of benefits and investment options offered by the

plan, as well as investment performance and consistency of investment allocation with the goals of the plan sponsor. Our comprehensive plan sponsor review includes the components listed below.

- Service team
 - Key contacts
 - Changes in personnel
- Plan review
 - Allocation details
 - Contribution details
 - Account value summary
 - Participation by fund
- Administration review
 - Distributions
 - Voice response system activity
 - Internet activity
- Investment review
 - Fund performance
- Additional information
 - Legislative update
 - Market update

Please refer to Tab VI for the Sample Plan Reports Available Online and the Sample Plan Annual Review.

2. Describe the standard participant level statements and reports, including any customized or ad hoc reporting capabilities.

VALIC's comprehensive participant statement summarizes account activity, as well as past and present account balances, and is mailed directly to the participant on a quarterly basis. Detailed information includes:

- Portfolio and account level personal rate of return
- Pie chart illustrating asset allocation information
- Transactions occurring during the quarter, including contributions
- Investment activity including investment selections, beginning and ending balances, contributions, withdrawals, loans, transfers, and net change in value
- Investment instructions (allocations)
- Meets all Pension Protection Act requirements

VALIC provides individual rates of return on the participant statement and the participant website, VALIC.com. Following integration of a new account, the individual rates of return are available the quarter in which the client makes his first contribution or roll-over/transfer. The personal performance calculation takes into account the investment performance of the funds the participant is invested in and considers the amount and timing of cash flows (including contributions and withdrawals) in and out of the account. This effectively estimates a time-weighted rate-of-return calculated on a periodic basis. VALIC calculates personal performance on a quarterly basis and updates VALIC.com by the 15th business

day of the following quarter. The calculated time periods are quarter to date, year to date and rolling twelve months.

Participant statements can be customized with the name and/or the logo of the sponsor organization and include additional plan specific information and messaging. Should the plan sponsor decide that a more customized approach is desirable, VALIC will work with the plan sponsor as necessary.

3. Can participant statements and reports be produced on other media? Please describe.

Yes. Participants can receive statements through the regular U.S. Mail at the address on file, they may choose to be notified via our electronic mail service or they may access statements via VALIC.com at any time.

4. Please specify the standard delivery time for providing these reports and provide samples.

Standard participant statements are mailed within 10 business days after the end of the quarter. Also, participants may access their statement through VALIC.com at any time.

Please refer to Tab VII for the Sample Participant Statement.

F. Voice Response System (“VRS”), Internet Access and Call Center

1. Voice Response System

a. Describe your automated VRS capabilities, including the transaction services that are available through the system. Specify any transactions that cannot be processed through the VRS.

VALIC provides our clients with convenient access to account information and transaction services 24 hours a day, seven days a week via our toll-free, automated and fully customizable Voice Response System (VRS). The VRS is available in English and Spanish, and can be customized with your organization’s name and with specific plan features, enabling participants to review account information and initiate inquiry and certain transaction requests. Participants can opt out of the VRS to speak to a highly trained Client Service Representative during normal business hours (7:00 a.m. to 8:00 p.m. Central Time, Monday through Friday). Transactions and information available via the Voice Response System include:

- Account balance information
- Investment allocation information and changes
- Loan modeling
- Fund performance, fund unit value, and interest rate information
- Transfer of accumulated account values
- Change allocations of future contributions
- Amount and effective date of most recent contribution
- Review/delete pending requests

- Access Personal Identification Number (PIN) tied to online password for ease of access

The VRS is fully integrated with our recordkeeping system; therefore, the information available to participants is current as of the close of business the preceding day. All information is updated nightly.

Although many transactions can be processed automatically through our VRS, certain transactions require a signed form for processing such as Social Security number changes and transactions that require spousal or plan administrator approval.

b. Describe how transactions are processed and documented, including transaction confirmations.

Participant transactions are processed real time through the voice response system (VRS) which is fully integrated with VALIC's proprietary recordkeeping system. Financial transactions made prior to the close of the New York Stock Exchange (NYSE) are processed the same day and those made after close of the NYSE are processed on the next business day of the NYSE. The VRS provides an immediate reference number for confirmation and a confirmation statement of the transaction is also mailed to the participant's address of record.

c. Describe how confidential information is protected and secured by and within the system (e.g., PIN, audit trail, confirmations).

When using the Voice Response System (VRS), they must also use their account number and secure PIN. Any transaction the participant or an authorized VALIC employee makes is recorded on the system creating a date and time stamped audit trail directly linked to the user id that conducted the transaction. Confirmation statements of transactions are key to the overall security picture and are mailed to the participant's address of record. Any address changes will trigger both a confirmation at the old address and in addition one sent to the new address.

d. Describe the level of customization available within your VRS.

The VRS is available in English and Spanish, and can be customized with your organization's name and with specific plan features, enabling participants to review account information and initiate inquiry and certain transaction requests.

e. What are the standard hours of operation (include time zone)?

7:00 a.m. to 8:00 p.m. Central Time, Monday through Friday

f. Does the VRS include "help" information? If so, please describe the help functions.

Yes. Our Voice Response System menu is easily accessible to participants and provides helpful information at several different points for enhanced maneuverability.

Several features of the system are customizable for a plan sponsor client's specific needs and preferences. After a participant has entered his or her Social Security or account number and PIN, the system provides the following menu choices: account inquiry, account changes, request printed information, and shortcut key information. Employees needing assistance can opt out of the Voice Response System at any time by pressing "0" to connect to a Client Service Representative (CSR). Our CSRs are available during business hours of 7:00 a.m. to 8:00 p.m. Central Time, Monday through Friday, to answer questions and assist employees in using the automated systems.

g. Can a participant elect to opt out of the VRS and speak to a customer service representative?

Yes. Employees needing assistance can opt out of the Voice Response System at any time by pressing "0" to connect to a Client Service Representative (CSR).

h. How does the VRS interface with the recordkeeping system? How often is the data on the VRS updated?

Our VRS is fully integrated into our recordkeeping system, so data is shared immediately. Financial transactions are updated in our systems on a nightly basis. All other information is updated in real time.

2. Internet Access

a. Describe the account services and transaction capabilities available through your participant website. Specify any transactions that cannot be processed through your website.

FutureFIT

Freedom. Individually Tailored.

VALIC believes in looking forward.

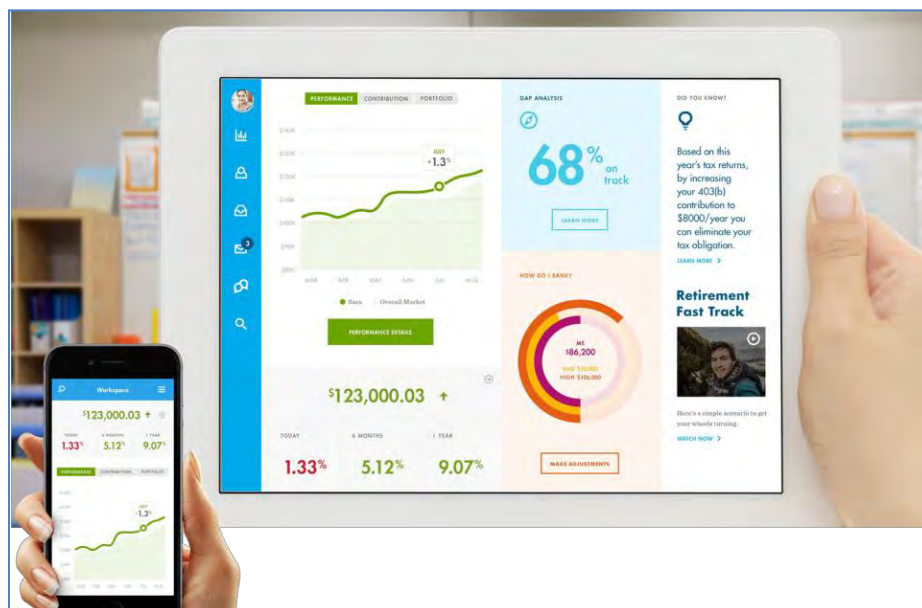
We plan ahead, sure - but we also help build futures worth looking forward to. Futures made even brighter by an experience that's the most innovative, personalized, and immersive in the industry – one founded in technology, but grounded in humanity.



To get there faster, we'll use technology. We'll choose tailored over one-size-fits-most. And we'll focus on what's real: people, and their stories.

Access Anywhere

View account balances, transaction history, fund inquiry and personal performance. You can also rebalance assets, and change future allocations and monthly contributions. Whether on a smartphone, tablet, or desktop, the experience is seamless, responsive, and easy to navigate.



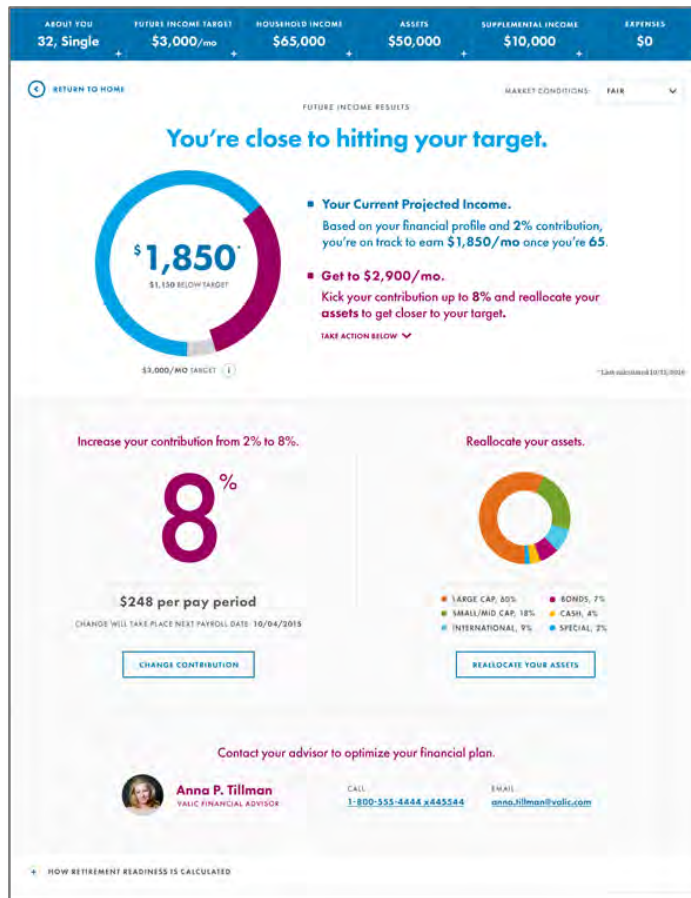
Customizing the Experience

VALIC knows that custom is not just a name in the corner of the screen. To heighten engagement and provide each participant with a unique experience, content and information is provided based on what we know about a participant. We take demographic and personal preference data and use it smartly to personalize the experience through relevant photos, videos, articles, worksheets and reports. By directing powerful custom content to participants, VALIC creates a unique, tangible, and tailored experience.



Gap Analysis Calculator on Demand.

Participants can also access a gap analysis calculator using information from VALIC’s recordkeeping system and information provided by the participant about themselves or family to create a comprehensive projection of future income against their expressed goals. The projection provides suggestions on how to get on track by adjusting contributions or diversifying assets.



Everything shown in the projection calculator is immediately actionable. Participants can elect to enact the recommendations without leaving the page.

Simplifying Transactions to Empower Participants.

We use smart technology to show participants how changes in their savings will impact them prior to enacting a change. With the ability to “play” with tools and calculators, they receive dynamic calculations based on the information provided. For example, if someone wants to see how an increase in their contributions would affect their paycheck, they can see an instant calculation when they add or subtract contributions. We call it “creating tangible moments of clarity.”

Basic information and transactions that can be found on the convenient action menu include:

- Account balances
- Statements
- Investment details
- Portfolio and personal performance
- View and edit systematic withdrawals, including required minimum distributions
- Edit payment amounts, frequency, and delivery methods of existing distribution schedules
- Loan modeling and requests
- Manage beneficiaries
- Personal Identification Number (PIN) changes
- Message and Education centers

VALIC.com Web Demonstration

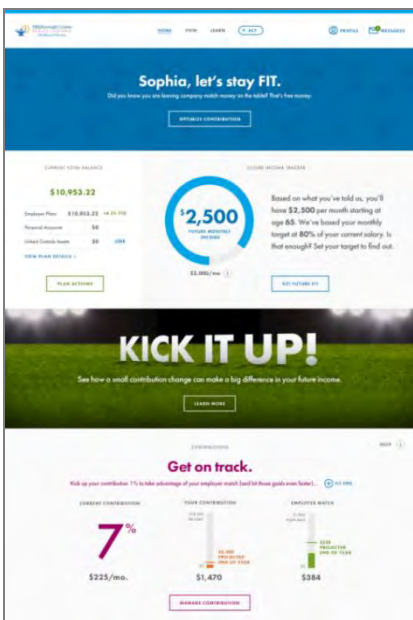
<https://demo.valic.com/vol-prototype/home.html> (for Chrome, Safari, and Firefox browsers)

Enter User ID: vol-prototype **Password:** Passw0rd

Account demonstration, sign in and access the “+ACT” menu:

Enter User ID: aigtest4

Password: password4



Upon login, VALIC participants will see a unique message banner, customized and targeted specifically to them, based on information previously gathered. Whether on a smartphone, tablet, or desktop, the digital experience is seamless, responsive, and easy to navigate.

Online, Automated, and Automatic Enrollment

VALIC offers online enrollment through a quick, informative, and easy to complete process. Participants can *Quick Enroll* through several different channels – text messaging, mobile app, and web browsers (including PCs, tablets and smartphones).

Participants can enroll with VALIC's one step quick enrollment via text message - a testament to VALIC's commitment to differentiating ourselves in the market.

Alternatively, participants can take these steps to enroll:

1. Provide some basic information about themselves
2. Select their contribution rate
3. Click Enroll.

The participant is automatically enrolled in the plan's default investment option and can choose different investment elections and update beneficiaries any time. Participants can also set up automatic increases to gradually invest more over time.

Additionally, VALIC can provide automatic plan enrollment and automatic contribution increases at a predetermined rate according to the plan document. This encourages active participation in the plan, improving overall retirement readiness for your eligible employees.

Participant E-Newsletters

"Retirement Essentials," provides articles on retirement planning, financial planning, market trends and more. Participants are provided with a version of the newsletter that is associated with their demographic (Millennial, Gen X, Baby Boomer). VALIC can also provide seminar information or financial content to the plan sponsor, for inclusion in their general benefits employee communications.

Social Media Platforms

The VALIC digital strategy team stays current on social media trends, communicating general retirement education information via a variety of ever-changing social media platforms. We also collect social media feedback to improve our services.

VALIC also maintains a YouTube Channel with educational videos at <https://www.youtube.com/user/valic>

Email Marketing

Email marketing is tailored to participant demographic data to identify unique employee populations and trends within your organization, helping to provide appropriate and influential content to the right employees. Emails can be customized to communicate specific plan information and objectives, or general retirement planning education.

Proactive Notifications

Personal Retirement Notifications help your employees recognize changes in eligibility, employment and/or plan status to entice proactive engagement with your plan to put participants in charge of their futures. Plan Sponsors can select from a list of 19 proactive and specifically targeted online participant notifications (see below chart), triggered by a variety of employment changes and life events.

- Rehire Enrollment Reminder
- Reminder to Enroll
- Rollover-In Notice
- Auto Rebalance Reminder
- Auto Increase Reminder
- “Contact a Financial Advisor to Create a Financial Plan” Reminder
- End of Hardship Withdrawal Suspension Period
- Beneficiary Re-Solicitation
- Catch-Up Election Notice
- Increase Auto-Enrolled Contributions Reminder
- New Year Resolution Notification
- Tax-Time Notification
- Salary Increase Notice
- Social Security Advice
- New Beneficiary Reminder
- Change in Marital Status to Married Notice
- Change in Life Event Notice
- Internal Job Change Notice
- Post-Termination/Retirement Mailers

Web-based Planning and Education

VALIC provides extensive financial planning tools, savings calculators and objective education for employees through our online Financial Education Center at <https://www.valic.com/education-center>, which provides a variety of services:

- Financial planning courses on how to prepare for financial independence.
- Planning tools that help participants navigate the financial impact of various life events.
- Tools and calculators to identify areas of financial need
- Quick reports for a customized analysis of participants’ financial situations.

The Financial Planning Center also offers quick links to log on to VALIC’s participant website or register for VALIC seminars.

VALIC is proud to offer its participants access to FutureFIT University, a series of short, interactive courses designed to help improve financial wellness and help participants plan for their financial future. Once enrolled, participants will also have access to courses geared toward family members of all ages – from grade school to young adult.

Yes. Although many transactions can be processed automatically through the website, certain transactions, such as Social Security number changes, require a signed form for processing.

b. How are website transactions processed and documented?

VALIC.com is a fully integrated component of our recordkeeping system. Transactions or inquiries made through the website use real-time data directly from the recordkeeping system, ensuring that timeliest information is always available to plan participants.

The website provides participants with immediate confirmation. Most transactions are also reported via a written confirmation statement within two business days. The hard copy of the confirmation statement is mailed directly to the participant's address of record.

c. Describe how confidential information is protected and secured by and within the system (e.g., PIN, audit trail, confirmations).

Data is secured within VALIC's system by PINs, passwords, audit trails, and confirmation statements sent to participants. Participants must use a secure user id and password that they set to access their account online. If using the Voice Response System (VRS), they must also use their account number and secure PIN. Any transaction the participant or an authorized VALIC employee makes is recorded on the system creating a date and time stamped audit trail directly linked to the user id that conducted the transaction. Confirmation statements of transactions are key to the overall security picture and are mailed to the participant's address of record. Any address changes will trigger both a confirmation at the old address and in addition one sent to the new address.

To secure the communications between the participant's personal computer and the online server, VALIC utilizes a security protocol called Secure Sockets Layer (SSL) that provides communications privacy and authentication over the Internet. When a Web server is configured for SSL transactions, it can encrypt data that passes between Web clients and the server.

The benefits of SSL include:

- Privacy - Web data is encrypted to and from clients to ensure privacy during transactions.
- Message validation - Encoded messages include data that can be used to detect any message "tampering" while the message is in transit between the client and the server.
- Server authentication - The server's digital signature accompanies messages to assure the client that the server's identity is authentic.

SSL uses a public/private key technology that requires the server to hold a unique pair of mathematically related keys, a private key and a public key, to initiate SSL-encrypted transactions.

d. Describe the level of client customization on your website services.

VALIC will create a Private Label website for your participants. The entire website will be branded with your logo. You can use it to promote plan benefits, custom marketing campaign, unique messaging, and more.

e. Are there any limitations on the hours of availability of your website (specify time zone)? Are there any time limitations on transaction processing through the website?

There are no limitations on the hours of availability of the website. Transactions input prior to the close of the New York Stock Exchange (NYSE) are processed the same business day. Transactions input after the close of the NYSE process the following business day.

- f. If a participant elects to move from the website to a call center service representative, describe the interface between the website and the service representative.**

When plan sponsors and participants log onto VALIC.com, they are greeted with a choice of links designed to assist in accessing the information that is most needed, including specific account access. All e-mails are routed directly to a Client Service Representative (CSR) through the “Contact Us” option on the menu at the top of the screen. After the participant clicks on the heading, he or she can click on the e-mail address in the “Contact Us by Secure Email” section and type his or her question or request. The site is maintained on a daily basis and responses are typically provided within 24 hours.

Additionally, the toll-free number for the Client Care Center is listed on the site.

Participants can also call the Voice Response System and opt out to speak with a CSR for more information.

- g. How often is the data on the website updated? How does the website interface with the recordkeeping system?**

Our recordkeeping system operates in a real-time environment and VALIC.com is fully integrated into the system. Unlike some systems, where the data is transferred from the website on a nightly basis, our system and its interfaces share data immediately. This ensures that participants have the most up-to-date information each time they call us or log on to our website.

- h. Please provide your website account access and transactional availability statistics for the last 12 months (average availability per month as a percentage).**

January 2016	99.93%
February 2016	99.78%
March 2016	99.93%
April 2016	99.93%
May 2016	99.8%
June 2016	99.72%
July 2016	99.72%
August 2016	99.70%
September 2016	99.80%
October 2016	100%
November 2016	100%
December 2016	100%
YTD Average	99.93%

3. Customer Service Representative (“CSR”) Call Center

a. Describe the CSR transaction processing capabilities.

VALIC also operates a national Client Care Center staffed with Client Service Representatives (CSRs) who provide effective, efficient and reliable responses to client requests and inquiries. Our CSRs use systems with intelligent call routing that integrates telephone and computer technologies to put the most current account information at their fingertips. Our CSRs are available to assist participants from 7:00 a.m. to 8:00 p.m. Central Time, Monday through Friday. Transactions and information available via a CSR include all of the VRS transactions plus the following:

- General account inquiries
- Personal rate of return
- Personal Identification Number (PIN) changes
- Name changes, address changes, Social Security number changes and beneficiary changes
- Assistance with inquiries, research and action, if necessary
- Literature/prospectus and form requests
- E-mail delivery requests
- Distribution requests

b. Describe the information available to CSRs to help them assist participants.

In addition to standard training practices, our CSRs are extensively trained on the intricacies of each organization’s plan during a six- to eight-hour training session. All CSRs are equipped with a desktop CRM outlining various facets of the plan and issues that are important to the organization.

c. How are CSR transactions processed and documented?

All operator-assisted transactions are documented and quality reviewed through our Automated Work Distribution (AWD) system. The participant must complete and confirm the transaction for verification. Our management personnel continuously review the AWD to ensure follow-up on all open transactions. They monitor a minimum of two calls per week, per CSR in order to maintain the required performance standards.

d. Describe how confidential information is protected and secured in connection with CSR assistance (e.g., PIN, audit trail, confirmations).

To secure the communications between the participant's personal computer and the online server, VALIC utilizes a security protocol called Secure Sockets Layer (SSL) that provides communications privacy and authentication over the Internet. When a Web server is configured for SSL transactions, it can encrypt data that passes between Web clients and the server.

The benefits of SSL include:

- Privacy - Web data is encrypted to and from clients to ensure privacy during transactions.
- Message validation - Encoded messages include data that can be used to detect any message "tampering" while the message is in transit between the client and the server.
- Server authentication - The server's digital signature accompanies messages to assure the client that the server's identity is authentic.

SSL uses a public/private key technology that requires the server to hold a unique pair of mathematically related keys, a private key and a public key, to initiate SSL-encrypted transactions.

e. What are the hours that CSRs are available (specify time zone)?

7:00 a.m. to 8:00 p.m. Central Time, Monday through Friday

f. Describe your customer service call center standards. Please provide the following performance data for each of the last 12 months (or last four calendar quarters):

i. Number of calls.

Standard	1st QTR 2016	2nd QTR 2016	3rd QTR 2016	4th QTR 2016
n/a	318,711	305,353	320,931	310,068

ii. Average length of calls.

Standard	1st QTR 2016	2nd QTR 2016	3rd QTR 2016	4th QTR 2016
5:67 minutes	7:29 minutes	7:14 minutes	7:31 minutes	7:26 minutes

iii. Average response time.

Standard	1st QTR 2016	2nd QTR 2016	3rd QTR 2016	4th QTR 2016
35 seconds	19 seconds	9 seconds	22 seconds	36 seconds

iv. Percentage of calls requiring follow-up.

Standard	1st QTR 2016	2nd QTR 2016	3rd QTR 2016	4th QTR 2016
2.5%	13%*	8.6%*	6.7%*	59%*

**These are percentages of calls where participants called in with issue requiring back office review.*

v. Call abort rate.

Standard	1st QTR 2016	2nd QTR 2016	3rd QTR 2016	4th QTR 2016
3.50%	1.4%	0.5%	1.9%	1.9%

vi. Percentage of incoming calls handled solely through the VRS versus by customer service representatives.

95.14%

vii. A comparison of the transaction and service requests handled by customer service representatives, via website, or through the VRS.

Method of Service Delivery	Utilization Rate
VALIC.com	73.23%
VALIC Mobile	6.46%
Phone service representative	18.97%
Voice response system	1.35%
TOTAL	100%

g. Describe the training provided to customer service representatives before they are allowed to handle incoming calls.

VALIC Client Service Representatives (CSRs) are experienced professionals who use their excellent communication skills and customer service knowledge to provide information to our participants to help clients with various financial services that impact their annuities. Many of our CSRs are college graduates with an average of 5.8 years of experience in the financial services industry, along with 6 weeks of intensive training upon hire.

CSRs are encouraged to either become FINRA licensed registered representatives, or complete a series of LOMA courses specializing in investments, life insurance and compliance to further their careers. By law, all FINRA licensed registered representatives are required to complete a continuing education program every two to three years to maintain their licenses.

Training for VALIC participant services representatives, known as Client Service Representatives (CSRs), is managed and administered internally by the employee development group. This group consists of four employee development specialists and one coordinator. The group is managed by an associate director at the Client Care Center. CSRs are required to complete the following training programs:

- **Achieve Contact Excellence (ACE)** is a three-module program with each module approximately four hours in length. The primary goal of the ACE program is to identify specific attitudes and communication skills so that our CSRs can create a positive impression with every participant contact
- **Client Service Training Program:** Intensive four-week training program designed to provide the CSR with extensive knowledge of VALIC products and services, computer systems, general procedures such as the call routing system and call service standards, IRS rules and regulations as applicable, various VALIC business forms and transactions, and industry concepts of annuities and mutual funds.

- **Bridge Program:** A closely supervised, two-week introductory phase that provides the CSR a transition period from the Client Service Training Program to the Client Care Center.
- **CSR Mentorship Program:** A 60-day program which ensures quality service standards of the CSR through call observation and a one-to-one partner system provided by the Client Experience Management (CEM) group.

h. Do you monitor and/or record in-bound calls?

Yes.

i. What are your procedures for addressing calls that involve service issues?

Our Client Service Representatives (CSRs) work with participants to resolve all issues and document all steps taken. If a CSR cannot resolve the conflict or effect the desired change, the issue is escalated through management until resolved. VALIC reviews and tracks the documentation to ensure that issues are resolved in a timely manner and to identify any trends that arise that may indicate that process changes are needed to improve our quality of service.

G. Communication and Education

1. Briefly describe your company's experience and expertise in providing initial and ongoing participant communication and education programs.

Initial Communication:

VALIC has developed a comprehensive communication strategy to improve the transition process, address the many questions and concerns of faculty and staff, and simplify the effectiveness of the asset consolidation from legacy vendors. The strategy is designed to increase awareness of the plan, not the plan provider. It includes branding the plan to the institution and we will work closely with the plan sponsor to customize the communication program in order to deliver outstanding results and employee satisfaction. Our communication and education approach has proven extremely successful in achieving increased participation, better participant portfolios, and increased employee engagement.

Our communication and education program prior to conversion includes:

- Branding the plan so that plan communication has a readily recognizable identity across all channels of communication.
- Easily accessible information made available through mail and email, custom internet site, group and departmental meetings, individual counseling, and a wide variety of promotional materials including payroll stuffers, brochures, informational posters, and customized materials designed to enhance the awareness of the program improvements and the enrollment process.
- Group general information and enrollment meetings designed to explain the new investments, the plan's enhancements and assist employees with online tools and resources as well as encourage taking advantage of the onsite individual retirement counseling and financial planning services.

- Individualized retirement planning focusing on creating a retirement plan that suits the individual investor's goals and strengthens employees' retirement readiness.
- A review of all critical issues, goals and metrics prior to the implementation process:
- Steps needed to improve employee retirement readiness
- Strengths and weaknesses of prior plan
- Plan demographics and special groups to target
- Strategies for engaging all employees
- Key objectives for plan rollout and 1st year
- Communication and awareness
- Employee education
- Increase individual participation
- Improve plan asset diversification
- Introduce personal financial planning

Ongoing Communication:

VALIC offers a collaborative marketing and communication approach through a jointly prepared Education Policy Statement that generates an annual tactical education and communication plan. Starting with enrollment and continuing on an ongoing basis, our local network of financial advisors takes a proactive approach in educating and personally coaching participants about their retirement portfolios.

The hallmark of VALIC's enrollment and education services is our ability to adapt to each client's needs in providing personal service the way each employee wants to receive it. For those that wish to work with a financial advisor, a local financial advisor will be available to meet with your employees for enrollment, consultations, advice assistance and retirement direction setting. VALIC also has a goal to meet with every interested retiree one-on-one. In addition, our financial advisors will be available on-site for pre-determined group meetings, workshops and seminars, as well as individual counseling sessions, as often as desired by the plan sponsor. For those that wish to take a more web-based approach to their planning, VALIC spent approximately \$3 million in 2012 enhancing its web strategy derived exclusively from customer and consultant feedback. Clients choosing to use our website will find an easy, straight forward, custom designed experience where they can review information and execute transactions quickly and confidently.

From hands-on personalized planning to smart phone mobile apps, the award-winning education and communication services offered by VALIC provide the flexibility and ease of access to support the needs of all Springfield R-XII School District plan participants.

- 2. Describe the key elements of your standard initial enrollment and ongoing communication and education materials (including printed material, visits, training, etc.). Please provide samples of your materials.**

Key elements included in VALIC's standard communication and education program are outlined below:

- Digital Account Services & Education
- Voice Response and Contact Center Services
- Financial Planning & In-person Meetings
 - Enrollment Sessions
 - Workshops and Seminars
 - Computer-Aided Retirement Planning
 - Participant Statements
 - Topic-specific Reports
- Participant Statements
- Guided Portfolio Services (GPS)

Onsite Education Experience

Financial Planning & In-person Meetings

Each employee's finances are personal and unique. That's why our experienced financial advisors are thoroughly trained in financial planning and investment guidance. This level of personal service sets us apart and gives participants an edge in reaching their financial goals. When your employees schedule in-person consultations, they can expect clear, unbiased guidance supported by a variety of computer-aided retirement planning tools.

Enrollment Sessions

Our enrollment sessions make understanding your retirement plan easy. Our financial advisors are equipped with a wide variety of enrollment materials including:

- Plan highlights
- Forms
- Fund information sheets
- Prospectuses
- Educational brochures
- Posters
- Fliers

Using these media, our financial advisors are skilled at increasing plan awareness and participation. With the permission of the plan sponsor, enrollment meetings are held onsite at times convenient to employee work schedules. For employees who cannot attend a scheduled enrollment session, financial advisors are available for individual in-person enrollment meetings. Participants may also enroll through our voice response system or over the phone with assistance from a Client Service Representative.

Workshops and Seminars

We have developed a full line of workshops and seminars that cover the complete spectrum of education from cash management to retirement planning. Our first line of seminars deals with *Planning for Financial Security* and the second deals with *Retirement Strategies for Life™*. These two seminar packages may be given as a whole or each individual workshop may be presented separately. All workshops and seminars include a participant workbook for easy reference for future planning.

Each seminar package is outlined below:**Planning for Financial Security**

- Retirement planning
- Cash management
- Estate planning
- Investment planning
- Risk management
- Asset allocation
- Tax planning

Retirement Strategies for Life™

- Retirement transitions
- Income and distribution planning
- Estate planning
- Social Security and Medicare
- Long-term care

Computer-Aided Retirement Planning

Listed below is a description of the computer-aided services our financial advisors can offer:

- **Portfolio optimization.** Using our Portfolio Optimizer® software, financial advisors can help participants create an efficient mix of investments that matches their retirement time horizons, risk tolerances and investment preferences. Our software is based on formulas developed by Nobel Prize-winning economists Harry Markowitz and William Sharpe.
- **Maximum contribution.** Our financial advisors can calculate the maximum dollar amount (including catch-up provisions) a participant may contribute to his/her retirement plan. We guarantee the accuracy of the calculation, based on the information that is provided.
- **Paycheck comparison.** A participant can compare the effect different contribution levels have on take-home pay or target a desired net pay to determine the amount he/she can save for retirement.
- **Tax projection.** Advisors can estimate annual federal, state and local taxes to show a participant how changes in retirement plan contributions influence tax savings.
- **Retirement needs analysis.** Advisors can estimate a participant's retirement income from all potential sources, including employer retirement plans, Social Security and personal savings. Using this information, a retirement income gap/surplus is calculated to help employees develop suitable investment strategies for retirement.

Participant Statements

VALIC mails a comprehensive account statement directly to each participant on a quarterly basis. Each statement includes:

- Pie chart illustrating investment allocation information
- Personal Rate of Return
- Transaction activity including beginning and ending balances, contributions, withdrawals, loans, transfers, and net change in value
- Investment allocations

Participant statements are also available online.

Topic-specific Reports

Sometimes, a participant wants focused information in a specific financial area. We provide single-issue reports that are expedient and simple to use. This topic-specific approach allows participants to hone their objectives, assess their current financial situation and explore alternate funding methods. Available reports include:

- Financial overview

- Retirement
- Education funding
- Estate planning
- Life insurance

Please refer to Tab VII for Sample Communication Education Materials.

- 3. Describe any other communication and education materials and programs you offer. Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.**

Springfield R-XII School will receive VALIC's full spectrum of communication and education materials, there are no additional fees.

- 4. Can you create customized materials? Please describe your capabilities. Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.**

Yes. Understanding that Springfield R-XII School District retirement program is unique, VALIC can customize the overall communication campaign to meet its needs. Our first step will be to meet with the plan sponsor's personnel to discuss program objectives and to develop a communication and education approach that will accommodate their requirements. Depending on preferences, we can provide communication/education materials using a variety of media, including print, electronic, interpersonal communications, and more. Communication materials can be customized to include only the plan sponsor's plans' features and investment options at no additional cost.

- 5. Do you provide personnel resources as part of both the initial and on-going communication and education programs? If so, please describe.**

Yes. VALIC's financial advisors will work on-site at the schools providing communication and education with participants in a one-on-one manner.

- 6. Do you provide communication and education material in foreign languages? If so, what language(s) and what material?**

Yes. At a minimum, the following printed communication and education materials are available in Spanish:

- Education and enrollment brochure
- Educational plan benefit fliers
- Informative retirement savings flier
- Educational retirement saving post cards
- Awareness posters
- Plan announcement (posters, letters, fliers, box stuffers)
- Payroll stuffer

We also provide:

- Bilingual, licensed Client Service Representatives at our Client Care Center
- Bilingual financial advisors to conduct enrollment meetings and seminars
- Language Line Solutions option on our Voice Response System with 150 languages available
- Spanish language option on our Voice Response System

7. Do you create all of your communication and education material in-house or through third-parties?

Our communication and education materials are developed in-house by our staff of seasoned marketing professionals including marketing consultants, designers, writers, print production and multimedia talent.

8. Describe the process you use to help plan sponsors measure the effectiveness of employee education efforts.

Measuring the effectiveness of communication and education is essential to ensuring employees are eliciting positive action toward retirement planning. VALIC will focus on measuring plan participation, average contribution, fund selection, frequency of rebalancing and participant engagement educational programming. When possible, data will be mined further into demographic information to deepen understanding about the unique employee trends and populations engaging with the Springfield R-XII School District deferred compensation plan.

To help measure overall success and provide you with data regarding your employees' plan engagement and participation, the following evaluation methods will be used:

▪ **Surveys**

Your employees can receive a questionnaire asking them to indicate their current level of benefit awareness, retirement readiness and preferred means of communication to help VALIC tailor our approach to education. Surveys are also provided at the conclusion of each seminar to help advisors improve their presentations and learn additional financial educational topics of interest to your employees.

▪ **Digital Analytics**

Website traffic, unique click rates and email open rates will be measured to gauge behavioral interaction with digital communications. VALIC will also use digital metrics to compare an increase in deferral rates, participation and other data tracked online. VALIC can then use this information to learn about successful digital deployment and revise the communication strategy for specific employee populations, if needed.

▪ **Plan Review**

Outlines and measures total plan assets, total contributions, active and non-active participants, fund allocation and new enrollments. The group review also breaks down assets and contribution totals in more detail and provides regulatory and compliance updates. This review is used as an overall benchmark for the goals and objectives indicated for communication and education.

An additional tool we use to measure the effectiveness of our participant education efforts is Seminar Manager, an easy online registration process through which eligible employees can register for seminars offered by his employer. Through the Seminar Manager website, employees have access to a user-friendly method for learning about the educational benefits available to them. Additionally, the employer can produce customized reports that illustrate which seminars draw the most attendance and generate the most follow-through.

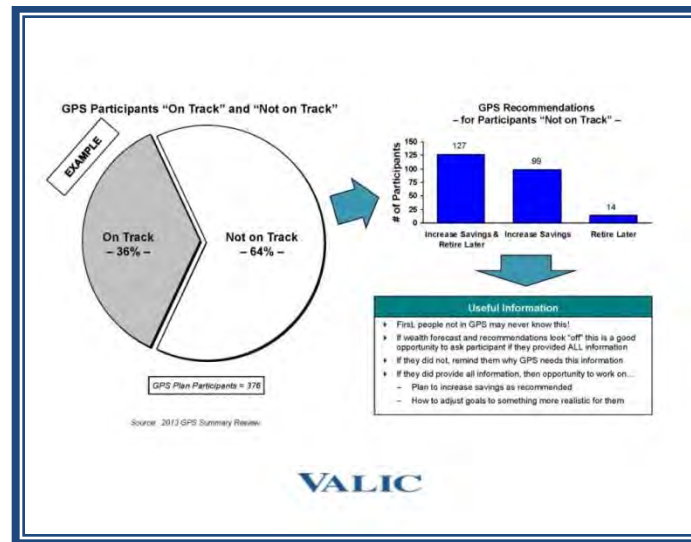
- 9. Does your organization provide any services that would help individual participants with financial planning (e.g., personal counseling, questionnaires, and software)? Describe any education support you provide, including face-to-face, software based and web based. If participant investment advice is offered, please specify whether it is provided by a third party or by your organization (including affiliates). Describe your process, mode and scope of advice.**

Guided Portfolio Services (GPS)

GPS is VALIC's comprehensive retirement planning program – a unique *retirement readiness solution* that includes investment advice and ongoing asset management. Based on the unique financial circumstances of each individual participant enrolled in the program, GPS recommends a savings rate, retirement age, investment portfolio, and *personalized glide path* aimed at helping the participant achieve their desired retirement income with reasonable probability. Furthermore, the retirement readiness analysis, investment advice, and recommendations are based on a participant's total retirement portfolio, which consists not only of the assets in GPS, but any retirement benefits (e.g., social security, pension), outside assets, expected future contributions, and cash flows that will be used to fund the participants income in retirement. Participants who elect to use GPS can choose between two levels of service – the traditional advice service or the automated managed account service. In either case, GPS will deliver objective advice from independent financial expert Morningstar Investment Management LLC.



To help plan sponsors better understand and monitor the retirement readiness of their GPS participants, VALIC provides a plan sponsor level report describing participant demographics and providing data about overall GPS participant progress toward their individual retirement goals. This data allows targeted communication and education to specific groups of GPS participants, helping them to “get on track” for retirement.



Traditional Advice Service

Portfolio Advisor provides retirement income forecasting, an advised investment portfolio, and a recommended savings rate and retirement age aimed at helping participants achieve their desired retirement income with reasonable probability. Portfolio Advisor first calculates the probability that a participant will receive his/her desired retirement income at his/her desired retirement age based on the participant's current strategy then recommends a savings rate, retirement age, and investment portfolio that will help close the gap between the current forecast and the participant's goal. When the participant revisits their advice each year (or more frequently if desired) they can input changes and receive updated advice and recommendations. Over time, the investment advice provided to each participant will follow a personalized glide path based on each participant's unique financial circumstances.



Portfolio Advisor uses advanced Monte Carlo stochastic simulation techniques to make sure that its investment advice factors in a wide range of economic and financial market scenarios. Upon receiving this advice, participants can choose whether to implement the advice in whole, in part, or not at all.

Managed Account Service

Portfolio Manager, just like Portfolio Advisor, provides retirement income forecasting, an advised investment portfolio, and a recommended savings rate and retirement age aimed at helping participants achieve their desired retirement income with reasonable probability. Portfolio Manager first calculates the probability that a participant will receive his/her desired retirement income at his/her desired retirement age based on the participant's current strategy then recommends a savings rate, retirement age, and investment portfolio that will help close the gap between the current forecast and the participant's goal.

For participants who elect Portfolio Manager, this investment advice is automatically implemented in their plan, followed by quarterly reviews of their managed account to rebalance the portfolio, as necessary. In addition, the program automatically regenerates participant retirement readiness analysis, investment advice, and recommendations at least annually and automatically implements any corresponding adjustments to their advised portfolio. Portfolio Manager is delivered by our financial advisors, online, or by telephone via our Asset Management Center. Over time, the account management for each participant follows a personalized glide path based on each participant's unique financial circumstances.

Portfolio Manager uses the same advanced Monte Carlo stochastic simulation techniques as Portfolio Advisor to make sure that its investment advice factors in a wide range of economic and financial market scenarios.

Under the managed account service, investment advice is automatically implemented in the plan recordkeeping system.

VALIC delivers independent third party investment advice from Morningstar Investment Management LLC through our Guided Portfolio Services (GPS) program. There are no charges to the plan sponsor for making the Guided Portfolio Services program available, nor are any of the GPS costs applied to the full Plan. The asset allocation and wealth forecasting tools described in our response are provided at no cost to plan sponsors or participants. There is no fee for participants who elect to enroll in our advice program, GPS Portfolio Advisor.

Only those participants enrolling in our managed account program, GPS Portfolio Manager, will be assessed an asset based fee as described below.

The annualized fees negotiated for the CSD-RT for participants enrolled in our GPS Portfolio Manager program are as follows:

- 45 basis points on all assets

10. Describe your education tools or programs designed to support IRA rollovers and/or retirement distributions.

VALIC financial advisors will review the participant's personal financial and retirement needs and explain the various options available and the tax consequences of each of those options. Financial advisors provide information and guidance on various retirement options, including rollovers, and assist participants in developing a plan for a successful retirement.

Our financial advisors can offer employees a Planning for Financial Security workshop called "IRA/Retirement Distribution Planning," which addresses income sources, increasing or decreasing expenses, tax rules and strategies for distributions, and various payout options. It covers the complex rules governing distributions from tax-advantaged accounts and assists the participant in avoiding needless tax penalties and in minimizing the effects of taxation over retirement.

Our participant website offers participants an IRA calculator that determines whether a traditional IRA or a Roth IRA is the smartest choice.

H. Conversion/Implementation

1. Explain your implementation/conversion process including time frame. What is the minimum time frame needed to ensure a smooth implementation?

Sample Implementation Timeline

Date or Week	Implementation Activity	Responsible Party
Week 1	<u>New Product Set-up:</u> <ul style="list-style-type: none"> ▪ Master application and contract signed ▪ Schedule employee meetings ▪ Provide sample employee communication materials 	VALIC and Springfield R-XII School District
Week 2	<u>Employee Communication:</u> <ul style="list-style-type: none"> ▪ Conduct meeting with Plan Sponsor to discuss employee communications ▪ Review letter for all employees that announces product change (VALIC provides) 	VALIC and Springfield R-XII School District
Week 3	<u>Distribute Information:</u> <ul style="list-style-type: none"> ▪ Place posters in employee lounges or bulletin boards (VALIC provides) ▪ Distribute payroll stuffers announcing informational meetings (VALIC provides) ▪ Schedule individual meetings with employees 	VALIC and Springfield R-XII School District
Week 4	<u>Conduct Informational Meetings:</u> <ul style="list-style-type: none"> ▪ Explain changes to product and investment options ▪ Distribute VALIC enrollment kits (if applicable) ▪ Employees sign up for individual enrollment meetings at pre-determined times 	VALIC
Week 5-7	<u>Conduct Individual Meetings:</u> <ul style="list-style-type: none"> ▪ Provide employees with one-to-one consultation regarding investment goals, asset allocations and savings analysis ▪ Inform employees of availability of ongoing education provided by our financial advisors 	VALIC
Week 8	<u>Conclude Employee Meetings:</u> <ul style="list-style-type: none"> ▪ Target employees that were on vacation, off-site locations, etc. 	VALIC
Effective Date	<u>Remit payroll contribution to VALIC:</u> <ul style="list-style-type: none"> ▪ Payroll contribution remitted to VALIC 	Springfield R-XII School District
Ongoing	<u>Ongoing Employee Education:</u> <ul style="list-style-type: none"> ▪ Schedule financial planning seminars ▪ Discuss availability of periodic meetings with employees to answer any questions and review financial goals and needs 	VALIC

2. What involvement will be required from us during the implementation process?

VALIC requires a minimal time and resource commitment from the plan sponsor’s personnel during all phases of our relationship including enrollment, implementation and ongoing operations. However, VALIC requests assistance from the plan sponsor to establish effective communication channels. In addition, VALIC would like assistance with arranging facilities for group meetings and to coordinate our attendance at employee benefit fairs.

3. Do you provide a separate team apart from the ongoing administrative service team for implementation responsibilities?

Yes.

Implementation Team

The implementation process will begin with the assignment of a VALIC home office team. This team will be led by an assigned relationship manager who will remain as the main point of contact after the implementation process is completed and will be responsible for coordinating all aspects of the servicing model being designed. In addition, an implementation consultant will be assigned to coordinate all aspects of recordkeeping setup, trading responsibilities and data conversion.

4. What process can you offer to move existing assets for individual participants who want to move to the new service provider?

VALIC's advisors can meet with individual participants to discuss moving their balance to VALIC and help them determine if it is in their best interests to do so.

6. What type of education do you provide to inform employees of their rights to move assets to a new service provider?

VALIC offers a wide selection of written educational materials and we can host financial planning seminars for your employees at your site or a site of your choice. Information that can be provided includes public information about the current provider, VALIC's fund performance information, product highlights and forms for completing transfers to new providers, as well as other financial management topics related to savings, investing, and retirement planning.

7. What involvement will be required from us during the conversion process?

VALIC requires a minimal time and resource commitment from Springfield R-XII School District personnel during all phases of our relationship including enrollment, conversion and ongoing operations. However, VALIC requests assistance from Springfield R-XII School District to establish effective communication channels. It will be necessary for VALIC representatives to meet with Springfield R-XII School District's staff to discuss how, when and where to contact employees. In addition, VALIC would like assistance with arranging facilities for group meetings and to coordinate our attendance at employee benefit fairs.

8. How do you monitor the effectiveness and quality of your conversion process and team?

VALIC's implementation team employs a quality assurance program that utilizes both an automated process and manual verification to ensure the integrity of the historical data at the time of the conversion. Our processes include full testing of conversion data to ensure the accuracy of the information and performing quality assurance for all data records utilizing advanced techniques including control totals, reconciliations and data mapping.

Our implementation team is overseen by a director and includes senior implementation consultants who are highly experienced with plan conversions and implementations. Accurate data conversion is an integral component of our implementation team's employee performance reviews.

I. Systems Capabilities and Hardware

1. Describe the hardware platform and software system you will use to record keep and service our plan.

VALIC's proprietary recordkeeping system, is 100% controlled by VALIC, allowing us to make adjustments on an ongoing basis as necessary for maximum customization to your plan.

Implemented in 1985, our proprietary recordkeeping system supports the account balance recordkeeping, payment processing, disbursements and other service needs of our large client base. The system is a proven, state-of-the-art customer-service platform that integrates open-system and mainframe technologies to serve sponsors and participants in retirement plans with variable annuity or mutual fund investment platforms.

VALIC's proprietary recordkeeping system is scalable, able to support plans that range from an individual plan to some of the largest employer-sponsored plans in the United States. VALIC's mainframe-based engine can process millions of transactions, reducing downtime in information availability to little or nothing. Its open system technology integrates recordkeeping and processing to produce an easy-to-use tool that enables VALIC to serve large and small employer groups efficiently across all client touch points.

The hardware of VALIC's system is completely dedicated to administering defined contribution plans. The main processor is an z13 Model 2964 410, Cloud capable with Z/OS 1.13 operating system. The rated capacity of this processor is Millions of Instructions Per Second (MIPS) is 2,093 allocated across 10 LPARS. Direct Access Storage Device (DASD) capacity is 27 Terabytes utilizing EMC VMAX 40K technology. VALIC's systems division is responsible for the maintenance, enhancement and support for all automated and information systems used at VALIC.

2. Was the software developed internally, leased, or bought from another provider? Who has the ultimate responsibility/authority to make sure the software remains current with respect to laws, regulations, client needs, etc.?

VALIC's proprietary recordkeeping software was developed internally. VALIC has the ultimate responsibility and authority to ensure that our software remains current to laws, regulations and client needs. The recordkeeping system is modified on an ongoing basis. We have a controlled library management process that provides for enhancements to be installed into our production environment at specific times throughout the year, which results in no disruption of our regular services.

VALIC has the ultimate responsibility and authority to ensure that our software remains current to laws, regulations and client needs. The recordkeeping system is modified on an ongoing basis. We have a controlled library management process that provides for

enhancements to be installed into our production environment at specific times throughout the year, which results in no disruption of our regular services.

3. How often is the system upgraded?

Our proprietary recordkeeping system is continuously maintained and updated by our dedicated support staff.

4. What system enhancements do you have planned over the next three years for:

a. Core recordkeeping system

b. Service technology

2017 future enhancements include:

- Enhancement and redesign of Plan Sponsor Online, VALIC's plan sponsor access and reporting website.
- Increasing automation capabilities for Plan Sponsors (e.g. payroll capabilities, data sharing, etc.).
- Enhancing our web-based transactional capabilities.
- Expansion of personal notifications and alerts for account activities.
- Reengineering of our mobile application.
- Advanced analytics to capture participant trends and provide a more in-depth and personalized user experience.

Enhancements in the last year have included improvements to our website capability and experience, with:

- More video content that allows site visitors to select and work toward goals that are important to them and to deepen engagement and simplify complex topics such as Responding to market downturns, Buying/selling a home, and Paying for school.
- More individual "persona" videos offering examples of strategies in practice for visitors who are mid-career or changing careers.
- Client Alerts/Personal Message Center
- Ability for Plan Sponsor to view and approve loan and hardship requests online (when that role rests with the Plan Sponsor and has not been outsourced to VALIC).
- Request Hardship and Unforeseeable Emergency Withdrawals online
- ACH for loan repayment with the ability to view and update bank information online

Core Recordkeeping System:

- Enhancements to accommodate IRS tax law changes
- Automated rollovers from defined contribution plans to IRAs maintained on VALIC's recordkeeping system

Applications:

- Expanded VALIC.com mobile phone applications for iPhone and Android

Process Improvements:

- Periodic conversions moving from quarterly schedule to daily schedule
- Reduce black-out periods during plan level changes
- Enhanced security features

5. Describe your documented disaster recovery plan. How often do you test your recovery system?

VALIC implemented a formal disaster recovery system when our proprietary recordkeeping system was implemented in 1985.

VALIC has implemented a “self-recovery” strategy for disaster recovery of open systems applications. In the event of a disaster, critical applications running in our Fort Worth, Texas, data center would be recovered at a facility in Livingston, NJ. Critical data is replicated from the Fort Worth data center to the Livingston facility on a daily basis. In the event of a disaster at the Fort Worth data center, technical recovery teams would restore the infrastructure, databases and applications to the most current recovery point as dictated by business requirements. Upon completion of the recovery process, the VALIC network would be rerouted to the Livingston facility and would resume business critical operations.

VALIC currently contracts with a third-party vendor for workgroup recovery in the event the home offices become unusable. Business users would be relocated to the nearest workgroup recovery site or to another appropriate location. Operations would continue at the workgroup recovery site until the damaged facility was repaired or a suitable alternate facility was acquired. The third-party vendor location containing adequate space for our business users is in Grand Prairie, Texas.

VALIC has implemented a “self-recovery” strategy for disaster recovery between our 2 primary AIG data centers that offer full fail over capability between Fort Worth, TX and Livingston, NJ in the event of disaster. This includes VALIC’s primary recordkeeping system.

Data and systems are continuously replicated near real time between the 2 primary AIG data centers in Fort Worth, TX and Livingston, NJ

The disaster recovery plans are tested annually. Our last test was conducted August 2016 with satisfactory results.

(a) Loss of inbound telecommunications services by the carrier

Our networks are designed to use redundant or alternate carriers and equipment, so that there is no single point of failure anywhere. Should all telecommunications services fail in a particular location, we are able to relocate our websites to alternate systems facilities.

(b) Individual system failure including the following systems: PBX, IVR, application server, case management system

Individual system failures are handled by the Information Technology Application Support department through normal production support procedures. The VRS and critical application servers have redundant architecture so that a failure of any individual device will result in failover to the backup device.

Disaster recovery plans are in place to handle recovery of sites or general system failures in the event that this becomes necessary. We have implemented a self-

recovery strategy for disaster recovery of critical applications. Data is replicated on a daily basis to an alternate site where hardware is in place for recovery. In the event of a disaster, technical recovery teams restore the infrastructure, databases and applications to the most current recovery point as dictated by business requirements.

(c) Loss of power

All data centers are currently protected by UPS equipment and diesel generators, so that systems will continue to run in the event of a power outage. In some cases, the generators power work spaces as well

(d) Loss of daily backup/natural disaster

Should we lose one daily backup for any reason, we would if necessary use the most recent weekly and/or incremental backup for recovery and reapply or re-input any missing data as necessary.

(e) Outages: Provide information on how short outages (2 hours or less) vs. prolonged outages (more than 2 hours) would be handled.

Our Information Technology Application Support department handles short outages. Personnel for production support are on call 24 hours a day, seven days per week to handle any problems that arise. How a prolonged outage is handled would depend on the particular situation and the prognosis. If we are unable to recover in a reasonable period of time at our primary site, we will initiate recovery at an alternate site.

(f) Testing: How often and how is your backup plan tested?

Our backup plan is tested annually. All critical systems are recovered at an alternate site and verified by the appropriate business unit. In addition, we conduct business continuity tabletop exercises with senior management.

(g) Disasters: Please describe the most severe disaster that has occurred at your facility and explain the cause, how it was handled, and what steps were taken to prevent future occurrences

The most severe disaster sustained by our home office in Houston was Hurricane Ike, in September 2008. The storm caused physical damage to VALIC's corporate facility. However, our systems were unaffected due to the purposeful decentralization of our operations and the successful execution of our Business Continuity Plan. All of our recordkeeping, administrative and contact center functions continued without interruption.

6. Describe your maintenance and backup procedures including daily backups, retention timetable and off-site backup storage approach. Where are your off-site backup facilities located?

VALIC has implemented a "self-recovery" strategy for disaster recovery between our two primary data centers that offer full fail over capability between Fort Worth, TX and Livingston, NJ in the event of disaster. Data is backed up to disk at the same location and then replicated to the alternate data center (Fort Worth and Livingston). This includes VALIC's primary recordkeeping system.

Data and systems are continuously replicated near real time between the 2 primary AIG data centers in Fort Worth, TX and Livingston, NJ

7. Describe the method of maintaining plan sponsor and participant history on the system.

VALIC's recordkeeping system maintains a historical record of every transaction conducted as well as a maintenance log on each participant's non-financial data for the life of the plan. Additionally, the recordkeeping system allows for the conversion of historical data from another recordkeeping system in the following fields and maintains these fields by accumulating all future transactions processed to the system. These fields are:

- Inception-to-date employee contributions
 - Inception-to-date employer contributions
 - Inception-to-date transfers/rollovers into the plan
 - Inception-to-date Withdrawals
 - Year-to-date employee contributions
 - Year-to-date employer contributions
 - Year-to-date transfers/withdrawals into the plan
 - Year-to-date withdrawals
 - Year-to-date earning (gains/loss)
-

8. Does your system allow for monitoring or imposing limits for:

a. transfer frequency

Yes.

b. minimum/maximum contribution percentages

Yes.

c. withdrawal frequency

Yes.

d. investment election changes

Yes.

e. other

In addition to the items listed above, the plan sponsor can customize deferral percentage changes and rollovers from all types of retirement accounts.

9. Describe your system's maximum limits with regards to the following:

a. investment funds

- The CSD-RT Trust currently offers a total of 32 multi-manager investment options including actively managed, target-date & index funds as well as professionally managed investment accounts.

b. money types

No limits.

c. loans

No limits.

d. transfers

No limits.

e. other

Not applicable.

10. please provide any file layouts that we would be required to follow.

VALIC provides a standard file layout for transmission of both employee indicative data and payroll information. Our standard format, which is typically an Excel file format, ensures that data is safely and quickly transmitted to VALIC utilizing our secured website.

VALIC can also work with the plan's current file layout for ongoing demographic and contribution remittance data.

J. Investments

1. Discuss your organization's ability to provide investment vehicles for 403(b)/457 defined contribution plans. Disclose if you are providing these vehicles in-house or through external managers.

Through the CSD Retirement Trust the responsibilities for investment selection fall on the Trust's Investment Committee and Board of Advisors and Trustees. The Trust has engaged an independent Registered Investment Advisor to provide fiduciary advice to the Trust through the creation of a multi-manager, open architecture, institutionally priced mutual fund platform. The creation of the fund line-up follows an investment policy statement approved by the Trust. VALIC's role is to provide the trading platform for the investments and assists the Trust in the communication to participants of any changes to the fund line-up.

2. How long have you been providing investment services to public-employer plans?

VALIC has provided recordkeeping services for 63 years

- 3. Please identify the number and types of investment funds you would make available to us.**

Please see the detailed investment line-up in the CBIZ section of this RFP response

- 4. For each investment fund being considered for our plan, provide the annualized return for the 1, 3, 5 and 10 year (or since inception) periods ending on the last calendar quarter. Additionally, provide the aggregate fees and expenses associated with using each fund (e.g., expense ratio) as well as ticker symbol for retail funds. Provide this information on Exhibit A.**

Please see the detailed investment line-up in the CBIZ section of this RFP response

- 5. Do you offer funds that are eligible to be Qualified Default Investment Alternatives (QDIAs), such as life-cycle or target retirement date funds, balanced funds or professionally managed accounts? If so, please provide additional information.**

Yes, target-date maturity funds, lifestyle funds, balanced funds, and managed accounts are all available as QDIAs on VALIC's recordkeeping system. VALIC has the ability to default participants based on their years of birth to target-date maturity funds which are considered the CSD-RT's QDIA option

- 6. For the stable value investment or other fixed investment with guaranteed interest, describe the current and minimum interest rate guarantees, how interest is credited, and the frequency of rate changes. Furthermore, provide the make-up of the underlying portfolio including asset type, grade and percentage breakdown.**

Please see the detailed investment line-up in the CBIZ section of this RFP response

- 7. Does your organization offer a self-directed mutual fund window that qualifies under 403(b)(7) as a potential investment option? Describe the services associated with the administration of these accounts. Please specifically identify any costs associated with these services in the Fees and Expenses portion of your response.**

Yes, this option is available to participating districts in the CSD-Retirement Trust. To provide an additional investment option for those who wish to take a more active approach to managing their investments, VALIC is offering a self-directed brokerage account through Charles Schwab (the Personal Choice Retirement Account, or PCRA). Our self-directed brokerage account features access to approximately 3,200 publicly traded mutual funds from more than 340 of the nation's most respected fund companies and a money market fund. Approximately 1,800 of the funds offered are no load, no charge funds. A participant must maintain an account balance of \$5,000 in the plan's core investment options with VALIC and can allocate up to 90% of their remaining assets to the PCRA account.

VALIC assesses a \$50 annual account maintenance fee to each PCRA investor. There are no transfer rules imposed by VALIC to PCRA our SDBA product offering. There may be minimums to trade to and from certain funds imposed by Schwab.

- 8. If you have any additional information you would like to provide on the investment vehicles identified above, please do so as an appendix to your responses.**

Please see the detailed investment line-up in the CBIZ section of this RFP response

K. Insurance and Litigation Information

- 1. Describe your organization's bonding, E&O, and similar insurance coverages applicable to the services proposed.**

VALIC maintains a self-insurance program for all claims made against VALIC and its subsidiaries in the event that VALIC should become legally obligated to pay as determined by a court of competent jurisdiction on account of Professional Liability imposed upon VALIC, by law or assumed under written contract for which VALIC is legally responsible.

With respect to VALIC Financial Advisors, Inc. (VFA), VALIC, VFA's parent company, has obtained Errors and Omissions (E&O) coverage for the selling and servicing of VFA products. E&O coverage provides \$1 million per claim for 1) each Financial Advisor, District Vice President and Regional Vice President associated with VFA; and 2) VFA as an entity. Each Financial Advisor, District Vice President and Regional Vice President has a coverage limit of \$1 million in aggregate per year. VFA as an entity provides a coverage limit of \$1 million per occurrence and \$2 million in aggregate per year. Such coverage is provided by Markel American Insurance Company.

- 2. Describe any litigation or regulatory action involving the services provided by your organization that are related to this REP within the past five years.**

The Variable Annuity Life Insurance Company ("VALIC") and its subsidiary companies VALIC Financial Advisors, Inc. ("VFA") and VALIC Retirement Services Company ("VRSCO") (collectively, "VALIC companies") are from time to time involved in a variety of litigation matters related to their retirement plan services businesses. All previously closed litigation matters were resolved on terms satisfactory and non-material to VALIC companies' ability to provide their products and services. VALIC specifically discloses that it is currently defending a lawsuit filed in the Circuit Court of Kanawha County, West Virginia on November 12, 2009 by the West Virginia Investment Management Board and The West Virginia Consolidated Public Retirement Board (the "WV Boards"). In November 2014, the West Virginia Supreme Court reversed the trial court's grant of summary judgment in the Company's favor, and remanded the matter to the Business Court for further proceedings. The case is still pending.

While VALIC companies vigorously defend lawsuits, the inherent uncertainties of litigation do not allow them to predict the ultimate outcome of any litigation matter. VALIC does not anticipate that this matter will restrict, limit or affect our ability to provide services to the plan sponsor.

Should you require additional information as to any litigation matter, please contact Tracy Phillips, Counsel, at (713) 831-8457.

L. Custodial Services

Can you, an affiliated or other related party serve as a custodian of a 403(b)(7) custodial account?

Yes.

M. References

Finalists will be expected to provide three references of current customers who have similar plan demographics (i.e., size and plan design) and further instructions will be provided.

VALIC will provide references if applicable. The CSD-RT has provided a list of participating school districts and references in the CSD tab section of the RFP response. As a courtesy to Trust members, please notify Steve Keyser, The Managing Director of the CSD Retirement Trust to obtain names and contact information for the references.

N. Fees/Expenses**1. Schedule of Fees and Expenses**

Please attach a schedule of all fees and expenses covering each of the services and activities identified in the Service/Activity listing set forth in Section 3 below. Please provide the same information for any other services described in your response that is not specifically identified in the Service/Activity listing.

For each fee and expense, specify whether it is:

- Actual amount or an estimate.
- One time or on-going.
- Plan sponsor paid (billed and billing frequency).
- Participant paid (direct or account adjustment).
- Embedded in a funds expenses or expense ratio.
- Embedded in determining the daily investment share/unit value.
- Performance based or adjustable charge.
- Breakpoint impacted.
- Discount oriented.
- Guaranteed, and if so, specify the length of the guarantee.

You should base your responses, and any examples, illustrations or estimates on our plan information provided in this RFP. If assumptions are necessary, please fully explain your assumptions and quote the related fees and expenses on a unit cost basis, if possible.

- **District Fees:**
 - Districts pay no fees to sponsor the CSD-RT.
- **Participant Fees:**
 - Participants currently pay the following fees, which are a “line item” on participant statements for the following service providers:
 - **CSD RT - \$20 fixed fee/annum:** (includes CSD-RT Marketing, Legal, Insurance, Administration & Governance).

- **VALIC & CBIZ - Administrative fee of 0.32% (32 bps) annual:** (includes VALIC Recordkeeping, Administration, Education, Compliance & Advisors (.23% Valic) & CBIZ Consulting and Investment Advisory Services (.0875% CBIZ))
- **Investment Management Fees:** (Range from 0.04% to 1.10% depending on investments selected. The current weighted investment management fee average based on participant investing behavior is 0.13% (13 bps) which is netted from investment returns.

Total Fees: Based on the weighted investment management fee above, an average participant with a \$10,000 account balance will pay \$65/annum. When the Trust launched in January 2010, a participant with a \$10,000 balance paid \$157/annum. Current pricing is 59% less than it was in 2010.

2. Additional Fees and Expenses Information

- a. For each investment option, please identify any payments you may receive from any unaffiliated third party in connection with the investment of any assets from our plan. This information can be provided through rates or estimates. In order to avoid double counting, please specify any “offset” to expenses, and whether any of the third party payments are otherwise accounted for or identified elsewhere in your response regarding fees and expenses.

Please see the fee comparison worksheet in the CSD-RT section of this RFP response. It is the Trust’s intention to offer investments without any revenue sharing. If revenue sharing is produced... it is applied to reduce the required administrative fee.

- b. Specify any start-up/conversion costs.

There are no separate start-up fees.

- c. Specify any termination costs.

The plan sponsor will incur no termination costs upon completion of the service term.

- d. What are the factors you consider in determining future increases (or decreases) and when they are to occur?

The CSD Retirement Trust conducts periodic benchmarking of all plan related expenses through a formal RFI and RFP process. This originally occurred in 2010 to select VALIC/CBIZ and reoccurred in 2014 (for VALIC) and 2015 (for CBIZ).

- e. Describe what plan consulting services are included and the additional hourly charges and out-of-pocket expenses for those not included.

VALIC employs a team of professionals educated in the intricacies of retirement plan design and compliance. These individuals are available to provide general guidance relating to plan compliance issues at no additional cost to the plan sponsor.

VALIC is supported by a legal department composed of attorneys and tax professionals with significant expertise in ERISA and tax laws and regulations associated with retirement programs and plans established under Internal Revenue Code sections 401(a)/403(a), including 401(k); 403(b); 408(k); 408(p) and 457; as well as non-qualified deferred compensation plans, IRAs and tax-deferred annuities under section 72.

- f. How are expenses adjusted if a sizable number of participants are added or removed from the plan (such as either acquisition or divestiture or partial plan termination)?**

VALIC's fees are based on a number of plan characteristics, including plan design, service needs, anticipated participation, and anticipated asset levels. This item is negotiated between VALIC and the CSD-RT on an ongoing basis.

- g. Do you offer any expense arrangement whereby the plan shares in your firm's upside potential as participants and plan assets increase over time?**

Yes. VALIC has taken into consideration plan asset growth over the term of the service agreement in our fee quote. VALIC works with the CSD-RT to determine if the Trust becomes eligible for any lower administrative costs to asset growth.

- h. Identify any other out-of-pocket expenses that are not covered on the Service/Activity listing (e.g., postage, handling, supplies, servicing commissions) that would be charged to the plan, plan participants or us. Please be specific.**

Loan Fees

A one-time administrative and maintenance fee of \$60 is assessed to all participants who take loans from their accounts.

Guided Portfolio Services (GPS) Fees

GPS Portfolio Advisor

There is no fee for participants who elect to enroll in our advice program, GPS Portfolio Advisor.

GPS Portfolio Manager

Only those participants enrolling in our managed account program, GPS Portfolio Manager, will be assessed an asset based fee as described below.

The annualized fees for participants enrolled in our GPS Portfolio Manager program are as follows:

- 45 basis points on assets on all assets

Common Remitting Services

Any fees would be billed based on the Retirement Manager Agreement.

Participant Notices

VALIC prepares all necessary notices and disclosures and provides them electronically to the plan sponsor for delivery to the participants. VALIC is pleased to discuss facilitating the mailing of notices and disclosures directly to participants, if desired by the plan sponsor. Postage and handling for such mailings would be passed back to the plan sponsor. There is no additional cost for this service.

Plan-level screening and approvals for distributions, hardships, loans, and contract exchanges

Any fees would be billed based on the Retirement Manager Agreement.

Other

Customized Plan Documents are provided by the CSD-RT. Education, communication materials, and customized education communication materials are provided at no additional cost.

Annual addition limitations 415(c), monitoring of elective deferrals (402(g)), 15 year and age 50 catch-up), and plan audits are included in the proposed fee.

N. BROCHURES, CATALOGS, MANUALS, WEBSITES, LITERATURE

In addition to the formal response to this RFP, all respondents are encouraged to submit brochures, catalogs, manuals, website materials, industry literature, DVD's and any other marketing and informational media which will support and enhance their submission value.

The CSD-RT deploys the resources provided by VALIC in Tab VIII of their stand-alone proposal.

O. ADDED VALUE

Respondents are encouraged to describe in detail all added value or additional services or benefits available and offered at no cost to the District in their RFP responses. Attach and label as "ADDED VALUE."

The CSD-RT deploys the resources provided by VALIC in Tab III of their stand-alone proposal.

P. TRANSITION PLAN

In your response, you must confirm your understanding of and commitment to service the District's transition and continuity needs as expressed in this section.

1. Transition on Commencement of Contract.

The 403(b) and 457(b) recordkeeping and administration services provider selected by the District shall assume full services in accordance with a contract executed by the parties. Service provider shall coordinate and cooperate with the District's existing provider(s) to ensure a smooth and orderly transition with uninterrupted services.

The CSD-RT and VALIC confirms.

2. Transition and Continuity of Service upon Expiration of Contract.

Continuity of services is necessary to the District. The 403(b) and 457(b) recordkeeping and administration provider selected by the District agrees to this philosophy and upon expiration of contract, agrees to:

- Exercise its best efforts and cooperation for an orderly and efficient transition of 403(b) and 457(b) recordkeeping and administration services to another service provider or to the District.**
- Negotiate a plan in good faith with the successor to determine the nature and extent of the phase-in and phase-out services required. The plan shall specify a date for services described in the plan and shall be subject to approval by the District. The existing 403(b) and 457(b) recordkeeping and administration services provider shall provide sufficient experienced personnel during the phase-in and phase-out periods to ensure that the services called for in the contract are maintained at the required level of need and proficiency.**
- All District property (including but not limited to participant and District system records; equipment; facilities; and materials) shall be returned to the District upon termination of the contract.**

The CSD-RT and VALIC confirms. The CSD-RT requires a 30 day notice for plan termination.

Sample Retirement Manager Agreement

**RETIREMENT MANAGER AGREEMENT
Checklist and Instructions**

This Checklist and Instructions will guide the Employer in completion of the Retirement Manager Agreement. The Employer must also provide the Required Information. The Employer must sign and date this form and this form must accompany the completed and executed Retirement Manager Agreement for implementation to proceed.

Required Information:

Please answer the following questions below regarding Employer status and plans:

1. **Type of employer** (check only one):

- Public/governmental
- Private tax-exempt (501(c)(3)) organization
- Public/governmental and private tax-exempt (501(c)(3)) organization
- Church

2. **List** all employer-sponsored **plans**, plan type (403(b), 401(a)/(k), 457(b)), and whether they are to be included in Retirement Manager coordination:

Plan Name*	Plan Type*	Included in Retirement Manager? ** (yes/no)	Filing DOL Form 5500? (yes/no)	Does Plan Include Employer Contribution? (yes/no)

***Note:** Plans should be named at the Employer level, not by vendor, e.g., “ABC School District 403(b) Plan.” If you offer multiple plans of the same type, such as an ERISA 403(b) plan and a voluntary non-ERISA 403(b) plan, these plans must be listed separately.

Retirement Manager is **not responsible for compliance coordination for plans that are not included.

Completion of Agreement:

Initial each item below to indicate completion:

- _____ 1. Please verify **Employer Legal Name** (Page 1).
- _____ 2. Please verify **Employer Address** for Notices (Page 9, Section 10).
- _____ 3. Please **Sign** and **Date** the Agreement (Page 13).
- _____ 4. Please complete the following (if Section 12 is marked on **Exhibit A**, Page 14):
Note: Your selections should be consistent with the Plan documents.

- a. If **Loans** are to be included under the **Distribution Eligibility Certificate** service, please complete the following by plan:

Plan Name	\$10,000 Loan Rule Applies?*(yes/no)

*\$10,000 Loan Rule: The plan provides that a participant may borrow the lesser of (1) the greater of \$10,000 or 50% of his account balance or (2) \$50,000.

- b. If **Hardship Withdrawals** are to be included under the **Distribution Eligibility Certificate** service, please complete the following by plan (check only one Loan Gateway column per plan):

Plan Name	No Loan Gateway Applies	Standard Loan Gateway Applies	Forced Loan Gateway Applies

No Loan Gateway: The plan procedures do not require a participant to take available loans before a hardship withdrawal is allowed.

Standard Loan Gateway: The plan procedures allow participants to proceed with a hardship withdrawal by indicating that repayment of a loan would itself create a financial hardship.

Forced Loan Gateway: The plan procedures require the participant to exhaust all available loans prior to taking a hardship withdrawal.

- _____ 5. Please verify **Employer Retirement Plan** information on **Attachment 1**, including Plan Name, Plan Type and IRC Contribution Limits Monitored (Page 42).

Employer Signature

I affirm that the information provided in this Checklist for purposes of this Agreement is correct to the best of my knowledge. I understand that implementation of Retirement Manager will proceed based on the information provided in this form and if any changes are made the implementation will be adjusted accordingly.

By: _____
 Signature
 Print Name: _____
 Title: _____

Date: _____, 20____

RETIREMENT MANAGER AGREEMENT

This Agreement is entered into by and between _____, a _____ (“**Employer**”), and **VALIC Retirement Services Company**, a corporation organized under the laws of the State of Texas (“**VRSCO**”).

WHEREAS, Employer sponsors one or more retirement plans (“**Retirement Plans**”) for the benefit of eligible employees (“**Eligible Employees**”) who may elect to participate in one or more of the Retirement Plans (“**Participating Employees**” or “**Employees**”);

WHEREAS, VRSCO (1) has developed a common remitter system combined with a participant service center (“**Retirement Manager**”) designed to assist in the administration of retirement plans with multiple investment providers (collectively, “**Vendors**,” and singularly, “**Vendor**”), (2) is qualified to provide these services, and (3) desires to offer these services to Employer; and

WHEREAS, Employer desires to receive these services described from VRSCO;

WHEREAS, Employer hereby acknowledges that it has consulted with legal counsel as appropriate, and that the services described in this Agreement are consistent with Employer’s obligations under the Employer’s plan(s) and the Internal Revenue Code of 1986, as amended (“**IRC**”) and, if applicable, the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”); and that Employer has further determined that compensation that will or may be paid for services under this Agreement will constitute reasonable compensation for such services;

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties hereby agree as follows:

1. **Term of Agreement.** The effective date of this Agreement is the later of _____, 20____, or the date of the signature of VRSCO hereto (“**Effective Date**”). The term of this Agreement shall commence on the **Effective Date** and shall continue for a period of three (3) years from such date (“**Initial Term**”). The term of the Agreement may be renewed upon the written agreement of both parties (“**Renewal Terms**”). The Initial Term and all Renewal Terms are collectively referred to in this Agreement as the “**Agreement Term**.”
2. **Scope of Work and Schedules.** VRSCO will provide the services (collectively, the “**Services**”) as more particularly described in a written Scope of Work set forth in **Exhibit A** (Scope of Work), attached and incorporated for all purposes. For purposes of this Agreement, an Approved Vendor is a Vendor that provides the loan and hardship distribution file to Retirement Manager on a periodic basis and has signed a Retirement Manager Plan Service Agreement with Employer or that is receiving remittances from Employer through Retirement Manager or all of the foregoing. The implementation timeframe for the Services will be as mutually agreed by VRSCO and Employer. In the event that Employer and VRSCO agree to modify the Scope of Work, Employer and

VRSCO will document such modifications in a revised written version of such a document, which will replace and supplant all previous versions of that document as of the date that the revised written version is signed by both Employer and VRSCO. Notwithstanding any other provision of this Agreement, all other exhibits, plans, schedules, specifications, or other documents created by Employer and VRSCO during the course of this Agreement must be in writing and signed by both Employer and VRSCO, and all such exhibits, plans, schedules, specifications, or other documents shall only be incorporated into and made a part of this Agreement once signed by both Employer and VRSCO.

3. License Grant, Restriction and Ownership.

3.1 License Grant. VRSCO grants to Employer, subject to the terms and conditions of this Agreement, a non-exclusive, non-transferable license to use Retirement Manager and related documentation. Employer's rights to use Retirement Manager and related documentation shall be limited to those rights expressly granted herein. All rights not expressly granted to Employer are retained by VRSCO.

3.2 License Restriction. Employer agrees not to cause or permit the: (i) use, copying, modification, rental, lease, sublease, or transfer of Retirement Manager and related documentation, except as expressly provided in this Agreement; (ii) creation of any derivative works based on Retirement Manager and related documentation; or (iii) reverse engineering, disassembly, or decompiling of Retirement Manager and related documentation.

3.3 Ownership. VRSCO retains all right, title and interest in Retirement Manager and related documentation and in all copies, improvements, enhancements, modifications and derivative works of Retirement Manager and related documentation including, without limitation, all patent, copyright, trade secret and trademark rights.

4. Licenses, Permits, Taxes, Fees, Laws and Regulations. VRSCO will obtain, maintain in effect, and pay the cost for all federal, state and local licenses, permits, or certifications that may be necessary for VRSCO's performance of this Agreement. VRSCO will be responsible for the payment of all taxes, excises, fees, payroll deductions, employee benefits (if any), fines, penalties or other payments required by federal, state, or local law or regulation in connection with VRSCO's performance of this Agreement. VRSCO will comply with, and will be responsible for requiring its officers, employees, agents and subcontractors and the Services (including Retirement Manager) to comply with, all applicable federal, state, and local laws and regulations.

5. Representations and Warranties. VRSCO and Employer each represent and warrant to the other as follows:

5.1 Each is duly organized, validly existing and in good standing under the laws of the state of its incorporation or jurisdiction of its organization;

- 5.2 Each is not a party to or subject to any charter, by-law, agreement, law, rule, regulation, judgment or decree of any kind that would prevent performance of the terms and conditions of this Agreement;
- 5.3 Each has full power and authority to execute and deliver this Agreement and to consummate and perform the transactions contemplated hereby; and
- 5.4 This Agreement has been duly authorized, executed and delivered by VRSCO and Employer and constitutes the legal, valid and binding obligation of each, enforceable against each in accordance with its terms.

Employer further represents and warrants to VRSCO that Employer shall provide data to Retirement Manager that to the best of its knowledge is complete and accurate.

6. **Acts or Omissions of Other Parties.** Neither VRSCO nor its affiliates, successors and assigns shall have any liability, duty or other obligation with respect to actions or omissions (including incomplete or incorrect data provided to VRSCO) of the Employer, the Plan Administrator, or other authorized Plan representative, or of any concurrent or predecessor investment or service provider. Neither Employer nor its affiliates, successors and assigns shall have any liability, duty or other obligation with respect to actions or omissions of VRSCO or its affiliates, successors and assigns.

7. **Fees.** The fees for the Services to be provided hereunder are described in **Exhibit B** (Fees), attached and incorporated for all purposes.

8. **Data Ownership, Rights, Security.**

8.1 Employer Data.

8.1.1 As between the parties, Employer shall have sole ownership of all rights and interest in any information or data that:

- (i) Employer provides to VRSCO under this Agreement,
- (ii) Employer stores in or contributes to Retirement Manager,
- (iii) is stored in or processed, transmitted, displayed, or reported by Retirement Manager on behalf of Employer,
- (iv) a Vendor provides to VRSCO on behalf of Employer, or
- (v) is manipulated, modified, calculated, or retrieved by Employer through the use of Retirement Manager.

The above information or data is collectively referred to in this Agreement as the “**Employer Data.**”

8.1.2 The Employer Data shall include, but shall not be limited to, the following: names, addresses, account balances, account numbers, account activity, Social Security numbers, taxpayer identification numbers, and sensitive financial information. The Employer Data includes all information (including personally identifiable information) that is derived from other Employer Data.

8.2. Participating Employee Data

8.2.1 Each Participating Employee shall have sole ownership of all rights and interest in all information or data that:

- (i) the Participating Employee provides to VRSCO under this Agreement,
- (ii) the Participating Employee stores in or contributes to Retirement Manager,
- (iii) is stored in or, processed, transmitted, displayed, or reported by Retirement Manager on that Participating Employee's behalf,
- (iv) a Vendor provides to VRSCO on behalf of the Participating Employee, or
- (v) is manipulated, modified, calculated, or retrieved by that Participating Employee through the use of Retirement Manager.

The above information or data is collectively referred to in this Agreement as the "**Participating Employee Data.**"

8.2.2 The Participating Employee Data shall include, but shall not be limited to, the following data associated with each Participating Employee: names, addresses, account balances, account numbers, account activity, Social Security numbers, taxpayer identification numbers, and sensitive financial information. The Participating Employee Data includes all information (including personally identifiable information) derived from other Participating Employee Data.

8.3. Use of Employer Data or Participating Employee Data by VRSCO and VRSCO Users.

8.3.1 Unless expressly permitted by the express advance written consent of an Employer official authorized to give such consent, VRSCO and its employees, agents, and contractors, and other persons (other than Vendors) associated with VRSCO (collectively, the "VRSCO Users") are only permitted to use, reuse, distribute, transmit, manipulate, copy, modify, access, disclose, or redisclose the Employer Data or Participating Employee Data to the extent necessary for VRSCO to perform the Services and implement and maintain Retirement Manager as set forth in this Agreement. VRSCO and the VRSCO Users shall hold the Employer Data and Participating Employee Data in confidence and protect the Employer Data and Participating Employee Data to the same extent and in at least the same manner as Employer is required to protect its own data, but in no case in a lesser manner than a reasonable degree of care under the circumstances.

8.3.2 VRSCO will not permit the Employer Data or Participating Employee Data to be used, reused, distributed, transmitted, manipulated, copied, modified, accessed, disclosed, or redisclosed by VRSCO or any VRSCO Users for the purposes of selling, trading, managing, marketing,

advertising, or providing investment information, advice, or recommendations concerning stocks, bonds, securities, annuities, or other financial products or services offered by VRSCO or any other person or entity.

8.3.3 VRSCO may use, reuse, distribute, transmit, manipulate, copy, modify, access, disclose, or redisclose Employer Data, so long as VRSCO obtains the express advance written consent of Employer.

8.4 VRSCO Affiliates, Parent Companies, Subsidiaries, and Other Related Entities.

Notwithstanding any other provision of this Agreement, VRSCO will not permit any of VRSCO's affiliates, parent companies, subsidiaries, or other related entities (collectively, "VRSCO Affiliates") to use, reuse, distribute, transmit, manipulate, copy, modify, access, disclose, or redisclose the Employer Data or the Participating Employee Data. Provided, however, VRSCO shall be permitted to use Employer Data or Participating Employee Data, or provide such data to another party, whether affiliated or unaffiliated with VRSCO, but only to the extent necessary or appropriate for VRSCO to (a) perform the Services set forth in this Agreement or another agreement between VRSCO and the Employer, and (b) interact with a party as a Vendor under this Agreement.

8.5 Privacy/Security Requirements. In storing, handling, and modifying information pursuant to the Agreement, VRSCO shall comply, with respect to information that is in its possession and control, with the following requirements as currently specified (collectively the "Privacy/Security Requirements"): (1) the applicable requirements of Federal programs concerning privacy and security and (2) comparable state laws, rules and regulations. In addition, VRSCO shall cooperate reasonably to ensure compliance with all Privacy/Security Requirements concerning transmission of information between the parties, including, but not limited to, electronic transmission and physical delivery of electronically recorded data.

8.6 Data Integrity, Confidentiality, Accessibility, and Security. VRSCO shall take commercially reasonable steps to protect the integrity, confidentiality, appropriate accessibility, and security of the Employer Data and the Participating Employee Data, and VRSCO shall establish, implement, and maintain policies, procedures, safeguards, and measures to do so. These steps shall include, but not be limited to, the following:

- (1) user authentication, role-based access restrictions;
- (2) confidential and personal passwords required for access;
- (3) physical security of VRSCO Users;
- (4) periodic evaluation of security safeguards;
- (5) software firewalls and other technical security measures; and
- (6) measures to detect and prevent intentional and unintentional corruption or loss of data.

8.7 Transmitted Electronic Data. Each party shall take commercially reasonable steps to maintain and to apply to all electronic data transmitted to the other party under the Agreement up-to-date and reasonable anti-virus software to guard against viruses, worms, trojan horses or other software routines, programs or mechanisms that would permit unauthorized access into, disable, erase in whole or in part or otherwise adversely affect electronic systems, software, data or equipment of the other party. Neither Employer nor VRSCO shall permit any of their respective personnel to introduce into electronic data transmitted between them under this Agreement any virus, worm, trojan horse or other software routine, program or mechanism to permit unauthorized access into, to disable, to erase in whole or in part or otherwise to adversely affect the systems, software, data or equipment of the other party. Furthermore, Employer and VRSCO agree that each VRSCO User and each Approved Vendor authorized to access Retirement Manager shall be required to consent to a “Terms of Use” policy displayed on Retirement Manager, and that only VRSCO-approved methods of transmission of data between VRSCO and the Vendors are implemented to ensure reasonable practices, protective measures, and security procedures as necessary are in place to protect all electronic data that is transmitted between VRSCO and the Vendors (including, but not limited to, electronic transmission or the physical delivery of electronically recorded data or printed reports/funds delivered via United States Postal Service (USPS)). Provided, however, in no event shall Employer be responsible for any damages or loss caused by electronic data transmitted to VRSCO or any VRSCO information system by VRSCO, a VRSCO User, a Participating Employee, or a Vendor.

8.8 Reporting Security Breaches.

8.8.1 Each party shall promptly report to the other any material system, equipment or software malfunction, error, breakage or security breach that involves or may reasonably affect the accuracy or integrity of any data transmitted to the other party or the unauthorized disclosure of such data, that the reporting party detects or believes is imminent or is likely to have occurred. In the event of a security breach, each party shall cooperate with the other to investigate such breach, to reduce the effects of such breach, to mitigate damage and to restore lost code or data.

8.8.2 In the event of a security breach concerning Retirement Manager or any Employer Data or Participating Employee Data, Employer, VRSCO, and the VRSCO Users shall cooperate to investigate such breach, to reduce the effects of such breach, to mitigate any damage, and to restore lost code or data.

8.9 Documentation and Audits

8.9.1 VRSCO shall maintain and retain all of its books, records, and documentation regarding the Retirement Manager Services provided by VRSCO under this Agreement (collectively, the “Documentation”) for seven (7) years after the expiration or termination of this Agreement or abandonment of the Services, unless Employer otherwise instructs VRSCO in writing. VRSCO will maintain such Documentation

- (a) in accordance with generally accepted accounting principles, and
- (b) at VRSCO’s premises or at any other location where VRSCO will store the Documentation in conditions that ensure the preservation and availability of such Documentation (the “Documentation Locations”).

8.9.2 Employer may audit the Documentation to the extent necessary to ensure compliance with the terms of this Agreement. VRSCO agrees to reasonably cooperate in the performance of such audits, subject to Employer’s compliance with VRSCO’s reasonable security procedures and policies concerning access to the Documentation Locations at reasonable times.

8.9.3 Employer anticipates that Employer will perform no more than one audit under the terms and conditions of this Section in each calendar year that occurs during the term of this Agreement. However, VRSCO acknowledges and agrees that circumstances or laws may require Employer to perform audits under the terms and conditions set forth in this Section on a more frequent basis.

8.9.4 In the event that Employer performs an audit as set forth in this Section, then Employer shall bear the costs and expenses of performing that audit.

8.10 Disclosure of Data Required by Law or Order. The obligations of this Section 8 shall not act to restrict VRSCO’s lawful disclosure of the Employer Data or the Participating Employee Data pursuant to any applicable state or federal laws or by request or order of any court or government agency or where otherwise required by law. Provided, however, before making such a disclosure, VRSCO, except as expressly prohibited by law, must give Employer prior written notice of that disclosure, which must identify:

- (1) the data VRSCO intends to disclose,
- (2) the law(s), request, or order under which VRSCO believes it is required to make such a disclosure,
- (3) the persons or entities to whom VRSCO intends to disclose such data, and
- (4) the date on which VRSCO is required to make such a disclosure.

Except as expressly prohibited by law, VRSCO will use its best efforts to deliver such written notice to the Employer sufficiently in advance of the date on which VRSCO is required to make such a disclosure, so that Employer has a reasonable opportunity to oppose and prevent such disclosure.

8.11 Exceptions for Certain Data. Additionally, the obligations of this Section 8 shall not apply to information that, without breach of obligations of confidentiality or violation of law:

- (1) is independently developed by VRSCO;
- (2) is or becomes publicly known through no act or omission of VRSCO or any VRSCO User;
- (3) was already known by VRSCO prior to the Effective Date of this Agreement as evidenced by the written records of VRSCO; or
- (4) is obtained by VRSCO from an independent source who legally obtained such information and has no confidentiality obligations to Employer or any of the affected Participating Employees.

Moreover, Employer Data and Participating Employee Data shall not include data a Vendor obtains from VRSCO, and VRSCO shall have no obligation to monitor the use of such data by a Vendor, so long as the data is processed and handled by VRSCO in accordance with this Agreement.

8.12 Employer Data and Participating Employee Data Upon Termination/Expiration. Upon the expiration or termination of this Agreement for any reason, VRSCO shall

- (1) return or destroy, at the discretion of and instruction of Employer, all Employer Data and
- (2) destroy or, if requested by a Participating Employee, return, all Participating Employee Data owned by that Participating Employee,

that VRSCO is not obligated or authorized, as set forth in this Agreement or as required by law, to retain following such termination or expiration. Any Employer Data or Participating Employee Data so retained by VRSCO after expiration or termination of this Agreement shall be returned or destroyed, at the discretion of and instruction of the Employer or the Participating Employee, respectively, by VRSCO at the time its contractual and legal authority to retain such data expires. For purposes of this Section 8.12, the Employer Data or Participating Employee Data shall include all Employer Data or Participating Employee Data stored in Retirement Manager, any VRSCO databases, or in any backup copies of the Employer Data or Participating Employee Data. VRSCO will certify in writing to Employer that VRSCO has complied with the

requirements of this Section 8.12. In the event that VRSCO returns the Employer Data or Participating Employee Data under this Section 8.12, VRSCO will provide such data to Employer or the Participating Employee in a fixed file format on CD-ROM, or an alternate, commercially reasonable format and media.

8.13 Records. Employer and VRSCO shall retain records as required by law with respect to their activities and transactions contemplated herein.

8.14 Access to Retirement Manager. Upon expiration or termination of this Agreement, Employer and Participating Employees shall have no right to access Retirement Manager.

9. **Right to Inspect Books.** The Employer shall have and VRSCO shall grant to Employer and its authorized agents and employees, the right to inspect records and books maintained by VRSCO in connection with this Agreement during reasonable office hours upon written request.

10. **Notices.** Except as otherwise provided in this Section, all notices, consents, approvals, demands, requests or other communications provided for or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given or served when delivered by hand delivery or when deposited in the U.S. mail by registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Employer: _____

If to VRSCO: VALIC Retirement Services Company
Attn: Director, Institutional eServices
2929 Allen Parkway, L8-10
Houston, Texas 77019

or such other person or address as may be given in writing by either party to the other in accordance with the aforesaid.

All operational notices and transmittals may be oral or written as the parties may agree from time to time. Provided, however, any notice one party provides to the other concerning termination or suspension of performance under this Agreement must be in writing.

11. **Governing Law.** Except where Federal laws would otherwise control, this Agreement and all of the rights and obligations of the parties hereto and all of the terms and conditions hereof shall be construed, interpreted and applied in accordance with and

governed by and enforced under the laws of the State of _____; or if no state is designated, the laws of the state of the Employer's principal place of business.

12. **Entire Agreement; Modifications.** This Agreement supersedes all prior agreements, written or oral, between VRSCO and Employer and shall constitute the entire agreement and understanding between the parties with respect to the subject matter hereof. This Agreement and each of its provisions shall be binding upon the parties and may not be waived, modified, amended or altered except by a writing signed by Employer and VRSCO.
13. **Assignment.** Absent the advance written approval of Employer, VRSCO's interest in this Agreement and its rights and duties hereunder may not be subcontracted, assigned or delegated to an unaffiliated third party.
14. **No Waiver.** A delay or omission by either party in exercising any right or power under this Agreement shall not be construed as a waiver of that right or power. A waiver by either party of any term or condition of this Agreement shall not be construed as a waiver of any subsequent breach of that term or condition or of any other term or condition of this Agreement.
15. **Survival of Provisions.** The provisions of Sections 6, 8, 9, and 11 will survive the expiration or termination of this Agreement for any reason.
16. **Severability.** If any provision or part of a provision of this Agreement is determined to be invalid or unenforceable in any respect, that determination shall not affect any other provision of this Agreement, which shall be interpreted as if the invalid or unenforceable provision or part thereof had not been included.
17. **Relationship of the Parties.**
 - 17.1 For all purposes of this Agreement and notwithstanding any provision of this Agreement to the contrary, VRSCO is not an employee, partner, or joint venturer of Employer.
 - 17.2 Employer will not be required to enter into any additional contracts, amendments, or terms and conditions in order to receive the Services provided by VRSCO under this Agreement. VRSCO is solely responsible for all taxes, withholdings, and other statutory or contractual obligations of any sort, including but not limited to workers' compensation insurance.
18. **Contacts.** Each party will provide a designated point of contact for business and technical issues. Each party will provide the name, title, address, telephone and facsimile numbers, and electronic mail address for the contact to the other party. Each party will promptly notify the other party of any change in the designated point of contact.
19. **Force Majeure.** Neither party hereto will be liable or responsible to the other for any loss or damage or for any delays or failure to perform due to causes beyond its reasonable

control including, but not limited to, acts of God, strikes, epidemics, war, riots, flood, fire, sabotage, material changes in applicable laws or regulations or court orders over which a party has no control that prohibit that party from performing all of its obligations under this Agreement (collectively, a “**Change in Laws**”), or any other circumstances of like character (each, a “**force majeure occurrence**”). Provided, however, in order to ensure the orderly performance and, if necessary, transition of responsibilities under this Agreement, each party is responsible for:

- (a) monitoring the applicable legal and regulatory environments and identifying any potential Change in Laws as far in advance as is reasonably possible, and
 - (b) ensuring that the other party is made aware of and is fully informed about any potential Change in Laws as far in advance as is reasonably possible.
20. **Captions.** The captions of sections and subsections in this Agreement are for convenience only and will not be considered or referred to in resolving questions of interpretation or construction.
21. **Data; Direction.** Employer acknowledges that the accuracy of Retirement Manager is based on the Employer, Vendor and/or Participating Employee’s providing VRSCO complete and accurate data and that the accuracy of Retirement Manager depends on all adjustments and corrections being made through Retirement Manager. Employer also acknowledges that if it agrees to accept data from a Vendor other than through Retirement Manager, Employer shall be responsible for entering the data in Retirement Manager. VRSCO shall be entitled to rely on and will be fully protected in acting on data and direction provided by the Employer, the Plan Administrator, or another authorized Plan representative or the Participating Employee and will have no duty to inquire with respect to such data or direction.
22. **ADDITIONAL LIMITATION.**
- IN NO EVENT SHALL VRSCO BE LIABLE TO EMPLOYER FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF PROFITS, LOSS OF DATA, OR SIMILAR DAMAGES OR LOSS, EVEN IF VRSCO HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
23. **Default and Termination.**
- 23.1 At such time as neither VRSCO nor any of its affiliates is a Vendor, VRSCO shall have the right to terminate this Agreement prior to the conclusion of the Agreement Term upon forty-five (45) days’ written notice.
 - 23.2 In the event of a material failure by a party hereunder to perform in accordance with the terms hereof, the other party may terminate this Agreement upon forty-five (45) days’ written notice of termination setting forth the nature of the failure

(the termination shall not be effective if the failure is fully cured prior to the end of the forty-five-day period), provided that, said failure is through no fault of the terminating party.

- 23.3 Upon termination pursuant to this Section 23, VRSCO shall use reasonable efforts to transmit all funds of Employer and the Participating Employees then in the possession of VRSCO to the Approved Vendors and shall return any remaining funds to Employer.
- 23.4 VRSCO agrees if this Agreement is terminated pursuant to this Section 23, then, at the option of Employer, VRSCO shall continue to perform the Services in accordance with the terms and conditions of this Agreement until either a successor entity or Employer are able to perform the Services without further use of Retirement Manager (a "Transition Period"); provided, however, that the Transition Period during which VRSCO shall be required to continue performing the Services will not last more than ninety (90) days from the effective date of termination. Such subsequent performance of the Services by Employer or a successor entity may involve the implementation and use of a computerized system other than Retirement Manager. During the Transition Period, VRSCO will cooperate with Employer and any successor entity engaged by Employer in order to transition performance of the Services to Employer and/or that successor entity, including VRSCO's provision once during each month during the Transition Period to Employer of, at a minimum, a copy of all Employer Data and all Participating Employee Data to Employer in a fixed file format on CD-ROM or an alternate, commercially reasonable format and media specified by the Employer.

{The remainder of this page is intentionally left blank.}

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates set forth below to be effective as of the Effective Date.

Employer

By: _____ Date : _____, 20__
Print Name: _____
Title: _____

VALIC Retirement Services Company

By: _____ Date : _____, 20__
Print Name: Kathy Busa
Title: Administrative Officer

Attached:

Exhibit A – **Scope of Work**

Exhibit B – **Fees**

EXHIBIT A

**RETIREMENT MANAGER
Scope of Work**

Retirement Manager is an innovative service designed to simplify the Employer's administration of multi-vendor retirement plans. With Retirement Manager, VRSCO has established a centralized database and associated methodology through which Retirement Plan remittances and plan compliance data may be remitted. This Internet-based service is available on a 24/7 basis (subject to periodic maintenance) and provides benefits to all retirement plan stakeholders:

The Employer strengthens the branding and marketing of its retirement plans and increases its operating efficiency. Retirement Manager functionality is modular in design, allowing the Employer to implement features based on its needs.

Employees benefit from a single point of access to comprehensive retirement plan information, financial planning tools and inquiry and transaction functionality across Retirement Plan Approved Vendors.

Approved Vendors receive increased visibility by providing Employees a direct link to contact information and integrated access to their existing web site. In addition, they benefit from new reports and balanced, electronically submitted remittances if applicable.

This exhibit outlines the modular functionality available within Retirement Manager to facilitate remittance and compliance services. The functionality marked below is included in this Agreement.

- | | | |
|-----|---|-------------------------------------|
| 1. | Retirement Manager Employer Interface | <input checked="" type="checkbox"/> |
| 2. | Retirement Manager Participant Interface | <input checked="" type="checkbox"/> |
| 3. | Intentionally left blank | <input type="checkbox"/> |
| | Participant Online Electronic Enrollment and Contribution | |
| 4. | Changes | <input checked="" type="checkbox"/> |
| 5. | Employer Reports | <input checked="" type="checkbox"/> |
| 6. | Intentionally left blank | <input type="checkbox"/> |
| 7. | Common Remitter Service | <input checked="" type="checkbox"/> |
| 8. | Vendor Access and Communication | <input checked="" type="checkbox"/> |
| 9. | Retirement Manager Limits Monitoring | <input checked="" type="checkbox"/> |
| 10. | Retirement Manager Limits Enforcement | <input checked="" type="checkbox"/> |
| 11. | Loan and Hardship Withdrawal Compliance | <input checked="" type="checkbox"/> |
| 12. | Distribution Eligibility Certificate | <input checked="" type="checkbox"/> |
| 13. | Hardship Withdrawal Contribution Suspension | <input checked="" type="checkbox"/> |

1. Retirement Manager Employer Interface

1.1 Employer Data Flows

- 1.1.1 Employer may elect to provide access and updates to the site via an Employee Identification Number (EID) rather than a Social Security Number (SSN). If this option is elected, the SSN is only required for Employees who are actively participating in one or more Retirement Plans to facilitate common remitter processing and match to account balances and distribution data received from the Approved Vendors.
- 1.1.2 Employee Updates Flow (Demographic File from Employer)
 - 1.1.2.1 VRSCO will receive an Employee Update file from the Employer via upload or Secured File Transfer Protocol (“Secured FTP”) on a regularly scheduled basis as agreed by VRSCO and Employer. The file format will be the “Demographic Upload” file format. Information on new employees, salary changes, employee payroll frequency and other indicative data will be included in the update. This file will be a full upload of the data.
 - 1.1.2.2 The Employee Update file may, at the Employer’s discretion, only contain the last 4 digits of each employee’s SSN. A valid 9-digit SSN is required to process employee remittances and for Approved Vendor compliance files. If only a 4-digit SSN is sent via the demographic file, the full SSN is required with each remittance and compliance file. The Employer will elect a file transmission process for SSN and will not change this process without prior notification and approval from VRSCO.

1.2 Payroll Frequencies

- 1.2.1 Retirement Manager can accommodate any payroll cycle as agreed upon by the Employer and VRSCO.
- 1.2.2 Each employee is assigned to one payroll cycle via the employee demographic file.
- 1.2.3 The Employer will maintain the payroll, cut-off and eligibility dates for all payroll cycles.

1.3 Levels of Access for Employer’s Benefits Office Personnel

- 1.3.1 Retirement Manager will permit access to the data stored in Retirement Manager in either of the following ways:
 - 1.3.1.1 View Only Access (allows all Employer and employee views).
 - 1.3.1.2 Full Access (allows all views and updates to any information) is granted by function in Retirement Manager.

1.4 Maintenance and Support of Retirement Manager

1.4.1 VRSCO shall use commercially reasonable practices and security procedures necessary to ensure the availability and functionality of the Retirement Manager web site. The Retirement Manager web site will be available to Employer, Approved Vendors and employees 24 hours a day, seven days a week, 365/366 days a year; provided, however, VRSCO reserves the right to perform routine scheduled maintenance and nonscheduled maintenance. Via online messages, VRSCO will notify Employer in advance of any routine maintenance that will cause the Retirement Manager web site or a material part thereof to be temporarily unavailable. Except as impracticable, VRSCO agrees to provide advance notice for emergency maintenance. In the event of such routine or emergency maintenance, VRSCO warrants that it shall exercise due diligence to preclude a disruption of Retirement Manager that is greater than 48 hours in length. VRSCO shall implement such fixes, repairs, and updates to Retirement Manager as necessary to ensure that Retirement Manager operates in accordance with the specifications set forth in this Agreement and the requirements of applicable law.

1.5 Training

1.5.1 VRSCO will provide comprehensive online training materials. Such information will be updated as appropriate and updated copies including their publication date will be available online. In addition, VRSCO agrees to provide phone support to key Employer contacts and online training upon initial release and upon release of significant changes/upgrades to the site.

1.6 Terms of Use

1.6.1 Retirement Manager will include a “Terms of Use,” agreed to in writing by Employer and VRSCO, which shall constitute the terms under which the Employer and its employee users are permitted to access and use Retirement Manager. Such Terms of Use will be posted on and accessible from Retirement Manager as well as Employer’s web sites (in the discretion of Employer) and shall include, but may not be limited to, the following:

- Specific uses of or access to Retirement Manager that are (1) authorized and permitted or (2) unauthorized and prohibited, and
- Disclaimers and limitations on Employer’s and VRSCO’s liability.

The parties may agree in writing to change such Terms of Use in order to meet changing business conditions or legal or regulatory developments.

Further, Employer acknowledges that it has reviewed the Terms of Use to which VRSCO Users and Approved Vendors are held and agrees such terms are sufficient and acceptable.

2. Retirement Manager Participant Interface

2.1 Employee Access

2.1.1 New Hire Experience

2.1.1.1 The first time an employee accesses the Retirement Manager site, he or she will use the “I’m a New User” link to establish a password using the following information: Employer, the last 4 digits of SSN, Last Name, Date of Birth, and EID.

2.1.1.2 If the employee is not able to provide the above information, the employee will be instructed to contact his or her benefits office.

2.1.2 Employee Plan Eligibility and Access

2.1.2.1 All active, terminated and retired employees will be allowed to access the Retirement Manager site. VRSCO will be notified of employee status via the demographic update process.

2.1.2.2 The Employer’s benefits office will determine eligibility for each plan and provide the appropriate data and rules to Retirement Manager.

2.1.2.3 Employees will log into Retirement Manager using their EID and password obtained at first login.

2.1.2.4 Employee access to Retirement Manager is controlled by the receipt of demographic files from the Employer. All employees will be loaded initially and updates will be provided no less frequently than monthly. Updates will contain information including, but not limited to, new hires, terminations, retirements and employees on leave.

2.1.2.5 The “Plan Information Page” will include descriptions for the plans, Employer contact information, Approved Vendor enrollment applications in PDF files, and web site links to all Approved Vendors for the plan.

2.1.3 Employee View “Your Retirement Benefits” Page

2.1.3.1 VRSCO will provide to Employees through Retirement Manager a consolidated account screen by which Employees may view Retirement Plan account balances from the Approved Vendors that provide the loan and distribution file to Retirement Manager. These Employee account displays will include both year-to-date and total account balances as of a given date for each of the Approved Vendors with which the Employee has participated. VRSCO will refresh and update the data reflected in the consolidated account screen upon receipt of refresh files from the Approved Vendors.

2.1.3.2 On the “My Retirement Benefits” page, all Approved Vendors’ names will be displayed even if the balance with the Approved Vendor is \$0.00 unless directed by the Employer to only display

Approved Vendors with which the Employee has an account balance greater than \$0.00.

2.1.3.3 Projected benefits may also be received from Approved Vendors for defined benefit plans. These benefits will be displayed on the “My Retirement Benefits” page, if provided.

2.1.3.4 The projections calculated within the “Am I on Target” page shall by default use a 5% assumed rate of return. This assumption is based on a historic 8% return on investments minus the 3% historical inflation rate thus providing future projections in current dollar terms. Employees can adjust this default as desired.

2.1.3.5 The default retirement age on the “Retirement Income Sources” page shall be 65 for Employees age 64 and younger. For Employees over age 64, the default retirement age will be current age +1.

2.1.3.6 Employees may elect to enter account balances and expected contributions for outside assets held by themselves or their partner.

2.1.3.7 In addition to Retirement Plan account balances, Employees may elect to enter account balance data from external financial accounts.

2.1.3.8 To compute the monthly retirement income on the “Am I on Target” page, the '94GAR (1994 Group Annuity Reserving) actuarial table will be used. The Internal Revenue Code (“IRC”) requires use of this table to calculate distributions from retirement plans.

2.1.3.9 Retirement Manager will contain all necessary notices to Employees that the Approved Vendor information presented by Retirement Manager is current as of the effective date provided by each Approved Vendor and that the Employee should access the appropriate Approved Vendor’s web site for the most up-to-date information on his or her accounts.

2.1.4 Employee Online Survey

2.1.4.1 Employees will be prompted to complete a brief Retirement Manager survey at the end of their first session. They may choose to bypass the survey at this time. The survey can be updated via a link on the “Am I On Target” page.

2.1.4.2 While all survey results are available to the Employer, comments may be made anonymously or the employee may elect to share his or her identity with the Employer.

2.1.5 Employee Education and Financial Tools

2.1.5.1 VRSCO will provide a library of standard educational and life event planning articles, links, and calculators. This educational feature will include the availability of on-line retirement planning tools that utilize current consolidated account balances for projections for use by participants.

4. Participant Online Electronic Enrollment and Contribution Changes

4.1 Employee Plan Enrollment/Contribution Changes

- 4.1.1 Retirement Manager will permit Eligible Employees to enroll for their plan or update their plan elections online.
- 4.1.2 The Employer may define Approved Vendors in the plan. For Approved Vendors, employees will have access to specific Approved Vendor information, as described below.
- 4.1.3 When an initial remittance is directed to an Approved Vendor or a new Approved Vendor is selected, the Approved Vendor receiving the remittance is notified as part of a New Participant report. The Eligible Employee will be presented with information on the Approved Vendor(s) selected and a link to the appropriate Approved Vendor application.
- 4.1.4 If the enrollment is for an Approved Vendor with a local representative or advisor, the Eligible Employee will be provided information on how to contact the local representative.
- 4.1.5 All enrollments/contribution changes are confirmed via email to the Eligible Employee when a current and valid email address is provided by the Employer or the Employee. The email incorporates the Employer's benefits office email address as a reply to address and will be unique to that Employer. Note: Notifications of deleted transactions will not be sent but will be tracked in Retirement Manager.
- 4.1.6 In all places where listings of Approved Vendors are provided (which listings may include Vendors), Approved Vendors (and Vendors, if any) shall be listed on the Employer's Retirement Manager site in alphabetical order and in no event shall a Vendor's name, contact information or products be displayed on the site more prominently than the name, contact information or products of another Vendor; provided, however, that if an Employee has selected a particular Approved Vendor for investment of all or a portion of his or her Retirement Plan accounts, the selected Approved Vendor's information may be displayed more prominently to such Employee.

4.2 Employee History View

- 4.2.1 When an Employee accesses his or her transaction history, a view of all processed, pending and deleted changes will also be displayed.
- 4.2.2 Seven (7) years of online history will be maintained. The default view will show changes processed within the last month. By updating the date range, additional history will be displayed.
- 4.2.3 Processed changes cannot be updated.
- 4.2.4 Changes are marked as "processed" when the cut-off date/time has arrived and the file of changes for the current payroll is made available to Employer for download/FTP.

4.3 Online Salary Reduction Agreements - Employer Access

- 4.3.1 All salary reduction agreement changes will be executed online via Retirement Manager. The Employer's payroll personnel should not manually enter any changes directly into their payroll system; VRSCO is not responsible for discrepancies and/or employee issues arising from exceptions to this clause.
- 4.3.2 If paper salary reduction agreements are received by the Employer's benefits office, the benefits office or payroll personnel, as applicable, will have access in Retirement Manager to update any Employee's salary reduction agreement.
- 4.3.3 The "Contribution Change" feature will allow the benefits office to do multiple changes through an on-line administrative interface.
- 4.3.4 Once the payroll cut-off date for changes is reached, all salary reduction agreement additions and modifications will be available for download to the Employer's payroll system.

4.4 Employer Data Flows

- 4.4.1 Salary Reduction Agreement Processing (Contribution Change File to Employer)
 - 4.4.1.1 Via the "Administrative Data" page, the Employer will enter its payroll dates and cut-off dates for the upcoming year. The Employer is responsible for the maintenance of its own payroll schedule. As needed, these cut-off dates can be adjusted any time prior to the payroll cut-off date. It is recommended that dates be entered through February of the next year.
 - 4.4.1.2 The Employee or Employer can initiate changes from the Retirement Manager Enroll/Make Changes interface. The opportunity to make these changes will be based on plan eligibility and only allowed prior to the cut-off date for each payroll cycle.
 - 4.4.1.3 Prior to the cut-off date for each payroll, a 'Pending' file of all changes made will be available online to view. Please note that 'Pending' changes can be deleted until the payroll cut-off so some of the current pending changes may not be present at the actual cut-off date.
 - 4.4.1.4 On the cut-off date for each payroll, a listing of all changes needed by the Employer's payroll system for the current payroll period will be sent via Secured FTP to or securely downloaded by the Employer. The Employer may opt for e-mail notifications of this file's availability.
 - 4.4.1.5 A history of all change files by payroll period will be available online for a minimum of seven (7) years. Each file will have a status of 'Pending' (for the next payroll cut-off), 'Ready' (ready for download but not retrieved yet) or 'Downloaded' (indicating the Employer has already retrieved the file at least once).
 - 4.4.1.6 These change files will only show changes that actually processed. Any deleted changes will only be available in the Employee

history and can be viewed by the Employer benefits personnel via “Employee Inquiry” in Retirement Manager.

- 4.4.1.7 Each change will indicate the user that initiated the change. While the employee view will show all ‘administrative user’ changes as entered by ‘Benefits,’ the Employer view will show the actual name of the person that entered the change.
- 4.4.2 To initiate this processing service, the Deduction Amount must be received. This file informs Retirement Manager of the Employee’s current deduction options and amounts. This information will be displayed to Employees and must be validated by the Employer prior to the implementation date. Once this file is received, all future changes must be made in Retirement Manager unless the appropriate documented exception process is utilized.
- 4.4.3 The “File Upload” feature will be available through Retirement Manager for the Employer as a backup information transfer mechanism if Secured FTP is selected for any file.

4.5 Employer Reports

- 4.5.1 All reports in Retirement Manager are available for download in Excel spreadsheet format for further data manipulation and, where applicable, to allow for date range search.
 - 4.5.1.1 No Longer Qualified - Employees who are no longer eligible to participate in the plan.
 - 4.5.1.2 Participating – Employees who are actively participating in the selected Retirement Plan.
 - 4.5.1.3 Qualified but not Participating - Employees that meet the eligibility criteria but have not enrolled in the selected plan.
 - 4.5.1.4 Contribution Change Reports – Reports contribution changes made via Retirement Manager. This report generates the extract that provides the appropriate updates to the Employer’s payroll system.
 - 4.5.1.5 Employee Survey Results
 - 4.5.1.6 Power Search – Search by user-defined fields by specified Retirement Plan and selected criteria.

5. Employer Reports

- 5.1** All reports in Retirement Manager are available for download in Excel spreadsheet format for further data manipulation and, where applicable, to allow for date range search.
- 5.1.1 Terminated Employees – Former Employees who were at one time active in the plan (as identified within Retirement Manager).
 - 5.1.2 Payroll Department Report – Inquiry by Employee of current or historical breakdown of allocations to the different Approved Vendors.
 - 5.1.3 Web Site Statistics Report – This report includes a link from the summary to a detail listing of those accessing the site and the pages they viewed by date range. Employer may also view employee access history using the employee inquiry function.
 - 5.1.4 Carrier Report – All Employees by Retirement Plan and by Approved Vendor (and Vendors that were previously Approved Vendors included in Retirement Manager).

7. Common Remitter Service

7.1 Processing A Payroll

- 7.1.1 Remittance files must be submitted in the Retirement Manager file format as defined by VRSCO.
- 7.1.2 After the Employer payroll system runs, a Payroll Remittance file will be uploaded or sent via Secured FTP to Retirement Manager.
- 7.1.3 Payroll remittance requires a valid 9-digit SSN for all remitting Employees. If the remittance file is sent with only the EID, the SSN must be transmitted via the demographic file.
- 7.1.4 If a remittance is received for an Employee whose identifying data has not previously been loaded into Retirement Manager, the remittance process will stop until resolved.
- 7.1.5 Remittance reports are only generated and made available to Approved Vendors electronically via secure FTP file transfer or download via the Retirement Manager web site. Employer agrees that all Approved Vendors participating in the Retirement Plans shall accept remittance reports electronically in one of these available Retirement Manager formats or the Approved Vendor will not receive remittance reports.
- 7.1.6 For remittance reports downloaded online via Retirement Manager, an e-mail notification is sent to the Approved Vendor when the report is available.

7.2 Adjustments to Prior Payrolls

- 7.2.1 Adjustments to payrolls previously remitted may be included in subsequent remittance files or separate files.
- 7.2.2 Negative adjustments (amount to be refunded from a specific Employee's account with an Approved Vendor to the Employer) are indicated as defined in the Retirement Manager file formats. Any negative adjustments will be sent to the Approved Vendor with instructions to return the funds to the Employer. Employer may use the Net Negative Common Remitter process. Positive contributions and negative adjustments will be submitted in one Common Remitter file and the Employer will remit the net balance of the contributions as adjusted to be forwarded by VRSCO to Approved Vendors. VRSCO is not responsible for any delay by or refusal of an Approved Vendor to process a remittance sent to an Approved Vendor net of negative adjustments.
- 7.2.3 Positive contributions (additional amounts to be sent to the Approved Vendor for a specific Employee) are formatted in the same manner as current remittances. The Employer must remit funds for positive contributions.
- 7.2.4 To assist the Employer in tracking these remittances, the payroll date included on the remittance file must correspond to the payroll date for which the adjustment is being made. The payroll date received in Retirement Manager is the date that will be provided to the Approved Vendor.

- 7.2.5 For Approved Vendors that have access to Retirement Manager, e-mail notification is sent and adjustments are reported online.
- 7.2.6 The Employer is responsible for ensuring delivery of refund instructions to Approved Vendors.
- 7.2.7 An online report assists the Employer in tracking the receipt of negative adjustments from the Approved Vendors. This report includes only negative adjustments entered through the online corrections facility.

7.3 Transmission and Forwarding of Funds

- 7.3.1 VRSCO will contact the Employer if any exceptions are found in the processing of a remittance file.
- 7.3.2 Transmission of Funds.
 - 7.3.2.1 Employer shall in conjunction with the transmission of a valid remittance file transmit funds payable to VRSCO. These funds represent salary reductions/deductions of Employees for employee and Employer contributions to the Retirement Plans, all of which will be forwarded to Approved Vendors as approved by the Employer for investment.
 - 7.3.2.2 The Employer shall remit the sum of all current positive salary reductions/deductions. If the Employer uses the Net Negative Common Remitter process, then positive contributions and negative adjustments will be submitted in one Common Remitter file and the Employer will remit the net balance of those contributions as adjusted to be forwarded by VRSCO to Approved Vendors. VRSCO is not responsible for any delay by or refusal of an Approved Vendor to process a remittance sent to an Approved Vendor net of negative adjustments.
 - 7.3.2.3 Funds will be remitted via wire to a bank account as instructed by VRSCO and containing all required wire text.
 - 7.3.2.4 The amount of the funds must balance exactly to the amount of the remittance file submitted.

7.4 Forwarding of Funds. VRSCO shall cause funds to be forwarded pursuant to the Employer's instructions, described above, to the designated Approved Vendors as follows:

- 7.4.1 By electronic funds transfers, by the Federal Wire deadline of 3:00 p.m. CT the same business day, provided that VRSCO receives in good order complete and reconciled instructions and collected funds by 10:00 a.m. CT.
- 7.4.2 Good order instructions and funds received after 10 a.m. CT will be processed by VRSCO no later than the following business day.
- 7.4.3 Good Order Processing: If a remittance is not received in good order, VRSCO shall notify the Employer the same business day if received by 10:00 a.m. CT. For remittances received later, notification will occur by the close of business the following business day. Employer shall promptly

forward sufficient funds and/or instructions to cause the remittance to be in good order.

7.4.3.1 “Good order,” as used in this Agreement, means that all required information and/or documentation has been supplied (including Approved Vendor allocations for each Employee) and that the funds are properly authorized and balance to the remittance file. A remittance shall be considered not in good order if the amount of funds received does not balance to the file(s) received.

7.4.3.2 VRSCO shall not credit interest nor be responsible for interest or other earnings or loss on any funds held during this data entry and forwarding period, or for any additional period it may hold funds for reasons not in breach of this Agreement and beyond its control. VRSCO will not retain all Employer remittances due to the insufficiency of limited elements of the remittance.

7.4.4 VRSCO Return of Funds Not in Good Order. If a remittance is received not in good order, VRSCO shall contact the Employer within one business day and return the funds attributable to that portion of the remittance to the Employer within three business days of receipt or as soon as requested by the Employer. Resolution of not in good order funds may be obtained orally from the Employer.

7.5 Acceptance by Approved Vendors. Employer’s instructions shall direct all Approved Vendors to whom funds shall be forwarded by VRSCO under this Agreement to receive funds as provided under the terms of this Agreement. VRSCO shall not be responsible for the Employer’s selection of Vendors. Further, except as expressly provided in this Agreement, VRSCO shall not be responsible under this Agreement for employee enrollment, plan or participant reporting and compliance testing, withdrawal requests or other processing and reporting, including, but not limited to, distribution of shareholder proxies or reports not contemplated as part of the distribution of funds to the Approved Vendors. VRSCO shall be considered to have discharged fully its obligations under this Agreement with respect to the forwarding of funds when the funds and the information have been properly distributed to the Approved Vendors.

7.6 Discarding a Submitted File

7.6.1 If a file is uploaded and found to be inaccurate, the Employer’s authorized users can discard the file until the file is processed. When the initial file is discarded, all Approved Vendor files will also be discarded.

7.6.2 Discarded files and their remittance amounts can be seen on the site but the amount of these remittances will not report in summary remittance reports (in total or by Employee).

7.7 Reports and Files

7.7.1 Historical reports of both the original consolidated payroll remittance

file and files split by Approved Vendor will be available. By drilling down into these reports, the Employee-level detail will be available.

- 7.7.2 VRSCO will preserve Retirement Manager records online for a minimum of seven (7) years.

7.8 Employer Reports

- 7.8.1 All reports in Retirement Manager are available for download in Excel spreadsheet format for further data manipulation and, where applicable, to allow for date range search.
 - 7.8.1.1 Qualification Report – Active employees who meet criteria for plan eligibility.
 - 7.8.1.2 Newly Qualified – Employees who have not previously been eligible to participate but are now eligible.
 - 7.8.1.3 Carrier Termination Report – Former Employees who were at one time active in the plan (as identified within Retirement Manager) listed by the Approved Vendor utilized.
 - 7.8.1.4 Common Remitter Reports – The Employee Remittance by Payroll Date Report and Employee Remittance by Carrier Report provide two views of remittances processed via Retirement Manager.
 - 7.8.1.5 Payroll Adjustment Report – Assists Employer in tracking receipt of funds from negative adjustments requested via Retirement Manager.

7.9 Vendor Access and Communication

- 7.9.1 Approved Vendors are offered access to the Retirement Manager web site under the following terms:
 - 7.9.1.1 Approved Vendor's access is limited to viewing only those Employees remitting to that Approved Vendor and those remittances allocated to that Approved Vendor. Approved Vendors will not have access to Employees' remittance amounts remitted to other Approved Vendors.
 - 7.9.1.2 Remittance reports are only generated and made available to Approved Vendors electronically via secure FTP file transfer or download via the Retirement Manager web site.
 - 7.9.1.3 Approved Vendor agrees to accept files retrieved from the site as complete processing instructions and records for the information provided.
 - 7.9.1.4 Approved Vendors will only be able to see files in "Processed" status.
 - 7.9.1.5 Approved Vendors will receive the following notification reports in addition to Common Remitter correspondence from Retirement Manager for Employees selecting that Approved Vendor: new employees, employee vesting status, and employee termination. Retirement Manager provides these reports for informational purposes only to the Approved Vendors.

8. Vendor Access and Communication

- 8.1** Approved Vendors are offered access to the Retirement Manager web site under the following terms:
- 8.1.1 Approved Vendor is responsible for reviewing the Vendor Terms of Use on the web site and ensuring each authorized user is aware of the terms and liabilities as defined therein.
 - 8.1.2 Approved Vendors are issued user IDs and Personal Identification Numbers (PINs) for each employee needing access to Retirement Manager by VRSCO.
 - 8.1.3 Approved Vendors are responsible for requesting new user IDs from VRSCO and the terminating of employee access as appropriate.
 - 8.1.4 Approved Vendor access to the Retirement Manager web site will be disabled upon notification from Employer that the Employer has removed the Approved Vendor as a Vendor authorized to receive contributions or provide loan or distribution compliance services under a Retirement Plan.

9. Retirement Manager Limits Monitoring

9.1 Retirement Manager Limits Monitoring (RMLM) is a limits monitoring service as described below. The objective of this service is to calculate and monitor Internal Revenue Code contribution limits to prevent 402(g) elective deferral limit, 415(c) annual additions limitation or 457(b) deferred compensation limit excesses in retirement plans.

9.2 Retirement Plans Monitored. RMLM will monitor limits for the Employer's Code Section 403(b) and 457(b) plans identified in Attachment 1 to this Exhibit ("Retirement Plans"). Any plans and/or plan types not identified in the Retirement Manager Agreement, Attachment 1 are excluded from the definition of Retirement Plans and are excluded from RMLM.

9.3 Internal Revenue Code Contribution Limits (IRC Contribution Limits) Monitored. RMLM will monitor only the following IRC Contribution Limits for the identified Retirement Plans, based solely upon the data provided by the Employer (as more specifically described in this Exhibit):

9.3.1 Code Section 415(c) for Code Section 403(b) Plans

9.3.1.1 RMLM will monitor the basic limit of the lesser of \$46,000 (2008), as indexed, or 100% of compensation. For the purpose of this limit, compensation is defined as gross compensation as provided by the Employer

9.3.1.2 The calendar year will be the limitation year for all calculations.

9.3.1.3 Employee salary reduction and employer contributions reported through Retirement Manager for all 403(b) Retirement Plans will be considered for purposes of 415(c) limit monitoring.

9.3.1.4 Section 415(c) limit monitoring and related stoppage has priority over Section 402(g) limit monitoring and stoppage.

9.3.1.5 Section 415(c) limit monitoring will include and be limited to all Employer and employee contributions to the Retirement Plans reported through the Retirement Manager service.

9.3.2 Code Section 402(g) for Code Section 403(b) Plans

9.3.2.1 RMLM will monitor the basic limit of \$15,500 (2008), as indexed, and, if applicable, the expanded cap limit of up to a maximum of \$3,000 per year (\$15,000 lifetime cap) for 403(b) plans under Code Section 402(g)(7).

9.3.2.2 In monitoring the basic limit, elective deferrals reported for all 403(b) Retirement Plans will be included.

9.3.2.3 The expanded cap limit for 403(b) plans will be monitored based on data in Retirement Manager that has been provided by the Employer. The expanded cap limit is applicable only when both the Employer and Participating Employee are eligible. The expanded cap limit for RMLM purposes will include the "\$5,000

times years of service” calculation and the \$15,000 lifetime cap; both will be limited based on inception-to-date contributions to the 403(b) Retirement Plans.

9.3.2.4 Section 402(g) limit monitoring will include and be limited to contributions reported through the Retirement Manager service.

9.3.2.5 Deferrals will be monitored for the Participating Employee solely with respect to Retirement Plans of the Employer. Contribution limits will not be monitored for a Participating Employee for multiple employers.

9.3.3 Code Section 457(b) for Code Section 457(b) Plans

9.3.3.1 RMLM will monitor the basic limit of the lesser of \$15,500 (2008), as indexed, or 100% of includible compensation; and, if applicable, the special catch-up limit under Code Section 457(b)(3). For the purpose of this limit, includible compensation is defined as gross compensation as provided by the Employer.

9.3.3.2 In monitoring this limit, both employee salary reduction and Employer contributions to all 457(b) Retirement Plans reported will be included.

9.3.3.3 The special catch-up limit will only be monitored based on data provided by the Employer through Retirement Manager. The special catch-up limit is applicable only when the Participating Employee is eligible. The special catch-up limit is available in the three years prior to the year of the Participating Employee’s Normal Retirement Age as defined in the Employer’s plan, and will not exceed the lesser of the applicable dollar limit or the amount of unused reserve.

9.3.3.4 Contribution limits will be monitored for the Participating Employee solely with respect to Retirement Plans of the Employer. Contribution limits will not be monitored for the Participating Employee across multiple employers.

9.3.4 Code Section 414(v) for Code Section 403(b) and 457(b) Plans

9.3.4.1 RMLM will monitor the age-based catch-up limits under Code Section 414(v) for elective deferral contributions.

9.3.4.2 RMLM will monitor the 414(v) age-based catch-up limit for all 403(b) and governmental 457(b) Retirement Plans. Code Section 414(v) limits will be separately monitored for the 403(b) and governmental 457(b) plans.

9.3.4.3 Code Section 414(v) limits will be calculated for Participating Employees who are age 50 or older.

9.3.4.4 Only contributions reported through the Retirement Manager service will be included in the RMLM calculations.

9.3.4.5 Deferrals will be monitored for the Participating Employee solely with respect to Retirement Plans of the Employer. Contribution

limits will not be monitored for a Participating Employee across multiple employers.

9.4 Data Requirements

9.4.1 All RMLM calculations are based solely on data provided by the Employer. An initial data file from the Employer can include relevant data provided to the Employer by one or more Vendors or service providers under one or more of the Employer's Retirement Plans. VRSCO will not seek the data directly from any Vendor or service provider, including any VRSCO Affiliate (*e.g.*, VALIC). After providing the initial data file, subsequent revisions or additions may be made online by the Employer, or otherwise as agreed between Employer and VRSCO. In the absence of all necessary data, contribution limits monitoring may default to the basic limits as described in Section 9.2, above, as applicable to each plan type. Employer must provide the following data in its initial RMLM file for each Participating Employee (all fields are required):

1. Social Security Number
2. Employee ID
3. First Name
4. Last Name
5. Years of Service
6. 403(b) Plan: Amount Used Toward Lifetime \$15,000 Cap
7. 403(b) Plan: Inception-to-Date Elective Deferrals
8. 457(b) Plan: Catch-Up Reserve Available
9. 457(b) Plan: Normal Retirement Age

If any of the above data is not provided for a Participating Employee, RMLM will default to certain assumptions. For example:

- If Employer has not provided Years of Service, RMLM will determine Years of Service based on the date of hire provided and calculate the expanded cap limit if applicable.
- If no date of hire is provided, the individual will be assumed to have zero Years of Service and, for example, will be assumed to be ineligible for the expanded cap limit under Code Section 402(g)(7).
- If Employer has not provided inception-to-date elective deferrals for the Participating Employee, RMLM will assume this variable to be zero (0) for calculation purposes.
- If no 457(b) Catch-Up Reserve is provided for an employee, or if no Normal Retirement Age is provided, the special catch-up limit under Code Section 457(b) will be assumed to be unavailable, although the age-based catch-up limit may be available.

9.4.2 Data required to be provided by Employer through Retirement Manager for Code Section 402(g) expanded cap limit monitoring for Employer's 403(b) Retirement Plans will include, but not be limited to, employee

name, Social Security Number or employee ID, compensation, employee elective contributions in prior years, and years of service.

- 9.4.3 Data required to be provided by Employer through Retirement Manager for Code Section 457(b) special catch-up limit monitoring will include, but not be limited to, employee name, Social Security Number or employee ID, catch-up reserve available, date of hire, date of birth, and Normal Retirement Age as defined in the plan.
- 9.4.4 In order to monitor Code Section 414(v) age-based catch-up limits, the employee's date of birth is required.
- 9.4.5 Limits will be monitored in the initial and subsequent years based on data in Retirement Manager that has been provided by Employer. Complete and accurate data from Employer for any of the contribution limit components is required.
- 9.4.6 Data must be submitted in an online interface or in a file upload in an approved file format. Alternatively, the Employer may input data for individual employees.
- 9.4.7 The Employer will be required to input before November 15th of each year the payroll dates for the upcoming calendar year.

9.5 Employer Requirements

- 9.5.1 Employer acknowledges and directs VRSCO to default to the basic limits and assumptions as described in this section, unless the Employer provides VRSCO data through Retirement Manager as described in this section.
- 9.5.2 After the final compliance payroll data file is received for a calendar year, the Employer will provide the data to be used to calculate the IRC Contribution Limits. When such data has been provided by the Employer, the inception-to-date contribution data will be updated and subsequent IRC Contribution Limit calculations will be based on that data.
- 9.5.3 Employer acknowledges that RMLM monitors only Internal Revenue Code limits and not lesser limits that may be imposed under the Employer's Retirement Plans.
- 9.5.4 Employer acknowledges that the accuracy of RMLM is based on the Employer and/or Participating Employee's providing VRSCO complete and accurate data and that the accuracy of future year calculations depends on all corrections being made through Retirement Manager. VRSCO is entitled to rely on and will be fully protected in acting on data and direction provided by the Employer, the Plan Administrator, or another authorized Plan representative or the Participating Employee and will have no duty to inquire with respect to such data or direction.

9.6 Prior Payroll Adjustments.

- 9.6.1 Adjustments to payrolls previously submitted may be included in subsequent remittance files, separate files or through an online interface for purposes of limit monitoring.

9.7 Employer Reports

- 9.7.1 All reports in Retirement Manager are available for download in Excel

spreadsheet format for further data manipulation and, where applicable, to allow for date range search.

9.7.1.1 Expected to Exceed Contribution Limit – Employees whose projected remittances will exceed the limit for the calendar year if remittances continue at their current rate.

9.7.1.2 Exceeded Contribution Limit Report – Employees who have exceeded the annual contribution limit for the selected plan.

SAMPLE

10. Retirement Manager Limits Enforcement

10.1 Proactive Enforcement. Proactive Enforcement is designed to prevent a Participating Employee's contributions in excess of the available monitored IRC Contribution Limits each Participating Employee is eligible for, from being deposited in the Participating Employee's account in the Retirement Plan.

10.1.1 Retirement Manager will use available data to identify the payroll cycle in which, based upon the data provided by the Employer, an excess is projected to occur. The Employer will be notified of a projected excess through the payroll feedback file to the Employer. The Employer directs VRSCO to reduce and, as needed, stop contributions.

10.1.2 Retirement Manager will inform Participating Employees that RMLM will calculate IRC Contribution Limits and reduce or stop contributions at the direction of the Employer (on the Employee Enrollment/Contribution Change Page). For employees who enroll or make contribution changes online, an appropriate disclaimer will be included on the on-line page. It is the Employer's responsibility to inform Eligible Employees who submit paper salary reduction agreements to the Employer to enter into Retirement Manager of RMLM.

10.1.3 The Participating Employee will be notified via email of a contribution reduction or stoppage. Participating Employee email notification is dependent on the Employer's providing a current, valid email address for the Participating Employee.

10.1.4 Retirement Manager will generate a reduce- or stop-contribution change prior to the cut-off date of the first payroll an excess over a monitored IRC Contribution Limit is projected to occur.

10.1.5 If payroll dates have been entered in Retirement Manager by the Employer for the subsequent calendar year, Retirement Manager will generate a start contribution change for all Participating Employees who had their contributions stopped in the prior year. Start changes will not generate for unpopulated payroll dates or if the auto restart function is not selected by the Employer.

10.1.6 Participating Employees may not override a stop or reduce change in their contributions, but may override an automatic start change. The Employer can override all contribution changes. Thus, the Employer can elect to disregard a stop or reduce change, such as in a situation where the Employer obtains new information supporting the contribution amount.

10.1.7 Participating Employee-generated contribution changes will supersede automatic start contribution changes.

10.2 Reactive Enforcement. Reactive Enforcement is designed to address contributions that exceed applicable limits due to remittance of an excess contribution by Employer.

10.2.1 Once the Employer determines that excess contributions were remitted to Retirement Manager, all Employer corrective activity for contributions not

yet made to the Retirement Plan including negative adjustments must be submitted through the common remitter service.

- 10.2.2 If corrections have previously been refunded by the Approved Vendor, the Employer must update and adjust the contribution history in Retirement Manager, including, but not limited to, the inception-to-date data, for such participants.

10.3 Employer Requirements

- 10.3.1 Employer acknowledges and directs VRSCO to default to the basic limits and assumptions as described in Retirement Manager Limits Monitoring, unless the Employer provides VRSCO data through Retirement Manager as described in Retirement Manager Limits Monitoring.
- 10.3.2 Employer directs VRSCO to stop a contribution from being made to the Retirement Plan on behalf of a Participating Employee and inform Employer if such contribution will cause a Participating Employee to exceed one of the monitored IRC Contribution Limits, as such limits are determined based solely upon data provided by the Employer for Participating Employees with all Vendors including any VRSCO Affiliate. The Employer must accept the contribution change file and make any necessary changes in its payroll system, unless the Employer elects to disregard a stop or reduce change as described above.
- 10.3.3 If Employer does not make any changes in its contribution file or remittance and an excess contribution would result, VRSCO will not process such excess contributions until VRSCO has notified the Employer of the excess. The Employer must instruct VRSCO to either (1) return the funds to the Employer or (2) process the contribution and adjust the Participating Employee's history in Retirement Manager. If no instructions are received from Employer within one business day of receipt of the unchanged contribution file or remittance, VRSCO will return the Employee record to the Employer and return the applicable funds to the Employer the next business day.
- 10.3.4 If an Employer overrides RMLM and a contribution in excess of applicable IRC Contribution Limits posts to a Participating Employee's account, then Employer will work with the Approved Vendors to correct such excess contributions by distribution to the Employer or to the Participating Employee to the extent permitted under the Code; Treasury Regulations or other regulatory guidance, including if necessary and appropriate any Internal Revenue Service self-correction programs.
- 10.3.5 Employer will initiate employee communications prior to the inception of RMLM informing employees of the new service, how it operates and when the service will be initiated. VRSCO will provide Employer information regarding RMLM, and Employer will include such information provided by VRSCO in its employee communications.
- 10.3.6 Prior to the implementation of RMLM, Employer will inform Approved Vendors of the new RMLM procedures adopted by Employer.

- 10.3.7 After the final payroll is received for a calendar year, the Employer will provide the data to be used to calculate the IRC Contribution Limits. When such data has been provided by the Employer, the inception-to-date contribution data will be updated and subsequent IRC Contribution Limit calculations will be based on that data.
- 10.3.8 Employer acknowledges that RMLM monitors only Internal Revenue Code limits and not lesser limits that may be imposed under the Employer's Retirement Plans.
- 10.3.9 Employer acknowledges that the accuracy of RMLM is based on the Employer and/or Participating Employee's providing VRSCO complete and accurate data and that the accuracy of future year calculations depends on all corrections being made through Retirement Manager. VRSCO is entitled to rely on and will be fully protected in acting on data and direction provided by the Employer, the Plan Administrator, or another authorized Plan representative or the Participating Employee and will have no duty to inquire with respect to such data or direction.

11. Loan and Hardship Withdrawal Compliance

11.1 Compliance Reports. All reports in Retirement Manager are available for download in Excel spreadsheet format for further data manipulation and, where applicable, to allow for date range search.

11.1.1 Hardship Withdrawal Report – Employees who have taken a Hardship Withdrawal from an Approved Vendor. The Hardship Withdrawal data is provided by each Approved Vendor on a periodic frequency and the data is available at the plan level across all Approved Vendors.

11.1.2 Loan Report – Employees who have taken a Loan from an Approved Vendor. The Loan data is provided by each Approved Vendor on a periodic frequency and the data is available at the plan level across all Approved Vendors.

11.2 Loan and Distribution Data

11.2.1 Employee Hardship Withdrawal data is provided by each Approved Vendor that administers plan distributions. VRSCO will refresh and update the data reflected in the Hardship Withdrawal compliance report upon receipt of the refresh files on a frequency as determined by the Employer and VRSCO. This Employee data is aggregated across Approved Vendors and reported at the plan and Employee levels.

11.2.2 Employee Loan data is provided by each Approved Vendor that administers plan loans. VRSCO will refresh and update the data reflected in the Loan compliance report upon receipt of the refresh files on a frequency as determined by the Employer and VRSCO. This Employee data is aggregated across Approved Vendors and reported at the plan and Employee levels.

11.2.3 The Vendor distribution file must be delivered to VRSCO by each Approved Vendor via secure FTP file transfer. Each Approved Vendor providing loans and hardship withdrawals under the plan shall send a distribution file electronically and in a file format agreed upon by the Employer and VRSCO. If the data is not received in this approved file format, the Approved Vendor will not be included in Loan and Hardship Withdrawal Retirement Manager compliance monitoring.

11.3 Vendor Access and Communication

11.3.1 Approved Vendors are offered access to the Retirement Manager web site as described in this section.

11.3.2 As negotiated between the Employer and Approved Vendor, account balance update file submissions may be required of the Approved Vendor on a periodic basis (as determined by Employer). As part of the upload process, Retirement Manager will perform online edits to ensure the file is in the proper format. To complete the submission of the file, the Approved Vendor must validate the record total and the sum of YTD contributions and account balances. Account balances are displayed as provided.

11.3.3 As negotiated between the Employer and Approved Vendor, Loan and Hardship Withdrawal update file submissions may be required of the Approved Vendor on a periodic basis (as determined by Employer). As part of the upload process, Retirement Manager will perform online edits to ensure the file is in the proper format.

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12. Distribution Eligibility Certificate

- 12.1** The Distribution Eligibility Certificate (“Certificate”) will be completed by the participant on Retirement Manager related software or computing systems, and the participant will provide the Certificate to the Approved Vendor.
- 12.2** Approved Vendor may also access the Certificate on Retirement Manager related software or computing systems by using Approved Vendor’s login as provided by VRSCO.
- 12.3** The Employer will direct the Approved Vendor to utilize information provided on the Certificate in determining a participant’s eligibility for certain plan transactions, including hardship distributions and loans.
- 12.4** Approved Vendor will require a valid Distribution Eligibility Certificate prior to approving a loan or distribution. Approved Vendor must validate a current effective date on the Certificate and not process based on an expired Certificate.
- 12.5** The Certificate will include a record of hardship withdrawals taken for which information has been submitted to Retirement Manager.
- 12.6** Certificates for all transactions will be valid until the last day of the month following the month in which the certificate is requested (e.g., certificate requested in January is valid until the last day of February).
- 12.7** A participant may request a new Certificate for a separation from service or age-based distribution or exchange at any time.
- 12.8** New Certificates for hardship distributions and loans will only be issued after the expiration of a current Certificate or with Employer override during an active Certificate period.
- 12.9** Approved Vendor will confirm from the Certificate information:
 - 12.9.1 Current loans in default status and the issuing Approved Vendor
 - 12.9.2 Participant has maximized available loans before requesting hardship withdrawal
 - 12.9.3 Amount, date and reason, if provided, of the hardship distribution
 - 12.9.4 Amount of pre-1989 unrestricted funds available and the Approved Vendor
 - 12.9.5 Loan amount requested will not exceed the applicable loan limits (e.g., Approved Vendor should not approve a loan in excess of 50% of the participant’s account balance at the Approved Vendor)
 - 12.9.6 Compliance with hardship rules

- 12.10** Requests for new Certificates will undergo the following data checks using a two-file look back (e.g., for a Certificate requested in July, Retirement Manager will validate information from both May and June Approved Vendor transmissions):
- 12.10.1 Retirement Manager will look for Certificates that expired on the last day of one of the previous two months (e.g., for a Certificate requested in July, it will check for Certificates with expiration dates of either May 31 or June 30)
 - 12.10.2 If no expired certificates found, Retirement Manager will use loan and hardship distribution data on file in validation/calculation process.
 - 12.10.3 If one or more expired Certificates is found, Retirement Manager will verify if a like transaction (e.g., loan Certificate/loan transaction) was reported for that participant from each Approved Vendor.
 - 12.10.3.1 If Approved Vendor shows transaction, Retirement Manager will use data on file.
 - 12.10.3.2 If Approved Vendor shows no transaction, Retirement Manager will use data on file for validation/calculation process, but print message on Certificate that states: “Participant has outstanding X transaction with Approved Vendor A that may have been processed after the last reporting period.”
 - 12.10.3.3 If multiple Certificates exist and equal number of like transactions by Approved Vendor exist, Retirement Manager will use data on file.
 - 12.10.3.4 If multiple transactions exist and some, but not all, transactions by Approved Vendor exist, Retirement Manager will use data on file and report all pending and completed transactions for that Approved Vendor on the Certificate.
- 12.11** Retirement Manager will always use data on file for plan-level calculations/validations.
- 12.12** Because a Distribution Eligibility Certificate will be based upon information provided to VRSCO by Employer, one or more providers including Approved Vendor, and/or a participant, and because an Approved Vendor investment product may have restrictions in addition to applicable plan restrictions, nothing in such a Certificate should be interpreted or applied to override more restrictive provisions in Approved Vendor’s investment product(s) or to authorize or direct Approved Vendor to disregard relevant information otherwise available to Approved Vendor that might adversely affect the participant’s eligibility for the requested distribution or loan.
- 12.13** Except as otherwise provided in this paragraph, Approved Vendor shall be responsible for obtaining and maintaining supporting qualification documentation for a safe harbor hardship distribution, unforeseeable emergency distribution or loan for a principal residence, including but not limited to invoices, bills or other documentation for the requested safe harbor hardship or unforeseeable emergency

distribution or principal residence loan. In the event of a non-safe harbor (other) hardship withdrawal distribution or when the Employer's signature is required for a safe harbor hardship withdrawal or unforeseeable emergency distribution, Employer shall be responsible for obtaining and maintaining supporting qualification documentation, including but not limited to invoices, bills or other documentation of the reason for such requested hardship withdrawal or unforeseeable emergency distribution.

SAMPLE

13. Hardship Withdrawal Contribution Suspension

- 13.1** The Hardship Withdrawal Suspension Period is defined as the elapsed time between the Suspension Start Date, defined as the date elective deferral contributions are prevented from being deposited in the Participating Employee's account, as determined by the receipt of the hardship withdrawal information on the information sharing file received from each Approved Vendor; and the Suspension End Date, defined as the date elective deferral contributions are allowed to be deposited in the Participating Employee's account. The Hardship Withdrawal Suspension Period is triggered when an Approved Vendor reports that a hardship withdrawal has been taken via the information sharing data file. Retirement Manager will notify the Participating Employee of the stop contribution via email if there is an email address for that Participating Employee on record
- 13.2** An auto-generated restart of the contribution will be set up for the next pay date after the Suspension End Date. Auto restarts will not be generated if a pay date is not available or if the auto restart function is not selected by the Employer. If selected, this auto restart can be deleted by the Employer or Participating Employee. Employer is responsible for maintaining the pay dates and cutoff dates within Retirement Manager. The contribution amount upon the restart will be the same amount as the last contribution prior to the Suspension Start Date. The Employer can override the suspension by sending the contribution to the Approved Vendor in the normal remittance process.
- 13.3** Retirement Manager will default to Section 403(b) and/or 401(k) Safe Harbor plan rules governing hardship withdrawals, which includes the suspension of plan contributions for a minimum of 6 months from when the hardship withdrawal is reported. Retirement Manager will stop a contribution from being made to all Employer plans in Retirement Manager on behalf of a Participating Employee who has taken a hardship withdrawal, as determined based solely upon data provided by the Plan's Approved Vendors in the information sharing file. The Employer must accept the contribution change stop and make any necessary changes in its payroll system, unless the Employer elects to disregard a stop and override the cessation of deferrals as described above. If the Employer overrides a cessation and a contribution posts to a Participating Employee's account, then Employer will be responsible for this action and any consequences as determined under IRC or other regulatory guidance, including if necessary and appropriate any Internal Revenue Service self-correction programs. Employer acknowledges that the accuracy of data used to suspend contributions is based on the most recent hardship distribution as taken from the Plan as reported from data provided by the Approved Vendors.

Attachment 1

Employer's Retirement Plans

Plan Number*	Plan Name	Plan Type	IRC Contribution Limits Monitored

*Plan Number assigned solely for purposes of RMLM services.

SAMPLE

EXHIBIT B

Fees

The following fees are payable by Employer to VRSCO for the Services provided hereunder:

1. A one-time set-up fee of \$_____ due 60 days after the Effective Date of this Agreement.

2. An annual maintenance fee of \$_____, due 60 days after January 1st of the next calendar year and each subsequent calendar year.

Fee Calculation: VRSCO will reduce the fee to \$0.00 when assets under management with VALIC exceeds \$20,000,000.00 as determined on the last close of the New York Stock Exchange each calendar year and applied beginning the next calendar year.

The above fees assume:

- Retirement Manager standard file formats are used by Employer and Approved Vendors
- The Employer utilizes one (1) payroll system and ten (10) or fewer Approved Vendors are administered by Retirement Manager

If more than ten (10) Approved Vendors are administered by Retirement Manager, the following fees also apply:

1. A one-time Approved Vendor maintenance fee of \$500 for each Approved Vendor in excess of 10, due 120 days after the Effective Date of the Agreement.

Fee Calculation: Based on the highest number of Approved Vendors under any of Employer's Retirement Plans as determined 90 days after the Effective Date of the Agreement and prorated based on the number of days remaining in the calendar year of the implementation of Retirement Manager following the determination of the number of Approved Vendors.

2. An annual Approved Vendor maintenance fee of \$500 for each Approved Vendor in excess of 10, due 60 days after January 1st of each subsequent calendar year.

Fee Calculation: Based on the highest number of Approved Vendors under any of Employer's Retirement Plans as determined on the first day of each calendar year.

**Sample 403(b) and 457(b) Plan Service
Agreement**

SECTION 403(b)/457(b)/401(a) PLAN SERVICE AGREEMENT

This Agreement is made by and between _____ (the "Employer") and _____ (the "Company").

This Agreement is separate from and in addition to any and all hold harmless agreements, service provider agreements, information sharing agreements, or similar agreements with respect to 403(b) plan compliance or information sharing and, if applicable, 457(b) and/or 401(a) plan compliance or services, in effect between the parties on the date hereof (collectively, "403(b) Agreement" or "403(b) Agreements"), including any amendment to such 403(b) Agreement or 403(b) Agreements. In the event of a conflict between this Agreement and any such 403(b) Agreement, the terms of this Agreement shall control.

WHEREAS, Employer has entered into an agreement with VALIC Retirement Services Company ("Administrator") to provide ministerial and non-fiduciary services ("Services" or "Retirement Manager") for Employer's 403(b) plan and, if applicable, 457(b) plan and/or 401(a) plan (collectively, "Plan"), which services may include common remittance services, non-biased and objective Internet services, and consolidated participant statement services;

WHEREAS, Employer has designated Company as an authorized provider under Employer's Plan; and

WHEREAS, Employer desires that Company agree to and abide by the terms and conditions of this Agreement with Employer.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is hereby agreed as follows:

- 1. Electronic Communications Between Administrator and Company.** All data to be shared between Administrator and Company under the terms of this Agreement shall be transferred electronically between Company and Administrator.
- 2. File Format.** Company must submit data to Retirement Manager related software or computing systems via File Transport Protocol (ftp) using the industry standard SPARK (Society of Professional Asset Managers and Record Keepers) file format. Administrator reserves the right to make changes from time to time to the information sharing data requirements based on changes and updates to the SPARK file format with ninety (90) days' written notice to Company.
- 3. Time of Delivery.** Company shall provide the Administrator the data on a monthly basis or more frequently as agreed upon by Employer and Administrator. With regard to monthly data, Company shall provide the data file to Retirement Manager related software or computing systems on or before the 15th of each month with data current to the last day of the previous month. Data provided on a more frequent basis shall be subject to time standards agreed upon by Employer and Administrator.
- 4. Identification of Participants.** For purposes of this Agreement, Company shall identify all current or former employees and beneficiaries whose accounts are required to be included in the Employer's 403(b) plan and, if applicable, 457(b) plan and/or 401(a) plan to which this Agreement applies.

5. Data. Company shall provide the Administrator with information regarding loans, hardship and unforeseeable emergency withdrawals, distributions due to severance from employment and other partial distributions or other transactions as requested by the Employer/plan sponsor, unless such data is being provided by another party to Administrator on behalf of Company pursuant to an agreement between Company and such other party.

6. Distribution Eligibility Certificate Procedures. Upon written notification from Administrator, the procedures in this Section 6 shall apply. The Distribution Eligibility Certificate (“Certificate”), a sample copy of which is attached to this Agreement, will be completed by the participant on Retirement Manager related software or computing systems, and the participant will provide the Certificate to Company. Company may also access the Certificate on Retirement Manager related software or computing systems by using Company’s login as provided by the Administrator. The Employer shall direct Company to utilize information provided on the Certificate in determining a participant’s eligibility for the following plan transactions:

- _____ Hardship Withdrawal Distributions
- _____ Unforeseeable Emergency Distributions
- _____ Loans
- _____ Separation from Service Distributions
- _____ In-Service Exchanges (between approved investment providers)
- _____ Age 59 ½ In-Service Distributions

- a. Company will require a valid Distribution Eligibility Certificate prior to approving a loan or distribution. A Certificate is valid if it (a) has not expired based on the expiration date printed on the Certificate; (b) has not been previously submitted to Company and used for any transaction, whether or not it was used for less than the entire eligible amount indicated on the Certificate; (c) is generated specifically for Company and for the plan and participant for which the transaction is being processed; and (d) fulfills the necessary signature requirements as provided to Company during the activation notification process. Employer may determine whether it will review and sign the Certificates.
- b. Company should not approve a loan in excess of 50% of the account balance at Company, except if the Plan provides for a loan of \$10,000 or less in the case of a Plan not subject to the Employee Retirement Income Security Act of 1974, as amended. Company shall ensure that it has knowledge of and applies the applicable loan limit for Employer’s Plan.
- c. Except as otherwise provided in this paragraph, Company shall be responsible for obtaining and maintaining supporting qualification documentation for a safe harbor hardship withdrawal distribution, unforeseeable emergency distribution or loan for a principal residence, including but not limited to invoices, bills or other documentation for the requested safe harbor hardship withdrawal or unforeseeable emergency distribution or principal residence loan. In the event of a non-safe harbor (other) hardship withdrawal distribution or when the Employer’s signature is required for a safe harbor hardship withdrawal or unforeseeable emergency distribution, Employer shall be responsible for obtaining and maintaining supporting qualification documentation, including but not limited to invoices, bills or other documentation of the reason for such requested hardship withdrawal or unforeseeable emergency distribution.
- d. Because a Distribution Eligibility Certificate will be based upon information provided to the Administrator by Employer, one or more providers including Company, and/or a participant, and because a Company investment product may have restrictions in addition to applicable Plan restrictions, nothing in such a Certificate should be interpreted or

applied to override more restrictive provisions in Company’s investment product(s) or to authorize or direct Company to disregard relevant information otherwise available to Company that might adversely affect the participant’s eligibility for the requested distribution or loan.

The following table summarizes the above requirements:

Loans/Distributions	Administrator Requirement	Company Requirement
a. Data Aggregation	X	
b. Loan or Distribution Eligibility Determination	X	
c. IRC Loan Limit or Distribution Calculation	X	
d. Loan or Distribution Approval		X
e. Obtain and Maintain Supporting Documentation		X (as described in paragraph c., above)

7. Company Remittance Procedures. All remittance instructions will be sent from the Administrator to Company electronically via File Transport Protocol (ftp) using the Retirement Manager (gff) file that is in a text format or the file may be downloaded from a secure Retirement Manager download facility. All funds shall be sent via Fed Funds wire.

8. Implementation Procedures. A Retirement Manager Provider Implementation Guide will be provided to Company upon initiation of the implementation process. This package will include implementation instructions and procedure explanations. Company will submit the following information to the Administrator: Remittance Contact Information, Bank Information (for the transmission of remittance files), Authorized Personnel List (to retrieve remittance files from Retirement Manager related software or computing systems), Company Information (name, web address, contact information and applications in .pdf format).

9. Reliance on Information and Instructions. Company acknowledges that the accuracy of Retirement Manager is based on Company’s providing Administrator complete and accurate data and that the accuracy of Retirement Manager depends on all adjustments and corrections being made through Retirement Manager. Administrator shall have the right to conclusively rely on information and instructions received from time to time from Company and other companies under the Plan (“Information and Instructions”) pursuant to the terms of this Agreement and shall have no duty to inquire with respect to such Information and Instructions. Administrator shall not be liable for acting in reliance upon any such Information and Instructions from Company or any other concurrent or predecessor investment or service provider to the Plan. Nothing in this Agreement shall be construed as making Administrator an insurer or guarantor of any information provided by any investment or service provider under the Plan or any investment vehicle or of any benefit under the Plans. Company shall have the right to conclusively rely on Information and Instructions received from time to time through Administrator from the Employer and/or employees pursuant to the terms of this Agreement, except to the extent such Information and Instructions were provided by Company. Company shall not be liable under this Agreement for acting in reliance upon any such Information and Instructions, except to the extent such Information and Instructions were provided by Company. Company shall remain responsible for

the proper administration of Company's 403(b) and, if applicable, 457(b) and/or 401(a), contracts and/or accounts maintained under the Plan(s).

10. Contribution Data. Company shall notify Administrator, as soon as administratively feasible, if any contribution data causes discrepancies with Company's record keeping system. Company shall maintain safeguards and operating procedures to ensure the timely posting of participant contributions based on the contribution data supplied by Administrator. Such contribution data may include but is not limited to participants who do not have an account with Company.

11. Resources. Company agrees to use commercially reasonable efforts to cooperate with Administrator and make available the necessary personnel and resources to provide and implement the Services. Company agrees to provide a contact person to Administrator in the event of file transmission issues. Company agrees to jointly review with the Administrator at the request of either party or the Employer, performance under the Agreement and to use commercially reasonable efforts to correct any problems and/or resolve issues. Such review shall occur within a reasonable period of time after the request.

12. Fees and Expenses. Company shall bear its own expenses relating to its obligations under this Agreement and shall not be responsible for the expenses of the Employer or Administrator.

13. Non-Solicitation. Company shall not directly or indirectly through an affiliate or another party use (or permit to be used) the participant information acquired solely as a result of this Agreement to solicit clients of any other authorized provider under Employer's Plan. Notwithstanding the foregoing, nothing in this Agreement shall restrict Company's employees from providing services on site for the Employer or the Employer's employees, or reduce the level of service currently provided by such employees to Employer's employees. Furthermore, the terms of this Agreement shall not apply to any generic participant communications materials generated and provided to Plan participants by Company.

14. No Right to Remain Authorized Provider. Nothing in this Agreement shall be deemed to give Company any right to remain an authorized provider under Employer's 403(b) plan or, if applicable, 457(b) plan and/or 401(a) plan.

15. Amendment and Termination. This Agreement may be amended by mutual written agreement, provided however that a permitted modification described in Section 2 or 3 hereof or in an amendment or addendum hereto shall not be considered an amendment for purposes of this Section 15. This Agreement may be terminated upon both (a) mutual agreement of Employer and Company as to the continued sharing of information for purposes of 403(b) compliance between Employer and Company, and (b) assumption by Employer from Administrator of responsibility for compliance coordination with respect to accounts with Company. Unless otherwise amended, the Agreement shall terminate upon termination of the Retirement Manager agreement between Employer and Administrator. Notwithstanding the foregoing, the Non-solicitation and Indemnification provisions hereof shall survive any such termination or amendment.

16. Governing Law. Except where Federal laws would otherwise control, this Agreement and all of the rights and obligations of the parties hereto and all of the terms and conditions hereof shall be construed, interpreted and applied in accordance with and governed by and enforced under the laws of the state of the Employer's principal place of business.

17. Acts or Omissions of Third Parties. Company shall have no liability with respect to claims made resulting from actions or omissions (including incomplete or incorrect data provided to Company) of the Employer, the Administrator, the Plan Administrator (if any as identified in the Plan), or other authorized Plan representative, or of any concurrent or predecessor investment or service provider. Employer, Administrator and Plan Administrator shall have no liability with respect to actions or omissions of Company or its affiliates, successors and assigns.

18. Indemnification. Company shall indemnify Employer and Administrator and their successors or assigns for any claim, cause, or demand arising out of Company's failure to perform one or more of its obligations hereunder, including any claim, cause or demand arising as a result of incomplete or incorrect data provided by Company to Administrator. Company shall indemnify Administrator and their successors or assigns for any claim, cause, or demand arising as a result of Company's submission of data to Retirement Manager related software or computer systems containing corrupt data, malicious or harmful code, or which is otherwise injurious to the operation of Retirement Manager related software or computer systems. With regard to this section, Administrator is a third-party beneficiary to this Agreement.

19. Notices. Except as otherwise provided in this Section, all notices, consents, approvals, demands, requests or other communications provided for or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given or served when delivered by hand delivery or when deposited in the U.S. mail by registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Employer: _____

If to Company: _____

or such other person or address as may be given in writing by either party to the other in accordance with the aforesaid.

All operational notices and transmittals may be oral or written as the parties may agree from time to time; provided, however, any notice one party provides to the other concerning termination or suspension of performance under this Agreement must be in writing.

20. Entire Agreement; Modifications. This Agreement supersedes any conflicting provision or provisions in any prior agreements, written or oral, between Company and Employer and shall constitute the entire agreement and understanding between the parties with respect to the subject matter hereof. This Agreement and each of its provisions shall be binding upon the parties and may not be waived, modified, amended or altered except by a writing signed by Employer and Company.

21. Assignment. Absent the advance written approval of Employer, Company's interest in this Agreement and its rights and duties hereunder may not be subcontracted, assigned or delegated to an unaffiliated third party.

22. No Waiver. A delay or omission by either party in exercising any right or power under this Agreement shall not be construed as a waiver of that right or power. A waiver by either party of any term or condition of this Agreement shall not be construed as a waiver of any subsequent breach of that term or condition or of any other term or condition of this Agreement.

23. Severability. If any provision or part of a provision of this Agreement is determined to be invalid or unenforceable in any respect, that determination shall not affect any other provision of this Agreement, which shall be interpreted as if the invalid or unenforceable provision or part thereof had not been included.

24. Force Majeure. Neither party hereto will be liable or responsible to the other for any loss or damage or for any delays or failure to perform due to causes beyond its reasonable control including, but not limited to, acts of God, strikes, epidemics, war, riots, flood, fire, sabotage, material changes in applicable laws or regulations or court orders over which a party has no control that prohibit that party from performing all of its obligations under this Agreement or any other circumstances of like character.

25. Rights in and Ownership of Retirement Manager. Company shall be limited to those rights expressly granted herein. Company agrees not to cause or permit the: (i) use, copying, modification, rental, lease, sublease, or transfer of Retirement Manager and related software, computing systems, and documentation, except as expressly provided in this Agreement; (ii) creation of any derivative works based on Retirement Manager and related software, computing systems, and documentation; or (iii) reverse engineering, disassembly, or decompiling of Retirement Manager and related software, computing systems, and documentation. The Administrator retains all right, title and interest in Retirement Manager and related software, computing systems, and documentation, and in all copies, improvements, enhancements, modifications and derivative works of Retirement Manager and related software, computing systems, and documentation, including, without limitation, all patent, copyright, and trade secret rights, and all trademark rights not otherwise granted under this Agreement. With regard to this section, Administrator is a third-party beneficiary to this Agreement.

26. Confidentiality. In this Agreement, the phrase "Confidential Information" means all information, including all documents and other tangible items which record information, whether on paper or in electronic or other storage form, in computer readable format or otherwise, relating to Employer, its affiliates, plan participants, and/or Administrator, including, without limitation, all data of any kind whatsoever; data contained on Distribution Eligibility Certificates, including identification of provider accounts for plan participants; know-how; experience; expertise; business plans; ways of doing business; business results or prospects; pricing; supplier information and agreements; business processes (whether or not the subject of a patent); computer software and specifications therefore; database mining and marketing; any technical, operating, design, economic, client, customer, consultant, consumer or collector related data and information; marketing strategies or initiatives and plans which at the time or times concerned is either capable of protection as a trade secret or is considered by Employer or Administrator to be of a confidential nature and is supplied to or obtained by Company whether in the form of specifications, written or electronic data, drawings, or disclosed orally or otherwise.

Company shall, regardless of when the Confidential Information was or is received by Company: (a) hold in confidence all Confidential Information and not reveal any Confidential Information to any other person without the prior written approval of a senior officer of Employer; (b) use the Confidential Information solely in connection with Company's provision of services under this Agreement, and not use such Confidential Information for any other purpose; (c) keep all Confidential Information secret and confidential and diligently protect all Confidential Information against loss, and prevent unauthorized use or reproduction thereof; and (d) if requested by Employer, or immediately upon termination of this Agreement, return to Employer all Confidential Information, all copies (including backup copies), reproductions, reprints and translations thereof, whether written, electronic or otherwise, in the possession of, or under the control of, Company (provided, however, in no event shall Company's own records relating to participant accounts maintained in the ordinary course of its business in providing services to Employer be subject to this item (d)). With regard to this section, Administrator is a third-party beneficiary to this Agreement.

27. Trademark Rights. Company and Employer are prohibited from using the service marks, trademarks, trade names, trade dress, logo or other proprietary graphic representations (collectively, "Trademarks") of the other party or Administrator in any manner in any of its advertising or marketing literature, customer lists, web sites, press releases or any other document or communication (in electronic or paper or other tangible form) without the express written permission of the other party. With regard to this section, Administrator is a third-party beneficiary to this Agreement.

28. Captions. The captions of sections and subsections in this Agreement are for convenience only and will not be considered or referred to in resolving questions of interpretation or construction.

{Remainder of page has been intentionally left blank.}

Select (a) or (b) in Section 29 and execute on next page:

29. Company Responsibility for Other Providers.

a. Company does not offer products of any other investment providers, and will not do so prior to completing a new agreement with the Employer to properly address necessary compliance coordination with respect to such other investment providers.

b. Company offers products of one or more other investment providers. *Select all that apply:*

1. PROVIDERS CURRENTLY AUTHORIZED: Company is offering products of one or more providers that is/are already authorized under the Plan pursuant to separate agreement(s) with the Employer.

2. PROVIDERS NOT CURRENTLY AUTHORIZED; COMPANY WILL PERFORM ALL REQUIRED INVESTMENT PROVIDER COMPLIANCE FUNCTIONS: Company will perform all of the following obligations with respect to products offered by Company and provided by one or more underlying investment providers, including but not limited to: providing SPARK data; approving transactions as identified in Company's agreement with the Employer only upon receipt of a Distribution Eligibility Certificate; coordinating and complying with Plan and Code rules governing exchanges and transfers; and entering into enforceable agreements with those investment providers to ensure continued compliance with the requirements of the Plan and the Code, including obligations that survive the termination of this Agreement, and copies of such executed agreements shall be provided to Employer upon request. Company understands that it will retain these responsibilities until they have been terminated by reasonable advance written notice to Employer and Administrator.

3. PROVIDERS NOT CURRENTLY AUTHORIZED; COMPANY AND PROVIDERS WILL SHARE INVESTMENT PROVIDER COMPLIANCE FUNCTIONS: Company will provide SPARK data for these underlying investment providers that are not otherwise separately authorized under the plan. Each of these underlying investment providers will perform one or more of the functions described in (1) above and will be required to enter into an agreement substantially similar to this Agreement directly with Employer; and such executed agreement shall be provided to Employer, prior to Company's establishing any contracts and/or accounts under the Plan with such underlying investment providers.

This Agreement has been executed by duly authorized representatives as of the dates set forth below their signatures and is effective upon the date of the last signature hereto, **provided Section 29 above has been completed by Company.**

COMPANY:

EMPLOYER:

Name of Company

Name of Employer

Signature

Signature

Name (Printed or Typed)

Name (Printed or Typed)

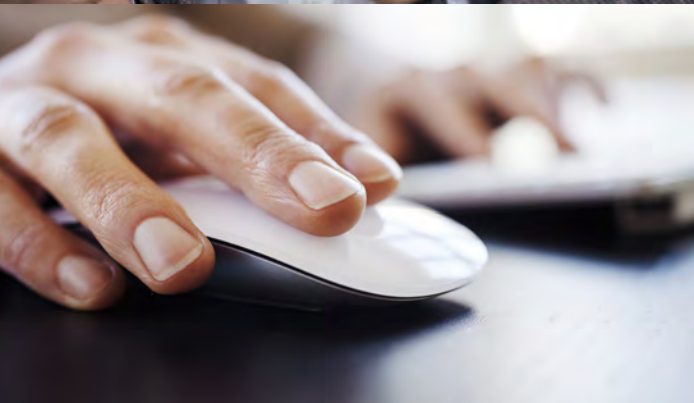
Title

Title

Date

Date

SSAE 16 Report



Report on the VALIC Description of its Defined Contribution Plan Distribution System and on the Suitability of the Design and Operating Effectiveness of its Controls throughout the period October 1, 2015 to September 30, 2016

Prepared pursuant to statement on standards for attestation engagements (SSAE) No. 16

The Report on the VALIC Description of its system and on the Suitability of the Design and Operating Effectiveness of Its Controls is confidential. The report is intended solely for use by the management of VALIC, its user entities, and the independent auditors of its user entities.

VALIC[®]

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I. Report of Independent Service Auditors



REPORT OF INDEPENDENT SERVICE AUDITORS
To the Management of The Variable Annuity Life Insurance Company

Scope

We have examined The Variable Annuity Life Insurance Company and its subsidiaries, VALIC Retirement Services Company and VALIC Financial Advisors Inc.'s (collectively "VALIC") description of its Defined Contribution Plan Administration system for processing user entities' Annuity and Group Mutual Fund transactions throughout the period October 1, 2015 to September 30, 2016 (the "description") and the suitability of the design and operating effectiveness of VALIC's controls to achieve the related control objectives stated in the description. The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls contemplated in the design of VALIC's controls are suitably designed and operating effectively, along with related controls at the service organization. We have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

Service organization's responsibilities

In Section II, VALIC has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. VALIC is responsible for preparing the description and for the assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the description.

Service auditor's responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period October 1, 2015 to September 30, 2016.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description involves performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of those controls to achieve the related control objectives stated in the description. Our procedures included assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description. Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the



related control objectives stated in the description were achieved. An examination engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organization and described in management's assertion in Section II. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Inherent limitations

Because of their nature, controls at a service organization may not prevent, or detect and correct, all errors or omissions in processing or reporting transactions for contract/plan administration, client record keeping, remittances, transfer of value and asset allocation, loans, benefit payments, client reporting, investment processing, asset valuation, and compliance and regulatory support. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives is subject to the risk that controls at a service organization may become inadequate or fail.

Other information provided by the service organization

The information included in Section V, "Other Information Provided by VALIC: Management's Response to Operating Effectiveness Exceptions" ("VALIC Management Responses"), is presented by management of VALIC to provide additional information and is not a part of VALIC's description of its Defined Contribution Plan Administration system for processing user entities Annuity and Group Mutual Fund transactions made available to user entities during the period October 1, 2015 to September 30, 2016. Information about VALIC's Management Responses has not been subjected to the procedures applied in the examination of the description of the Defined Contribution Plan Administration system and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description of the Defined Contribution Plan Administration system and accordingly, we express no opinion on it.

Opinion

In our opinion, in all material respects, based on the criteria described in VALIC's assertion in Section II,

- a. the description fairly presents the Defined Contribution Plan Administration system that was designed and implemented throughout the period October 1, 2015 to September 30, 2016.
- b. the controls related to the control objectives of VALIC stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period October 1, 2015 to September 30, 2016 and user entities applied the complementary user entity controls contemplated in the design of VALIC's controls throughout the period October 1, 2015 to September 30, 2016
- c. the controls of VALIC tested, which referred to in the scope section of this report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period October 1, 2015 to September 30, 2016.



Description of tests of controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section IV.

Intended users and purpose

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of VALIC, user entities of VALIC's Defined Contribution Plan Administration system during some or all of the period October 1, 2015 to September 30, 2016, and the independent auditors of such user entities, who have a sufficient understanding to consider it, along with other information including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties. If report recipients are not user entities that have contracted for services with VALIC for the period specified above or their independent auditors (herein referred to as a "non-specified user") and have obtained this report, or have access to it, use of this report is the non-specified user's sole responsibility and at the non-specified user's sole and exclusive risk. Non-specified users may not rely on this report and do not acquire any rights against PricewaterhouseCoopers LLP as a result of such access. Further, PricewaterhouseCoopers LLP does not assume any duties or obligations to any non-specified user who obtains this report and/or has access to it.

PricewaterhouseCoopers LLP

December 16, 2016

II. The Variable Annuity Life Insurance Company (VALIC) and its subsidiaries, VALIC Retirement Services Company (VRSCO) and VALIC Financial Advisors, Inc. (VFA) assertion



The VALIC Assertion

We have prepared the description of The Variable Annuity Life Insurance Company and its subsidiaries', VALIC Retirement Services Company and VALIC Financial Advisors, Inc.'s (collectively "VALIC") Defined Contribution Plan Administration system for processing user entity Annuity and Mutual Fund transactions (the "description") for user entities of the system during some or all of the period October 1, 2015 to September 30, 2016, and their user auditors who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities of the system themselves, when assessing the risks of material misstatement of user entities' financial statements. We confirm, to the best of our knowledge and belief, that:

- a. the description fairly presents the VALIC Defined Contribution Plan Administration system made available to user entities of the system during some or all of the period October 1, 2015 to September 30, 2016 for processing their transactions. The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls contemplated in the design of VALIC's controls are suitably designed and operating effectively, along with related controls at VALIC. The criteria we used in making this assertion were that the description:
 - i. presents how the system made available to user entities of the system was designed and implemented to process relevant transactions, including, if applicable:
 - (1) the types of services provided, including, as appropriate, the classes of transactions processed.
 - (2) the procedures, within both automated and manual systems, by which services are provided, including as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system.
 - (3) the related accounting records, supporting information, and specific accounts that are used to initiate, authorize, record, process, and report transactions; this includes the correction of incorrect information and how information is transferred to the reports presented to user entities of the system.
 - (4) how the system captures and addresses significant events and conditions, other than transactions.
 - (5) the process used to prepare reports or other information provided to user entities of the system.
 - (6) specified control objectives and controls designed to achieve those objectives including, as applicable, complementary user entity controls contemplated in the design of the service organization's controls.
 - (7) other aspects of our control environment, risk assessment process, information and communication systems (including the related business processes), control activities, and monitoring controls that are relevant to processing and reporting transactions of user entities of the system.
 - ii. does not omit or distort information relevant to the scope of the VALIC Defined Contribution Plan Administration system, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and the independent auditors of those user entities, and may not, therefore, include every aspect of the VALIC Defined Contribution Plan Administration system that each individual user entity of the system and its auditor may consider important in its own particular environment.

- b. the description includes relevant details of changes to the service organization's system during the period covered by the description.
- c. the controls related to the control objectives stated in the description, which together with the complementary user entity controls referred to above, if operating effectively, were suitably designed and operated effectively throughout the period October 1, 2015 to September 30, 2016 to achieve those control objectives. The criteria we used in making this assertion were that:
 - i. the risks that threaten the achievement of the control objectives stated in the description have been identified by the service organization;
 - ii. the controls identified in the description would, if operating as described, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved; and
 - iii. the controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

III. Description of the VALIC Defined Contribution Plan Administration System

Overview of operations and services provided

Overview of the Organization

The Variable Annuity Life Insurance Company (VALIC) is an indirect wholly-owned subsidiary of the American International Group, Inc. (AIG). VALIC Retirement Services Company (VRSCO) is a transfer agent registered with the U.S. Securities and Exchange Commission (SEC) and a wholly-owned subsidiary of VALIC. The Operations Division of VALIC supports the VALIC Defined Contribution Plan processing and is made up of six business units: VALIC Contact Center, VALIC Client Contribution Services, VALIC Institutional Services, VALIC Client Transaction Services, VALIC Advisors, and VALIC Operations Support. Note that VALIC agents are registered representatives of VALIC Financial Advisors, Inc. (VFA), an SEC-registered broker/dealer and investment adviser and a wholly-owned subsidiary of VALIC.

Unless otherwise specified and for the purposes of this report, VALIC and its subsidiaries are collectively referred to as VALIC, or the Company.

Figure 1 below illustrates the relationship of VALIC in the corporate structure and the Operations Division, which supports the VALIC Defined Contribution Plan Administration.

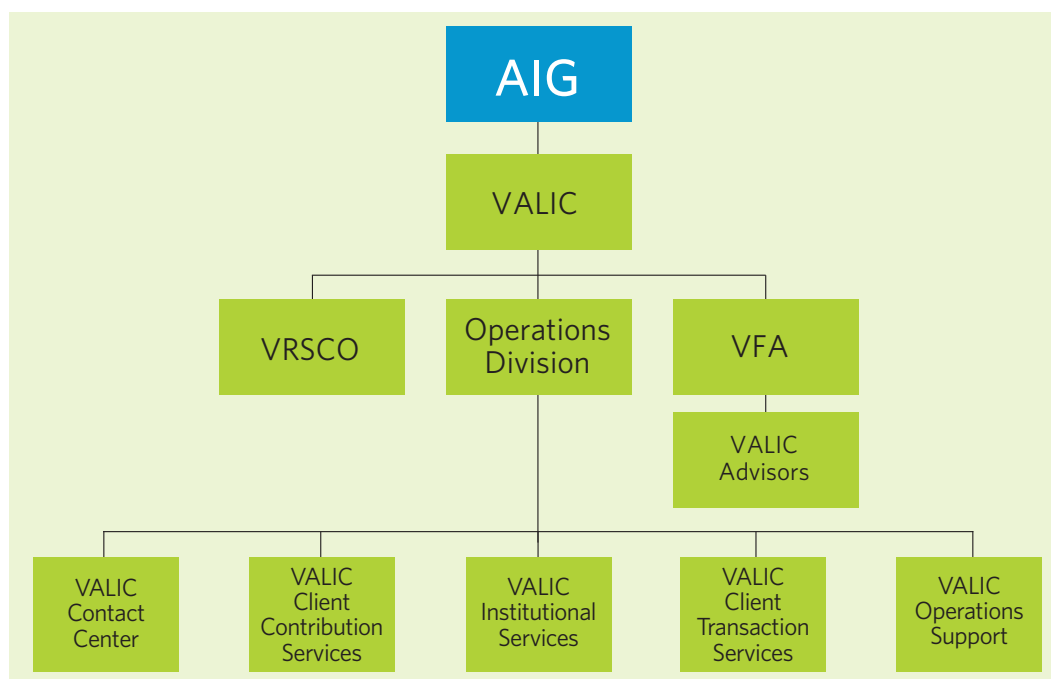


Figure 1: VALIC Organizational Chart

III. Description of the VALIC Defined Contribution Plan Administration System

Descriptions of the VALIC business units that support the VALIC Defined Contribution Plan processing are below:

Business Units	Responsibilities
Contact Center	Provides phone and participant transaction services.
Client Contribution Services	Processes payroll deductions.
Institutional Services	Provides full service group plan administrative services, and also includes the VALIC Custodial Manager, responsible for oversight of the role of VALIC as an IRS-approved non-bank custodian for a portion of the Defined Contribution Plan mutual fund custodial accounts. (Custodial functions generally are incorporated into many of the functions described below.)
Client Transaction Services	Processes financial and non-financial transactions.
Advisors	Assists plan sponsors and participants by planning and coordinating completion of the appropriate paperwork for account setup.
Operations Support	Responsible for mail handling, document management, contract issue, transaction confirms, account statements and interest rate table maintenance.
AIG Shared Services (AIGSS)	AIGSS located in Manila, Philippines, a subsidiary of American General Life Insurance Company, an AIG subsidiary, processes distributions (one form of benefit payments), payroll contributions for VALIC variable annuities and Document Management image/indexing with oversight from the management at the VALIC Amarillo, TX service center.
AIG Federal Savings Bank (AIG FSB)	AIG FSB, an AIG subsidiary and VALIC affiliate, is a federally chartered savings bank. AIG FSB serves as the trustee or custodian for the benefit of retirement plan participants in employer-sponsored tax-qualified (e.g., 403(b), 401(k)) and nonqualified (e.g., 457(f)) plans, pursuant to an agreement with VRSCO, as well as custodial or trust agreements with individual plan sponsors. In its role as a nondiscretionary, directed trustee or custodian, AIG FSB is responsible for receiving, safeguarding and distributing retirement plan assets.
Testing Shared Services Utility (TSSU)	Provides quality assurance services (QA testing) for VALIC application development and support. TSSU engages other global delivery partners to provide QA testing support across AIG.

The following functions within VALIC provide ancillary support to the VALIC business units noted above:

Business Units	Responsibilities
Actuary	Provides actuarial services and reserve calculations for financial support.
Accounting Operations	Responsible for supporting and recording incoming/outgoing cash via wire transfer, lockbox banks, disbursement processing, bank reconciliation, and participant tax reporting.
Legal	Provides legal counsel in support of the operations including monitoring state and federal legislative and regulatory activity, compliance with federal securities laws and regulations (including the FINRA), and state insurance laws and regulations.

III. Description of the VALIC Defined Contribution Plan Administration System

Business Units	Responsibilities
Information Technology	Serves as a liaison between business units and technology service providers and performs business application development, quality assurance (QA) testing, implementation, security and maintenance activities for all internally based technology platforms.
Financial Reporting	Responsible for the preparation of financial statements and disclosures, monitoring and verification of compliance with federal securities laws, analysis of the financial activity and remitting taxes withheld to appropriate authorities required for the separate accounts.
Variable Product Accounting and Reporting (VPA)	Responsible for the collection, reconciliation and communication of processed trade activity to the appropriate fund companies. This accounting group initiates and verifies the settlement of those trades and also the reconciliation of outstanding shares between the fund companies and the record keeping system.
Chief Technology Office (CTO)	Provides operating system and server support for mainframe and distributed systems for AIG Life and Retirement companies which includes VALIC. CTO supports facilities management; security access administration, batch processing and daily operations tasks and support. CTO is also responsible for business continuity which includes back-up and restore of all mainframe and distributed applications for VALIC .

Third-Party Services used by VALIC

VALIC uses third-party service vendors to achieve operating efficiency and obtain specific market expertise. That includes technology services, lockbox, wire transfer, EFT, printing and mailing. (This report and related control environment descriptions do not address the controls and related control objectives of these Third-Party Service vendors.)

The VALIC principal third-party service vendors are described below:

Lockbox	Vendors include JPMorgan Chase Bank via hardcopy checks, e-Remit, Automated Clearing House (ACH) Debit, Northern Trust Company (NTC) and Bank of America (BoA).
Wire Transfer and Electronic Fund Transfer (EFT)	The Bank of New York Mellon (BoNY).
Confirmations and Account Statement Printing and Mailing	Vendors include Fiserv for participant account statements and HOV Services for financial and non-financial confirmations.
Application Support/ Development and DBA Services	Mphasis provides application database admin support for all of the VALIC mainframe applications which are using IMS/DB2 database. Mphasis provides application support/development database services, database recovery management, disaster recovery management and database reports.
SunGard - Relius Government Forms	Web based portal utilized to generate required governmental reporting of Form 5500 and related schedules including Form 8955-SSA for ERISA plans.
SunGard Corbel Plan Documents	Web based portal utilized to generate written documents for various plan types that set forth the terms of the plan.
Actuarial Systems Corporation (ASC)	Software utilized to perform required non-discrimination testing for ERISA plans.

III. Description of the VALIC Defined Contribution Plan Administration System

Description of Processing Environment

Applications Used by VALIC

Figure 2 below illustrates how VALIC utilizes a variety of computing resources and applications used to respond to customer servicing demands, support business processes, and meet management information needs.

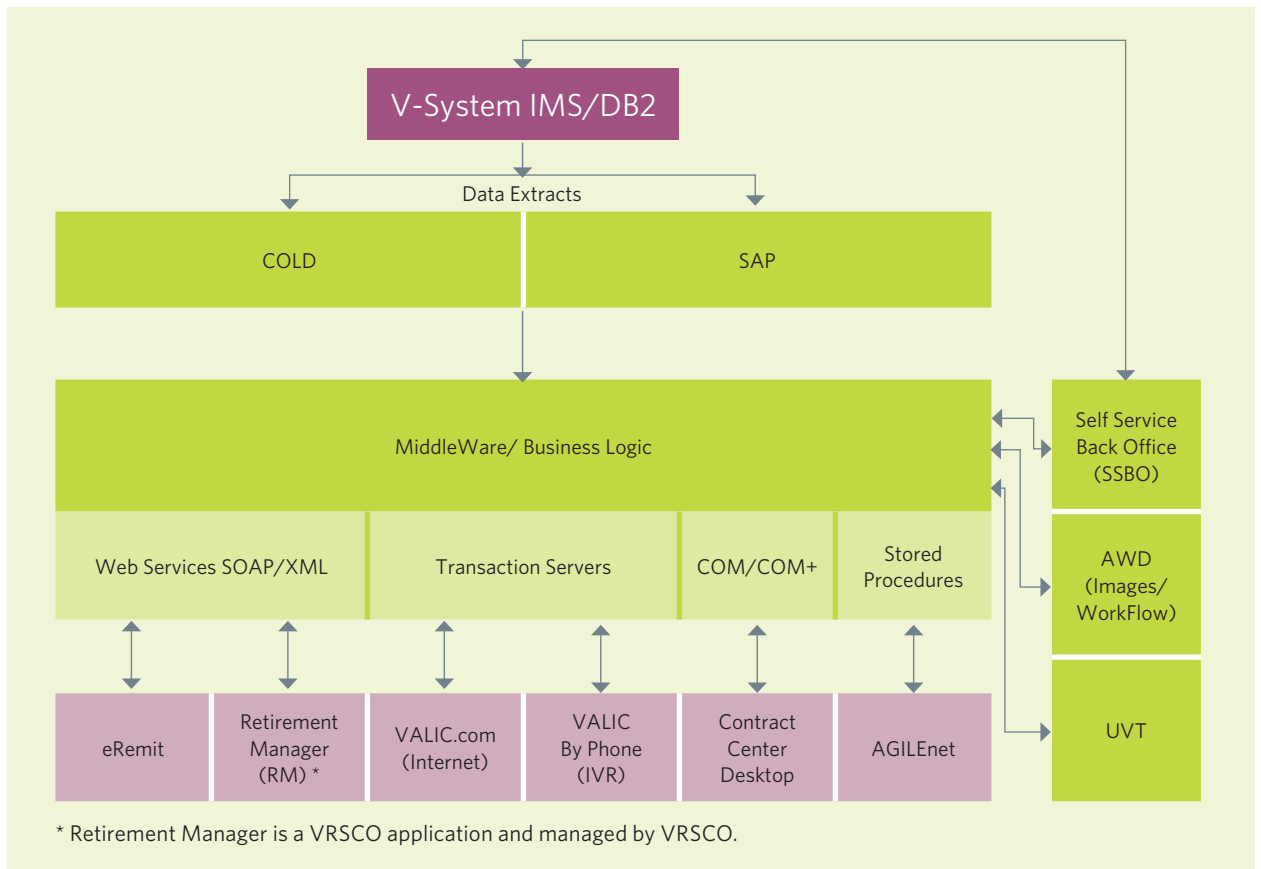


Figure 2: VALIC Applications Overview

III. Description of the VALIC Defined Contribution Plan Administration System

Application	Purpose
AGILEnet	An intranet application providing VALIC advisors and home/regional office personnel an easy-to-use interface to view and maintain plan sponsor and participant data. Reports can be generated that provide detailed participant information by group and by account, depending on the criteria the user specifies. Also acts as a portal to many additional intranet applications serving many business needs.
VALIC by Phone	An interactive voice response (IVR) application that supports participant phone requests for account balance inquiries, transfers between investment options and changes to future asset allocations. The IVR solution uses the Avaya Experience Portal.
VALIC.com	An Internet-based application providing participant and plan sponsor self-service. The participant application handles plan enrollment, account inquiry and history, requests for forms, transfer of value transactions, asset allocation changes, loan modeling, allocation modeling and address and PIN changes. The plan sponsor application provides the administrator access to plan reports.
AWD	Automated Workflow Distributor application used for routing and tracking scanned documents, transactions, and client calls.
COLD	Computer Output to Laser Disc stores copies of confirmation statements and reports. It allows VALIC team members to view and print record keeping system reports on their local workstation. The system holds account confirmation statements for participants to access through VALIC.com and record keeping system reports for process support.
e-Remit®	An Internet-based application that provides plan sponsors the ability to send retirement plan remittances and allocation instructions to VALIC.
Retirement Manager	An Internet-based application that provides plan sponsors of VRSCO the ability to utilize common remitter and compliance services across multiple plan investment providers with one application. The common remitter application provides for participant level vendor allocations, secure vendor access and automated outbound files and funding. The compliance features for the application are plan sponsor requested and may include 403(b) and 457(b) IRC limit monitoring, loan and hardship reporting, plan reports, plan eligibility, participant access and online deferral.
UVT	UVT is the acronym for the software application written by Princeton Financial Systems and stands for the Unit Value Trade system. This is a stand-alone application which is used to calculate daily unit values and to collect, aggregate and post to the general ledger mutual fund and/or separate account trade and investment specific data.
V-System	Proprietary mainframe record keeping system used for transaction processing and administering the VALIC annuity contracts and group mutual fund product for participants and plan sponsors.
SAP	The SAP application is used for general ledger and financial reporting activities including check printing.

Overview of control environment

Control Environment

The control environment of VALIC consists of a combination of oversight and monitoring control activities, in addition to control activities incorporated within operational and administrative functions. The control environment reflects the overall attitude, awareness, and actions of VALIC management and employees concerning the importance of controls and its emphasis in the organization. Further, the organizational structure of VALIC provides a foundation for planning, directing, and controlling its operations. VALIC is committed to maintaining an organizational structure that supports an effective control environment, including the proper segregation of job responsibilities and assignment of job functions commensurate with skill.

To address business ethics, VALIC has stated its intent to achieve a high level of legal and ethical standards in the conduct of its business activities in its corporate policy. Human Resources distributes a copy of the AIG Code of Conduct annually to all officers and employees. All employees are required to acknowledge receipt of the Code of Conduct in writing. Accompanying the Code of Conduct for officers is a questionnaire requiring signed disclosure by the officer concerning their knowledge of any business or ethical conflicts. The distribution of the Code of Conduct and the monitoring of any business ethics issues are managed by Corporate Legal Compliance. Corporate Legal Counsel provides VALIC with legal analysis, as required, manages relationships with outside counsel, and has a primary role in ensuring the adequacy, from a legal standpoint, of plan sponsors' and participants' contractual documentation and contracts with vendors.

Human Resources maintains policies and procedures covering critical aspects of employment services including hiring, training, performance, appraisals, and termination. Personnel policies are documented in an electronic format accessible on each employee's desktop computer via the intranet. Hiring practices are designed to help make sure that new employees are qualified for their job responsibilities. Education and experience standards are established for each position. Department management and a human resources representative interview candidates for employment with VALIC. Offers of employment are contingent upon a background check, which is performed before a new hire begins employment. These background investigations (performed through a third party) include a social security number trace and criminal history check and verification of previous employment, highest education, and credit history. Supervisors formally appraise employees' performance on an annual basis, although performance of employees can be reviewed more frequently. VALIC offers in-house training programs for employee development, client service enhancement, diversity, and industry-specific technical topics. In addition, VALIC utilizes computer-based and onsite one-on-one training to teach employees the technical and empirical aspects of their jobs.

Risk Assessment Process

To help create a foundation for risk management at VALIC, the corporate Operational Risk Management (ORM) Department has implemented a comprehensive, global Risk and Control Self-Assessment (RCSA) process. The RCSA process supports the identification, analysis, and reporting of key risks, controls and issues across VALIC, and facilitates the sharing of operational risk management best practices. The success of the RCSA process requires strong partnerships with Internal Audit, Compliance, Legal, Sarbanes-Oxley (SOX) Compliance, other corporate and risk management groups, and the businesses. In addition, the RCSA process will incorporate the SOX program controls and related control assessments as appropriate. The SOX 404 program controls are outside the scope of this report.

VALIC maintains insurance coverage against various risks, including errors and omissions, general liability, and other insurance, as required by law. VALIC maintains coverage at levels that its management considers reasonable, given its size and scope.

III. Description of the VALIC Defined Contribution Plan Administration System

Information and Communication

Information and communication systems support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities. The information system consists of the procedures, whether automated or manual, and records established to initiate, record, process, and report entity transactions (as well as events and conditions) and to maintain accountability for the related assets, liabilities, and equity. The quality of system-generated information affects management's ability to make appropriate decisions in controlling the entity's activities and to prepare reliable financial reports. A high-level description of the information system is provided in Overview of Operations and Services Provided – Description of Processing Environment.

Communication involves providing an understanding of individual roles and responsibilities pertaining to internal control over financial reporting. Communication systems exist from the entity level to the department level. Multiple communication paths exist to help verify whether processes function as designed and issues are identified and resolved in a timely manner. These include voice mail, email, and regularly scheduled meetings and teleconferences. A description of certain entity-level communication systems was provided above, under Control Environment.

Specific aspects of the information and communication systems are provided in the General Computer Controls description below.

Control Activities

Control activities are the policies and procedures that help verify that management directives are carried out. They help verify that necessary actions are taken to address risks to achievement of the entity's objectives. Control activities, whether automated or manual, have various objectives and are applied at various organizational and functional levels. Specific control activities are provided in the Control Environment description above and in [Section IV. VALIC Control objectives, controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests below.](#)

Monitoring

The management of VALIC monitors internal control performance as part of their activities. VALIC has implemented a series of "key indicator" management reports that measure the results of various processes involved in providing transaction processing to clients. Key indicator reports include weekly and/or monthly reports that identify:

- > [Analysis of gross contributions year-to-date.](#) This report compares actual versus plan and prior-year contributions, capital transfers-in, and changes in unprocessed contributions from fixed and variable products.
- > [Total contributions received, applied, and unapplied contributions.](#)
- > [Total surrenders and withdrawals, excluding systematic and minimum distribution withdrawals as a percentage of deferred reserves.](#) This report compares surrenders and withdrawals from current quarter to prior year's corresponding quarter. Quarter-to-date and year-to-date history is also included.
- > [Transaction activity and trends of benefit payments, correspondence and other financial transactions compared to previous month/year transaction activity.](#)
- > [Earnings from operations year-to-date, which is provided on a monthly basis and includes participant surrender charges and participant administration fees.](#) This report compares actual to plan and prior year.

III. Description of the VALIC Defined Contribution Plan Administration System

The operations of VALIC are subject to a program of audit coverage performed by Internal Audit. The department provides assurance to the VALIC Audit Committee as to the effectiveness of operating policies, plans, and procedures. The functions and responsibilities of Internal Audit include assessing:

- (1) the adequacy of operational and systems controls for timely processing of all transactions,
- (2) the reliability and integrity of financial and management information,
- (3) the effectiveness of the controls to safeguard Company assets, and
- (4) fraud prevention and detection.

Formal reports of audit findings are prepared and submitted to Executive Management after each audit. Internal Audit reports any significant deficiencies or material weaknesses identified during audits to the VALIC Audit Committee on a quarterly basis.

The operations of VALIC are also subject to a program of annual monitoring with regard to SOX Compliance of internal controls performed by the SOX Compliance Team. The team provides assurance to senior management and the VALIC Audit Committee as to the operating effectiveness of key controls deemed to have a significant financial impact. The testing is completed around operational controls and Information Technology for financially significant systems. Deficiencies identified during testing are reported to senior management and the VALIC Audit Committee.

The insurance department of the state of domicile primarily regulates the activities of life insurance companies. The Texas Department of Insurance (the Department) periodically examines the operations of VALIC, as well as its statutory financial statements, to determine compliance with the Department's rules and regulations.

In addition, VALIC is subject to regulation and supervision by the insurance departments of the other states in which it is licensed and the SEC. As such, VALIC is required to file periodic financial statements with the insurance departments of such states and the SEC and is subject to periodic examinations. VALIC is also required to have an annual audit of its statutory basis and generally accepted accounting principles (GAAP) basis financial statements performed by an independent public accountant.

The variable products administered by VALIC are subject to regulatory oversight by the SEC. As a part of this regulatory oversight for SEC-registered products, VALIC is required to file its GAAP basis financial statements with the SEC.

III. Description of the VALIC Defined Contribution Plan Administration System

Description of transaction processing

Note: Parenthetical references are included in the narrative as a cross-reference to the applicable control activities included in Section IV of this report.

Contract/Plan Administration

The annuity (plan sponsor and participant, where applicable to a plan) and group mutual fund lines of business covered under this report provide for investment and participant account record keeping, including contribution allocations to and disbursements from participant accounts. VALIC products offer investment choices that include fixed interest, variable annuity contracts, mutual funds offered through selling agreements, and a self-directed brokerage account from Charles Schwab. Many of the VALIC plan sponsors with defined contribution plans are covered under the Employee Retirement Income Security Act of 1974 (ERISA). VALIC also services plan sponsors who can claim exemption from ERISA requirements (e.g., churches, governmental entities, etc.).

Plan Setup

When a plan sponsor contracts with VALIC for retirement plan services, several documents are required for VALIC to establish the plan and open it for participants' investment into the available products. These documents generally describe the products and services offered by VALIC and/or the responsibilities among the parties. Special circumstances exist where the requirement of one or more of the above documents is waived for business reasons. These waivers are rare and noted in either the underwriting section of the Case Development database and/or documented in the plan master file.

VALIC is responsible for confirming that new plans are accurately established on the appropriate record keeping system and are supported by appropriate legal and administrative documents from the plan sponsor. The plan sponsor annuity and plan sponsor mutual fund plan setups are reviewed to ensure standard plan documentation is completed by the plan sponsor prior to the first payroll contribution processing date. Missing documentation for the plan setup request is gathered through contact with the VALIC advisor or plan sponsor. Annuity and group mutual fund plan setup requests are completed by the plan's first payroll contribution processing date. The record keeping system assigns the record keeping system identification number as VALIC sets up the new plan, and loads the product in the record keeping system in accordance with the information received from the plan sponsor. An independent quality review is performed for new plan setups to ensure the plan documentation and data input agree **(1.1)**. VALIC contacts plan sponsor's HR or Payroll Department or the third-party administrator (TPA) that is used by the plan sponsor to begin the payroll contribution processing. The plan sponsor receives a copy of the associated contracts (which may include product contracts and a service contract) from VALIC.

New participant accounts are established on the record keeping system from the information that is included in the application or enrollment form for annuity or mutual fund business. Applications for enrollments are reviewed for in good order processing prior to establishing new participant accounts on the record keeping systems **(1.2)**. An independent quality review is performed on a minimum of 10% of enrollments **(1.3)**. Management monitors the status of new accounts on an ongoing basis via AWD's processing queues and reports. Monthly production reports are reviewed to analyze average time outstanding for account setups for adherence to established processing standards. An individual contract or contract certificates are then issued for each participant in an individual annuity or allocated (applying state insurance definitions) group.

III. Description of the VALIC Defined Contribution Plan Administration System

Group Product Selection

A new plan sponsor plan cannot be established on the record keeping system until the products that will be offered within the plan are defined. For the majority of new plan setups, products are already defined on the record keeping system so the process of loading the product to the new plan is a selection of the products from the applicable product table. For a small percentage of new plan setups, the product has not been previously offered and it must be added to the record keeping system before the new plan can be set up. Update access to the record keeping system product code and vehicle tables is restricted. Product table modifications are made only when authorized by the VALIC Underwriting Committee. An independent quality review is performed for plan sponsor-initiated variable mutual fund adds, changes, and/or deletes to ensure the plan amendment/agreement or other plan sponsor documentation and data input agrees **(1.4)**. New fund request forms are reviewed and set up in the record keeping system and UVT. Reconciliation is performed and then reviewed by management **(1.5)**.

Fixed Interest Rates

VALIC is responsible for maintaining the fixed interest rates for the plan sponsor's annuity line of business. The interest rates are communicated to the business unit responsible for maintaining the tables by Actuarial. Interest rates are input into non-production record keeping system tables (staging area) by a team member with appropriate security access. An independent review is performed for accuracy. Once reviewed and approved, our Information Technology department then moves the interest rate tables into production. System access to the interest rate tables is restricted to authorized team members. The Interest Crediting Committee reviews and approves the interest crediting rates monthly **(10.6)**.

Contract Updates

For the annuity line of business, plan sponsors periodically renegotiate their VALIC product or service contracts. After receiving approval from the VALIC Underwriting Committee and authorization from the plan sponsor, except for contracts between the participant and VALIC, existing/new accounts are systematically updated in the record keeping system to reflect the new negotiated product. In the case of a non-systematic upgrade, the new negotiated product is added to existing/new accounts as the advisor meets individually with participants to complete the appropriate paperwork. Authorization is not required by the plan sponsor for contracts between the participants and VALIC unless the new negotiated product will be a plan sponsor product.

Plan Amendments

VALIC is responsible for entering plan amendment changes into the record keeping system. The plan sponsor requests plan document amendments to change the plan administration parameters. VALIC sends the plan sponsor any necessary amendments for the plan document. After confirming that the requested changes are legal, feasible, and accurate, updates are made to the record keeping system. The plan sponsor may elect to send a Summary Plan Description (SPD) describing the change to the plan participants.

III. Description of the VALIC Defined Contribution Plan Administration System

Charges

VALIC may assess charges to plan sponsors /participants for services such as account maintenance charges, separate account charges, administrative fees, short term trading fees and/or transaction fees, such as loan initiation fees. These fees are mutually agreed-upon fees found in the applicable legal documents for each plan.

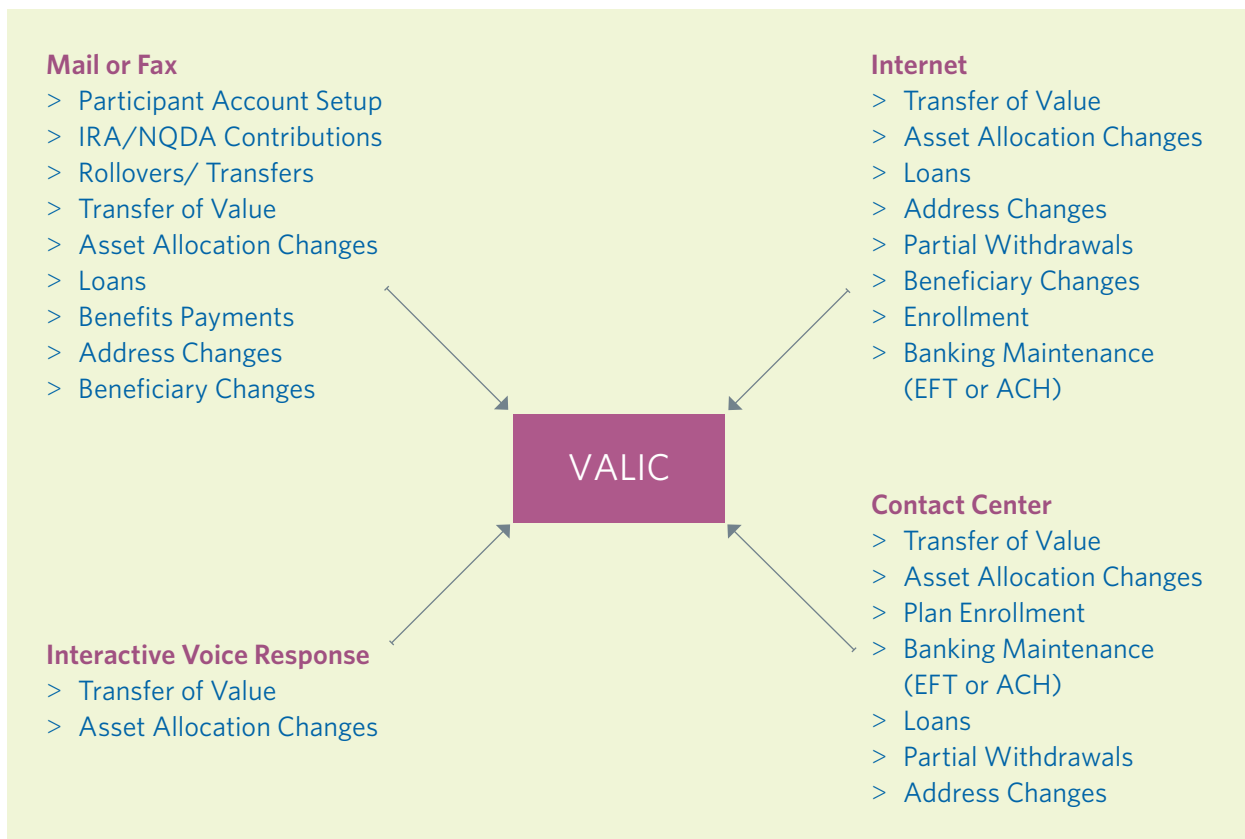
The record keeping system calculates charges, based on the parameters in the plan sponsor's agreement or contract. The charge reimburses VALIC for administrative expenses associated with providing plan sponsor services and participant record keeping. Applicable charges that are deducted from participant accounts are summarized in account statements that are sent to the participants. If the plan sponsor has agreed to pay the charges, rather than deduct them from participant accounts, the charges are sent in the form of an invoice to the plan sponsor.

The record keeping system as reflected in the appropriate legal documentation agreed upon by the plan sponsor calculates fees assessed on certain transactions such as loans.

For the annuity line of business, separate account charges are also calculated based on the parameters in the plan sponsor's group annuity contract. Separate account charges include the total of a mortality and expense (M&E) fee and an administration fee. These charges are factored into the unit value calculation. The resultant unit value is applied to units held to determine account balances for plans and participants who have invested in variable investment options.

Participant Record Keeping

The methods for participants to initiate transactions with VALIC are illustrated below.



III. Description of the VALIC Defined Contribution Plan Administration System

Incoming participant callers to the Contact Center are verified before providing any participant or account specific information to the caller or performing any transactions for the caller **(2.5, 4.4, 5.7, 6.5)**. The following information must be verified before releasing any information: participant name, Social Security (SSN) or account number and date of birth. Effective September 1, 2016, the Contact Center adopted Computer Telephony Integration (CTI) technology that provides callers the option of self-identifying.

If the caller opts to key in their SSN, the CTI technology will present the information to the CSR in a screen pop providing the CSR with the name matching the SSN input by the caller. CSRs validate this name with that of caller and if it matches, CSRs then ask for their date of birth. Once the date of birth is confirmed, CSRs deem the caller authenticated and proceed with the call.

If, however, the caller indicates the name is incorrect, the CSR will revert to authenticating the caller by asking the caller their name, SSN or account number and date of birth.

* Please Note: Callers can bypass the CTI option. If bypassed, callers will be authenticated by CSR asking for caller's name, SSN or account number and date of birth.

VALIC Document Management ensures transaction requests are imaged into AWD. The incoming mail and imaging area is located in a secured room. Only authorized individuals have access to this room via the security card reader system. A quality control review is performed to ensure that a bar coded splitter sheet is placed between each document that identifies the work type before scanning. An index file of the scanned documents is routed to AWD for processing. The job that routes the image file to AWD is monitored for processing **(2.8, 3.15, 4.6, 5.8, 6.6)**. Complaints are monitored by management and the Consumer Affairs Department **(2.4, 3.16, 4.7, 5.9, 6.7)**. VALIC manages participant record keeping with a systematic workflow methodology utilizing AWD. Within this process, participant requests are imaged to route the work to the respective business unit, which manages each transaction type from initiation of processing through quality review to record retention by using AWD. Management reviews reports from AWD to balance workloads and maintain overall operational standards.

All transaction instructions must be in good order prior to processing. This requires that all paperwork and processing instructions contain the necessary information to initiate the transaction. The VALIC advisors assist participants and plan sponsors by coordinating completion of the appropriate paperwork. Transactions are input into the record keeping system based upon complete instructions. Transactions that error in the record keeping system are researched and resolved.

Account Changes

Non-monetary data changes are reviewed to confirm they are in good order prior to processing **(2.1)**. A confirmation letter is generated to the participant upon completion of the transaction. Confirmation letters are stored and tested on a sample basis for completion and notification to the participant. For any confirmation letters that are not stored, VALIC performs a daily reconciliation of confirmation counts between the transaction data VALIC sends to the third-party vendor and the number of letters the third-party vendor mails. **(2.2, 2.3, 8.5, 8.6)**

Through May 6, 2016, a report was generated for nonmonetary participant updates resulting from an internal rollover request which was reviewed and approved by new business management **(2.6)**. Beginning May 9, 2016 and upon implementing a new client data change tool, updates follow the same process as all other non-monetary data changes.

III. Description of the VALIC Defined Contribution Plan Administration System

Plan Sponsor Remittance Instructions

Plan sponsors send retirement plan contributions and payroll deducted loan payments on behalf of their participants. Additionally, if specific conditions are met, the plan sponsors may request a transfer/rollover of assets directly from another retirement plan provider.

Electronic Instructions

Web-based services enable plan sponsors to transmit contributions, loan payments and processing instructions over the Internet. These systems use encryption technology to secure information. Some of these systems also allow the plan sponsors to customize the access of their users. In some instances, smaller plan sponsors elect to update a remittance online to submit their processing instructions. Other plan sponsors elect to create a file directly from their payroll system to be submitted to VALIC via the Internet.

While all electronic instructions are sent via the website, payments may be remitted as follows:

Debit Automated Clearing House (ACH)	A debit from the plan sponsors' pre-designated bank account and credit directly to the VALIC or the VRSCO bank account on the same business day if approved prior to the close of the New York Stock Exchange, typically 3 p.m. CST. Debit ACH is authorized by the plan sponsors or by VALIC or VRSCO as per the plan sponsors' request; all requests are transmitted via the Federal Reserve's ACH network. Debit ACH is the preferred method for remittances by VALIC or VRSCO.
Credit Automated Clearing House (ACH)	A plan sponsor-initiated transfer of funds from their bank account to credit the VALIC or the VRSCO bank account. The transaction is transmitted via the Federal Reserve's ACH network and is settled on the date identified by the plan sponsor. Each remittance should be for only one plan sponsor and must have the plan sponsor name and plan identifier assigned by VALIC or VRSCO included in the remittance.
Wire Transfer	The same-day transfer of funds from a plan sponsor's bank account to the VALIC or VRSCO's bank account over the Federal Reserve Communications System (Fedwire). Plan sponsors are required to include the plan sponsor name and plan identifier assigned by VALIC or VRSCO in the wire descriptive text.
Checks	Checks are sent to a specific VALIC or VRSCO lockbox at JP Morgan Chase, or Bank of America, third party providers.

Paper Instructions

With proper authorization, certain smaller plan sponsors may elect to remit instructions via paper. These instructions are sent with a check directly to the VALIC lockbox. To facilitate good order processing, the remittance must balance to the processing instructions. The paper processing instructions are reviewed to identify the required information and are manually entered into the record keeping system.

Contribution Processing

Remittances are set up systematically on the record keeping system daily by a file transmission received from JP Morgan Chase Bank, based on the cash receipts from each lockbox **(3.2)**. Remittances are set up on the record keeping system by Accounting Operations for cash receipts received from The Bank of New York Mellon (BoNY) on a daily basis **(3.3)**.

III. Description of the VALIC Defined Contribution Plan Administration System

Remittances and instructions are received daily and monitored to ensure they are invested effective the business day of receipt if received in good order prior to the close of the New York Stock Exchange **(3.1)**. Good order means that all required information and/or documentation has been supplied (including vendor allocations for each participant) and that the funds are properly authorized and balance to the remittance file. If the remittances are not in good order, the plan sponsor will be notified. Remittances will not be posted to participant accounts until good order is achieved. Record keeping system prevents remittances that do not balance with their instructions from processing in the record keeping system **(3.5)**. Inventories of outstanding remittances are monitored and signed off by management weekly using the Outstanding Remittance Tracking, outstanding deposits, and outstanding money in header record keeping system reports **(3.4)**.

Common Remitter

When selecting the web-based common remitter service, VRSCO is responsible for processing payroll remittances to all participating plan sponsor's vendors. Plan sponsors transmit files through a secured upload facility or through an encrypted FTP and remit funds payable to VRSCO. Upon receipt of the funds, the funding will be updated so that the remittances can be automatically or manually matched to the remittance files for processing. For common remitter, the total amount of the remittance file is matched to the amount of funding. Approval is required prior to the release of remittances for processing. Remittances are systematically designed to only process with matching amounts in funding and remittance file. The funding is matched automatically if there is one instructions file per deposit. The funding is matched manually if there is more than one deposit for an instructions file.

If the funding does not match the remittance file, an exception report of unmatched items is generated. The exception report is reviewed and the plan sponsor notified within one business day to either manually reconcile the exceptions or return the funds as requested by the plan sponsor. All the auto-match and manual-match items are automatically sent to the approval queue. The approval queue is monitored five times a day (8:30 a.m., 10:00 a.m., 11:00 a.m., 12:15 p.m., 1:15 p.m.) and, if no issues found, they are approved to release the remittances. The funds will automatically allocate among the plan sponsor's vendors based on the participant directed vendor allocations stored in the remittance processing module. At the same time, an email is systematically sent to each vendor informing them that their remittance report is ready for download or FTP pickup.

Provided that VRSCO receives good order remittance files and a matching wire transfer by 10 a.m. CST, VRSCO will forward funds to the participating vendors as follows:

- > For those vendors that accept electronic funds transfers, wires will be initiated the same business day.
- > For those vendors not able to accept electronic funds transfers and as agreed to by VRSCO, VRSCO will manually produce and mail checks within two business days.

In good order instructions and funds received after 10 a.m. CST will be processed by VRSCO the following business day. If a file and funds are received in good order prior to 1:15 p.m. CST in the approval queue, the funds will be processed; however, there is no guarantee that wires will be sent to the vendor the same day. Policies and procedures are maintained to ensure processing of items. Management reviews a report daily to ensure Common Remitter remittances are processed **(3.14)**.

III. Description of the VALIC Defined Contribution Plan Administration System

The wire reports generated by the remittance processing module of Retirement Manager are reviewed and approved. The Common Remitter team member uploads the wire instructions to the Open Link Extension (OLE) system and then reviews the system status report to ensure the success of wire file uploads. Treasury then releases the wires. If the vendor is paid by check, the remittance processing module of Retirement Manager can automatically feed the check payments into SAP and the check writer system.

Loan Payments

Participants remit their loan payments to VALIC per the loan agreement, which outlines the method of payment. In general, the product offering and, therefore, type of loan determines the means of payment. An independent quality review is performed to ensure accuracy in applying the loan payment to the participant's account. If all payments were allocated correctly, the payment is approved for processing. If an error is found, the quality review will flag the payment and correct the allocation **(3.9)**. Automated controls within AWD require an independent quality review **(3.11)**.

For group mutual funds, loan payments can be debited from the participant's personal account through ACH or participant loan payments can be made through payroll deduction in agreement with the plan sponsor.

The payment method of loans under group annuity contracts allows for payments to be debited from the participant's personal account through ACH, through payroll deduction in agreement with the plan sponsor or through the use of loan payment coupons with a quarterly payment schedule. Participants send their annuity contract loan payments to a VALIC lockbox at Bank of America. Automated controls within the loan repayment application require the payment amount to equal the amount allocated to the account. If the amounts do not match or a loan does not exist, the system will not allow the payment to be allocated or the payment's batch to be processed **(3.8)**. The bank deposits checks that are in good order into the VALIC bank account. The bank sends live checks that are not in good order to VALIC. Each check is logged into a spreadsheet and researched to obtain information necessary to process payments.

Once resolved, Accounting Operations sets up deposit at the lockbox **(3.7)**. Automated controls within the loan payment application prevent duplicate annuity lockbox transmittals and will not allow the transmittal of the lockbox payment transactions to the record keeping system unless payments have been allocated, reviewed, approved, and the bank deposit and lockbox amounts match **(3.10)**.

As annuity loan payments are made, the amount of escrow is reduced and the payment is applied to the fixed account from which the loans were taken. Automated controls within the loan repayment application require the payment amount to equal the amount allocated to the account. If the amounts do not match or a loan does not exist, the system will not allow the payment to be allocated or the payment's batch to be processed **(3.8)**. An error report is generated from the record keeping system for any payment that does not apply to a loan. The exceptions are researched, corrected and processed upon resolution **(3.12)**.

III. Description of the VALIC Defined Contribution Plan Administration System

As mutual fund loan payments are made, principal and interest will be credited to the account. If a participant takes a full distribution, the loan balance is offset and becomes a taxable event. If a participant dies, the loan is deemed distributed and a tax form is issued to the estate of the participant.

Loans may be repaid in full at any time. If the loan is repaid in full before the end of the loan term, loan interest due is prorated. IRS regulations require that payments be made at least quarterly. If payment is postmarked more than 30 days after the payment due date for the mutual fund product or received and applied to the account more than 90 days after the payment due date for the annuity product and mutual fund product, the loan is considered in default and the remaining amount will be immediately due. The loan will be immediately defaulted and reported on Form 1099R as a taxable distribution for federal tax purposes.

Bank-rejected checks or individual ACHs for loan payments are reversed out of the record keeping system from each participant's affected account **(3.13)**. For plan sponsor ACH rejects, the plan sponsor is contacted to resubmit the ACH. Quarterly reconciliations are performed and reviewed/approved by management to ensure that all bank balances are reported accurately. Separate general ledger accounts are established for each bank account. Cash account reconciliations are prepared and completed according to the AIG corporate account reconciliation policy **(3.6)**.

Plan Administrator (Plan Sponsor) Directed Transfers

Plan sponsors may elect to transfer existing plan assets in addition to current remittances as plan sponsor directed transfers. The transfer of existing assets requires significant planning prior to transfer. This often includes coordination amongst the VALIC Advisor, Institutional Services, and other operations business units. VALIC follows the appropriate Internal Revenue Code, Department of Labor (DOL), and Plan Document provisions with regard to the transfer. In certain circumstances, VALIC may engage the plan sponsor in the participant notification process. Processing instructions are provided in electronic format by the plan sponsor or other third party and must balance to the assets transferred for the transfer to be executed.

III. Description of the VALIC Defined Contribution Plan Administration System

One-Time or Recurring Individual Contribution

Checks with paper backup are sent to the VALIC lockbox bank. In addition, Wire Transfers and Credit ACHs are accepted at the VALIC concentration bank. Checks are periodically received directly at VALIC; however once received, the checks are forwarded to the appropriate bank lockbox. In addition, participants with individual flexible premium contracts may request VALIC to automatically withdraw money from their individual checking accounts.

Participant-Directed Capital Transfers

A participant may decide to move assets from another investment provider (vendor) to VALIC. The term “transfer” is used to describe rollovers within an existing plan or the transfer of assets to a new plan. Internal Revenue Code and Plan Documents determine if the participant can move all or a portion of their assets to a qualified plan. Assets may be received via check or wire.

Transfer of Value and Asset Allocation Changes

Participants may execute trades such as transfers of value between funds or change investment options for future contributions. When a participant requests a change through the available service channels, the request is verified and the governing asset allocation mix is updated on the record keeping system. A transaction statement is sent to the participant to confirm the change. An independent quality review is performed on manually entered Transfer of Value (TOV) and Asset Allocation changes **(5.1)**.

Participants are authenticated within the VALIC Online application using a unique User ID and passwords that are in accordance with AIG policy **(2.7, 4.5, 5.2, 6.4)**. Automated controls within the VALIC Online application perform the following:

- > Automated controls within the VALIC.com application prevent invalid and incomplete TOV transactions from being set up. Edits prevent depleting more than 100% on “From” funds and only available “To” funds display. The sum of percentages allocated to “To” funds must equal 100% **(5.3)**.
- > Automated controls within the VALIC.com application prevent invalid and incomplete Asset Allocation transactions from being set up. Only available funds are displayed and allocations must equal 100% **(5.4)**.

After an Asset Allocation or TOV transaction is successfully processed, VALIC uses a third-party vendor to send transaction confirmations to participants. A transaction confirmation is sent to the participant by a third-party vendor upon completion of Asset Allocations or TOV transactions. VALIC performs a daily reconciliation of transaction confirmation counts sent from VALIC to the third-party vendor and transaction confirmation counts received from the third-party vendor **(5.5, 8.7)**. If the participant’s account records are not successfully updated in the record keeping system during the nightly cycle, an error report is reviewed and corrections made and the request processed **(5.6)**.

III. Description of the VALIC Defined Contribution Plan Administration System

Loans

VALIC determines the availability and administration of loans for all lines of business based on regulatory guidance from the investment arrangement, the Internal Revenue Service, the associated Plan Document, and ERISA requirements, when applicable. For ERISA loan requests, an acknowledged ERISA Loan Form Disclosure Statement is required with all applicable loan documentation prior to processing loan requests **(4.2)**. In addition, for annuity contracts and accounts, interest rate parameters are promulgated by product specific rules.

When a participant requests a loan through the available service channels for either the group mutual fund or annuity products, VALIC verifies the availability of the loan and, if all paperwork is in good order, enters the information into its record keeping system. VALIC.com and AGILEnet validate participant eligibility to request a loan and the amount allowed **(4.1)**. Documentation and approvals included with the loan request are validated by comparing information on the loan request documentation to data contained in the record keeping system. An independent quality review is performed for completeness and accuracy before setting up the loan. If the loan information is correct, the loan is approved for setup. If an error is identified, the request is returned with instructions for correction **(4.3)**. A check and correspondence describing the loan parameters is sent to the participant.

Benefit Payments

Benefit payments may occur as a result of participant retirement, death, disability, termination of employment, in-service withdrawal, or hardship depending on the individual plan parameters. Participant requests are processed in accordance with regulatory requirements, withdrawal restrictions as determined by the plan document, ERISA and spousal consent requirements, and applicable product provisions. If in good order the transaction is processed with a disbursement available on the following business day. If the request is not in good order, it is pended to obtain the needed information.

Benefit payments include full and partial one-time withdrawals, periodic payments, also referred to as systematic withdrawals; death claim settlements or rollovers/transfers to another financial institution. Participant and plan documentation is reviewed for completeness of required documents, accuracy against participant information in the record keeping systems, and that proper signatures were obtained prior to completion of benefit payment processing **(6.1)**. An independent quality review is performed to ensure accuracy and completeness **(6.2)**. Benefit payments failing to process in the record keeping system are recorded on an error report. This report is reviewed daily and appropriate corrections are made **(6.3)**.

III. Description of the VALIC Defined Contribution Plan Administration System

Paper Checks

SAP is a fully integrated financial system that is utilized to disburse checks processed through the core systems of VALIC, as well as those entered manually into SAP for policy/group disbursements. The types of checks created are defined below:

- > Automated checks - Checks created directly from the record keeping system transactions without the intervention of business personnel.
- > Automated manual (on-demand) checks - Checks that process through an automated workflow, referred to as Transaction Account Processing System (TAPS) with business personnel intervention but without accounting personnel intervention.
- > Non-automated on-demand checks - Checks that are not processed through an automated workflow and require business and accounting personnel intervention.

After each core system completes its cycle, transactions are transmitted to SAP for further processing. All (automated and non-automated) SAP distributions are screened for OFAC Compliance through the AIG Watch List database (Acuity) and potential matches are reviewed by Compliance, before checks are released.

SAP segregates checks according to entity and core system. SAP further segregates transactions based on special handling codes used to allow special processes to occur in the disbursement jobs. Once the SAP nightly cycle completes, the check output is transmitted to a VALIC server where Accounting releases the checks for printing.

The check writer printers are located in a secured room in Accounting. Only appropriate individuals have access to this room via the security card reader system **(7.1)**. The door to the secured room automatically locks when closed. Accounting is responsible for printing all checks, comparing printed check to source document for all policy (non-automated) manuals, vendor payments, as well as ensuring that the instructions for special handling codes are followed. Checks are picked up by Mail Services for mailing.

Before entering non-automated check requests in SAP, approvals are validated against the On-Demand Disbursement Authorization table to confirm requests are within the appropriate authorization levels **(7.2)**. Once request is entered into SAP and check is printed, Accounting compares the payee, address, amount, document number and issuing company to the TAPS check request to ensure data was entered correctly **(7.3)**. If Accounting notes an error, he/she notifies the Accounts Payable Unit to take appropriate action.

Checks are then mailed out and the supporting documentation is submitted to Document Management for scanning into AWD.

The Accounting Specialist role in the check writer room is limited to the printing and mail preparation of checks. They cannot enter disbursement transactions for check issuance.

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Non-automated on-demand checks and wire transfer requests are approved and quality reviewed through TAPS prior to issue **(7.7)**. Automated manual check requests are automatically sent to SAP for processing subsequent to a TAPS request from the requestor. The request in the TAPS database is noted as SAP Export with respective batch number **(7.6)**.

Death claim disbursements are approved based on limits defined in business procedures. Evidence of approval is retained **(7.9)**.

All surrenders and withdrawals are approved based on limits defined in business policies. Evidence of approval is retained **(7.10)**.

Electronic Fund Transfers (EFT)

EFT annuity disbursements are executed systematically through the record keeping system, which is interfaced to SAP and then transmitted to the bank for processing. Accounting performs daily reconciliation of EFT totals processed in SAP to the transmission file received from the bank. Any discrepancies are investigated and resolved **(7.8)**. In addition, monthly reconciliations are performed and approved by management to ensure the bank's EFT transactions are tracked and recorded in the SAP ledger. Any discrepancies are investigated and resolved **(7.11)**.

General Ledger Interface

Group Annuity Product

Once the record keeping system batch cycle completes, transactions are transmitted directly to SAP for both systematic and manual disbursements. Each transaction is systematically journalized, which updates SAP and the appropriate general ledger accounts. The systematic transactions are validated within SAP general ledger mapping tables. Finance performs a daily balancing of record keeping system general ledger entries in SAP. Any unbalanced general ledger entries are corrected **(7.4)**. Finance compares the record keeping system balance totals to the general ledger balances on a monthly basis **(7.5)**. Suspense reports are generated daily, monthly, and quarterly for each general ledger account. Each user department is responsible for researching and clearing suspense items. Since each transaction is coded with a User ID, the person who entered the transaction has to back out and re-enter the correct amounts so that the item is deleted from suspense and recorded in the correct accounts. If the User ID is no longer valid, then the manager of the business unit that processed the transaction will research and resolve the outstanding item.

III. Description of the VALIC Defined Contribution Plan Administration System

Group Mutual Fund Product

After transactions are processed through the record keeping system, a series of reconciliation and reporting procedures are performed by Variable Product Accounting (VPA). This includes daily bank account reconciliation of all investment related transactions and daily NSCC settlement. In addition, Accounting Operations handles all cash management functions for the group mutual fund product which includes the following:

- > Coordination of resolution with VALIC Operations of any open items on the record keeping system and bank account reconciliation.
- > Receipt and resolution of insufficient remittance/payment checks.
- > Monitoring and clearing of disbursement errors.
- > Production of manual checks.

As a management oversight, AIG Federal Savings Bank personnel review monthly bank statements and open items.

Client Reporting

VALIC uses a third-party vendor to prepare and mail quarterly account statements to participants. A reconciliation is performed of the number of participants sent to the vendor with the number of participants processed. Additionally, the vendor sends VALIC electronic copies of the quarterly account statements which are maintained in COLD **(8.3)**. VALIC audits a sample of quarterly account statements prior to authorizing the release of statements for mailing or online viewing **(8.4), (10.5)**.

A number of plan reports are available to plan sponsors on VALIC.com or by mail. Reports are generally at the plan level, for a monthly, quarterly, or annual period, to assist the plan sponsor in administering their retirement plans. Annual regulatory reporting is also provided as required by state/federal regulations via mail, overnight delivery service, or VALIC.com.

A report scheduler is utilized to systematically generate reports and track deliverables validating a timely delivery. The Group Manager database is used to track plan report due dates to verify that the reports are generated **(8.1)**. A systematic process is used to confirm that reports are provided in balance. Plan reports are reconciled and corrected, if necessary, prior to making them available to the plan sponsors **(8.2)**.

Asset Management

Asset management represents the process and systems used in recording and monitoring of the investments underlying the retirement plan accounts. For both the group mutual fund and the annuity products, asset management is administered by VPA.

Plan sponsors select the investment vehicles amongst which participants may allocate their funds. Within an annuity contract, VALIC offers investment choices from fixed investment accounts to variable accounts or combination (fixed and variable) contracts. Within the group mutual fund platform VALIC typically offers a combination of mutual funds and one or more fixed annuity or stable value options as permitted for the respective plan.

For both the annuity and group mutual fund products the available investment alternatives may also include a self-directed brokerage account established with Charles Schwab (Schwab PCRA). Within an annuity contract, the plan sponsor or other fiduciary may restrict the availability of one or more of the underlying investment options to the participant. Within the group mutual fund platform, the plan fiduciary may select from a wide array of investment options with which VALIC has, or can obtain, appropriate agreements. With the Schwab PCRA, participants generally may select from among mutual funds not already available under the plan.

III. Description of the VALIC Defined Contribution Plan Administration System

The asset purchases and/or redemptions are made resulting from contributions/payments, disbursements, or other changes. During nightly processing, the net cash received or disbursed from each variable account is calculated. The result of this nightly processing from the record keeping systems will determine the amount of retirement plan receipts to invest in the variable accounts. Management reviews and authorizes the daily investment transactions sent to each respective fund manager. The daily investment transactions are the result of the previous day's annuity and group mutual fund remittances/payments, withdrawals, surrenders, loan activity, charges, and TOV transactions captured from a record keeping system daily report. Verification of the correct processing by the respective fund manager is made by reconciling the shares outstanding in the UVT System to the mutual fund reported shares outstanding via the NSCC Position Report, DST Vision, fax, email or by telephone. Reconciliations are independently reviewed and approved **(9.1)**. Once verified, discrepancies are resolved with the fund manager on a daily basis.

For the annuity products, a unit value is calculated by the UVT system. For the group mutual funds, UVT receives a daily net asset value (NAV) from each mutual fund which is sent to the record keeping system. A reconciliation occurs for annuity and group mutual funds investment holdings recorded in the trading applications (UVT) to the record keeping system on a daily basis **(9.2)**.

Cash movement is reconciled on a daily basis by comparing the expected cash movement from the trade tickets to the actual cash movement reported by Treasury (OLE Reports) **(9.3)**.

The daily transfer agent activity is processed, reviewed, and reconciled in the VPA Transfer Agent Instance of UVT. Wires are generated based on the trade activity received which are sent to State Street Bank for net redemption trades and to AIG Treasury for net purchases. Share balance confirmations are sent from the Transfer Agent Instance of UVT to each of the entities offering VALIC funds. The transfer agent process reconciles the share balance, NAV, and dividends **(9.4)**.

All day wire activity for the trades is extracted from UVT to create the Remote Wire Upload which is reviewed and approved to initiate the cash movement for the daily trade activity. The daily purchase or redemption of the trading activity including total outstanding share balances is derived from the daily wire activity and sent electronically to the fund companies to ensure that UVT and the fund companies remain in balance **(9.7)**.

Income Collection and Asset Valuation

Income collection and asset valuation focuses on the calculation and recording of interest and dividend income earned on assets that have been invested. For group annuity products, variable funds are valued daily utilizing the unit value method of accounting.

The record keeping system automatically allocates participant transactions to the investment vehicles in accordance with participant instructions and adjusts the number of units or shares held for variable or mutual fund investments, or the value of the fixed account, as appropriate.

For the annuity product, unit values are calculated to reflect changes in investment values and earnings, as provided by fund managers, less applicable daily contract charges. Changes in unit values as a result of market-valued net investment performance are applied to participant account balances to determine investment value change. Validation of asset valuation is performed by reconciling the calculated change in reported NAV to the actual reported change in NAV and the percentage change in unit value from the NAVs of the underlying investment vehicles to help prevent or detect errors in the unit value calculations **(10.1)**. Validation of asset valuation is performed for group mutual funds by comparing the share values received from the NSCC to share values received by the vendor VMS **(10.2)**. The completion of daily reconciliation for annuities is recorded on the Unit Value Report Review Checklist and on the Unit Value Reasonableness Test. The completion of the daily reconciliation for group mutual funds is recorded on the Share Value Pricing Review Checklist. An independent review of the reconciliations is required **(9.5, 10.3)**.

III. Description of the VALIC Defined Contribution Plan Administration System

For group mutual funds on the record keeping system, share values are collected from the NSCC, reconciled to confirmations received by VMS or from the fund companies directly and then uploaded to the UVT System.

Dividend payment schedules are monitored to confirm recording of distributions by fund managers **(9.6, 10.4)**. As part of the nightly unit value calculation and share value collection processes, reported dividend and capital gain information is entered on ex-date into the UVT System. Daily, a staff accountant reconciles the shares outstanding in the record keeping system to the UVT System and then to the mutual fund reported shares outstanding via the NSCC Position Report, DST Vision, fax, email or by telephone. Reconciliations are independently reviewed and approved **(9.1)**. Discrepancies are resolved with the fund manager on a daily basis.

In support of the group mutual fund product, pricing information is received for each mutual fund through various sources. These include direct files received from the NSCC, from the third-party vendor VMS and also confirmed by fax and email from the fund companies. The share values, periodic dividend, daily accrual dividend and short and long term capital gain rates are uploaded directly into the record keeping system.

For the annuity fixed interest investment options, interest is calculated by the record keeping system based on the parameters in the plan sponsor's contract. The VALIC portfolio interest crediting policy is designed to minimize earnings fluctuations in a changing interest rate environment. The VALIC interest crediting methodology consists of:

- > Setting new interest rates monthly for the new deposits in that quarter. This rate is credited for the remainder of the first calendar year, with the intent of crediting the same rate for one additional calendar year.
- > Setting a general "pool" rate at the beginning of the year for older deposits exceeding two calendar years.
- > All deposits and transfers to Fixed Account Plus with effective dates during a month will receive the monthly declared rate until that rate is changed and VALIC declares a new interest rate at the beginning of each month. VALIC guarantees that all deposits and interest in accounts during that month will earn that month's interest rate for a specified period.

Access controls prevent unauthorized individuals from accessing or changing the monthly interest rates for the fixed accounts.

The values of the annuity fixed account are maintained by the record keeping system. Transactions affecting fixed reserves are recorded on the record keeping system and in the VALIC general ledger. Account values are reviewed monthly for reasonableness by Finance. A roll-forward is performed on the total fixed account values on a monthly basis **(10.5)**. Account values from the record keeping system are reconciled to the VALIC general ledger on a monthly basis. The interest credited is reviewed monthly for reasonableness and compared to an expected interest calculation. If discrepancies in the interest credited exist, both Finance and Actuary research them in order to resolve the problem and any reporting adjustments are made as necessary. The Interest Crediting Committee reviews and approves the interest crediting rates monthly **(10.6)**.

III. Description of the VALIC Defined Contribution Plan Administration System

Compliance and Regulatory Support

A retirement plan's qualification for tax-exempt status is dependent upon its continued compliance with rules and regulations set forth by the DOL, the Department of Treasury, the Internal Revenue Service, and other applicable federal legislation. VALIC offers the service of assisting with the preparation of required regulatory reports and performing the required nondiscrimination testing. Such services are addressed in the Plan Administration Services Contract (PASC) and the Service Provider Agreements (SPA) that are submitted to VALIC as part of the new business submission paperwork. For most plans, VALIC provides a standard set of plan services including participant-level accounts and recordkeeping, and additional plan services are available to be selected by the plan sponsor. Required regulatory reporting and plan testing are then performed by VALIC based on the services selected and the information received from the plan sponsor. The services that VALIC provides have been categorized below into compliance testing and regulatory reporting – Form 5500.

Plan Document Services

VALIC provides plan document services to select clients who elect to utilize one of VALIC's various retirement plan documents. Services consists of plan document design, drafting and on-going maintenance through the use of amendments or restating the plan document.

Compliance Testing

VALIC performs compliance testing for the plan sponsor in accordance with the PASC or SPA. VALIC does not perform any analysis of the data supplied by the plan sponsor; it relies exclusively upon information furnished by the plan sponsor. Compliance testing may include nondiscrimination testing to confirm compliance with Internal Revenue Code (IRC) 401(k); 401(m); 402(g); 410(b)(1)(A) and (B) minimum coverage; 415 annual additions; and 416 top-heavy. Additional specialized testing services such as 401(a) (4) and average benefits testing may be required and are performed by VALIC if requested by the plan sponsor.

The process is initiated once the plan sponsor's year-end census information is received. The census information is submitted in an electronic spreadsheet format via encrypted email on a secure Internet site. The data is then uploaded into Actuarial Systems Corporation (ASC) compliance testing software for testing. A data inconsistency report is run and forwarded to the plan sponsor for review and correction. Once data inconsistencies are resolved, compliance testing begins. Throughout the various stages of compliance testing, an independent quality review is performed. The results are documented in the Compliance Testing database. In the event a test fails, corrective measures are discussed with the plan sponsor to resolve.

The Plan Manager database is used to track plan sponsor census information mailed and received dates; along with testing milestones throughout the process and to validate regulatory deadlines. The Plan Manager database is also used to confirm test results are provided to the plan sponsor within regulatory deadlines.

Regulatory Reporting – Form 5500

VALIC prepares the Form 5500 for the plan sponsor in accordance with the PASC or SPA. Financial and non-financial data is extracted from the record keeping system and electronically imported or manually entered into the SunGard Relius Government Forms web based portal, which is used to generate Form 5500, along with the related schedules and attachments. Form 5500 information, including due dates is tracked in the Plan Manager database. The Form 5500 prepared by VALIC is subject to an independent quality review.

Managers monitor 5500 deadlines through the Plan Manager database for completion and due dates and provide reports to their management. If a completed Form 5500 cannot be electronically filed by the plan's filing deadline, VALIC will prepare Form 5558 to extend the filing deadline with the IRS. Each Form 5500 is electronically delivered to the plan sponsor for review, signature, and electronic filing. SunGard Relius Government Forms software web based portal provides email notifications to the plan sponsor when the Form 5500 has been electronically filed.

III. Description of the VALIC Defined Contribution Plan Administration System

Retirement Manager

Retirement Manager Implementation

A quality review is completed to validate that Retirement Manager is set up according to the information provided by the employer regarding the plan and the approved vendors **(11.1)**.

Retirement Manager Limit Calculations

Retirement Manager will monitor plan limits and provide individual limit reporting for participants that are expected to exceed or have exceeded their individual limits.

If a participant has already contributed more than their annual contribution limit, then this participant is reported to the plan sponsor on the Exceeds Report.

A Retirement Manager Contribution Limit Enforcement module is available for selected plan sponsors with an IRC 403(b), 401(k), 401(a)/403(a), 414(h) and 457(b) plan types. Retirement Manager proactively reduces or stops deferral amounts for participants to prevent excess contributions **(11.2)**.

A Retirement Manager Hardship Withdrawal Enforcement module is available for selected plan sponsors with IRC 403(b) plan type. Retirement Manager suspends elective contributions for a period of six months or more if designated by the plan **(11.3)**.

With regard to Contribution Limits and Hardship Withdrawal Enforcement modules, funds are released to the vendor or returned to the plan sponsor as instructed **(11.4)**.

Retirement Manager Disbursement Reporting

For plan sponsors that elect plan disbursement reporting with 403(b) and 457(b) plan types, Retirement Manager provides for either a vendor or a plan sponsor to send a file containing transactional data for loans, hardship withdrawals or unforeseen emergency, in-service exchanges, severance of employment, and age-based in-service distributions at the plan level. These files will be primarily transmitted to Retirement Manager from vendors on a monthly basis.

III. Description of the VALIC Defined Contribution Plan Administration System

Retirement Manager Inbound SPARK File Process Controls

The industry standard data file for sharing and aggregating plan disbursement information is called the SPARK file.

A monthly audit of inbound SPARK files is performed to determine if any of the expected plan data is not received. If any of the data is not received for active vendor plans on Retirement Manager, contact is made with the vendor or plan sponsor regarding the delay **(11.5)**.

There are five separate disbursement reports available for the plan sponsor reflecting the data received in the file. These reports consolidate the transactional data from various vendors which enables the plan sponsor to track and monitor loan, hardship withdrawal or unforeseen emergency, in-service exchange, severance of employment, and age-based distributions across vendors for individual participants. Retirement Manager aggregates disbursement information from plan vendors due to loan, hardship withdrawal or unforeseen emergency, in-service exchange, severance of employment, and age-based distributions and provides the plan sponsor or vendors with consolidated disbursement reporting across vendors **(11.6)**.

A Retirement Manager Disbursement Eligibility module is available for plan sponsors using aggregated disbursement information for 403(b) and 457(b) plans in Retirement Manager. Once activated Retirement Manager calculates loan, hardship withdrawal or unforeseen emergency, in-service exchange, severance of employment, and age-based distribution eligibility based on 403(b), 457(b), or specific plan restrictions. The resulting certificate is used by the participant to request final approval from the designated vendor based on individual contract restrictions **(11.7)**.

In cases where a 403(b) or 457(b) plan has multiple campus locations governed by the same plan document, Retirement Manager can perform compliance services for disbursement requests and provide disbursement reporting based on plan data under all campus locations **(11.8)**.

Retirement Manager Security Access Controls

Retirement Manager restricts the data at the plan sponsor, vendor, and participant level. Plan sponsors can only access data belonging to their plans and cannot see any other plan information. Vendors can only view data for participants that have enrolled with their company. Participants can only view their own personal data **(11.9)**.

Retirement Manager Outbound SPARK File Process Controls

A monthly review is completed of all outbound SPARK files generated to external third parties to ensure that the plan information is provided **(11.10)**. A review of confirmations produced by the system is used to validate successful file completion for each service provider. This review also includes an internal approval process by management.

General computer controls

Note: Parenthetical references are included in the narrative as a cross-reference to the applicable control procedures included in Section IV of this report.

Applications and Systems Development and Maintenance

Mainframe Application - Change Management

VALIC Information Technology and Mphasis application support team provides computer-programming support for the V-System application to support plan administration. As noted above, certain IT functions for V-System are supported by CTO, a subsidiary of AIG. Programs and other components of mainframe applications reside in mainframe protected datasets or libraries. There are development libraries, quality assurance testing libraries, production stage and production libraries. There is also a separate set of libraries used for emergency moves. Programmers can only modify items in the development libraries.

Production libraries, quality assurance (QA) testing libraries, and production stage libraries can be viewed but not directly edited. They are updated only by the change management procedures, which are production batch jobs. The change management jobs move changed programs and other components of mainframe applications from the development libraries through quality assurance testing libraries to the production libraries. Access to load program changes into the production environment is restricted to an electronic scheduler for mainframe moves. Access to migrate changes to the production environment is limited to authorized VALIC migration personnel separate from development function (12.4). VALIC migration personnel authorize program changes in the electronic scheduler for mainframe changes (12.3). PanAPT, a change control product from Computer Associates International, Inc., is used to control the libraries and the movement of components between them. The PanAPT library levels are development, systems test, stage test, production stage, and production. PanAPT is maintained by CTO, a subsidiary of AIG.

Mainframe Application — Standard Change Management Process

The mainframe programmer checks out the programs that he/she needs to modify. This process copies the programs from the production to the development library for maintenance. The checkout is accomplished by creating a move request with the appropriate line items in PanAPT. Access to migrate changes to the production environment is limited to authorized VALIC migration personnel separate from development function (13.1).

The programmer completes the code modifications in the development environment. Upon completion of unit testing, the programmer verifies and closes the move request within PanAPT. The verification process requires that any concurrent development issues be resolved. The programmer then requests, via the Change Management Notification and Approvals (CMNA) system, that the application manager approve the request to move the program to a QA environment.

After the application manager has approved the move to QA within CMNA, a QA coordinator approves the move within the PanAPT system and CMNA. Approval of the move request within PanAPT releases move request to the next level. The PanAPT change management jobs are scheduled to run several times per day. When running, the jobs scan for move requests that have been approved. If the move request has been approved to move to the next level, then the request is moved accordingly in this case, to the QA or system test environment. The PanAPT change management jobs can also be requested to be executed adhoc via change requests.

III. Description of the VALIC Defined Contribution Plan Administration System

Quality assurance testing takes place in the system test environment. Mainframe and distributed application program changes are tested prior to loading into the production environment and testing approvals are documented **(12.1)**. VALIC uses the CMNA system for documentation of approvals.

Testing must be reviewed and signed off by the appropriate business units before a change can be approved for production. Appropriate VALIC user management must approve all mainframe and distributed application program changes before being placed into production **(12.2)**.

Once test results have been reviewed, the QA coordinator, the application manager, and the appropriate user approve the move to production in the CMNA system. Once approved, the master scheduler approves the final moves to production stage and to production within PanAPT and CMNA. Moves from production stage to production scheduled and normally execute each Sunday evening, but may be scheduled at other times on request. VALIC change management staff and the development programmer verify whether the move to production was successful by examining the libraries and job run history.

Mainframe Application — Corrections

If a correction is required to a program being tested in the system test environment, the programmer will initiate a new move request to check the program out from the system test environment, make the necessary changes in the development environment, test, and then close the move request for migration back to system test environment. These move requests follow the normal move process with an early stop at the system test stage. The approval process is identical to that for normal moves up to those stages. An early stop move may also be made to the stage testing or production stage environments if necessary.

Mainframe Application — Emergency Change Management Process

The emergency change management process is similar to the standard process described above with the exception that approvals can be obtained after the change has been implemented into production. The programmer creates an emergency move request in PanAPT, which checks the members out into a separate emergency library, so that any normal development changes will not be overlaid. Testing is performed in the development environment. Mainframe and distributed application program changes are tested prior to loading into the production environment and testing approvals are documented **(12.1)**. The migration from development bypasses the QA testing levels and moves straight to production stage. The move request is approved within PanAPT and CMNA, by the QA coordinator (for migration to production stage) and the master scheduler (for migration to production), upon notification from the programmer and application manager and review of evidence of test results and user signoff. Mainframe and distributed application emergency moves and production fixes are approved by application managers **(12.5)**. Emergency moves, for batch jobs, are not regularly scheduled. They are completed upon separate request.

Distributed Applications — Change Management

There are four distributed application environments residing on separate servers: development, acceptance test, production staging, and production. Microsoft Corporation's Team Foundation Server (TFS) is used for change management and to protect source code. TFS saves backup versions of the source code and change history.

TFS promotes modules between environments. A team lead promotes changes from the developer's code branch to the main test branch. An authorized non-developer staff member of the appropriate Business Solutions Development department further promotes from the Main branch to QA environment and then to Production Staging. A separate authorized non-developer staff member of the appropriate Group Retirement Application Support department makes the physical move of executables from the staging server to production.

Distributed Applications — Standard Change Management Process

The programmer checks out the programs that require modification from a project-specific branch in TFS, which copies the source code from TFS to the programmer's PC. The programmer then completes the code modifications, unit tests, and checks the files back in. The Team Lead merges those changes up to the Main library for developer integration testing in the development environment.

III. Description of the VALIC Defined Contribution Plan Administration System

Once integration testing is complete, the programmer notifies the authorized non-developers that the change is ready to be moved to acceptance test (via the CMNA system).

Quality assurance testing takes place in the acceptance test environment. Mainframe and distributed application program changes are tested prior to loading into the production environment and testing approvals are documented **(12.1)**.

Once test results have been reviewed, the application manager, the QA coordinator, and the appropriate user approve the move to production in the CMNA system. Appropriate VALIC user management must approve all mainframe and distributed application program changes before being placed into production **(12.2)**. Move requests are approved in a change control system.

The acceptance test, production staging, and production servers are protected by user IDs and passwords. Access to migrate changes to the production environment is limited to authorized VALIC migration personnel separate from development function **(13.1)**.

Distributed Applications — Emergency Change Management Process

The emergency change management process is similar to the standard change management process with the exception that approvals can be obtained after the change has been implemented into production. User acceptance testing, as applicable, is performed in the development environment for emergency moves. Mainframe and distributed application program changes are tested prior to loading into the production environment and testing approvals are documented **(12.1)**. Mainframe and distributed application emergency moves and production fixes are approved by application managers **(12.5)**. However, the components being moved still migrate physically through the acceptance test environment.

Distributed Applications — Operating Systems Change Management

Changes to operating systems (Windows and Unix) generally consist of patches or fixes. A change request ticket is opened in the Service Now system where supporting evidence is maintained. Service Now system is a ticketing system used for managing operating system changes. A change ticket is created for each change and documentation for testing and approvals are maintained in the Service Now system. Infrastructure changes performed by CTO are tested and approved **(12.9, 14.6)**. Once the change has been approved it is implemented into production.

Emergency changes to operating systems follow the same process with the exception that approvals can be obtained after the change has been implemented into production.

The distributed applications are maintained in the Fort Worth, TX data center. The related servers are managed per CTO standards as described elsewhere. UVT is a third-party application managed as described for Distributed Applications, except that code is not stored in TFS and there is only a test and production environment. AWD applications are managed as a shared service by Life and Retirement for use by all L&R companies. Requests for application changes are submitted to the Shared Services Unit (SSU) and not managed by Group Retirement. VALIC by Phone is managed as a shared environment by AIG Global Services. Request for application changes are submitted to CTO.

The Service Now tool is used to track CTO operating system changes. Change tickets are created in Service Now tool and require approval by a CTO manager.

III. Description of the VALIC Defined Contribution Plan Administration System

Development and test environments are available to test changes. Changes are tested by the AIG business unit (if applicable) and migrated into production by a CTO assignee from the assignment group designated in the change ticket. Infrastructure changes performed by CTO are tested and approved **(12.9, 14.6)**.

SAP — Standard Change Management Process

The SAP Solutions Center Change Management Process governs the approval and migration of all SAP related change requests. All SAP change requests are logged and are then submitted to an appropriate technical resource. The technical resource then creates a request to create Correction Documents in Solution Manager to Change Management (henceforth referred to as CM team) team. The CM team approves the change request in Solution Manager and creates the required corresponding correction document. Once the correction document has been assigned to the team lead, the team lead creates transports against these correction documents and assigns the transport/task to the resource working on this change. Development of SAP changes is completed by developers and configurators within the development environment, unit tested, and then moved to the Quality Assurance (QA) environment for completing system integration and user acceptance testing. Once QA testing has been approved, and validated in the QA environment by the QA Manager, changes are approved before moving to the production environment. SAP developer access to the production environment is appropriately controlled and restricted **(12.6, 13.2)**. Test plans and test results are documented and signed off by authorized employees for SAP changes **(12.7)**. All required approvals for SAP changes (including business and technology) are obtained and documented prior to migration of the change into the production environment **(12.8)**.

Changes to UNIX (SAP operating system) generally consist of patches or fixes. A change request ticket is opened in the Service Now system where supporting evidence is maintained. Changes to SAP's operating system are tested and approved prior to loading into the production environment **(12.9, 14.6)**. Testing of the change is performed on an as needed basis. Once the change has been approved it is implemented into production.

SAP — Emergency Move Process

The emergency move process is the same as the standard move process but is performed in an expedited manner with required approvals being allowed to occur after an emergency change has already been moved to production. The components being moved to production for emergency changes still migrate physically through the development and quality assurance environments and require the same documentation and sign-offs required for normal changes. AIG (ADM) standards provide seven days' time after production implementation to complete any missing documentation.

III. Description of the VALIC Defined Contribution Plan Administration System

Database Administration

V-System

The Mainframe DBA services team performs database administration for V-System. CTO owns the database administration software (IMS, DB2, and all related utilities) and is responsible for obtaining it from the vendor and installing it. At the request of VALIC, CTO will acquire new releases of the software and perform configuration and initial testing. Once initial validation is complete, CTO installs the database administration software and/or utilities in a test environment and then VALIC completes the testing. Application DBA support is provided by MphasiS DBAs. They work with application development teams on projects to design and develop new data structures, support IMS and DB2 DBA process, as well as monitor and optimize the database access and performance.

Distributed Applications

Distributed applications are supported by Oracle databases with the exception that the UVT application is supported by SQL database. Extracts from the mainframe V-System databases and from other VALIC systems are run each night, and the extract files are downloaded to the LAN. Hardware, operating system configuration and storage are provided by AIG Global Services. VALIC DBA provides storage requirements and layout to be configured. AIG Global Services acquires and installs the database administration software. VALIC DBA configures the database administration software for the application.

The VALIC DBA group designs, implements, monitors and tunes the physical databases, resolves technical problems, and supports technical and operational staff in the use of the databases. VALIC managers perform annual reviews of Oracle and SQL database user access by reviewing current user profiles/privileges. A list of corrections is prepared and forwarded to the security administrator for processing **(13.17)**. Database user access requests are initiated and approved via the use of a Lotus Notes database. New user access requests to the Oracle and SQL database are initiated and approved by appropriate VALIC management **(13.9)**. The DBA also works with the system development staff on projects to design and develop new data structures, queries, and processes and to optimize application programs accessing the databases.

The DBA manager is responsible for monitoring database activity. Oracle and SQL database activity is monitored daily to detect inappropriate activity within the database **(13.3)**.

Access is granted to appropriate personnel based on job responsibilities and must be approved by a manager **(13.11)**. Access to domains is approved in a Privileged Access Request (PAR) form and submitted via Service Now to the Security team or submitted via a Service Now request to CTO for R1-Core servers. Users with privileged access to the operating system are reviewed on an annual basis for appropriateness. Exceptions are researched and resolved **(13.16)**.

SAP

The SAP application is supported by Oracle Databases which are administered by the SAP Basis team. The SAP DBA acquires, installs, and configures the database administration software.

The SAP Basis group designs, implements, monitors and tunes the physical databases, resolves technical problems, and supports technical and operational staff in the use of the databases. The SAP Basis group also works with the SAP system development staff on projects to design and develop new data structures, queries and processes, and to optimize application programs accessing the databases.

III. Description of the VALIC Defined Contribution Plan Administration System

Access to Data Files and Programs

User Access Administration — Mainframe V-System

CTO provides VALIC with the ability to administer user identification codes on a remote basis under the guidance and direction of CTO Systems Support. Access to the mainframe resources is controlled through the use of IBM's Resource Access Control Facility (RACF). The RACF configuration and installation settings and control reside with CTO. Information Security assigns user ID codes as requested and authorized by VALIC management through a ticketing system forms process. VALIC uses Service Now as the ticketing systems for tracking and approval of requests. VALIC managers perform annual reviews of VALIC user access to the mainframe application by reviewing current user profiles/privileges. A list of corrections is prepared and forwarded to the security administrator for processing **(13.15)**.

New access requests of VALIC employees for the mainframe and distributed applications is documented and approved by appropriate VALIC management **(13.8)**. Mainframe RACF codes are assigned to users based upon the authorization reference to existing profiles or users' rights. VALIC security administrator personnel delete or disable access of terminated employees in the mainframe and distributed applications upon notification **(13.13)**.

VALIC users are required to use a password for mainframe application access, have a password that must be a minimum of eight characters long and include letters and at least one embedded number, change their password every 90 days and have their user ID code revoked after three failed logon attempts **(13.4)**. Contractor accounts are automatically disabled every 90 days whether in use or not unless a management-approved request is received to extend the account another 90 days **(13.7)**.

User Access Administration — Distributed Applications

VALIC access to desktop and distributed applications resources is controlled by the network operating system under service level agreements with CTO. All access to computing resources flows through the network layer. There are three levels of access for development and technical personnel, client service personnel, and all others. Information Security personnel assign user ID codes as requested and authorized by VALIC management through a ticketing system forms process.

The manager or supervisor of a new employee completes an access request in the ticketing system. New access requests of VALIC employees for the mainframe and distributed applications is documented and approved by appropriate VALIC management **(13.8)**. Logical access to programs and data to distributed applications is limited to authorized individuals. VALIC managers perform annual reviews of VALIC user access to the distributed applications by reviewing current user profiles/privileges. A list of corrections is prepared and forwarded to the security administrator for processing **(13.15)**. VALIC security administrator personnel delete or disable access of terminated employees in the mainframe and distributed applications upon notification **(13.13)**.

III. Description of the VALIC Defined Contribution Plan Administration System

Operating System passwords are required, must meet current policy and standards which include a minimum of eight characters in length and must be changed every 90 days **(13.5)**.

Access is granted to appropriate personnel, based on job responsibilities, and is approved by a manager **(13.11)**. Privileged Access to RS domains is approved in a Privileged Access Request (PAR) form and submitted via Service-Now to the Security team or submitted via a Service-Now request to CTO for RI-Core servers. SailPoint is an automated third-party recertification tool used to recertify Unix and Windows server users. Users with privileged access to the operating system are reviewed on an annual basis for appropriateness. Exceptions are researched and resolved **(13.16)**. Upon termination, access to the network domain is revoked timely **(13.12)**. Network domain accounts that have been inactive for more than 90 days are flagged and disabled on a monthly basis **(13.6)**.

Unix ID terminations are performed through a two-step process. The first step is an automated process where the names of the users and the servers they have access to are extracted and a set of scripts is run against HR data to delete access automatically. Users with privileged access to the operating system and database level are reviewed on an annual basis for appropriateness. Recertification items (including modification or deletion of access) that require further review are addressed by management in a timely manner **(13.16)**.

User Access Administration - SAP

SAP application access is controlled through internal SAP Security and administered by the SAP Solutions Center. Each user has a unique user ID and password that must be entered to access SAP. Passwords must be a minimum of eight characters in length, user IDs will be locked if an incorrect password is entered five times, and must be changed every 90 days. Requests to add or change access to SAP must be documented and approved by an appropriate authority **(13.10)**. User access rights in security roles within SAP are disabled when notified that a user has been terminated **(13.14)**. User access to SAP is reviewed annually and recertified by an appropriate authority to confirm that the access is aligned with the user's current job functions. Changes to user access discovered during the recertification are acted upon by an appropriate authority **(13.18)**.

SAP resides on Unix operating system. Unix passwords are required, must include a minimum of eight characters in length and expire within 90 days.

Upon termination, access to the network domain is revoked timely. **(13.12)**.

Program Execution Controls

Job Scheduling for V-System

VALIC uses CTO for control of production processing and job scheduling. Production processing is routine and is under the control of Computer Associates' CA-7 automated submission scheduling system and restart management system. CA-7 is utilized to run and monitor production batch processing for mainframe jobs.

Nightly processing begins for V-System as soon as the unit value uploads are complete. The majority of production batch jobs run overnight, with limited production batch processing during the day.

III. Description of the VALIC Defined Contribution Plan Administration System

CTO operators monitor the status of nightly processing. In the event of a mainframe production abend, the ticketing system pages VALIC personnel until the issue is resolved. Automated escalation procedures are in place to make sure there is timely resolution of production issues. Incidents are properly reported, logged, and resolved **(14.2)**.

Only CTO has access to the production job scheduler (CA-7). VALIC application programmers work with CTO personnel to schedule the production jobs. In order to request a temporary override to a production job or job schedule, the VALIC application programmer must fill out an authorized request form in the ticketing system tool and obtain appropriate approval from VALIC Management **(14.1)**.

Job Scheduling for Distributed Applications

Production processing is routine and controlled from the Back Office System server utilizing the Windows NT Event Manager for automated scheduling/submission of batch jobs to generate reports, system monitoring, personal identification number (PIN), and forms requests. The Group Retirement Application Support Department is responsible for supporting production processing for the distributed applications.

For distributed applications, there are two jobs monitoring applications. In the event of a production problem, the job monitoring software pages VALIC Information Technology personnel until the problem is resolved. Two daily reports are sent to Application Managers via emails that describe the status of key production jobs. The appropriate Application Manager will follow the job to resolution. Incidents are properly reported, logged, and resolved **(14.3)**. In order to request a temporary override to a production job or job schedule, the VALIC application programmer must fill out an authorized request form in the ticketing system tool and obtain appropriate approval from VALIC Management **(14.1)**.

For Unix, the AutoSys job scheduling software logs the successful and unsuccessful jobs using completion codes that identify whether a job ran to completion. In the event of a production failure, on-call lists retained by the Global Command Center operations staff are used to contact the appropriate business unit staff for instructions on resolution. Distributed systems applications job processing abends at Fort Worth data center are identified, researched and resolved. The Production Batch Operations support Group on-call programmer is notified of any failed jobs and is responsible for providing restoration instructions. Production Batch failures are recorded automatically via incident tickets. In addition, technician updates are recorded within the incident ticket of action taken to resolve the incident **(14.5)**. Job overrides, or changes to the scheduler follow the normal change management process.

Job Scheduling for SAP

Batch processing in SAP includes daily load of data from various applications into SAP. SAP Daily Balancing Reports that include batch loads into SAP are produced and reviewed daily. Any unbalanced general ledger entries are corrected **(14.4)**.

Backup of Programs and Data Files

Backup of V-System

Backup of V-System is performed by CTO. CTO backs up the entire mainframe system using a DASD replication process. The entire mainframe system is backed up instantaneously for disaster recovery purposes. This includes V-System databases and files. IMS and DB2 databases are also backed up on a daily/weekly/monthly basis depending on the system requirement. In addition to these backups, critical V-System data files are backed up daily as part of the regularly scheduled cycle.

Monitoring procedures are in place to provide for the resolution of failed mainframe backup jobs. The on-call programmer is notified of any failed jobs and is responsible for providing restoration instructions. Production Batch failures are recorded automatically via incident tickets. Technician updates are recorded within the incident ticket of action taken to resolve the incident **(15.1)**.

III. Description of the VALIC Defined Contribution Plan Administration System

Backup of Distributed Applications

At the Fort Worth data center a full volume backup is performed weekly, with a five-week retention cycle. Daily full backup tapes for break-fix are written to virtual tapes and replicated in Fort Worth.

Distributed applications backups are monitored to ensure completeness of processing. Errors are monitored on a daily basis by Data Protection Advisor (DPA) and failure alerts are logged to CA. The failed alerts are reviewed and remediated by the GCC Open Systems Team. Any failures that are unable to be remediated with standard troubleshooting or job restarts are then logged as a Service Now Incident. The resolution documentation for each incident is logged within the Service Now ticket **(15.2)**.

Backup of SAP Data

Critical data is replicated to the Fort Worth facility on a daily basis. VALIC relies on CTO for the replication process and for performing backups of all servers. SAP backups are monitored to ensure completeness of processing. Errors are monitored, logged, resolved and documentation of the resolution is maintained **(15.2)**.

Physical Access

Fort Worth and Livingston Data Centers

AIG Safety and Security Department in Livingston and Ft. Worth provides 24x7x365 physical protection for data center facilities. Data Center facilities are secured via closed fences surrounding the entire site with a rolling gate present at the entrance and exits. There are security guards stationed at every entrance to the Data Centers including the guardhouses, which are set up outside the entrance gate for the purpose of monitoring and authorizing all individuals who enter the premises. Access Control System (ProWatch) is the security system used for maintaining and tracking access card data. Monitoring alarms are attached to ProWatch and are displayed at the control room on the first floor. Currently, there are designated monitoring points throughout the complex, and security personnel must acknowledge critical alarms and follow provided instructions. ProWatch consists of the following types of equipment: Card Readers, Door Alarms, Motion Sensors, Digital Video Surveillance and PIN Readers.

Each data center facility has physical access controls, continuous monitoring, redundant connectivity, cooling, power and a viable disaster recovery solution. Onsite generators with dedicated fuel tanks and UPS systems are in place. TS is the primary service provider for technology hardware and hosting services.

Entrance to the data centers and to the raised floor areas which house the computing facilities is protected by electronic access control (i.e., access badges and card readers) and monitored by security video. The data centers are further protected by door alarms and PIN readers. Employees must use their access badges in order to enter and exit the premises. Security personnel process all visitors prior to entering and upon leaving the data centers. Card keys are required to access the computer rooms. Highly sensitive and secure rooms, such as raised floor rooms and hardware rooms are also protected by PIN readers. Quarterly recertification of physical access is only attached to secure and sensitive areas. Such as ATAC LAB, IT SECURITY LAB, HR OFFICE, AIGGS Global Command Office, Building MGMT Office, Mail Rooms, Freight Loading Docks, Mechanical Infrastructure Rooms, Raised Floor, Server Rooms, Data Center, Cable Rooms, Staging Rooms, Network Storage Rooms, Telephone Data Area, Test Lab Rooms and Data Center Storage Areas **(16.3)**.

Personnel access to the data centers must be initially approved by a manager and CTO Operations prior to granting access **(16.1)**. Access to the data centers is removed for terminated employees and contractors **(16.2)**. Access badges automatically expire after 90 days for consultants, one year for long-term consultants, and five years for employees. Personnel with access to the data centers are reviewed on a quarterly basis for appropriateness. Any identified corrections are forwarded to security for processing.

Control objectives and related controls

The VALIC control objectives and related controls are included in Section IV of this report, (VALIC Control Objectives, Controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests), to eliminate the redundancy that would result from listing them in this section and repeating them in Section IV. Although the control objectives and related controls are included in Section IV, they are an integral part of the VALIC description of controls.

Complementary User Entity Controls

The processing of transactions performed by VALIC, for participants and controls at VALIC, cover only a portion of the overall internal control environment. It is not feasible for the control objectives relating to the processing of transactions to be solely achieved by VALIC. Therefore, each participant's internal control must be evaluated in conjunction with the controls of VALIC and testing summarized in Section IV of this report (VALIC Control Objectives, Controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests). This section highlights those internal control responsibilities VALIC believes should be present at each participant and has considered in developing its controls reported on herein. Each participant must evaluate its own internal control to determine if the following controls are in place. Furthermore, this list does not purport to be and is not a complete listing of the controls that provide a basis for the assertions underlying the financial statements of participants.

Contract/Plan Administration and Client Record Keeping (Control Objectives 1, 2, 3, 4, 5, 6, and 7)

Each retirement plan is responsible for establishing controls to confirm that the following information sent to VALIC is complete, properly authorized, and in accordance with its plan's requirements and criteria and provided in a timely manner:

- > Information for initial setup of plan and participant accounts
- > Requests to modify participant information
- > Written procedures for administering Policy Loans (if applicable) and Qualified Domestic Relations Orders
- > Remittances and detailed allocation instructions to VALIC
- > Benefit payment and loan requests
- > Compliance information
- > Operational information

The plan sponsor is responsible for reconciling total contributions (deposits) made by plan sponsors to total contributions recorded in the plan statement.

III. Description of the VALIC Defined Contribution Plan Administration System

Certain transactions will automatically generate a confirmation that is generally sent to the plan participant. Certain participants elect to have confirmations mailed directly to the plan sponsor for those confirmations; the plan sponsor is responsible for the timely distribution of these confirmations to the participants for their review and for communicating any discrepancies noted to VALIC on a timely basis.

Each plan sponsor is responsible for notifying VALIC of any changes to organizational structure or requested changes to the plan.

Client Reporting (Control Objective 8)

On a quarterly basis, participant level statements for defined contribution plans are mailed directly to the participants or bulk mailed to the plan sponsor. Also, on a quarterly and/or annual basis, plan level reports are distributed to the plan sponsor for review. The plan sponsor is responsible for:

- > [Distributing bulk mailed statements to the participants for their review](#)
- > [Reviewing the plan level reports for completeness and accuracy](#)
- > [Communicating any discrepancies noted to VALIC on a timely basis](#)

Upon request by the plan sponsor, monthly, quarterly, or annual reports detailing processing completed for the period are sent to plan sponsor for review. The plan sponsor is responsible for comparing this information to its records and notifying VALIC of any discrepancies on a timely basis.

Compliance and Regulatory Support (Control Objective 11)

Plan sponsors are responsible for providing current, complete and accurate information to VALIC. This includes, but is not limited to, the following:

- > [Compliance data such as year-end census information](#)
- > [Employer, plan and vendor information for setup in Retirement Manager](#)
- > [Inbound SPARK file](#)

Plan sponsors are responsible for reviewing reports (such as data inconsistency reports and aggregation reports) provided by VALIC and notifying VALIC of any discrepancies or corrections on a timely basis.

Plan sponsors are responsible for reviewing and filing appropriate forms such as Form 5500.

Backup of Programs and Data Files (Control Objective 16)

The participant data processing department has the responsibility to recover critical application software and data. The participant has the responsibility to validate procedures and policies are in place to support the recovery and operation of critical applications.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

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Purpose and objectives of the independent auditor's examination

The control objectives and related control activities to achieve such objectives are specified by VALIC. The nature, timing and extent of testing performed to determine whether the VALIC control activities were suitably designed and operating to achieve the control objectives are determined by PricewaterhouseCoopers LLP. The control objectives, control activities, description of the tests performed and test results are included in this section of the report.

Tests of the operating effectiveness of the VALIC controls included those considered necessary to evaluate whether internal controls were in place and the extent of compliance with those controls. Tests provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the period from October 1, 2015 through September 30, 2016. In selecting particular tests of the operating effectiveness of controls, the following were considered: (a) the nature of the items being tested; (b) the types and competence of available evidential matter; (c) the nature of the control objectives to be achieved; (d) the assessed level of control risk and (e) the expected efficiency and effectiveness of the test.

Tests performed on the operational effectiveness of controls are described below. Additionally, observation, inspection, and independent query procedures were performed as it relates to system generated reports, queries, and listings to assess the completeness and accuracy (reliability) of the information utilized in the performance of our testing of the control activities.

References in the Control Objectives and Control Activities to Plan Administrator or Group can also be referred to as the plan sponsor; client as participant.

Tests of operating effectiveness

This section presents the following information provided by VALIC:

- (1) The control objectives specified by the management of VALIC.
- (2) The controls established and specified by VALIC to achieve the specified control objectives.

Also, included in this section are the "Tests of Operating Effectiveness" and "Results of Tests" provided by the service auditor, PricewaterhouseCoopers LLP.

Following are control objectives for which PricewaterhouseCoopers LLP used the work of the Financial Controls Unit (FCU) team.

- > **Control Objective 3** — Controls provide reasonable assurance that remittances are credited to participant accounts accurately, completely, and in accordance with instructions received from plan sponsors or participants.
- > **Control Objective 4** — Controls provide reasonable assurance that loans are properly authorized and processed accurately, completely, and in accordance with instructions received from plan sponsors or participants and in compliance with plan provisions.
- > **Control Objective 6** — Controls provide reasonable assurance that benefit payments are properly authorized and processed accurately, completely, and in accordance with instructions received from plan sponsors or participants and in compliance with plan provisions.
- > **Control Objective 7** — Controls provide reasonable assurance that the processing of payments are properly authorized and processed accurately.
- > **Control Objective 8** — Controls provide reasonable assurance that transaction confirmations, participant account statements, and plan reports are accurate, complete, and are delivered to participants without intervention.
- > **Control Objective 10** — Controls provide reasonable assurance that transactions and participant account balances are valued, based on market prices obtained from authorized pricing sources.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Transaction processing controls

Contract/Plan Administration

Control Objective 1 - Controls provide reasonable assurance that plan parameters are set up in the system accurately, completely and in accordance with the plan document for new plans.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
1.1 An independent quality review is performed for new plan setups to ensure the plan documentation and data input agree.	Inspected a sample of Mutual Fund and Annuity new plan setups for supporting documentation to determine whether the Mutual Fund/Annuity setup was quality reviewed by an independent team member.	No exceptions noted.
1.2 Applications for enrollments are reviewed for in good order processing prior to establishing new participant accounts on the record keeping systems.	Inspected a sample of new annuity and mutual fund accounts to determine whether data elements were received and able to be processed prior to establishing new participant accounts in V- System.	No exceptions noted.
1.3 An independent quality review is performed on a minimum of 10% of enrollments to verify good order and accuracy.	Inspected a sample and compared annuity and mutual fund plans set up to determine whether Account Set-up team performs a quality review of 10% or more of new accounts.	No exceptions noted.
1.4 An independent quality review is performed for plan sponsor-initiated variable mutual fund adds, changes, and/or deletes to ensure the plan amendment/agreement or other plan sponsor documentation and data input agrees.	Inspected a sample of group amendment requests initiated by plan sponsors for variable mutual fund additions, changes and/or deletions to determine whether quality review checklists were prepared and approved. If any discrepancies were noted in the quality review checklist, determined whether the discrepancies were followed up and resolved.	No exceptions noted.
1.5 New fund requests are reviewed and set up in the record keeping system and UVT reconciliation is performed then and subsequently reviewed by management.	Inspected a sample of new fund setups to determine whether VPA team performed a reconciliation of information input to the fund request from the Implementation Team and a review was performed by management. Reperformed a sample of VPA's reconciliation for the new fund setups to determine whether fund was set up accurately in V- System and UVT.	No exceptions noted. No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Record Keeping - Changes to Non-Monetary Data

Control Objective 2 - Controls provide reasonable assurance that modifications to non-monetary participant data are properly authorized and are completely and accurately recorded.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
2.1 Non-monetary data changes are reviewed to confirm they are in "good order" prior to processing.	Inspected a sample of non-monetary data changes to determine whether each request was in "good order" prior to processing.	No exceptions noted.
2.2 A confirmation letter is sent to the participant by a third-party vendor upon completion of non-monetary changes processed through AGILEnet and VALIC.com. VALIC performs a daily reconciliation of confirmation counts sent from VALIC to the third-party vendor and confirmation counts received from the third-party vendor.	<p>Inspected a sample of non-monetary beneficiary and data maintenance changes to determine whether VALIC or the third-party vendor sent a letter to participants notifying them that a change was made to their account.</p> <p>Reperformed a sample of daily reconciliations to determine whether confirmation counts VALIC sent to the third-party vendor agreed to the confirmation counts VALIC received from them.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
2.3 A confirmation letter is manually generated and sent by VALIC to the participant upon completion of non-monetary changes processed through the record keeping system and AWD.	Inspected a sample of non-monetary beneficiary and data maintenance changes processed manually to determine whether confirmation letters were sent to participants and were stored in AWD.	No exceptions noted.
2.4 Complaints are monitored by management and the Consumer Affairs Department.	Inspected a sample of monthly complaint reports to determine whether customer complaints are monitored by VALIC Management and the Compliance Department.	No exceptions noted.
2.5 Incoming participant callers to the Contact Center are verified before providing any participant or account specific information to the caller or performing any transactions for the caller.	Inspected a sample of incoming participant calls to confirm that prior to the release of confidential participant or account information, the VALIC team member verifies the following: participant's name, Social Security number or VALIC account number, and date of birth.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 2 - Controls provide reasonable assurance that modifications to non-monetary participant data are properly authorized and are completely and accurately recorded.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
2.6 A report is generated for non-monetary participant updates resulting from an internal rollover request which is reviewed and approved by new business management.	Inspected a sample of New Business-SOX (NB-SOX) reports to determine whether non-monetary participant updates were reviewed and approved by management. For NB-SOX reports that contained corrections noted on the review, inspected supporting documentation to determine whether the update was investigated and resolved in a timely manner.	No exceptions noted.
2.7 Participants are authenticated within the VALIC.com application using a unique User ID and passwords that are in accordance with AIG Policy.	Observed a Business Analyst log in to VALIC.com participant account to determine whether a unique User ID and password were required. Observed password parameter requirements when resetting a password to determine whether they are in accordance with AIG Policy.	No exceptions noted. No exceptions noted.
2.8 An index file of the scanned documents is routed to AWD for processing. The job that routes the image file to AWD is monitored for processing.	Observed evidence of the Windows service used to transfer the index file of the scanned documents to AWD. Observed the configuration to monitor for errors to determine whether notifications are sent to the appropriate individuals in the event of a process failure.	No exceptions noted. No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Record Keeping - Remittances

Control Objective 3 - Controls provide reasonable assurance that remittances are credited to participant accounts accurately, completely, and in accordance with instructions received from plan sponsors or participants.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
3.1 Remittances and instructions are received daily and monitored to ensure they are invested effective the business day of receipt if received in good order prior to the close of the New York Stock Exchange.	Observed V-System online screens to determine whether deposits and bill instructions were matched once processed in the nightly cycle. Observed a remittance payment received in good order to determine whether it was processed on the same day.	No exceptions noted. No exceptions noted.
3.2 Remittances are set up systematically on the record keeping system daily by an MICR transmission received from JP Morgan Chase Bank, based on the cash receipts from each lockbox.	Observed a systematic deposit header setup to determine whether the deposit header matched to the cash receipts from the lockbox and was automatically set up within V-System.	No exceptions noted.
3.3 Remittances are set up manually by Accounting Operations based on cash receipts received in The Bank of New York Mellon (BoNY) bank accounts on a daily basis.	Test performed by the FCU team: Inspected a sample of deposit headers and compared the BoNY information to the V-System header data to determine whether the deposits were established accurately in the V-System.	No exceptions noted.
3.4 Inventories of outstanding remittances are monitored and signed off by management weekly using the Outstanding Remittance Tracking, outstanding deposits, and outstanding money in header record keeping system reports.	Test performed by the FCU team: Inspected a sample of the 124 and 141 reports to determine whether each was reviewed on a weekly basis by management. For any discrepancies noted, inspected whether issues were investigated and resolved.	No exceptions noted.
3.5 The record keeping system prevents remittances that do not balance with their instructions from processing in the record keeping system.	Observed V-System to determine whether it prevented remittances deposits that did not balance with their instructions from processing.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 3 - Controls provide reasonable assurance that remittances are credited to participant accounts accurately, completely, and in accordance with instructions received from plan sponsors or participants.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
<p>3.6 Quarterly reconciliations are performed and reviewed/ approved by management to ensure that all bank balances are reported accurately. Separate general ledger accounts are established for each bank account. Cash account reconciliations are prepared and completed according to the AIG corporate account reconciliation policy.</p>	<p>Test performed by the FCU team:</p> <p>Inspected a sample of bank reconciliations and supporting documentation to determine whether the reconciliations were completed and reviewed by a manager in accordance with policy. For unreconciled differences, inspected evidence to determine they were identified, researched and resolved. For each account selected:</p> <ul style="list-style-type: none"> • Determined whether a reconciliation existed for the account. • Traced the bank balance per the reconciliation to the bank statement of the account. • Determined whether there were separate G/L accounts for each bank account. • Determined whether the reconciliation agreed to the G/L. • Determined whether the supporting documentation referenced the reconciliation adequately. 	<p>No exceptions noted.</p>
<p>3.7 Deposits are reviewed to confirm amounts are correct. Batch Balancing is reviewed for completeness and if not, resolved between the bank and team prior to processing in the participant account.</p>	<p>Inspected a sample of checks not in good order sent to VALIC to determine whether the checks were researched and appropriately accounted for within the system. For checks that were resolved, inspected evidence to determine whether the check was deposited in the VALIC bank account. Inspected evidence to determine whether VALIC sent a letter to the client notifying them of the issue.</p>	<p>No exceptions noted.</p>

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 3 - Controls provide reasonable assurance that remittances are credited to participant accounts accurately, completely, and in accordance with instructions received from plan sponsors or participants.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
3.8 Automated controls within the loan repayment application require the payment amount to equal the amount allocated to the account. If the amounts do not match or a loan does not exist, the system will not allow the payment to be allocated or the payment's batch to be processed.	Observed allocation of payment in loan repayment application to determine whether the application prevents a Loan CSP from allocating a payment to an account without a loan.	No exceptions noted.
3.9 An independent quality review is performed to ensure the accuracy in applying the loan payment to the participant's account. If all payments were allocated correctly, the payment is approved for processing. If an error is found, the quality review will flag the payment and correct the allocation.	Test performed by the FCU team: Inspected a sample of loan payments to determine whether a quality review was performed and errors, if any, were corrected. Determined once all payments were allocated correctly, the payment was approved for processing.	No exceptions noted. No exceptions noted.
3.10 Automated controls within the loan repayment application prevent duplicate annuity lockbox transmittals and will not allow the transmittal of the lockbox payment transactions to the record keeping system unless payments have been allocated, reviewed/approved, and the bank deposit and lockbox amounts match.	Observed a Customer Service representative resubmit a lockbox payment transaction to determine whether the system prevented duplicate transmittals. Observed a lockbox payment transaction to determine whether the system prevented transmittal of the lockbox payment transactions unless payments have been allocated, reviewed/approved, and the bank deposit and lockbox amounts match.	No exceptions noted. No exceptions noted.
3.11 Automated controls within AWD require an independent quality review.	Observed a loan remittance transaction to determine whether AWD prevented a Loan CSP from quality reviewing his/her own transaction.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 3 - Controls provide reasonable assurance that remittances are credited to participant accounts accurately, completely, and in accordance with instructions received from plan sponsors or participants.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
3.12 An error report is generated from the record keeping system daily for any payment that does not apply to a loan. The exceptions are researched, corrected and processed upon resolution.	Inspected a sample of error reports and corresponding AWD Work History to determine whether errors were reviewed and resolved by the Loan CSP.	No exceptions noted.
3.13 Bank-rejected checks or individual ACHs for loan payments are reversed out of the record keeping system by the Loan CSPs from each participant's affected account.	Inspected a sample of returned checks and rejected ACHs to determine whether they were reversed from the participant's account. For NSF voided checks, inspected evidence to determine whether letter was sent to participant requesting replacement funds and replacement funds were received and applied to appropriate accounts.	No exceptions noted.
3.14 Management reviews a report daily to ensure Common Remitter remittances are processed.	Inspected Daily System Reconciliation policy and procedure to determine whether it is maintained. Inspected a sample of reconciliations of unprocessed remittances to determine whether they were completed by an Analyst and reviewed by a Team Manager. If discrepancies were identified, inspected the reconciliation for evidence that the team members identified, researched and resolved the discrepancy.	No exceptions noted. No exceptions noted.
3.15 An index file of the scanned documents is routed to AWD for processing. The job that routes the image file to AWD is monitored for processing.	Observed evidence of the Windows service used to transfer the index file of the scanned documents to AWD. Observed the configuration to monitor for errors to determine whether notifications are sent to the appropriate individuals in the event of a process failure.	No exceptions noted. No exceptions noted.
3.16 Complaints are monitored by management and the Consumer Affairs Department.	Inspected a sample of monthly complaint reports to determine whether customer complaints are monitored by VALIC Management and the Compliance Department.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Record Keeping - Loans

Control Objective 4 - Controls provide reasonable assurance that loans are properly authorized and processed accurately, completely, and in accordance with instructions received from plan sponsors or participants and in compliance with the plan document.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
4.1 VALIC.com and AGILEnet validate participant eligibility to request a loan and the amount allowed.	<p>Observed a loan request transaction for a participant with zero balance to determine whether the system prevented a loan request as the participant was not eligible.</p> <p>Observed a loan request transaction to determine whether the system prevented a loan request when the loan request amount was greater than the maximum eligible amount.</p> <p>Observed a loan request transaction to determine whether the system prevented a loan request when the participant has a defaulted loan.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
4.2 For ERISA loan requests, an acknowledged ERISA Loan Form Disclosure Statement is required with all applicable loan documentation prior to processing loan requests.	Inspected a sample of ERISA loan request documentation to determine whether a completed and signed ERISA Loan Form Disclosure Statement or BEP Setup Confirmation was included with applicable loan documentation prior to processing loan requests.	No exceptions noted.
4.3 Documentation and approvals included with the loan request are validated by comparing information on the loan request documentation to data contained on the record keeping system. An independent quality review is performed for completeness and accuracy in setting up the loan. If the loan information is correct, the loan is approved for set up. If an error is identified, request is returned with instructions for correction.	<p>Test performed by the FCU team:</p> <p>Inspected a sample of loan setups to determine whether the quality reviewer checked the participant information (name, Social Security number, account number and amount) to ensure the information was accurately added to the record keeping system.</p> <p>Inspected a sample of loan setups to determine whether a quality review was performed and errors, if any, were corrected.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 4 - Controls provide reasonable assurance that loans are properly authorized and processed accurately, completely, and in accordance with instructions received from plan sponsors or participants and in compliance with the plan document.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
4.4 Incoming participant callers to the Contact Center are verified before providing any participant or account specific information to the caller or performing any transactions for the caller.	Inspected a sample of incoming participant calls to confirm that prior to the release of confidential participant or account information, the VALIC team member verifies the following: participant's name, Social Security number or VALIC account number, and date of birth.	No exceptions noted.
4.5 Participants are authenticated within the VALIC.com application using a unique User ID and passwords that are in accordance with AIG Policy.	Observed a Business Analyst log in to VALIC.com participant account to determine whether a unique User ID and a password are required. Observed password parameter requirements when resetting a password to determine whether they are in accordance with AIG Policy.	No exceptions noted. No exceptions noted.
4.6 An index file of the scanned documents is routed to AWD for processing. The job that routes the image file to AWD is monitored for processing.	Observed evidence of the Windows service used to transfer the index file of the scanned documents to AWD. Observed the configuration to monitor for errors to determine whether notifications are sent to the appropriate individuals in the event of a process failure.	No exceptions noted. No exceptions noted.
4.7 Complaints are monitored by management and the Consumer Affairs Department.	Inspected a sample of monthly complaint reports to determine whether customer complaints are monitored by VALIC Management and the Compliance Department.	No exceptions noted.

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Record Keeping - TOV/Asset Allocation Changes

Control Objective 5 - Controls provide reasonable assurance that Transfer of Value and Asset Allocation changes are properly authorized and processed accurately, completely, and in accordance with instructions received from plan sponsors or participants and in compliance with the plan document.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
5.1 An independent quality review is performed on manually entered Transfer of Value (TOV) and Asset Allocation changes.	<p>Inspected the AWD workflow for a sample of TOV and Asset Allocation change (AAC) requests to determine whether a quality review was performed.</p> <p>Inspected evidence from within AGILEnet and AWD to determine that a sample of TOV and Asset Allocation changes were not processed unless the quality review was completed and the status changed in AWD from "Processed" to "Passed."</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
5.2 Participants are authenticated within the VALIC.com application using a unique User ID and passwords that are in accordance with AIG Policy.	<p>Observed a Business Analyst log in to VALIC.com participant account to determine whether a unique User ID and a password are required.</p> <p>Observed password parameter requirements when resetting a password to determine whether they are in accordance with AIG Policy.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
5.3 Automated controls within the VALIC.com application prevent invalid and incomplete TOV transactions from being set up. Edits prevent depleting more than 100% on "From" funds and only available "To" funds display. The sum of percentages allocated to "To" funds must equal 100%.	Observed VALIC Online to determine whether an error message is displayed and transactions are prevented from processing when the "Transfer From" amount is greater than the available transfer amount for each fund chosen.	No exceptions noted.

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Control Objective 5 - Controls provide reasonable assurance that Transfer of Value and Asset Allocation changes are properly authorized and processed accurately, completely, and in accordance with instructions received from plan sponsors or participants and in compliance with the plan document.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
<p>5.4 Automated controls within the VALIC.com application prevent invalid and incomplete Asset Allocation transactions from being set up. Only available funds are displayed and allocations must equal 100%.</p>	<p>Observed Business Analyst log into VALIC.com to determine whether transactions are prevented from processing when the maximum allowed active vehicle was exceeded.</p> <p>Observed Business Analyst log into VALIC.com to determine whether transactions are prevented from processing when Future Contribution Allocation Amounts did not equal 100%.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
<p>5.5 A transaction confirmation is sent to the participant by a third-party vendor upon completion of Asset Allocations or TOV transactions. VALIC performs a daily reconciliation of transaction confirmation counts sent from VALIC to the third-party vendor and transaction confirmation counts received from the third-party vendor.</p>	<p>Inspected a sample of Asset Allocations and TOV changes to determine whether VALIC Participant Reporting performed a daily reconciliation between confirmation counts VALIC sent to the third-party vendor and the counts VALIC received from them, and any discrepancies were investigated and resolved.</p> <p>Reperformed a sample of daily reconciliations to determine whether confirmation counts VALIC sent to the third-party vendor agreed to the confirmation counts VALIC received from them.</p> <p>Inspected a sample of third-party invoices to determine whether VALIC utilizes the third-party vendor to send TOV and Asset Allocation change confirmations.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Control Objective 5 - Controls provide reasonable assurance that Transfer of Value and Asset Allocation changes are properly authorized and processed accurately, completely, and in accordance with instructions received from plan sponsors or participants and in compliance with the plan document.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
5.6 If the participants' account records are not successfully updated in the record keeping system during the nightly cycle, an error report is reviewed and corrections made and the request processed.	Inspected a sample of AWD cumulative error reports to determine whether they were generated and reviewed by the CSP VALIC team members on a daily basis. For items not processed in the nightly cycle, inspected evidence to determine that they were investigated and resolved.	No exceptions noted.
5.7 Incoming participant callers to the Contact Center are verified before providing any participant or account specific information to the caller or performing any transactions for the caller.	Inspected a sample of incoming participant calls to confirm that prior to the release of confidential participant or account information, the VALIC team member verifies the following: participant's name, Social Security number or VALIC account number, and date of birth.	No exceptions noted.
5.8 An index file of the scanned documents is routed to AWD for processing. The job that routes the image file to AWD is monitored for processing.	Observed evidence of the Windows service used to transfer the index file of the scanned documents to AWD. Observed the configuration to monitor for errors to determine whether notifications are sent to the appropriate individuals in the event of a process failure.	No exceptions noted. No exceptions noted.
5.9 Complaints are monitored by management and the Consumer Affairs Department.	Inspected a sample of monthly complaint reports to determine whether customer complaints are monitored by VALIC Management and the Compliance Department.	No exceptions noted.

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Record Keeping - Benefit Payments

Control Objective 6 - Controls provide reasonable assurance that benefit payments are properly authorized and processed accurately, completely, and in accordance with instructions received from plan sponsors or participants and in compliance with the plan document.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
6.1 Participant and plan documentation is reviewed for completeness of required documents, accuracy against participant information in the record keeping systems, and that proper signatures were obtained prior to completion of benefit payments processing.	<p>Test performed by the FCU team:</p> <p>Surrenders and Withdrawals: Inspected a sample of surrenders and withdrawals to determine whether a quality review was performed by a CDP.</p> <p>Death Claims: Inspected a sample of original certificates of death or affidavit for lost certificate if the original is unavailable to determine whether a quality review was performed by a CSP.</p> <p>Systematic Withdrawals: Inspected a sample of Systematic Withdrawal or Minimum Distribution Election Forms to determine whether a quality review was performed by a CSP.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
6.2 Upon completion of the participant's request, an independent quality review is performed to ensure accuracy and completeness.	<p>Test performed by the FCU team:</p> <p>Surrenders and Withdrawals: Inspected a sample of surrenders and withdrawals to determine whether a quality review was performed by an individual other than the processor.</p> <p>Death Claims: Inspected a sample of original certificates of death or affidavit for lost certificate if the original is unavailable to determine whether a quality review was performed by an individual other than the processor.</p> <p>Systematic Withdrawals: Inspected a sample of systematic withdrawal or Minimum Distribution Election Form to determine whether a quality review was performed by an individual other than the processor prior to payment.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
6.3 Benefit payments failing to process in the record keeping system are recorded on an error report. This report is reviewed daily and appropriate corrections are made.	Inspected a sample of AWD cumulative error reports to determine whether they were generated and reviewed on a daily basis. For items not processed in the nightly cycle, inspected evidence to determine that they were investigated and resolved.	No exceptions noted.

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Control Objective 6 - Controls provide reasonable assurance that benefit payments are properly authorized and processed accurately, completely, and in accordance with instructions received from plan sponsors or participants and in compliance with the plan document.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
6.4 Participants are authenticated within the VALIC.com application using a unique User ID and passwords that are in accordance with AIG Policy.	<p>Observed a Business Analyst log in to VALIC.com participant account to determine whether a unique User ID and a password were required.</p> <p>Observed password parameter requirements when resetting a password to determine whether they are in accordance with AIG Policy.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
6.5 Incoming participant callers to the Contact Center are verified before providing any participant or account specific information to the caller or performing any transactions for the caller.	Inspected a sample of incoming participant calls to confirm that prior to the release of confidential participant or account information, the VALIC team member verifies the following: participant's name, Social Security number or VALIC account number, and date of birth.	No exceptions noted.
6.6 An index file of the scanned documents is routed to AWD for processing. The job that routes the image file to AWD is monitored for processing.	<p>Observed evidence of the Windows service used to transfer the index file of the scanned documents to AWD.</p> <p>Observed the configuration to monitor for errors to determine whether notifications are sent to the appropriate individuals in the event of a process failure.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
6.7 Complaints are monitored by management and the Consumer Affairs Department.	Inspected a sample of monthly complaint reports to determine whether customer complaints are monitored by VALIC Management and the Compliance Department.	No exceptions noted.

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Record Keeping - Check and EFT Payments

Control Objective 7 - Controls provide reasonable assurance that the processing of check and EFT payments are properly authorized and processed accurately.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
7.1 The check writer printers are located in a secured room in Accounting. Only appropriate individuals have access to this room via the security card reader system.	<p>Observed whether the check writer printer was secured in a room with card reader restricted access and whether only cards programmed with access to the room allowed entry.</p> <p>Inspected the card reader access report from Security to determine whether physical access to the check writer room was appropriate.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
7.2 Before non-automated on-demand policy check requests are entered, Accounting submits requests to Compliance for OFAC review and reviews the approved requests and verifies approval limits against the On-Demand Disbursement Authorizations table to confirm requests are within the appropriate authorization levels.	<p>Test performed by the FCU team:</p> <p>Inspected a sample of non-automated on-demand check requests to determine whether the appropriate approvals were obtained based on the business policy.</p>	No exceptions noted.
7.3 Accounting compares the payee, address, amount, document number and issuing company on the non-automated on-demand check to the TAPS check request to ensure data was entered correctly.	<p>Test performed by the FCU team:</p> <p>Inspected a sample of non-automated on-demand checks to determine whether evidence of an Accounting's review of the manual check to the TAPS request exists to ensure data was entered correctly.</p>	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 7 - Controls provide reasonable assurance that the processing of check and EFT payments are properly authorized and processed accurately.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
7.4 Finance performs a daily balancing of administrative system general ledger entries in SAP. Any unbalanced general ledger entries are corrected.	Test performed by the FCU team: Inspected a sample of SAP daily and monthly balancing reports to determine whether reports were reviewed for out of balance entries, and any out of balance entries identified were resolved.	No exceptions noted.
7.5 Finance compares the record keeping system balance totals to the general ledger balances on a monthly basis.	Inspected a sample of reconciliations to determine whether monthly reconciliations were performed by Financial Reporting and any significant variances were investigated and resolved. Reperformed a sample of reconciliations to determine whether V-System balanced with SAP.	No exceptions noted. No exceptions noted.
7.6 Automated manual checks have appropriate approvals based on appropriate business policies. The requests are automatically sent to SAP for processing subsequent to the Transaction Account Processing System (TAPS) request from the requestor. The request in the TAPS database is noted as SAP Export with respective batch number.	Test performed by the FCU team: Inspected a sample of requests in the TAPS database to determine whether each request had a respective SAP Export batch number. Inspected a sample of automated on-demand check requests to determine whether checks had appropriate approvals based on appropriate business policies.	No exceptions noted. No exceptions noted.
7.7 Non-automated on-demand checks and wire transfer requests are approved and quality reviewed through TAPS prior to issue.	Test performed by the FCU team: Inspected a sample of manual check requests to determine whether return of premium was approved in the Transaction Accounting Processing System (TAPS) prior to payment and in accordance with business policy. Inspected a sample of the SAP report of all return premium checks over \$500 to determine whether management reviewed the report the following business day in accordance with business policy. Inspected a sample of the report monitoring returns of premiums issued to OPT payees for amounts over \$200 to determine whether management reviewed the following business day in accordance with business policy.	No exceptions noted. No exceptions noted. No exceptions noted.

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Control Objective 7 - Controls provide reasonable assurance that the processing of check and EFT payments are properly authorized and processed accurately.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
7.8 Accounting performs daily reconciliation of EFT annuity disbursement totals processed in SAP to the transmission file received from the bank. Any discrepancies are investigated and resolved.	Inspected a sample of SAP ledgers and transmission files received from BoNY to determine whether they were reconciled by a member of the Accounting Department and that any discrepancies were followed up and resolved.	Exception Noted. The daily manual EFT reconciliation was not performed for the period 11/21/2015 - 7/24/2016. Refer to Section V for management's response.
7.9 Death claim disbursements are approved based on limits defined in business policies. Evidence of approval is retained.	Test performed by the FCU team: Inspected a sample of death claim disbursements to determine whether appropriate approval was obtained per business policy and documented in AWD.	No exceptions noted.
7.10 All surrenders and withdrawals are approved based on limits defined in business policies. Evidence of approval is retained.	Test performed by the FCU team: Inspected a sample of surrenders and withdrawals greater than \$200,000 to determine whether appropriate approval was obtained per business policy and documented in AWD.	No exceptions noted.
7.11 Monthly reconciliations are performed and approved by management to ensure the bank's EFT transactions are tracked and recorded in the SAP ledger. Any discrepancies are investigated and resolved.	Inspected a sample of BoNY EFT transactions and the SAP ledger to determine whether they were reconciled by a member of the Accounting Department and that any discrepancies were investigated and resolved.	No exceptions noted.

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Participant Reporting

Control Objective 8 - Controls provide reasonable assurance that transaction confirmations, participant account statements, and plan reports are accurate, complete, and are delivered to participants without intervention.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
8.1 The Group Manager database is used to track plan reports due dates to verify that the reports are generated.	Inspected a sample of group plan reports to determine whether management reviewed the database to track all standard report due dates and monitor whether reports were generated.	No exceptions noted.
8.2 Plan reports are reconciled and corrected, if necessary prior to making them available to the plan sponsors.	Inspected a sample of daily error reports to determine whether the reports were reviewed and errors, if any, were reconciled and corrected on a daily basis.	No exceptions noted.
8.3 VALIC uses a third-party vendor to prepare and mail quarterly account statements to participants. A reconciliation is performed of the number of Social Security numbers sent to the vendor with the number of Social Security numbers processed. Additionally, the vendor sends VALIC electronic copies of the quarterly account statements which are maintained in COLD.	<p>Test performed by the FCU team:</p> <p>Inspected a sample of quarterly account statements processed to determine whether VALIC Client Reporting performed a reconciliation between Social Security number counts VALIC sent to the vendor and the Social Security number counts VALIC received from the vendor and investigated and resolved any discrepancies.</p> <p>Inspected a sample of quarterly account statements to determine whether copies sent by the vendor were maintained in COLD.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Control Objective 8 - Controls provide reasonable assurance that transaction confirmations, participant account statements, and plan reports are accurate, complete, and are delivered to participants without intervention.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
8.4 VALIC audits a sample of quarterly account statements prior to authorizing the release of statements for mailing or online viewing.	<p>Inspected a sample of quarterly account statements to determine whether VALIC audited the statements prior to authorizing the release of statements for mailing or online viewing.</p> <p>Inspected a sample of audits that identified discrepancies in the pre-production account statements to determine whether the account statements were corrected in a new account statement.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
8.5 A confirmation letter is sent to the participant by a third-party vendor upon completion of non-monetary changes processed through AGILEnet and VALIC.com. VALIC performs a daily reconciliation of confirmation counts sent from VALIC to the third-party vendor and confirmation counts received from the third-party vendor.	<p>Inspected a sample of non-monetary beneficiary and data maintenance changes to determine whether VALIC or the third-party vendor sent a letter to participants notifying them that a change was made to their account.</p> <p>Reperformed a sample of daily reconciliations to determine whether confirmation counts VALIC sent to the third-party vendor agreed to the confirmation counts VALIC received from them.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
8.6 A confirmation letter sent to the participant upon completion of non-monetary changes processed through the record keeping system and AWD.	Inspected a sample of non-monetary beneficiary and data maintenance changes processed manually to determine whether confirmation letters were sent to participants and were stored in AWD.	No exceptions noted.
8.7 A transaction confirmation is sent to the participant by a third-party vendor upon completion of Asset Allocations or TOV transactions. VALIC performs a daily reconciliation of transaction confirmation counts sent from VALIC to the third-party vendor and transaction confirmation counts received from the third-party vendor.	<p>Inspected a sample of Asset Allocations and TOV changes to determine whether VALIC Participant Reporting performed a daily reconciliation between confirmation counts VALIC sent to the third-party vendor and the counts VALIC received from them, and any discrepancies were investigated and resolved.</p> <p>Reperformed a sample of daily reconciliations to determine whether confirmation counts VALIC sent to the third-party vendor agreed to the confirmation counts VALIC received from them.</p> <p>Inspected a sample of third-party invoices to determine whether VALIC utilizes the third-party vendor to send TOV and Asset Allocation change confirmations.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Investment Processing

Control Objective 9 - Controls provide reasonable assurance that investment income (or loss) is accurately and timely allocated and recorded to participant accounts.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
9.1 VPA management reviews and authorizes the daily investment transactions sent to each respective fund manager. Reviewed and approved as noted on the reconciliation report of the Checklist.	Inspected a sample of the Variable Share and Dollar Reconciliations for annuities and mutual funds for a sample of days to determine whether the reconciliation was prepared and independently reviewed on a daily basis. For any variances identified in reconciliations, inspected evidence to determine whether they were researched and resolved.	No exceptions noted.
9.2 A reconciliation occurs for annuity and group mutual funds investment holdings recorded in the trading applications (UVT) to the record keeping system on a daily basis. Evidence of review and approval of the reconciliations are noted on the reconciliation report of the Checklist.	Inspected a sample of the Shares to Units Reconciliation and Shares to Shares Reconciliations to determine whether reconciliations were prepared and reviewed by VPA. For any variances identified in reconciliations, inspected evidence to determine whether they were researched and resolved.	No exceptions noted.
9.3 Cash movement is reconciled on a daily basis by comparing the expected cash movement from the trade tickets to the actual cash movement reported by Treasury (OLE Reports). Evidence of review and approval is provided on the reconciliation report of the Checklist.	Inspected a sample of the expected cash vs. actual cash movement to determine whether the reconciliation was prepared and reviewed by VPA. For any variances identified in reconciliations, inspected evidence to determine whether they were researched and resolved. Reperformed the reconciliations by comparing the cash movement reports to bank statements and identifying variances.	No exceptions noted. No exceptions noted.

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Control Objective 9 - Controls provide reasonable assurance that investment income (or loss) is accurately and timely allocated and recorded to participant accounts.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
9.4 The daily transfer agent transactions are reconciled for all cash movement by fund, shares outstanding, and NAV by individual fund product. Evidence of review and approval is provided on the Trade Summary by Source document which encompasses all supporting schedules.	Inspected the Transfer Agent Summary by Source reconciliations for a sample of days to determine whether the reconciliation was prepared and independently approved on a daily basis. For any discrepancies identified in reconciliations, inspected evidence to determine whether they were researched and resolved.	No exceptions noted.
9.5 The completion of daily reconciliation for annuities is recorded on the Unit Value Report Review Checklist and on the Unit Value Reasonableness Test. The completion of the daily reconciliation for group mutual funds is recorded on the Share Value Pricing Review Checklist. An independent review of the reconciliation is required and evidenced in the reconciliation of the Checklist.	<p>Inspected a sample of the Unit Value Report Review Checklist and the Share Value Pricing Review Checklist to determine whether the daily reconciliations were performed for annuities and mutual funds.</p> <p>Inspected the Unit Value Report Review Checklist and the Share Value Pricing Review Checklist to determine whether they were reviewed and approved by a separate member of the VPA team.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
9.6 Dividend payment schedules are monitored to confirm recording of distributions by fund managers.	Inspected a sample of the Dividend Verification Reports to determine whether it was prepared to ensure the dividend rates from UVT agree to the dividend rates from VMS.	No exceptions noted.
9.7 The review and approval of the Remote Wire Upload encompasses cash movement to all non-VALIC fund companies and validates the purchase or redemption of the trading activity for the day as well as the total shares outstanding at each non-VALIC fund company. This review and approval process includes verification that each fund was notified via electronic communication of the day's activity and total shares outstanding.	<p>Inspected a sample of the VALIC Remote Wire Upload to confirm evidence of review and approval was maintained from authorized signers.</p> <p>Inspected evidence to verify each fund was notified via electronic communication of the day's activity and total shares outstanding.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Asset Valuation

Control Objective 10 - Controls provide reasonable assurance that transactions and participant account balances are valued based on market prices obtained from authorized pricing sources.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
10.1 VPA personnel validate asset valuation by reconciling the calculated change in reported NAV to the actual reported change in NAV and the percentage change in unit value from the net asset values of the underlying investment vehicles to help prevent or detect errors in the unit value calculations.	<p>Inspected a sample of the Unit Value Change to NAV Change Reasonableness Check Report to determine whether they were completed and reviewed by separate members of the VPA group.</p> <p>For any variances identified in reconciliations, inspected evidence to determine whether they were researched and resolved.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
10.2 VPA personnel validate asset valuation for group mutual funds by comparing the share values received from the NSCC to share values received by the vendor VMS.	<p>Inspected a sample of the Final NAV Comparison Report to determine whether the comparison was completed and reviewed by VPA.</p> <p>For any variances identified in reconciliations, inspected evidence to determine whether they were researched and resolved.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
10.3 The completion of daily reconciliation for annuities is recorded on the Unit Value Report Review Checklist and on the Unit Value Reasonableness Test. The completion of the daily reconciliation for group mutual funds is recorded on the Share Value Pricing Review Checklist. The reconciliations are prepared and reviewed by separate individuals.	<p>Inspected a sample of the Unit Value Report Review Checklist and the Share Value Pricing Review Checklist to determine whether the daily reconciliations were performed for annuities and mutual funds.</p> <p>Inspected the Unit Value Report Review Checklist and the Share Value Pricing Review Checklist to determine whether they were reviewed and approved by a separate member of the VPA team.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
10.4 Dividend payment schedules are monitored to confirm recording of distributions by fund managers.	<p>Inspected a sample of the Dividend Verification Reports to determine whether it was prepared to ensure the dividend rates from UVT agree to the dividend rates from VMS.</p>	<p>No exceptions noted.</p>

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Control Objective 10 - Controls provide reasonable assurance that transactions and participant account balances are valued based on market prices obtained from authorized pricing sources.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
10.5 A roll-forward is performed on the total fixed account values on a monthly basis.	Inspected a sample of the monthly roll-forwards to determine whether the roll-forward for total fixed account values was performed.	No exceptions noted.
10.6 The Interest Crediting Committee meets monthly and reviews and approves the interest crediting rates.	Test performed by the FCU team: Inspected a sample of monthly reviews of the interest crediting rates to determine whether the Interest Crediting Committee met and approved the rates.	No exceptions noted.

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Retirement Manager

Control Objective 11 - Controls provide reasonable assurance that employer, plan and vendor information setup in Retirement Manager is authorized and processed accurately, completely and in accordance with instructions received from the plan sponsors, vendors and participants.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
11.1 A quality review is completed to validate that Retirement Manager is set up according to the employer plan and vendor information received.	Inspected a sample of Employer, Plan, and Vendor information setups in Retirement Manager to determine whether the quality review checklist was completed and Implementation Coordinator quality review was performed.	No exceptions noted.
11.2 A Retirement Manager Contribution Limit Enforcement module is available for selected plan sponsors with IRC 403(b), 401(k), 401(a)/403(a), 414(h) and 457(b) plan types. Retirement Manager proactively reduces or stops deferral amounts for employees to prevent excess contributions calculated by the system.	Observed a contribution to determine that for a plan where the Contribution Limit Enforcement module was activated, whether Retirement Manager proactively reduced or stopped the contribution when the participant's contribution limit was reached.	No exceptions noted.
11.3 A Retirement Manager Hardship Withdrawal Enforcement module is available for selected plan sponsors with an IRC 403(b) plan type. Retirement Manager suspends elective contributions for a period of six months or more if designated by the plan.	Observed a contribution to determine when Hardship Withdrawal Enforcement Module was activated, and whether Retirement Manager suspended the elective contribution and indicated a suspension period. Observed Retirement Manager to determine whether Retirement Manager blocked ongoing contribution and the remaining payroll dates were made unavailable.	No exceptions noted. No exceptions noted.

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Control Objective 11 - Controls provide reasonable assurance that employer, plan and vendor information setup in Retirement Manager is authorized and processed accurately, completely and in accordance with instructions received from the plan sponsors, vendors and participants.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
11.4 With regard to Contribution Limits and Hardship Withdrawal Enforcement modules, funds are released to the vendor or returned to the plan sponsor as instructed.	Observed a contribution to determine whether the common remitter service in Retirement Manager completed a reactive process to either 1) stop processing of the individual excess contributions or returning the contributions to the employer plan sponsor after receiving directions from the plan sponsor or 2) suspend contributions due to hardship withdrawal prior to releasing funds to the vendor or returning the contributions to the plan sponsor.	No exceptions noted.
11.5 A monthly audit of inbound SPARK files is performed to determine if any of the expected plan data is not received. If any of the data is not received for active vendor plans on Retirement Manager, contact is made with the vendor or plan sponsor regarding the delay.	Inspected a sample of monthly audits performed by VRSCO to determine whether expected plan data was received, by comparing the active vendor plans on Retirement Manager to the vendor plan SPARK data. For any issues noted, inspected evidence to determine whether they were researched and resolved.	No exceptions noted.
11.6 Retirement Manager aggregates disbursement information from plan vendors due to loan, hardship withdrawal or unforeseen emergency, in-service exchange, severance of employment, and age-based distributions and provides the plan sponsor or vendors with consolidated disbursement reporting across vendors.	Observed a plan sponsor dashboard within Retirement Manager to determine whether the aggregated disbursement data matches the SPARK source file.	No exceptions noted.

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Control Objective 11 - Controls provide reasonable assurance that employer, plan and vendor information setup in Retirement Manager is authorized and processed accurately, completely and in accordance with instructions received from the plan sponsors, vendors and participants.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
<p>11.7 A Retirement Manager Disbursement Eligibility module is available for plan sponsors using aggregated disbursement information for 403(b) and 457(b) plans in Retirement Manager. Retirement Manager calculates loan, hardship withdrawal or unforeseen emergency, in-service exchange, severance of employment, and age-based distribution eligibility based on 403(b), 457(b) or specific plan restrictions. The resulting certificate is used by the plan participant to request final approval from the designated vendor based on individual contract restrictions.</p>	<p>Observed a disbursement to determine when Disbursement Eligibility Module was activated, whether Retirement Manager calculated loan, hardship withdrawal or unforeseen emergency, in-service exchange, severance of employment, and age-based distribution eligibility.</p>	<p>No exceptions noted.</p>
<p>11.8 In cases where a 403(b) or 457(b) plan has multiple campus locations governed by the same plan document, Retirement Manager can perform compliance services for disbursement requests and provide disbursement reporting based on plan data under all campus locations.</p>	<p>Observed a plan with multiple campus locations governed by the same plan document to determine whether Retirement Manager performed compliance services for disbursement requests and provided disbursement reporting based on plan data.</p>	<p>No exceptions noted.</p>

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 11 - Controls provide reasonable assurance that employer, plan and vendor information setup in Retirement Manager is authorized and processed accurately, completely and in accordance with instructions received from the plan sponsors, vendors and participants.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
11.9 Retirement Manager restricts the data at the plan sponsors, vendors and participant level. Plan sponsors can only access data belonging to their plans and cannot see any other plan information. Vendors can only view data for participants that have enrolled with their company. Participants can only view their own personal data.	Observed a Business Analyst log into Retirement Manager to determine whether Retirement Manager restricts information based on user's information so plan sponsors can only access data belonging to their plans, vendors can only view data for participants that have enrolled with their company, and participants can only view their personal data.	No exceptions noted.
11.10 A monthly review is completed of all outbound SPARK files generated to external third parties to ensure that the plan information is provided.	For a sample of monthly reviews, inspected the outbound SPARK files to determine whether they were successfully transmitted and reviewed by management. If files were not successfully transmitted, inspected evidence to determine whether issue was researched and resolved.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

General computer controls

Applications and Systems Development and Maintenance

Control Objective 12A - Controls provide reasonable assurance that changes to V-System are tested and approved by VALIC Management.

Control Objective 12B - Controls provide reasonable assurance that changes to distributed systems including SAP are tested and approved by VALIC Management.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
12.1 (12A, 12B) Mainframe and distributed application program changes are tested prior to loading into the production environment and testing approvals are documented.	<p>Mainframe Inspected a sample of mainframe application program changes to determine whether they were tested prior to migration into the production environments and approvals were documented in the Change Management Notification and Approvals (CMNA) system.</p> <p>Distributed Systems Inspected a sample of distributed systems application program changes to determine whether they were tested prior to migration into the production environments and approvals were documented in the Change Management Notification and Approvals (CMNA) system.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
12.2 (12A, 12B) Appropriate VALIC user management must approve all mainframe and distributed application program changes before being placed into production.	<p>Mainframe Inspected a sample of mainframe application program changes to determine whether appropriate business and technology approvals from VALIC user management were provided in the CMNA system before the change was placed into production.</p> <p>Distributed Systems Inspected a sample of distributed systems application program changes to determine whether appropriate business and technology approvals from VALIC user management were provided in the CMNA system before the change was placed into production.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
12.3 (12A) VALIC migration personnel authorize program changes in the electronic scheduler for mainframe changes.	Inspected user access to mainframe to determine whether developers did not have access to migrate changes to the production environment.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 12A - Controls provide reasonable assurance that changes to V-System are tested and approved by VALIC Management.

Control Objective 12B - Controls provide reasonable assurance that changes to distributed systems including SAP are tested and approved by VALIC Management.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
12.4 (12B) Access to migrate changes to the production environment is limited to authorized VALIC migration personnel separate from development function.	Inspected user access to MS Team Foundation Server (TFS) to determine whether developers did not have access to migrate changes to the production environment.	No exceptions noted.
12.5 (12A, 12B) Mainframe and distributed application emergency moves and production fixes are approved by application managers.	<p>Mainframe Inspected a sample of mainframe application emergency moves and minor production fixes to determine whether they were approved by the application managers in the Emergency ID database.</p> <p>Distributed Systems Inspected a sample of distributed system application emergency program changes to determine whether they were approved by the application managers in the CMNA system.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
12.6 (12B) SAP developer update access to the production environment is appropriately controlled and restricted.	<p>Inspected the client settings configuration in Table T000 (client settings) for the in-scope SAP instance to determine whether client dependent settings and cross - client independent settings are set to 'non-changeable' in the production client.</p> <p>Inspected the listing of users with access to transport changes into the production environment through TMS to determine whether the access is granted via appropriate roles and restricted to the SAP Solution Center BASIS team.</p> <p>Inspected the listing of users with access to transport changes into the production environment through SP2 to determine whether the access is restricted to the SAP Solution Center BASIS team.</p> <p>Inspected the listings of users with access to develop and transport changes to determine whether the segregation of duties exists between users with access to develop and migrate changes.</p> <p>Inspected the system parameters for Generic System IDs to determine if the access is appropriately configured and restricted.</p> <p>Inspected the listing of users with access to SAP_ALL and SAP_NEW profiles to determine whether the access is appropriately restricted to appropriate users.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
12.7 (12B) Test plans and test results are documented and signed off by authorized employees for SAP changes.	Inspected a sample of SAP changes to determine whether test plans and test results were documented and approved.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 12A - Controls provide reasonable assurance that changes to V-System are tested and approved by VALIC Management.

Control Objective 12B - Controls provide reasonable assurance that changes to distributed systems including SAP are tested and approved by VALIC Management.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
12.8 (12B) All required approvals for SAP changes (including business and technology) are obtained and documented prior to migration of the change into the production environment.	Inspected a sample of SAP changes to determine whether changes were approved prior to migration into the production environment.	No exceptions noted.
12.9 Network infrastructure changes performed by AIG IT are appropriately authorized, analyzed for impact, and include back-out procedures prior to loading into the production environment to support effective functioning of applications at, and to protect data from unauthorized changes.	Inspected a sample of infrastructure changes to determine whether they were appropriately authorized, analyzed for impact, and included back-out procedures prior to loading into the production environment.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Access to Data Files and Programs

Control Objective 13A - Controls provide reasonable assurance that logical access to V-System is properly authorized by VALIC Management.

Control Objective 13B - Controls provide reasonable assurance that logical access to distributed systems including SAP is properly authorized by VALIC Management.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
13.1 (13A, 13B) Access to migrate changes to the production environment is limited to authorized VALIC migration personnel separate from development function.	<p>Mainframe Inspected user access to mainframe to determine whether developers did not have access to migrate changes to the production environment.</p>	No exceptions noted.
	<p>Distributed Systems Inspected user access to MS Team Foundation Server (TFS) to determine whether developers did not have access to migrate changes to the production environment.</p>	No exceptions noted.
13.2 (13B) SAP developer update access to the production environment is appropriately controlled and restricted.	Inspected SAP user access listing to determine whether access to migrate transports into the production environment is restricted to the SAP Solution Center BASIS team.	No exceptions noted.
	Inspected SAP user access listing to determine whether segregation of duties existed between the transport creator and transport migrator.	No exceptions noted.
	Inspected the production support configuration for SAP to assess whether client dependent settings and cross-client independent settings are set to 'non-changeable'.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 13A - Controls provide reasonable assurance that logical access to V-System is properly authorized by VALIC Management.

Control Objective 13B - Controls provide reasonable assurance that logical access to distributed systems including SAP is properly authorized by VALIC Management.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
13.3 (13A, 13B) Oracle and SQL database activity is monitored daily to detect inappropriate activity within the database.	Oracle Inspected a sample of daily reports to determine whether they were appropriately reviewed.	No exceptions noted.
	SQL Inspected a sample of daily reports to determine whether they were appropriately reviewed.	No exceptions noted.
13.4 (13A) VALIC users are required to use a password for mainframe application access, have a password that must be a minimum of eight characters long and include letters and at least one embedded number, change their password every 90 days and have their user ID code revoked after three failed log in attempts.	Inspected the password configurations for V-System to determine whether passwords were a minimum of eight characters in length, had at least one embedded number (alpha-numeric mix) and letters, must be changed every 90 days, and three failed logon attempts resulted in revocation of the user ID code.	No exceptions noted.
13.5 (13A, 13B) Operating system passwords are required, must meet current policy and standards which include a minimum of eight characters in length and must be changed every 90 days.	VALIC Domain Inspected the password configurations for VALIC Active Directory to determine whether a password is required, password was a minimum of eight characters in length and must be changed every 90 days.	No exceptions noted.
	R-1 Core Domain Inspected the password configurations for R-1 Core Active Directory to determine whether a password is required, password was a minimum of eight characters in length and must be changed every 90 days.	No exceptions noted.
13.6 (13A, 13B) Network domain accounts that have been inactive for more than 90 days are flagged and disabled on a monthly basis.	Inspected a sample of monthly inactivity report listings. For all users listed as active and who have not logged into the network in the past 45+ days, inspected evidence to ensure the users were disabled appropriately.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 13A - Controls provide reasonable assurance that logical access to V-System is properly authorized by VALIC Management.

Control Objective 13B - Controls provide reasonable assurance that logical access to distributed systems including SAP is properly authorized by VALIC Management.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
13.7 (13A, 13B) Contractor access is automatically revoked after 90 days unless the manager recertifies.	Inspected evidence that access for a contractor was revoked on the 90 day expiration date when not recertified by a manager.	No exceptions noted.
13.8 (13A, 13B) New access requests of VALIC employees for the mainframe and distributed applications are documented and approved by appropriate VALIC management.	Mainframe Inspected a sample of new user access requests for the mainframe application to determine whether the new user access requests were documented and appropriately approved by their managers.	No exceptions noted.
	Distributed Systems Inspected a sample of new user access requests for distributed systems to determine whether the new user access requests were documented and appropriately approved by their managers.	No exceptions noted.
13.9 (13B) New user access requests to the Oracle and SQL database are initiated and approved by appropriate VALIC management.	Oracle Inspected a sample of new user access requests to Oracle databases to determine whether new user access requests were appropriately requested and approved in the DBA Help Desk or CMNA system prior to gaining access.	No exceptions noted.
	SQL Inspected a sample of new user access requests to SQL databases to determine whether new user access requests were appropriately requested and approved in the DBA Request Form or CMNA ticket prior to gaining access.	No exceptions noted.
13.10 (13B) Requests to add or change access to SAP must be documented and approved by an appropriate authority.	Inspected a sample of new and modified SAP user access to determine whether new user access requests were approved by the appropriate authority.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 13A - Controls provide reasonable assurance that logical access to V-System is properly authorized by VALIC Management.

Control Objective 13B - Controls provide reasonable assurance that logical access to distributed systems including SAP is properly authorized by VALIC Management.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
13.11 (13A, 13B) Privileged access to the operating system and database level is granted to appropriate personnel based on job responsibilities and must be approved by a manager.	Inspected a sample of operating system level access for new users to determine whether access was granted to appropriate personnel based on job responsibilities and was approved by a manager.	No exceptions noted.
13.12 (13A, 13B) Upon termination, access to the network is systematically revoked.	Inspected the listing of terminated users and compared the listing to current VALIC and R-1 Core domain network users to determine that user accounts were deleted at the VALIC and R-1 Core domain network level.	Exception noted. Termination requests were not made timely for 119 user accounts at the VALIC domain network level and R1 Core domain network level collectively out of the total population of 1,084. Of the 119 terminated users, 8 network accounts were accessed after termination. Refer to Section V for management's response.
13.13 (13A, 13B) VALIC Security administrator personnel delete or disable access of terminated employees, in the mainframe and distributed applications upon notification.	<p>Mainframe Inspected the listing of VALIC terminated users and compared the listing to current users for the mainframe application to determine whether user accounts were deleted or disabled.</p> <p>Distributed Systems Inspected the listing of VALIC terminated users and compared the listing to current users for each distributed system to determine whether user accounts were deleted or disabled.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 13A - Controls provide reasonable assurance that logical access to V-System is properly authorized by VALIC Management.

Control Objective 13B - Controls provide reasonable assurance that logical access to distributed systems including SAP is properly authorized by VALIC Management.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
13.14 (13B) User access rights, privileges, functions, entitlements, roles and/or profiles within SAP are disabled when notified that a user has been terminated.	Inspected a sample of terminated users to determine whether access was removed or disabled in SAP.	No exceptions noted.
13.15 (13A, 13B) VALIC managers perform an annual review of VALIC user access to the mainframe and distributed applications by reviewing current user profiles/privileges. A list of corrections is prepared and forwarded to the security administrator for processing.	<p>Mainframe Inspected the annual user access review performed in SOAR to determine whether VALIC managers reviewed VALIC users' access to the mainframe application.</p> <p>Inspected a sample of documentation to determine whether changes resulting from user access reviews were processed.</p> <p>Distributed Systems Inspected the annual user access review performed in SailPoint to determine whether VALIC managers reviewed VALIC users' access to all distributed systems.</p> <p>Inspected a sample of documentation to determine whether changes resulting from user access reviews were processed.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
13.16 (13A, 13B) Users with privileged access to the operating system and database level are reviewed on an annual basis for appropriateness. Recertification items (including modification or deletion of access) that require further review are addressed by management in a timely manner.	<p>Inspected annual operating system and database recertifications to determine whether management performed an annual recertification to ensure that privileges were restricted to appropriate users based on job responsibilities.</p> <p>Inspected changes to users' privilege, identified as part of the recertification, to determine whether changes were performed as requested.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 13A - Controls provide reasonable assurance that logical access to V-System is properly authorized by VALIC Management.

Control Objective 13B - Controls provide reasonable assurance that logical access to distributed systems including SAP is properly authorized by VALIC Management.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
13.17 (13A, 13B) VALIC managers perform annual reviews of Oracle, SQL and DB2 database user access by reviewing current user profiles/privileges. A list of corrections is prepared and forwarded to the security administrator for processing.	Inspected a sample of Oracle, SQL, and DB2 user access reviews to determine whether VALIC managers reviewed VALIC users' access.	No exceptions noted.
	Inspected a sample of change requests to determine whether changes resulting from user access reviews were processed.	No exceptions noted.
13.18 (13B) User access to SAP is reviewed annually and recertified by an appropriate authority to confirm that the access is aligned with the user's current job functions. Changes to user access discovered during the recertification are acted upon by an appropriate authority.	Inspected a sample of SAP user access reviews performed in SailPoint to determine whether VALIC managers reviewed VALIC users' access.	No exceptions noted.
	Inspected a sample of change requests to determine whether changes resulting from user access reviews were processed.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Program Execution Controls

Control Objective 14 - Controls provide reasonable assurance that processing is monitored and deviations are identified and resolved.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
14.1 In order to request a temporary override to a production job or job schedule, the VALIC application programmer must fill out an authorized request form in the ticketing system tool and obtain appropriate approval from VALIC Management.	<p>Mainframe Inspected a sample of job overrides to mainframe production jobs to determine whether each override was appropriately approved by a VALIC Manager.</p> <p>Distributed Systems Inspected a sample of job overrides to distributed systems production jobs to determine whether each override was appropriately approved by a VALIC Manager.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
14.2 In the event of a mainframe production abend or other problem, the ticketing system pages VALIC personnel until the problem is resolved. Automated escalation procedures are in place to make sure there is timely resolution of production problems. Incidents are properly reported, logged, and resolved.	Inspected a sample of V-System production abends to determine whether each issue was documented in the ticketing system and incidents were properly reported, logged, and resolved.	No exceptions noted.
14.3 For distributed systems, there are two jobs monitoring applications. In the event of a production problem, the job monitoring software pages VALIC Information Technology personnel until the problem is resolved. Two daily reports are sent to Application Managers via emails that describe the status of key production jobs. The appropriate Application Manager will follow the job to resolution. Incidents are properly reported, logged, and resolved.	Inspected a sample of the morning and afternoon Self Service Back Office Confirmation reports to determine whether the status of production jobs was sent to application managers and problems were followed up for resolution and incidents were properly reported, logged, and resolved.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Control Objective 14 - Controls provide reasonable assurance that processing is monitored and deviations are identified and resolved.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
14.4 Finance performs a daily balancing of administrative system general ledger entries in SAP. Any unbalanced general ledger entries are corrected.	Inspected a sample of SAP daily and monthly balancing reports to determine whether reports were reviewed for out of balance entries, and any out of balance entries identified were resolved.	No exceptions noted.
14.5 Batch processing job abends are identified, investigated and resolved in a timely manner.	<p>Inspected a sample of job abends to assess whether an incident ticket was created as a result of the abend and whether the incident was researched and resolved in timely manner (i.e. in accordance with the Severity Levels).</p> <p>Inspected the Autosys and CA-7 job scheduling tools to determine whether job failures resulted in the automated creation of a ServiceNow incident ticket.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
14.6 Network infrastructure changes performed by AIG IT are appropriately authorized, analyzed for impact, and include back-out procedures prior to loading into the production environment to support effective functioning of applications at, and to protect data from unauthorized changes.	Inspected a sample of infrastructure changes to determine whether they were appropriately authorized, analyzed for impact, and included back-out procedures prior to loading into the production environment.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Backup of Program and Data Files

Control Objective 15 - Controls provide reasonable assurance that backup jobs are monitored and deviations are identified and resolved.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
15.1 Monitoring procedures are in place to provide for the resolution of failed mainframe backup jobs. The on-call programmer is notified of any failed jobs and is responsible for correcting the problem and restarting the backup job.	Inspected a sample of V-System production backup jobs to determine whether the failed backup jobs were documented in the ticketing system and reported to the on-call programmer, corrected, and restarted.	No exceptions noted.
15.2 Backups are monitored to ensure completeness of processing. Errors are monitored, logged, resolved and documentation of the resolution is maintained.	For a sample of Mainframe LPARs, inspected that backups were configured to occur on a weekly basis.	No exceptions noted.
	For a sample of OpenSystem servers, inspected that backups were configured to occur on a daily incremental/full weekly, or other appropriate frequency as defined by the business.	No exceptions noted.
	For a sample of backups to Mainframe systems, inspected backup logs for evidence that backups are available for restoration and that errors are monitored, logged, resolved, and that documentation of the resolution is maintained.	No exceptions noted.
	For a sample of backups to OpenSystems, inspected backup logs for evidence that backups are available for restoration and that errors are monitored, logged, resolved, and that documentation of the resolution is maintained.	No exceptions noted.

IV. VALIC control objectives and controls, and PricewaterhouseCoopers LLP's tests of operating effectiveness and results of tests

Physical Access

Control Objective 16 - Controls provide reasonable assurance that physical access to computer equipment, storage media and program documentation is restricted to authorized individuals.

VALIC Control Activities	Tests of Operating Effectiveness	Results of Tests
16.1 Physical access to data centers is restricted to authorized individuals. Access is granted to appropriate personnel based on job responsibilities and must be approved by a manager.	Inspected a sample of new access granted to the data center and related access request forms to determine whether the access is granted to appropriate personnel based on job responsibilities and approved by the manager.	No exceptions noted.
16.2 Upon termination, physical access to data centers is revoked timely.	Inspected a sample of terminated employees from the master access card list to determine whether the individuals' access was removed from the data center timely.	Exception noted. For 1 out of 25 terminated employees sampled, physical access was not removed timely. Refer to Section V for management's response.
16.3 Users with access to secure and sensitive areas within the data center are reviewed on a quarterly basis. Recertification items (including modification or deletion of access) that require further review are addressed by management in a timely manner.	Inspected a sample of user access reviews to the data centers (secure rooms) to determine whether access was reviewed and changes were appropriately processed. Inspected changes to data center access, identified as part of the recertification, to determine whether changes were performed as requested.	No exceptions noted. No exceptions noted.

V. Other information provided by VALIC: Management's response to operating effectiveness exceptions

V. Other information provided by VALIC: Management's response to operating effectiveness exceptions

Control Activity	Description of Exception	Management Response
<p>7.8 Accounting performs daily reconciliation of EFT annuity disbursement totals processed in SAP to the transmission file received from the bank. Any discrepancies are investigated and resolved.</p>	<p>The daily manual EFT reconciliation was not performed for the period 11/21/2015 - 7/24/2016.</p>	<p>The matter relates to the manual Electronic Fund Transfers (EFT) reconciliation that was performed on a daily basis until November 2015. In November 2015, AIG automated the process and eliminated the manual reconciliation process. A technical server issue occurred during the automated transmission job in July 2016 that caused the transmission of files to fail and were inadvertently not sent to the bank. The issue was identified and resolved within 3 business days and all EFTs were appropriately, completely, and accurately processed. Because the daily EFT manual reconciliation process was eliminated, the error was not detected immediately and upon detection the manual EFT reconciliation process was re-implemented.</p> <p>To remediate the issue going forward, Management communicated and reinforced procedures to ensure the bank's EFT transactions are properly reconciled to SAP on a daily basis. Further, Management reinstated the daily manual reconciliation in July 2016. In addition, Management performs monthly bank reconciliations between EFT transactions and the SAP ledger (Control 7.11), which would capture the transmission discrepancies outstanding at month-end. Control 7.11 was tested with no exceptions noted.</p>

V. Other information provided by VALIC: Management's response to operating effectiveness exceptions

Control Activity	Description of Exception	Management Response
<p>13.12 (13A, 13B) Upon termination, access to the network is systematically revoked.</p>	<p>Termination requests were not made timely for 119 user accounts at the VALIC domain network level and R1 Core domain network level collectively out of the total population of 1,084. Of the 119 terminated users, 8 network accounts were accessed after termination.</p>	<p>Management reviewed application logs and confirmed none of the 8 terminated users logged into an application subsequent to termination date. To remediate, management is taking actions to improve timeliness of termination notification to HR, including:</p> <ol style="list-style-type: none"> 1) monthly notification sent to all managers to review their employee data for accuracy, including terminated employees 2) self reporting of resignation 3) dashboard available to managers to monitor timeliness of termination reporting 4) HR and Technology Risk Office improving awareness around the importance of timely termination through training sessions 5) management implemented a control to identify and investigate instances where a terminated employee's account accesses an application after the termination date. In addition, management is performing a feasibility study around disabling network accounts after 10 days of inactivity.

V. Other information provided by VALIC: Management's response to operating effectiveness exceptions

Control Activity	Description of Exception	Management Response
<p>16.2 Upon termination and/or transfer, physical access to data centers is revoked timely.</p>	<p>For 1 out of 25 terminated employees sampled, physical access was not removed timely.</p>	<p>Management reviewed access logs and confirmed that the terminated employee did not access the data center after termination date. Further, the employee had general access and did not have access to any of the secured rooms. The root cause of this issue was untimely notification of termination to HR so the management response in 13.12 is applicable. To remediate, management is taking actions to improve timeliness of termination notification to HR, including:</p> <ol style="list-style-type: none"> 1) monthly notification sent to all managers to review their employee data for accuracy, including terminated employees 2) self reporting of resignation 3) dashboard available to managers to monitor timeliness of termination reporting 4) HR and Technology Risk Office improving awareness around the importance of timely termination through training sessions.

VI. Glossary

VI. Glossary

Acronym		Acronym	
AAC	Asset Allocation Change	LAN	Local Area Network
ACH	Automated Clearing House	Lighthouse	VALIC advisor sales tool website
AIG	American International Group, Inc.	M&E	Mortality and Expense
AIG FSB	AIG Federal Savings Bank	NSSC	National Securities Clearing Corporation
AWD	Automated Work Distributor	PIN	Personal Identification Number
BoNY	Bank of New York	RACF	Resource Access Control Facility
CCS	Client Contribution Services	RSVP	VALIC Group Mutual Fund Product
CTO	Chief Technology Office	SAP	VALIC Financial Accounting System
COLD	Computer Output to Laser Disc	SEC	Securities and Exchange Commission
DBA	Database Administration	SPD	Summary Plan Description
DOL	Department of Labor	SQL	Structured Query Language
DST	DST Systems, Inc.	SSN	Social Security Number
DTC	Deposit Transfer Conversion	TOV	Transfer of Value
EFT	Electronic Funds Transfer	TPA	Third-Party Administrator
ERISA	Employee Retirement Income Security Act	UVT	Unit Value Trade System
FedWire	Federal Reserve's Communication System	VBP	VALIC By Phone
FINRA	Financial Industry Regulatory Authority	VMS	Vertical Management Systems
FTP	File Transfer Protocol	VPA	Variable Annuity and Mutual Fund Product Accounting and Reporting
GAAP	Generally Accepted Accounting Principles	VOL	VALIC.com
IT	Information Technology	VRSCO	VALIC Retirement Services Company
IVR	Interactive Voice Response	V-System	VALIC Record Keeping System

VALIC is the right partner for your organization. Our group retirement plans offer a flexible mix of services, technology and support, allowing us to easily customize plans for groups both large and small. With more than half a century of experience, we help Americans plan for and enjoy a secure retirement. Serving more than 23,000 group plans, VALIC is a leading plan provider* for healthcare, government, higher education, K-12 and other not-for-profit institutions.

We are committed to the same unchanging standard of one-on-one service we have delivered since our founding. Our goal is to help your employees live retirement on their terms.

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

CBIZ RPS Introduction

CBIZ Retirement Plan Services (RPS) acts in a consultative and advisory role to the CSD Retirement Trust. Through the use of their proprietary Fiduciary Risk Manager™ solution, CBIZ provides the following services to the Trust.

- The 3(21) Fiduciary Registered Investment Advisory (RIA) Solution™
- The Participant Advice Solution™
- The Fee and Expense Documentation Solution™
- The Fiduciary Governance Solution™
- The Core Compliance & Administration Solution™

These services provide ongoing benefits to adopting employers of the Trust in the overall governance and administration of their plan. In addition... services provided by CBIZ RPS to the CSD-RT support plan participants. CBIZ RPS meets quarterly with the CSD-RT Board of Advisors (BOA) and the Investment Committee (IC) to assist in the overall fiduciary governance and due diligence processes created for the Trust.

Through the use of proprietary investment monitoring reports and documents that track the success of the program... CBIZ helps the BOA and IC to maximize the benefits of the Trust to employers and increase value for Trust participants.

CBIZ Annual Consultant Review 2017

CBIZ Retirement Plan Services

Annual Consultant Review

Retirement plan sponsors are responsible for selecting and monitoring competent service providers and consultants. To assist you in fulfilling your fiduciary oversight duty of evaluating your retirement plan consultant, below we provide documentation of background information and credentials of the CBIZ Retirement Plan consulting team.

Organizational Credentials, Certifications, Groups & Memberships

- **CEFEX ASPPA Administration Services Certification** – Administrative functions including compliance testing against relevant pension and tax laws and filing of government reports such as form 5500. ASPPA is the American Society for Pension Professionals & Actuaries.
- **CEFEX Fiduciary Certificate of Registration: “Investment Advisor”** – confirming that CBIZ adheres generally to the fiduciary standards of excellence (referred to as the Fiduciary Practices) as defined by the “*Prudent Practices for Investment Advisors*” (U.S. Edition) handbook as published by Fiduciary360 (fi360).
- **CEFEX Fiduciary Certificate of Registration: “Fiduciary (PPA) Adviser”** – confirming that CBIZ adheres generally to the fiduciary standards of excellence (referred to as the Fiduciary Practices) as defined by the “*Criteria for the Annual Audit of a Fiduciary Adviser and Associated Eligible Investment Advice Arrangements*” as published by Fiduciary360 (fi360).

The Centre for Fiduciary Excellence (CEFEX) is an independent assessment and certification organization. CEFEX provides comprehensive assessments as measures of risk and trustworthiness of investment fiduciaries. A CEFEX assessment includes both on and off-site confidential reviews of an organization’s practices by an independent analyst. The process uses the ISO 19011 audit standard, an internationally recognized standard for testing process management systems.

- **ERISA Best Interest (EBI) Working Group** - maintains our firm’s difference as a leader in the ERISA fiduciary support services marketplace. The procedures developed by the working group will convert the U.S. Department of Labor’s new rule into a set of practical guidelines. The results will help assure vendors of their compliance with the rule, and will also help human resource executives that purchase retirement plan services identify vendors that comply with the rule. Working Group members must be in good standing with IFLC or be enrolled as a participating vendor in FSMA.
- **Fiduciary Supply Management Association (FSMA) Policy Board**- FSMA is a national association serving the specialized needs of organizations that sponsor retirement plans including those programs qualified under the Employee Retirement Income Security Act (“ERISA”).FSMA is the first organization to establish procurement guidelines for programs that cast a fiduciary duty on the sponsors of those programs. FSMA is a knowledgeable and efficient community of buyers.
- **Investment Fiduciary Leadership Council (IFLC)** – IFLC’s members include service providers that offer investment advice, investment management, or administration services to pension plans and non-profit foundations. IFLC’s members that are enrolled in the Service Provider Community have been certified by CEFEX or ASPPA. IFLC endorses both programs. The members of the IFLC Service Provider Community show their commitment to fiduciary support excellence through certification and are regarded as the best of the best in the industry.
- **Labor & Employment Law Section of the American Bar Association:** The Employment Law Section’s committees deal with emerging legal issues and are a major force behind many developments in labor and employment law keeping legal professional current on the latest laws. Members have the opportunity to meet and work with colleagues experienced in the committee’s area of concentration and, when appropriate, with government policy makers and regulators. Committees meet in conjunction with the ABA Annual Meeting and several committees hold independent midwinter meetings each year.

Individual Credentials and Certifications of CBIZ RPS Service Team

- **Accredited Investment Fiduciary (AIF®): offered through The Center for Fiduciary Studies (fi360)** – The AIF® designation represents a thorough knowledge of and ability to apply the fiduciary Practices. Through fi360's AIF® Training programs, AIF® designees learn the Practices and the legal and best practice framework they are built upon. AIF® designees have a reputation in the industry for the ability to implement a prudent process into their own investment practices as well as being able to assist others in implementing proper policies and procedures. AIF® designees must complete 6 hours of continuing professional education credits every year.
- **American Bar Association (ABA) Member** – Our in-house legal and regulatory affairs council has particular emphasis on monitoring and interpreting state and federal employee benefits law. As active members of the American Bar Association, our council stays abreast on the latest legislative and regulatory changes. ABA members are equipped with numerous resources and have access to a vast network of legal experts.
- **Associate of the Society of Actuaries (ASA)** – An Associate of the Society of Actuaries has demonstrated knowledge of the fundamental concepts and techniques for modeling and managing risk. The Associate has learned the basic methods of applying those concepts and techniques to common problems involving uncertain future events; such as pensions, insurance and investment concepts. The Society of Actuaries administers certification exams, maintains the Actuarial Standards of Practice, as well as coordinates and tracks continuing education requirements.
- **Certified Employee Benefits Specialist (CEBS): cosponsored by International Foundation and the Wharton School of the University of Pennsylvania** – One of the most widely recognized and respected professional credentials in the employee benefits and compensation field. In order to obtain the CEBS designation, candidates must obtain three specialty designations: Group Benefits Associate (GBA), Retirement Plans Associate (RPA) and Compensation Management Specialist (CMS). The GBA, RPA and CMS recognize the three primary areas of specialization within total compensation – group, retirement, and compensation management. The CMS, GBA and RPA designations require successful completion of three examinations within the CEBS curriculum. Like the CEBS designation, the GBA, RPA and CMS designations are awarded by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania. CEBS designees must complete 24 hours of continuing professional education annually.
- **Certified Financial Planner™ (CFP®): offered by the Certified Financial Planner Board of Standards, Inc.** – professionals are uniquely qualified to help individuals pull all their finances together, solve financial problems, and make a plan to achieve their financial goals. CFP's must meet the highest requirements in the industry in terms of ethics, education, experience and exam. Professionals must meet ongoing education, examination, experience and ethics requirements to maintain their certification.
- **Certified Plan Fiduciary Advisor (CPFA) offered by The National Association of Plan Advisors (NAPA)** - The Certified Plan Fiduciary Advisor credential- developed by some of the nation's leading advisors and retirement plan experts- demonstrates our knowledge, expertise and commitment to working with retirement plans. Plan advisors who earn their CPFA demonstrate the expertise required to act as a plan fiduciary or help plan fiduciaries manage their roles and responsibilities.
- **Certified Public Accountant (CPA): offered through the American Institute of CPA's** – The AICPA provides members with the resources, information and leadership that enable them to provide valuable services in the highest professional manner to benefit the public, employers and clients. CPA's have demonstrated extensive knowledge in accounting and audit practices by completing the rigorous Uniform CPA Exam. AICPA members are required to adhere to a professional code of conduct and must complete 120 hours of continuing professional education every three years.
- **Certified Pension Consultant (CPC)**- The Certified Pension Consultant (CPC) credential is conferred by ASPPA to benefits professionals working in plan administration, pension actuarial administration, insurance, and financial planning. CPCs work alongside employers to formulate, implement, administer and maintain qualified retirement plans.
- **Certified Retirement Services Professional (CRSP): issued by the Institute of Certified Bankers (ICB)** – credentialed members are professionals who have had substantial experience with the Employment Retirement Income Security Act (ERISA), have signed a professional code of ethics and completed 30 hours of continuing education every three years.
- **Chartered Financial Analyst (CFA): offered by the CFA Institute** – The CFA Program is a graduate-level program that combines a broad-based curriculum of investment principles with professional and ethical conduct requirements. The CFA Program is one of the most widely known and respected investment credentials.

- **Enrolled Actuary (EA)** – An Enrolled Actuary is an actuary who has satisfied the standards and qualifications as set forth in the regulations of the Joint Board of the Department of Treasury & Department of Labor for the Enrollment of Actuaries and who has been approved by the Joint Board to perform actuarial services required under the Employee Retirement Income Security Act of 1974 (ERISA).
- **Fellow of the Conference of Consulting Actuaries (FCA)** - This fellowship is offered by the Conference of Consulting Actuaries. The candidate must be working either as an actuarial consultant, a government actuary, and Enrolled Actuary, an insurance actuary, or a teacher of actuarial sciences.
- **Fellow of the Society of Actuaries (FSA)** – A Fellow of the Society of Actuaries has achieved the highest level of designation in the Society of Actuaries and has demonstrated a thorough knowledge of the business environments within which financial decisions concerning pensions, life insurance, health insurance, and investments are made including the application of mathematical concepts and other techniques to the various areas of actuarial practice.
- **Member of the American Academy of Actuaries (MAAA)** – A Member of the American Academy of Actuaries is a part of the elite community of professionals who have shaped public policy at the state, federal, and international levels. Membership acknowledges that application of the highest level of professionalism and actuarial principles to help address vital issues in relation to risk and financial security.
- **Member, Society of Pension Actuaries (MSPA)** – The Member, Society of Pension Actuaries (MSPA) program was created for individuals providing defined benefit or actuarial consulting who are currently Enrolled Actuaries in good standing.
- **Qualified 401(k) Administrator (QKA): offered by the American Society of Pension Professionals & Actuaries (ASPPA)** – credentialed members are retirement plan professionals who work primarily with 401(k) plans. They typically assist employers and consultants with the recordkeeping, non-discrimination testing and the administrative aspects of 401(k) and related defined contribution plans. Members must acquire 40 hours of continuing professional education credits in a two-year-cycle as well as renew your ASPPA Membership annually to retain credentials.
- **Qualified Pension Administrator (QPA): offered by the American Society of Pension Professionals & Actuaries (ASPPA)** – credentialed members are professionals who are qualified to perform the technical and administrative functions of qualified plan administration. QPAs assist employers, actuaries, and consultants in performing functions such as determination of eligibility benefits, computation of benefits, plan recordkeeping, trust accounting and disclosure, and compliance requirements. Members must acquire 40 hours of Continuing Professional Education (CPE) credits in a two-year-cycle as well as renew your ASPPA Membership annually to retain credentials.
- **Tax-Exempt & Governmental Plan Consultant (TGPC)** – credentialed members are retirement plan professionals who specialize in the 403(b) and 457 marketplaces as well as other plans maintained by governmental and tax-exempt entities. They typically assist employers and consultants with the regulatory, recordkeeping and administrative aspects of both ERISA and non-ERISA arrangements. Members must acquire 40 hours of continuing professional education credits in a two-year-cycle as well as renew their ASPPA Membership annually to retain credentials.

Securities & State Insurance Licenses

- **Series 3** – National Commodity Futures Examination
- **Series 6** – Investment Company Products/Variable Contracts Representative Examination
- **Series 7** – General Securities Representative Examination
- **Series 63** – Uniform Securities State Law Examination
- **Additional Series Licenses held, including: 4, 8, 24, 26, 53, 65**
- **Life Variable Annuities Accident & Health Insurance License (Ohio)**

Publications and Public Speaking Events

- "Floor Offset Plans- Are They Worth the Effort?" – *Speaking Engagement, ACOPA Webcast Series*
- "Take 5: Erase The Risk of Employee Pension Plans" – *Philly Biz Magazine* (December 2016)

- “Ethics” – *Speaking Engagement, CCA Webcast Series* (December 2016)
- “Are ERFs BRFs” – *ACOPA E-News* (November 2016)
- “Alternative Pension Accounting Issues” – *Speaking Engagement, AAA Webcast* (November 2016)
- “The New Cash Balance Pre-Approved Plan Document” *Speaking Engagement at The ASPPA Annual Conference* (October 2016)
- ‘case Studies of Professionalism: Navigating the ASOP’s” – *Speaking Engagement at the Conference of Consulting Actuaries Annual Meeting* (October 2016)
- “Can Funds with 12b-1 Fees Still Work in Retirement Plans?” *PLANSPONSOR* (October 2016)
- “Late Breaking Developments” – *Speaking Engagement at the CCA Annual Meeting* (October 2016)
- “Measured Use of 12b-1 Fees Will Continue” – *PLANADVISER* (October 2016)
- “S&P, Dow Close Around Breakeven As Dollar Hits 7 Month High; Stocks Post Weekly Gains” – *CNBC, Yahoo Finance* (October 2016)
- “Small Plan Funding Update” – *Speaking Engagement at the ASPPA Annual Conference* (October 2016)
- “Significantly Underfunded and Overfunded DB Plans” – *Speaking Engagement at the ASPPA Annual Conference* (October 2016)
- “Ask the Experts” – *Panelist at the ASPPA Annual Conference* (October 2016)
- “Current Events” – *Panelist at the ASPPA Annual Conference* (October 2016)
- “Defined Benefit Q&A” - *Panelist at the ASPPA Annual Conference* (October 2016)
- “Stocks Close Higher As Financials, Energy Jump More Than 1%” – *CNBC, Yahoo Finance, MSN* (October 2016)
- “U.S. Stocks Retreat Amid Tepid Growth Outlook, Brexit Concerns” – *Bloomberg Business* (September 2016)
- “Stocks Bounce Following Dovish Fed Remarks” – *Seeking Alpha* (September 2016)
- “Asian Markets Mixed As Traders Digest China Data, Dovish Speech From Fed’s Brainard” – *CNBC* (September 2016)
- “Dow Up 250 Points, Stocks Up 1% Amid Dovish Speech Fed Rhetoric” – *CNBC* (September 2016)
- “Women and Retirement” – *Speaking Engagement at The Living In Vitality Conference* (September 2016)
- “Have You Met MEP” – *Financial Advisor* (August 2016)
- “Are 401(k) 3(38) Services Worth The Price” – *401(k) Specialist* (August 2016)
- “Relief for Frozen DB Plans and Other Late Breaking Guidance” – *Speaking Engagement at the Western Benefits Conference* (July 2016)
- “Ask the Experts” – *Panelist at the Western Benefits Conference* (July 2016)
- “Stocks End Little Changes After Mixed Day” – *Associated Press* (July 2016)
- “Pound Plunges to 30-Year Low Against Dollar, Yen Surges As UK Votes to Brexit” – *CNBC* (June 2016)
- “Gold and Gold Miners Are The Clear Winners In The Brexit Sell-Off” – *CNBC* (June 2016)
- “How Pro Investors Are Playing The Brexit Vote” – *Investor’s Business Daily* (June 2016)
- “U.S. Stocks Rise as Fed Signals Slower Rate Pace on Mixed Growth” – *Bloomberg Business* (June 2016)
- “Women and Business Q&A” *Huffington Post* (June 2016)
- “ASOPs ad Actuarial Communication” – *Speaking Engagement at the Actuaries Club of Philadelphia Spring Meeting* (May 2016)
- “Stocks Lose Luster Amid Flat Return Cycle” – *Crain’s Cleveland Business* (May 2016)
- “Kohl’s Follows Macy’s Into Tailspin as Retailer’s rout Persists” – *Bloomberg Business* (May 2016)
- “Macy’s Dimmer Outlook Sends Retail, Apparel Stocks Tumbling” – *Bloomberg Business* (May 2016)
- “U.S. Stocks Gain In Afternoon Trading As Crude Oil Rises” – *The Associated Press/ The Washington Post* (May 2016)
- “U.S. Stocks Climb In Broad Rally As Crude Oil Rises” – *The Associated Press/CNBC* (May 2016)
- “Pension Risk Transfer from Different Perspectives” – *Speaking Engagement at the Enrolled Actuaries Meeting* (April 2016)
- “Late Breaking Developments” – *Speaking Engagement at the Enrolled Actuaries Meeting* (April 2016)
- “Benefit Restrictions- Can I Pay That Lump Sum or Not?” – *Speaking Engagement at the Enrolled Actuaries Meeting* (April 2016)
- “Section 415 Issues with Emphasis On MASDs” – *Speaking Engagement at the Enrolled Actuaries Meeting* (April 2016)
- “U.S. Jobs Growth Solid, Wages Rise” – *Yahoo Finance* (April 2016)
- “What is Ethics” – *Speaking Engagement, Professional Standards Seminar* (April 2016)
- “Regulatory Catch All” – *Speaking Engagement, CCA Webcast Series* (March 2016)
- “U.S. Stocks Fluctuate Amid Data as Investors Await Fed Decision” – *Bloomberg Business* (March 2016)
- “What to Expect Now From the Federal Reserve” – *U.S. News & World Report* (March 2016)

- “IRS Issues Proposed Regulation: Significant Changes to General Nondiscrimination Testing Relief for Closed Defined Benefit Plans” – ASSPA ASAP News Bulletin (February 2016)
- “Global Markets Are Falling Out of Lockstep, and That’s a Good Thing” - *Bloomberg Business* (February 2016)
- “Ask the Experts” – *Panelist at the Los Angeles Advanced Pension Conference* (January 2016)
- “Cash Balance Interest Credit Rates” – *Speaking Engagement at the Los Angeles Advanced Pension Conference* (January 2016)
- “Volatile Week for U.S. Stocks Ends in Draw as Fed Meeting Looms” – *Bloomberg Business* (December 2015)
- “3 Plan Providers Talk about myRAs” – *Benefits Pro* (November 2015)
- “Protecting your Bonds in Today’s Low-Yield Environment” – *Kiplinger* (October 2015)
- “Plans Must Carefully Field ERISA Claims and Settlements” – *PLANADVISOR* (August 2015)
- “Inflation Barely Moving, Despite the Fed’s Efforts” – *Marketplace* (August 2015)
- “Peeling the Onion on 401(k) Fees” – *Speaking Engagement for National Tool & Machining Association (NTMA)-Financial Manager Roundtables* (July 2015)
- “Communicating Complicated Benefit Packages” – *PLANADVISOR* (July 2015)
- “Liability Protection for Plan Sponsors” – *PLANADVISOR* (June 2015)
- “U.S. Stocks Rebound” – *Wall Street Journal* – (May 2015)
- “Target Date Funds” – *Speaking Engagement at The Employee Benefits Institute Conference* (April 2015)
- “Helping Employers Understand the Difference Between Retirement Plans” – *Employee Benefit Advisor* (April 2015)
- “Actuaries Rely on Advisers” – *Employee Benefit Advisor* (January 2015)

Industry Awards

- **PLANADVISER Top 100 Retirement Plan Advisers (2016)** – The PLANADVISER Top 100 Advisers is an annual listing of the retirement plan advisers and adviser teams that stand out in the industry in terms of a series of quantitative measures.
- **PLANADVISER Top 100 Retirement Plan Advisers (2015)** – The PLANADVISER Top 100 Advisers is an annual listing of the retirement plan advisers and adviser teams that stand out in the industry in terms of a series of quantitative measures.
- **Forbes America’s Best Employers (2015)** – America’s Best Employers is a list compiled by Forbes based on the surveys of 20,000 American employees working for large U.S. companies and institutions and U.S. divisions of international firms. The survey had employees rank how likely they were to recommend their employer to others.
- **PLANADVISER Top 100 Retirement Plan Advisers (2014)** – The PLANADVISER Top 100 Advisers is an annual listing of the retirement plan advisers and adviser teams that stand out in the industry in terms of a series of quantitative measures.
- **CFA Institute Most Outstanding Society - Orlando (2014)** – CFA Institute places tremendous value on its member societies and the work they do to help lead the investment profession globally by setting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.
- **PLANSPONSOR 403(b) Buyers Guide (2012 & 2013)** – CBIZ RPS has been recognized as the largest Northeast Ohio based 403(b) retirement plan consultant.
- **300 Most Influential Defined Contribution Advisors for 2009 (April 5, 2010) by 401kwire.com** – Every year 401kWire, 401kExchange and The Boston Research Group sponsor the list which recognizes leaders and top performers in the group retirement industry.
- **PLANSPONSOR Best of the Best Retirement Plan Advisers (2009) by PLANSPONSOR Magazine** – An award designed to recognize the contributions of the nation’s best financial advisers in helping make retirement security a reality for workers across the nation. The award seeks to acknowledge a demonstrated excellence and commitment to the retirement plan business, as evidenced by increased participation rates, enhanced rates of participant deferrals, improved asset allocations, reduced fees, or expanded service levels.

Training/Seminars/Conferences Attended

- **PLANADVISER National Conference (PANC) 2016** – The PLANADVISER National Conference is the leading event to help retirement plan advisers to remain competitive in this environment and continue to serve plan sponsors and participants. PLANADVISER was the first dedicated publication solely for specialist advisers who sell and service qualified and non-qualified retirement plans, and the PLANADVISER National Conference remains the industry's most dynamic and insightful gathering of the nation's premier retirement plan advisers.
- **TIAA Consultant Forum** – The TIAA Consultant Forum provides advisors and consultants with insights, guidance, and tools that will help them better serve their clients. The forum is led by a panel of industry experts covering topics such as government regulations, market and economic trends, and tools to improve plan sponsor satisfaction.
- **401(k) Coach® Program** – The 401k Coach® Program has been developing curriculum for retirement plan professionals to build and refine their practice. The Program educates members on the latest trends and changes in the pension industry, covering topics on employee education and advice, fiduciary responsibility, and plan administration best practices.
- **Center for Due Diligence (CFDD) Conference** – The CFDD Conference is a two and one-half day all business event featuring sixty different content-rich industry learning sessions. The timely agenda helps advisors adapt to an evolving industry, differentiate, increase value and grow business.
- **ASPPA Conference** – Attendees of this conference share quality time with representatives from every aspect of the retirement plan industry, including representatives from the IRS and DOL. The conference is a learning opportunity attended by over 1,600 retirement plan industry professionals. Attendees can access a number of different workshops focusing on all areas of the retirement business.
- **Association of Jesuit Colleges and Universities (AJCU)** - The AJCU Finance Officers Conference meets annually and communicates regularly through an active AJCU listserv. At their annual meeting, attendees are given the opportunity to share ideas and information through panel and round-table discussions, utilizing a mix of industry experts and institutional representatives to bridge the theoretical and conceptual with real world practical application.
- **Association of Independent Colleges & Universities of Ohio (AICUO)**-The Association of Independent Colleges and Universities of Ohio was organized in 1969 to represent the interests of its 53 members to Ohio's lawmakers, regulators and citizens. AICUO seeks to strengthen student financial aid programs and bring about a greater understanding of the benefits and contributions of Ohio independent colleges and universities. At the same time, the association works to promote the well-being of Ohio higher education as a whole, with special regard for the dual private/public nature of the responsibility to serve the educational, social, and cultural needs of the state and the nation.
- **Association of College and University Business Officers (ACUBO) 2014-2016** – A membership organization representing more than 2,500 colleges, universities and higher education service providers across the country and around the world. We sponsor ACUBO at Regional levels. Members, sponsors and exhibitors of:
 - **WACUBO** – Western Association of College and University Business Officers
 - **EACUBO**- Eastern Association of College and University Business Officers
 - **CACUBO** – Central Association of College and University Business Officers
 - **OACUBO** – Ohio Association of College and University Business Officers
 - **IA-ACUBO** – Iowa Association of College and University Business Officers
- **College and University Professional Association for Human Resources (CUPA-HR) since 2012**– Attendees of these conferences are from the Higher Education industry and 87% of them influence or make the final decision on purchasing HR products and services. We sponsor CUPA-HR at National, Regional and Local levels and have attended conferences across the USA.

- **Midwest Region CUPA-HR** - Member, Conference Sponsor and Exhibitor
 - **Eastern Region CUPA HR**- Member, Conference Sponsor and Exhibitor
 - **Southern CUPA-HR** - Member, Conference Sponsor and Exhibitor
 - **National CUPA-HR Expo** - Member and Exhibitor
 - **Numerous State Chapters CUPA-HR** - Member, Conference Sponsor and Exhibitor
- **Council of Independent Colleges, Conference: Catalysts for the Common Good 2013** – Independent colleges and universities have remarkable track records of preparing engaged citizens and experts in fields of national priority. Attendees of these conferences learn about independent college’s commitment to the liberal arts, reasoned debate, and participatory decision making, and how independent colleges and universities serve the needs of society. They also discuss the needs of these institutions and offer information about the different HR resources available.
 - **Healthcare Financial Management Association (HFMA)** - With more than 40,000 members, the Healthcare Financial Management Association (HFMA) is the nation's premier membership organization for healthcare finance leaders. HFMA builds and supports coalitions with other healthcare associations and industry groups to achieve consensus on solutions for the challenges the U.S. healthcare system faces today. Working with a broad cross-section of stakeholders, HFMA identifies gaps throughout the healthcare delivery system and bridges them through the establishment and sharing of knowledge and best practices.
 - **National Association of Independent Schools (NAIS)** - The National Association of Independent Schools (NAIS) is a nonprofit membership association that provides services to more than 1,800 schools and associations of schools in the United States and abroad, including more than 1,500 independent private K-12 schools in the U.S.
 - **National Business Officers Association (NBOA)** - NBOA is the only national association focused exclusively on supporting independent school business officers and business operations staff, and fostering financial and operational excellence among independent PK-12 schools.
 - **TIAA Consultant Advisory Council 2013-2016** – This council was established in September 2013 as a forum through which senior representatives of our consultant partner firms could meet with the TIAA senior management to discuss topics of mutual interest.
 - **Employee Benefits Institute 2013: 27th Annual Conference** – The Employee Benefits Institute (EBI) is a not-for-profit organization that works in collaboration with the University of Missouri-Kansas City School of Law Continuing Education to provide educational forums for employee benefits, human resources, legal and other business professionals.

CSD-RT Success Tracker 4Q16

CSD Retirement Trust

SUCCESS TRACKER™

As of December 31, 2016

The Fiduciary Governance Solution™

Task	Formal Document	Completed
<ul style="list-style-type: none"> Proper delegation of duties to Board of Advisors from Plan Trustees 	Declaration of Trust	✓
<ul style="list-style-type: none"> Proper delegation of duties to Investment Committee from Plan Trustees 	Declaration of Trust	✓
<ul style="list-style-type: none"> Proper delegation of duties to newly appointed Trustee Members 	Declaration of Trust	✓
<ul style="list-style-type: none"> Identify framework for investment decisions 	Investment Policy Statement (IPS)	✓
<ul style="list-style-type: none"> Engaged outside legal counsel to provide legal advice to the Retirement Trust 	-	✓
<ul style="list-style-type: none"> Execute service agreement – VALIC 	Service agreement	✓
<ul style="list-style-type: none"> Execute service agreement – CBIZ Retirement Plan Services 	Service agreement	✓

Ongoing Fiduciary Governance Items

Task	Frequency	Last Occurrence	Next Occurrence
<ul style="list-style-type: none"> Election of new plan trustee 	Annual	3Q16	3Q17
<ul style="list-style-type: none"> Review Investment Committee membership 	Determined by Board of Advisors	3Q15	TBD
<ul style="list-style-type: none"> Feedback loop to Trustees through meeting minutes 	Quarterly	3Q16	4Q16
<ul style="list-style-type: none"> Annual summary of activities to Trustees 	Annual	4Q15	4Q16
<ul style="list-style-type: none"> Review of Investment Policy Statement (IPS) 	Annual	4Q15	4Q16
<ul style="list-style-type: none"> Formal provider/recordkeeper RFI and/or RFP 	As necessary	4Q14	TBD
<ul style="list-style-type: none"> Review Annual Consultant Review 	Annual	4Q15	4Q16

The Registered Investment Advisory (RIA) Solution™

Task	Frequency	Last Occurrence	Next Occurrence
<ul style="list-style-type: none"> Investment monitoring through formal Investment Review 	Quarterly	3Q16	4Q16



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▪ Review Comdex Analysis	Quarterly	3Q16	4Q16
▪ Review default investment option	As Needed	-	-
▪ Comprehensive Investment Assessment covering: <ul style="list-style-type: none"> ○ Diversified asset class coverage ○ Unsuitable asset class inclusion ○ Asset class overlap ○ Number of investment options 	Quarterly		
▪ Evaluate the merits of a 3(21) fiduciary versus a 3(38) Investment Manager	As Needed	-	TBD
▪ Evaluate sector funds / alternative investment strategies	As Needed	2Q12	TBD
▪ Review Target Date Evaluator™	Quarterly	3Q16	4Q16
▪ Review Professionally Managed Account option	As Needed	3Q15	TBD
▪ Evaluate Self-Directed Brokerage option	As Needed	3Q12	-
▪ Evaluate Annuity options (in-plan/out of plan)	As Needed	2Q13	-
▪ Evaluate Since Inception performance of investment options versus peer groups	Annual	4Q15	4Q16

The Fee & Expense Documentation Solution™

Task	Frequency	Last Occurrence	Next Occurrence
▪ Benchmark total cost of plan versus industry averages for plans of similar size	Annual	1Q15	As needed
▪ Benchmark total cost of plan, services and products versus alternative providers	Every 3-5 YRS	1Q15	As needed
▪ Benchmark expense ratios of investment options	Quarterly	3Q16	4Q16
▪ Review fund share classes for potential reductions	Semiannually	3Q16	1Q17



Learn more at retirement.cbiz.com or call 866.560.2431.

The Participant Solution™

Task	Frequency	Last Occurrence	Next Occurrence
<ul style="list-style-type: none"> ▪ Development of annual education/communication plan and calendar 	Annual	4Q15	4Q16
<ul style="list-style-type: none"> ▪ Educate participants through participant newsletter 	Quarterly	3Q16	4Q16
<ul style="list-style-type: none"> ▪ Measurement and tracking of prior year's education plan effectiveness relating to: <ul style="list-style-type: none"> ○ Participation rates ○ Deferral rates ○ Diversification metrics 	Annual	4Q15	4Q16
<ul style="list-style-type: none"> ▪ Retirement Readiness Campaign 	Annual	3Q16	3Q17
<ul style="list-style-type: none"> ▪ Group educational meetings (provider) 	Continuous	Continuous	Continuous
<ul style="list-style-type: none"> ▪ 1-on-1 participant advice meetings (provider) 	Continuous	Continuous	Continuous

The Plan Administration Solution™

Task	Frequency	Last Occurrence	Next Occurrence
<ul style="list-style-type: none"> ▪ Deliver annual plan review from provider 	Annual	4Q15	4Q16
<ul style="list-style-type: none"> ▪ Review universal availability procedures 	Annual	2Q16	2Q17



Learn more at retirement.cbiz.com or call 866.560.2431.

CSD-RT 2016 Summary of Activities



CSD Retirement Trust

Summary of Retirement Plan Investment Committee Activities For the Calendar Year of 2016

As the committee of the CSD Retirement Trust Board of Advisors, the CSD Retirement Trust Investment Committee, as delegated by the CSD Board of Advisors, has fiduciary responsibility for managing the CSD Retirement Trust 403(b) and 457(b) Plans (“Plans”). This document is a summary of the Committee’s activities over the past year that supports how they fulfilled their fiduciary responsibilities.

Investments

- The CSD Retirement Trust Investment Committee met once a quarter in 2016 to review the investments of the Retirement Plan. Meeting Minutes were recorded.
- The CSD Retirement Trust Investment Committee instituted the following investment changes in the plan:
 - Effective September 7, 2016 The T Rowe Price Equity Inc. Fund and the T Rowe Price Growth Fund transferred to a lower fee share class version of the same fund. In addition the Vanguard Prime Money market Fund was replaced by the Vanguard Federal Money Market Fund. Balances and investment elections were mapped to the replacement funds.
 - Effective September 29, 2016 the PIMCO Total Return Instl Fund was eliminated and the Goldman Sachs Bond R6 Fund was added. Balances and investment elections in the PIMCO Total Return Fund were mapped to the new Goldman Sachs Bond Fund.
- The CSD Retirement Trust Investment Committee reviewed the Comdex Analysis of VALIC. The Comdex Score is an average “financial strength” ranking (out of 100) compiled from various rating agencies. As of December 31, 2016, VALIC’s Comdex Rating was 82.
- The CSD Retirement Trust Investment Committee re-evaluated their Target Date Option. The Vanguard Target Retirement Date Series is used as the 403(b) plan’s default investment option.

Fiduciary Governance

- The CSD Retirement Trust Investment Committee’s Retirement Plan Consultant, CBIZ Retirement Plan Services, renewed their CEFEX Investment Advisor Certification and their CEFEX Fiduciary Advisor Certification.
- The CSD Retirement Trust Investment Committee evaluated their Consultant, CBIZ Retirement Plan Services by documenting background information and credentials. This is summarized in the Annual Consultant Review.



Fee & Expense Documentation

- The CSD Retirement Trust Investment Committee benchmarked their total plan expenses versus the industry average for plans of a similar size, with VALIC committing to retirement plan costs below industry averages.

Participant Education / Communication

- Participants received quarterly investment newsletters, called Retirement Matters™, prepared by CBIZ Retirement Plan Services

CSD-RT Inception Performance 12-31-16

THE CSD RETIREMENT TRUST

Since Inception Performance

1/1/2010 - 12/31/2016*

Investment Option	Annualized Return	Cumulative Return
Vanguard Federal Money Market Investor ⁽¹⁾	0.33%	0.10%
US Fund Money Market - Taxable	0.12%	0.04%
Category +/-	0.21%	0.07%
American Funds US Government Sec R6	3.09%	23.75%
US Fund Intermediate Government	2.63%	19.97%
Category +/-	0.46%	3.78%
Goldman Sachs Bond R6 ⁽²⁾	-10.41%	-2.79%
US Fund Intermediate-Term Bond	-9.77%	-2.61%
Category +/-	-0.64%	-0.18%
Vanguard Total Bond Market Index Adm ⁽³⁾	2.56%	8.39%
US Fund Intermediate-Term Bond	2.42%	7.94%
Category +/-	0.13%	0.45%
Vanguard Target Retirement Income Inv	5.58%	46.29%
US Fund Target-Date Retirement	4.95%	40.20%
Category +/-	0.64%	6.09%
Vanguard Target Retirement 2010 Inv	6.36%	53.94%
US Fund Target-Date 2000-2010	5.33%	43.85%
Category +/-	1.03%	10.09%
Vanguard Target Retirement 2015 Inv	7.14%	62.10%
US Fund Target-Date 2015	5.82%	48.59%
Category +/-	1.32%	13.51%
Vanguard Target Retirement 2020 Inv	7.74%	68.53%
US Fund Target-Date 2020	6.29%	53.29%
Category +/-	1.45%	15.24%
Vanguard Target Retirement 2025 Inv	8.18%	73.38%
US Fund Target-Date 2025	6.95%	60.10%
Category +/-	1.22%	13.27%
Vanguard Target Retirement 2030 Inv	8.58%	77.89%
US Fund Target-Date 2030	7.23%	63.00%
Category +/-	1.35%	14.90%
Vanguard Target Retirement 2035 Inv	8.98%	82.52%
US Fund Target-Date 2035	7.81%	69.34%
Category +/-	1.16%	13.18%

*Since Inception performance calculations are for the period 1/1/2010-12/31/2016 unless noted otherwise for funds added more recently.

Investment Option	Annualized Return	Cumulative Return
Vanguard Target Retirement 2040 Inv	9.18%	84.96%
US Fund Target-Date 2040	7.82%	69.38%
Category +/-	1.36%	15.58%
Vanguard Target Retirement 2045 Inv	9.22%	85.36%
US Fund Target-Date 2045	8.18%	73.40%
Category +/-	1.04%	11.96%
Vanguard Target Retirement 2050 Inv	9.21%	85.28%
US Fund Target-Date 2050	8.06%	72.03%
Category +/-	1.15%	13.25%
Vanguard Target Retirement 2055 Inv	N/A	N/A
US Fund Target-Date 2055	8.38%	75.64%
Category +/-	N/A	N/A
Vanguard Target Retirement 2060 Inv	N/A	N/A
US Fund Target-Date 2055	8.38%	75.64%
Category +/-	N/A	N/A
American Funds American Balanced R6	10.45%	100.50%
US Fund Allocation--50% to 70% Equity	7.05%	61.07%
Category +/-	3.40%	39.43%
T. Rowe Price Equity Income I	11.05%	108.32%
US Fund Large Value	10.81%	105.21%
Category +/-	0.24%	3.11%
Vanguard Value Index Adm	12.82%	132.60%
US Fund Large Value	10.81%	105.21%
Category +/-	2.00%	27.39%
Vanguard Windsor™ II Admiral™	11.37%	112.57%
US Fund Large Value	10.81%	105.21%
Category +/-	0.56%	7.37%
Calvert US Large Cap Core Rspnb Idx I	12.75%	131.70%
US Fund Large Blend	10.72%	103.98%
Category +/-	2.03%	27.72%
Vanguard Institutional Index I	12.81%	132.49%
US Fund Large Blend	10.72%	103.98%
Category +/-	2.09%	28.51%
American Funds Growth Fund of Amer R6	11.95%	120.35%
US Fund Large Growth	10.73%	104.11%
Category +/-	1.22%	16.24%
T. Rowe Price Growth Stock I	12.98%	135.05%
US Fund Large Growth	10.73%	104.11%
Category +/-	2.26%	30.94%

Investment Option	Annualized Return	Cumulative Return
Vanguard Growth Index Adm	12.65%	130.25%
US Fund Large Growth	10.73%	104.11%
Category +/-	1.92%	26.14%
Vanguard Selected Value Inv ⁽⁴⁾	8.47%	26.67%
US Fund Mid-Cap Value	9.14%	28.97%
Category +/-	-0.67%	-2.30%
Vanguard Mid Cap Index Adm	13.39%	140.95%
US Fund Mid-Cap Blend	11.52%	114.56%
Category +/-	1.86%	26.39%
Vanguard Mid Cap Growth Inv	11.58%	115.34%
US Fund Mid-Cap Growth	10.84%	105.50%
Category +/-	0.74%	9.84%
American Beacon Small Cp Val Inst	13.92%	149.06%
US Fund Small Value	12.64%	130.13%
Category +/-	1.28%	18.92%
Vanguard Small Cap Index Adm	13.89%	148.51%
US Fund Small Blend	12.36%	126.08%
Category +/-	1.53%	22.43%
Fidelity Advisor® Small Cap Growth I	13.65%	144.91%
US Fund Small Growth	11.67%	116.59%
Category +/-	1.98%	28.32%
American Funds Capital World Gr&Inc R6	7.36%	64.36%
US Fund World Stock	7.05%	61.11%
Category +/-	0.30%	3.24%
Vanguard Total Intl Stock Index Admiral	3.13%	24.06%
US Fund Foreign Large Blend	3.36%	26.06%
Category +/-	-0.24%	-2.00%
American Funds Europacific Growth R6	4.36%	34.83%
US Fund Foreign Large Growth	3.95%	31.11%
Category +/-	0.42%	3.71%

(1) Added to plan effective 9/7/2016. Since inception performance based on this date.

(2) Added to plan effective 9/29/2016. Since inception performance based on this date.

(3) Added to plan effective 10/22/2013. Since inception performance based on this date.

(4) Added to plan effective 2/4/2014. Since inception performance based on this date.

CSD-RT 12-31-16 Investment Review



CSD Retirement Trust Investment Review

As of December 31, 2016

*Securities and Investment Advisor Services offered through: CBIZ Financial Solutions, Inc.
Member FINRA, SIPC and Registered Investment Advisor
6050 Oak Tree Blvd., Suite 500, Cleveland, Ohio 44131 – (800) 404-6033*

The Fiduciary Risk Manager
CBIZ Retirement Plan Services
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Cleveland, Ohio 44131
(800) 404-6033



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CBIZ UPDATES



Retirement Matters Newsletter

Each quarter CBIZ produces and sends to you for dissemination, our *Retirement Matters* newsletter. This newsletter is for participant education and is designed to assist you in meeting your obligations under 404(c). The newsletter offers practical retirement strategies and aims to help participants reach their retirement goals.

Recent Issues

- 4Q2016:** A review of your retirement account in the New Year
- 3Q2016:** The road to retirement into three segments
- 2Q2016:** Healthcare costs and impacts on retirement budgets
- 1Q2016:** Focus on long-term investing despite volatility in markets

CBIZ Retirement Plan News

Each quarter CBIZ sends Plan Sponsors the “CBIZ Retirement Plan News”. This newsletter contains in-depth articles written by the industry’s most knowledgeable and respected retirement plan experts. Every issue of this publication contains easy-to-read information, insight, and analysis on important employee benefit issues, regulatory agency rulings, and court decisions impacting retirement plans.

Recent Issues

- 4Q2016:** A review of Fidelity Bonds and Fidelity Liability Insurance
- 3Q2016:** An overview of Target Date Funds
- 2Q2016:** Plan benchmarking & QDIA
- 1Q2016:** Types of post-severance compensation & employee elections

MARKET COMMENTARY



Economic Summary

On the domestic front, the economy continues to show resilience, and recently, a slight uptick, even seven years into a recovery. There are several positive trends: the employment situation continues to steadily improve; the housing market remains on an upward trajectory; consumer confidence hovers at very high levels; energy prices exhibit few signs of resurgence; and stock prices are at record levels. The results of the US presidential election also generated a market rally in the weeks after the election. The employment situation remained stable, with an average of about 176,000 jobs added each month, a level that allowed the Federal Open Market Committee (FOMC) to raise short-term interest rates at its December meeting. The unemployment rate was at a cyclical low of 4.6%.

On a global basis, the environment is not as promising. The U.K.'s decision in June to leave the European Union – “Brexit” – appears to have been only an initial sign of nationalism in the Eurozone. Italy's referendum in December, in which Italians voted down constitutional reforms, has the potential to further jeopardize the EU's viability. GDP growth in the Eurozone came in at a respectable +0.3% in the third quarter, and +1.6% year-over-year. Asia is likely to experience a slowdown as a result of slowing growth in China, but policy reforms enacted by Chinese policymakers could be a catalyst for a turnaround in 2017.

The housing segment continues to recover steadily. Existing home sales for November (the latest monthly data available) advanced at an annualized rate of 5.6 million units, up about 0.7% from the 5.5 million unit rate reached in October, and up +15% from November 2015. The inventory of existing homes was about four months of supply, down slightly from year-ago levels. Existing home prices in November were down modestly from August, but up about +5.8% higher from November 2015. In the new home segment, the NAHB Housing Market Index, a measure of homebuilding activity, ended the quarter at a level of 70, the highest reading in 2016.

The employment situation picked up somewhat in the most-recent monthly report. Employers added 178,000 jobs during November, in line with consensus expectations of 175,000 new jobs, and a material improvement from the gain of the prior month. The three-month moving average has dipped somewhat, but is still at a respectable 176,000, a fairly strong rate seven years into a recovery. The unemployment rate in November was 4.6%, a cyclical low, and a drop from the 4.9% level in August. Average hourly earnings decreased slightly in November, and have risen +2.5% in the past 12 months.

Domestic Equity

Over the fourth quarter, the Russell 1000 Index of large capitalization stocks generated a +3.8% total return, bringing its 2016 advance to +12.1%. For the year, within the large cap segment, value stocks materially outperformed growth stocks.

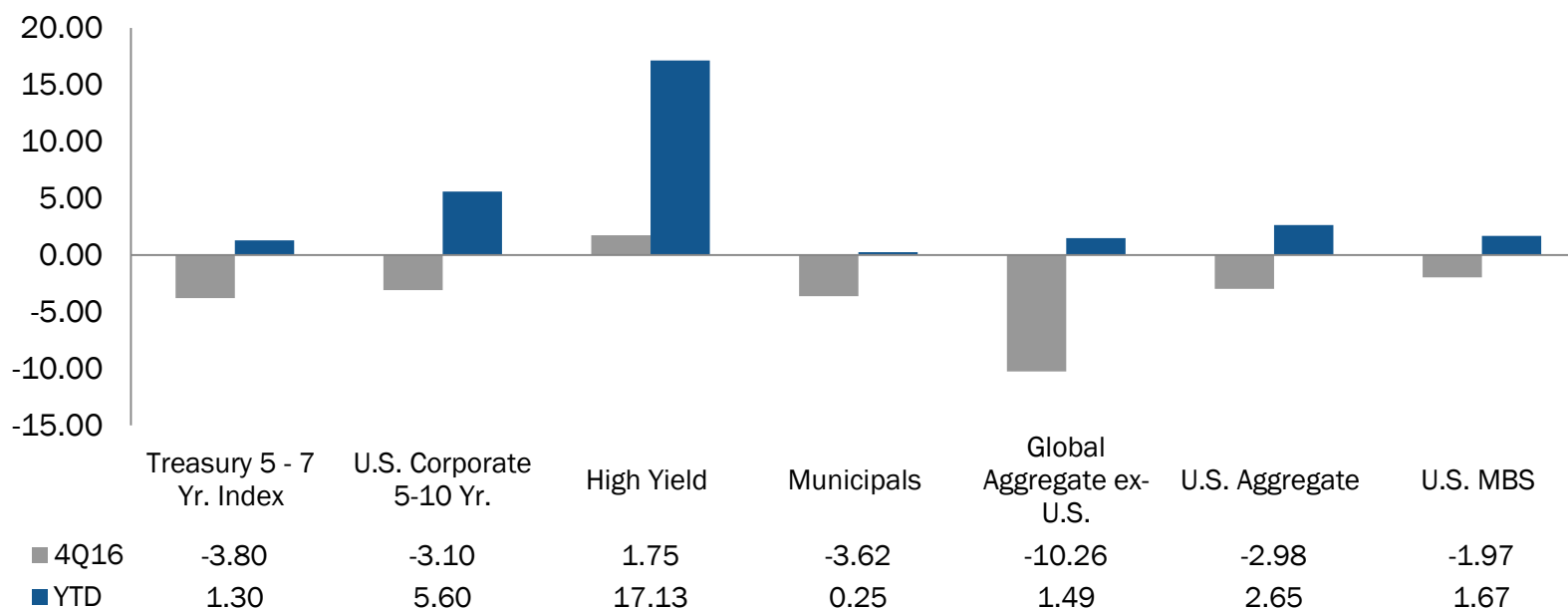
Small cap stocks, as represented by the Russell 2000 Index, again substantially outperformed large caps, ending the quarter with a total return of +8.8%. Small cap value outperformed small cap growth by about 10%.

	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
	18.5%	43.3%	14.7%	5.7%	31.7%	4.8%	4.7%	9.2%	14.1%
	MV	SG	MV	LG	SV	MV	MV	SG	SV
	18.1%	48.8%	13.4%	0.9%	21.2%	2.2%	4.6%	9.0%	8.8%
	SV	SB	LV	LB	SB	MB	LV	SB	SB
	17.5%	35.7%	13.2%	-0.2%	19.9%	1.6%	4.3%	8.9%	6.6%
	LV	MG	LB	MG	MV	LV	SV	SV	LV
	17.3%	34.5%	13.2%	-1.4%	17.3%	1.5%	3.8%	4.6%	5.5%
	MB	SV	MB	SG	LV	SV	SB	MG	MV
	16.4%	34.8%	13.0%	-2.4%	13.7%	1.2%	3.2%	4.6%	3.8%
	LB	MB	LG	MB	MB	LB	SG	LG	LB
	16.3%	33.5%	11.9%	-3.8%	12.0%	0.6%	3.1%	4.5%	3.5%
	SB	LG	MG	LV	LB	MG	MB	MB	SG
	15.8%	33.4%	5.6%	-4.4%	11.2%	0.7%	2.5%	4.4%	3.2%
	MG	MV	SG	SB	SG	LG	LB	MV	MB
	15.3%	33.1%	4.9%	-4.8%	7.3%	-1.5%	1.5%	4.0%	1.0%
	LG	LB	SB	MV	MG	SB	MG	LB	LG
	14.6%	32.6%	4.2%	-7.5%	7.1%	-4.7%	0.61%	3.5%	0.45%
	SG	LV	SV	SV	LG	SG	LG	LV	MG

Fixed Income

In terms of total return, fixed income securities largely generated negative returns across the spectrum, although most broad-based indices finished the year with slight gains.

The Bloomberg Barclays Treasury 5-7 Yr. Index returned -3.8% for the quarter, but concluded 2016 with a 1.3% gain. The Bloomberg Barclays U.S. Corporate 5-10 Yr. Index returned -3.1% during the three months, but posted a +5.6% advance for the year. High yield securities performed well, as stock prices surged, generating an advance of +1.8%, and produced an enviable full-year return of +17.1%. Municipals again disappointed, as the Bloomberg Barclays Municipal Bond Index returned -3.6% during the quarter, barely eking out a slight gain of +0.3% for the year. Prices of non-U.S. fixed income securities suffered, as the Bloomberg Barclays Global Aggregate ex-U.S. Index plunged -10.3%, reducing its full-year return to +1.5%. U.S. Aggregate returned -2.98% for the quarter and 2.65% for the year. U.S. MBS returned -1.97% for the quarter and 1.67% for the year.

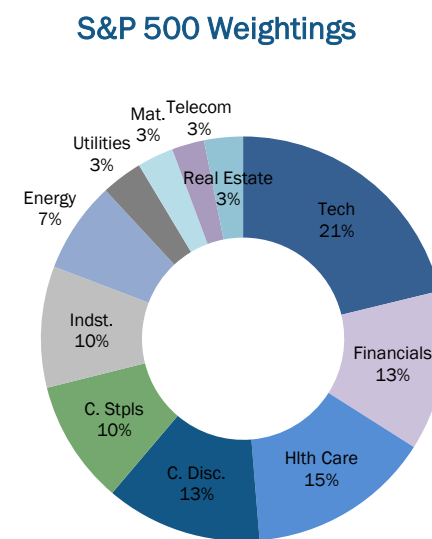


Equity Performance

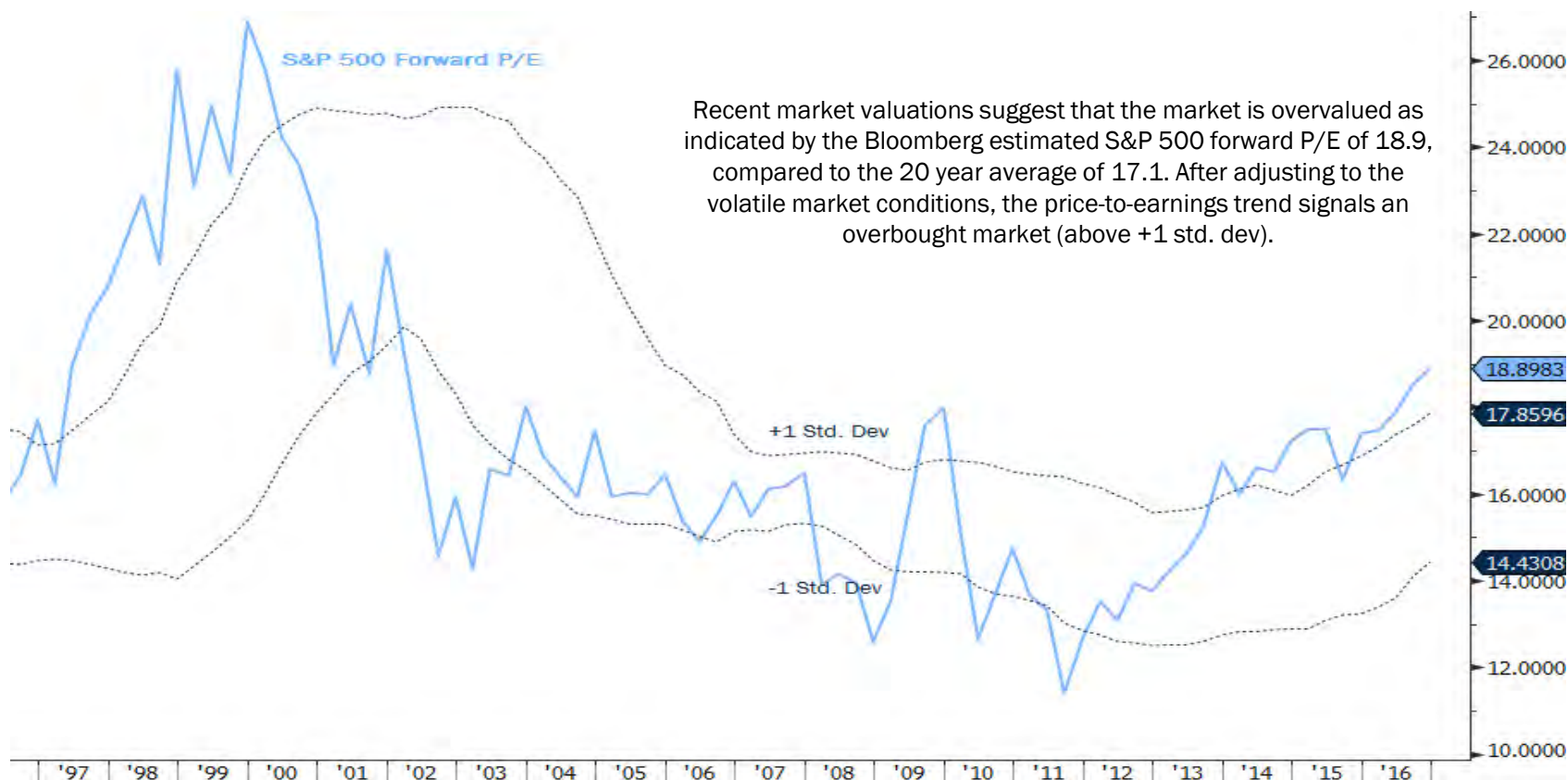
Dispersion in returns seems to be increasing, as the ten primary economic sectors generated wide variance in performance, making sector and security selection especially important.

As with the prior quarter, the performance disparity between the best- and worst-performing sectors was substantial, coming in at more than 25% for the three months. Financials, energy, and industrials were the strongest performers, delivering gains of +21.1%, +7.3%, and +7.2%, respectively. The real estate, health care, and consumer staples sectors were the poorest relative performers, posting returns of -4.4, -4.0%, and -2.0% respectively.

	4Q16	1 Year	Forward P/E	20 Yr. Avg. Fwd. P/E
Financials	21.1	22.7	14.0	13.1
Energy	7.3	27.4	33.4	17.6
Industrials	7.2	18.8	17.8	17.5
Telecom	4.8	23.5	14.0	17.8
Materials	4.7	16.7	17.2	16.5
Consumer Discretionary	2.3	6.0	18.1	19.4
Technology	1.2	13.8	16.4	22.4
Utilities	0.1	16.3	17.1	14.4
Consumer Staples	-2.0	5.4	19.3	20.0
Health Care	-4.0	-2.7	14.3	18.8
Real Estate	-4.4	3.4	17.5	15.6



Market Valuation



Valuation Metric	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Forward Price /Earnings	18.89	18.32	17.56	16.45
Price/Cash Flow	12.24	11.89	10.81	10.87
Price/Book Value	2.90	2.80	2.77	2.77
Dividend Yield	2.09	2.13	2.18	2.19

International Equities

International stocks generated decidedly worse performance than US equities overall, as the US dollar continued to strengthen and the US yield curve steepened following the election.

In addition, Europe continues to struggle with a sluggish recovery and fallout from an influx of refugees from Middle Eastern countries. Within this context, international stock indices were mostly lower. The MSCI ACWI ex-USA Index, which measures performance of world markets outside the US, declined -1.3%. The MSCI EAFE Index of developed markets stocks saw a -0.7% return for the quarter, and produced a 2016 return of +1.0%. Regional performance was generally negative. Eastern Europe was the strongest performer on a relative basis, with the MSCI EM Eastern Europe index posting a return of +14.3%. China and the Asia region were the poorest relative performers, with returns of -7.1% and -6.1%, respectively. Emerging markets performance was negative, as the MSCI Emerging Markets Index returned -4.2%, but still managed to generate a +11.2% full-year gain.

MSCI	4Q16		2016	
	LCL	USD	LCL	USD
All Country World Index	4.09	1.19	9.04	7.86
All Country World Index ex US	4.93	-1.25	7.02	4.50
EAFE	7.07	-0.71	5.34	1.00
Europe Ex UK	5.93	-0.20	2.31	-0.56
United Kingdom	4.19	-0.90	19.16	-0.10
Pacific ex Japan	1.23	-2.72	8.34	7.85
Emerging Markets	-1.44	-4.16	9.69	11.19

EXECUTIVE SUMMARY

Investment Style Box

US Stock			
	Value	Blend	Growth
Large	T. Rowe Price Equity Income I Vanguard Value Index Adm Vanguard Windsor™ II Admiral™	Calvert US Large Cap Core Rspnb Idx I Vanguard Institutional Index I	American Funds Growth Fund of Amer R6 T. Rowe Price Growth Stock I Vanguard Growth Index Adm
Medium	Vanguard Selected Value Inv	Vanguard Mid Cap Index Adm	Vanguard Mid Cap Growth Inv
Small	American Beacon Small Cp Val Inst	Vanguard Small Cap Index Adm	Fidelity Advisor® Small Cap Growth I

Fixed Income/Balanced			
Cash/Stable Value	Fixed Income		Asset Allocation
	Core	Satellite	
Vanguard Federal Money Market Investor VALIC Fixed Interest Option	Goldman Sachs Bond R6 Vanguard Total Bond Market Index Adm	American Funds US Government Sec R6	American Funds American Balanced R6

Investment Style Box

Other Equities		
Risk-Based/Target-Date Series	International	Specialty
Vanguard Target Retirement Income Inv Vanguard Target Retirement 2010 Inv Vanguard Target Retirement 2015 Inv Vanguard Target Retirement 2020 Inv Vanguard Target Retirement 2025 Inv Vanguard Target Retirement 2030 Inv Vanguard Target Retirement 2035 Inv Vanguard Target Retirement 2040 Inv Vanguard Target Retirement 2045 Inv Vanguard Target Retirement 2050 Inv Vanguard Target Retirement 2055 Inv Vanguard Target Retirement 2060 Inv	American Funds Capital World Gr&Inc R6 Vanguard Total Intl Stock Index Admiral American Funds Europacific Growth R6	

Funds highlighted in gold denote watch-list funds



Investment Watch List Summary

Fund Name	% of Assets	Category	Watch List Date	Recommendation
T. Rowe Price Equity Income I	3	Large Value	12/31/2014	Watch



Notes

CSD Retirement Trust 403(b) Plan

VC Fixed Interest Option Credit Rating

The VALIC Fixed Interest Option is crediting 2.00% through December 31, 2016.

ANALYSIS OF HOLDINGS

Breakdown of Assets by Investment

Investment	4Q16			3Q16		
	4Q16 Assets	Plan Allocation	Participant Count	3Q16 Assets	Plan Allocation	Participant Count
Vanguard Federal Money Market Investor	\$747,883	0.98%	0	\$782,986	1.04%	0
VALIC Fixed Interest Option	\$17,635,752	23.01%	0	\$17,563,133	23.43%	0
American Funds US Government Sec R6	\$295,403	0.39%	0	\$307,090	0.41%	0
Goldman Sachs Bond R6	\$4,148,296	5.41%	0	\$4,307,667	5.75%	0
Vanguard Total Bond Market Index Adm	\$1,112,095	1.45%	0	\$1,101,500	1.47%	0
Vanguard Target Retirement Income Inv	\$70,229	0.09%	0	\$68,743	0.09%	0
Vanguard Target Retirement 2010 Inv	\$122,671	0.16%	0	\$120,993	0.16%	0
Vanguard Target Retirement 2015 Inv	\$1,111,834	1.45%	0	\$1,191,868	1.59%	0
Vanguard Target Retirement 2020 Inv	\$3,051,742	3.98%	0	\$3,091,126	4.12%	0
Vanguard Target Retirement 2025 Inv	\$3,231,156	4.22%	0	\$3,135,025	4.18%	0
Vanguard Target Retirement 2030 Inv	\$2,448,657	3.19%	0	\$2,308,131	3.08%	0
Vanguard Target Retirement 2035 Inv	\$1,605,940	2.10%	0	\$1,546,822	2.06%	0
Vanguard Target Retirement 2040 Inv	\$1,159,560	1.51%	0	\$1,105,738	1.48%	0
Vanguard Target Retirement 2045 Inv	\$781,115	1.02%	0	\$756,240	1.01%	0
Vanguard Target Retirement 2050 Inv	\$453,916	0.59%	0	\$421,572	0.56%	0
Vanguard Target Retirement 2055 Inv	\$78,983	0.10%	0	\$67,937	0.09%	0
Vanguard Target Retirement 2060 Inv	\$44,992	0.06%	0	\$33,764	0.05%	0
American Funds American Balanced R6	\$2,897,385	3.78%	0	\$2,791,188	3.72%	0
T. Rowe Price Equity Income I	\$1,982,376	2.59%	0	\$1,840,643	2.46%	0
Vanguard Value Index Adm	\$1,214,126	1.58%	0	\$1,024,429	1.37%	0
Vanguard Windsor™ II Admiral™	\$1,282,344	1.67%	0	\$1,190,974	1.59%	0
Calvert US Large Cap Core Rspnb Idx I	\$347,762	0.45%	0	\$352,842	0.47%	0
Vanguard Institutional Index I	\$7,082,475	9.24%	0	\$6,712,149	8.95%	0
American Funds Growth Fund of Amer R6	\$1,814,907	2.37%	0	\$1,786,021	2.38%	0
T. Rowe Price Growth Stock I	\$1,676,824	2.19%	0	\$1,622,154	2.16%	0

Breakdown of Assets by Investment

Investment	4Q16			3Q16		
	4Q16 Assets	Plan Allocation	Participant Count	3Q16 Assets	Plan Allocation	Participant Count
Vanguard Growth Index Adm	\$1,398,924	1.83%	0	\$1,362,840	1.82%	0
Vanguard Selected Value Inv	\$776,202	1.01%	0	\$714,681	0.95%	0
Vanguard Mid Cap Index Adm	\$4,216,269	5.50%	0	\$4,107,817	5.48%	0
Vanguard Mid Cap Growth Inv	\$1,499,554	1.96%	0	\$1,506,695	2.01%	0
American Beacon Small Cp Val Inst	\$837,971	1.09%	0	\$727,172	0.97%	0
Vanguard Small Cap Index Adm	\$3,515,170	4.59%	0	\$3,318,407	4.43%	0
Fidelity Advisor® Small Cap Growth I	\$1,194,942	1.56%	0	\$1,179,509	1.57%	0
American Funds Capital World Gr&Inc R6	\$1,678,648	2.19%	0	\$1,617,398	2.16%	0
Vanguard Total Intl Stock Index Admiral	\$2,112,586	2.76%	0	\$2,131,795	2.84%	0
American Funds Europacific Growth R6	\$2,080,043	2.71%	0	\$2,162,719	2.89%	0
Participant Loans	\$941,484	1.23%	0	\$894,633	1.19%	0
Totals	\$76,650,216	100.00%	0	\$74,954,401	100.00%	0

Asset values are subject to change due to transactions that may have been pending at the time this report was prepared. Please refer to your Trust or Custodial Statement for further details.

Breakdown of Assets by Investment

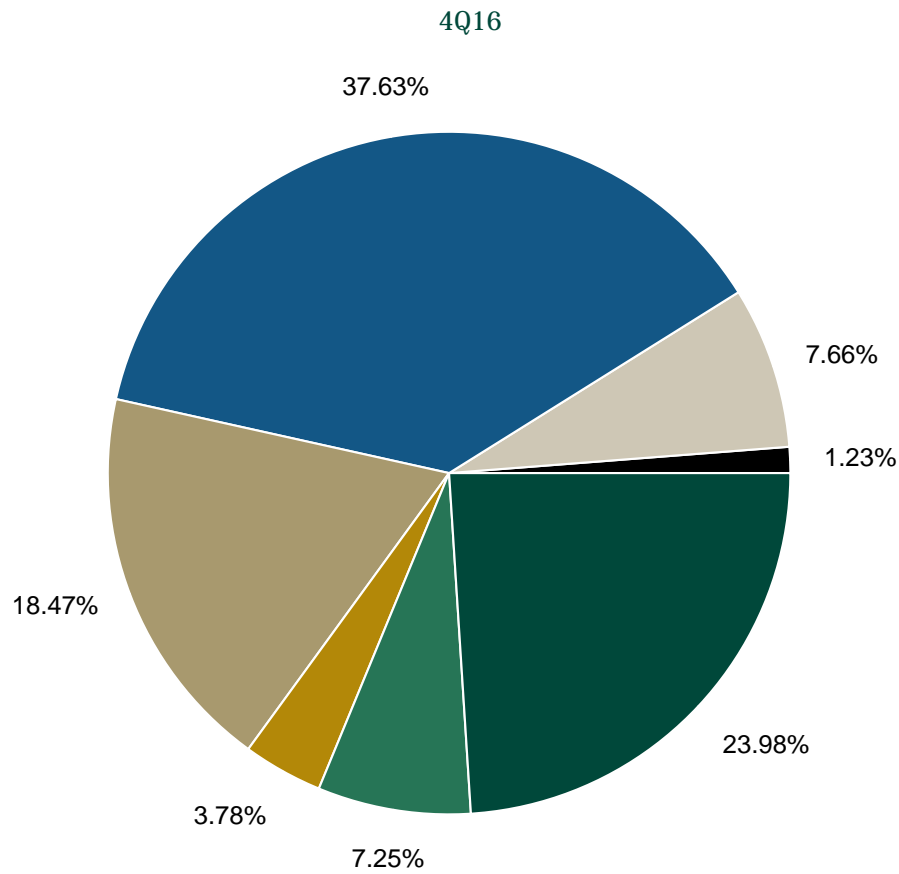
Investment	4Q16			3Q16		
	4Q16 Assets	Plan Allocation	Participant Count	3Q16 Assets	Plan Allocation	Participant Count
Vanguard Federal Money Market Investor	\$298,523	2.13%	0	\$269,149	2.03%	0
VALIC Fixed Interest Option	\$3,392,959	24.21%	0	\$3,300,898	24.84%	0
American Funds US Government Sec R6	\$65,046	0.46%	0	\$65,157	0.49%	0
Goldman Sachs Bond R6	\$517,674	3.69%	0	\$508,929	3.83%	0
Vanguard Total Bond Market Index Adm	\$220,410	1.57%	0	\$150,800	1.13%	0
Vanguard Target Retirement Income Inv	\$1,733	0.01%	0	\$1,754	0.01%	0
Vanguard Target Retirement 2010 Inv	\$11,450	0.08%	0	\$10,687	0.08%	0
Vanguard Target Retirement 2015 Inv	\$163,834	1.17%	0	\$172,050	1.29%	0
Vanguard Target Retirement 2020 Inv	\$447,019	3.19%	0	\$439,379	3.31%	0
Vanguard Target Retirement 2025 Inv	\$452,840	3.23%	0	\$436,123	3.28%	0
Vanguard Target Retirement 2030 Inv	\$680,623	4.86%	0	\$626,302	4.71%	0
Vanguard Target Retirement 2035 Inv	\$586,007	4.18%	0	\$552,926	4.16%	0
Vanguard Target Retirement 2040 Inv	\$351,915	2.51%	0	\$326,663	2.46%	0
Vanguard Target Retirement 2045 Inv	\$224,633	1.60%	0	\$211,931	1.59%	0
Vanguard Target Retirement 2050 Inv	\$67,427	0.48%	0	\$55,515	0.42%	0
Vanguard Target Retirement 2055 Inv	\$29,966	0.21%	0	\$26,819	0.20%	0
Vanguard Target Retirement 2060 Inv	\$144,195	1.03%	0	\$130,864	0.98%	0
American Funds American Balanced R6	\$451,618	3.22%	0	\$435,347	3.28%	0
T. Rowe Price Equity Income I	\$353,774	2.52%	0	\$292,781	2.20%	0
Vanguard Value Index Adm	\$201,666	1.44%	0	\$185,467	1.40%	0
Vanguard Windsor™ II Admiral™	\$125,729	0.90%	0	\$117,116	0.88%	0
Calvert US Large Cap Core Rspnb Idx I	\$37,867	0.27%	0	\$35,368	0.27%	0
Vanguard Institutional Index I	\$1,214,228	8.66%	0	\$1,087,139	8.18%	0
American Funds Growth Fund of Amer R6	\$393,488	2.81%	0	\$379,825	2.86%	0
T. Rowe Price Growth Stock I	\$172,628	1.23%	0	\$258,964	1.95%	0

Breakdown of Assets by Investment

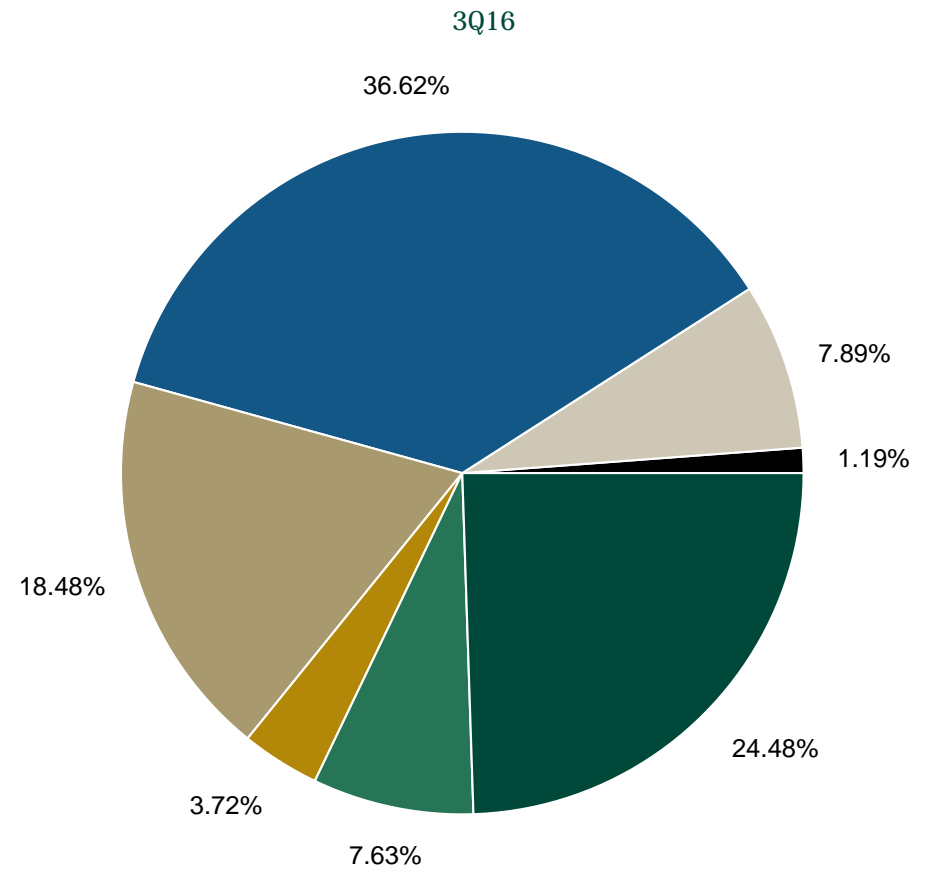
Investment	4Q16			3Q16		
	4Q16 Assets	Plan Allocation	Participant Count	3Q16 Assets	Plan Allocation	Participant Count
Vanguard Growth Index Adm	\$179,292	1.28%	0	\$166,218	1.25%	0
Vanguard Selected Value Inv	\$40,330	0.29%	0	\$32,920	0.25%	0
Vanguard Mid Cap Index Adm	\$596,615	4.26%	0	\$556,591	4.19%	0
Vanguard Mid Cap Growth Inv	\$243,618	1.74%	0	\$242,266	1.82%	0
American Beacon Small Cp Val Inst	\$131,271	0.94%	0	\$109,904	0.83%	0
Vanguard Small Cap Index Adm	\$572,785	4.09%	0	\$505,738	3.81%	0
Fidelity Advisor® Small Cap Growth I	\$199,839	1.43%	0	\$191,946	1.44%	0
American Funds Capital World Gr&Inc R6	\$368,667	2.63%	0	\$330,054	2.48%	0
Vanguard Total Intl Stock Index Admiral	\$422,283	3.01%	0	\$402,488	3.03%	0
American Funds Europacific Growth R6	\$448,517	3.20%	0	\$472,359	3.55%	0
Participant Loans	\$206,514	1.47%	0	\$200,081	1.51%	0
Totals	\$14,016,986	100.00%	0	\$13,288,519	100.00%	0

Asset values are subject to change due to transactions that may have been pending at the time this report was prepared. Please refer to your Trust or Custodial Statement for further details.

Investments by Style

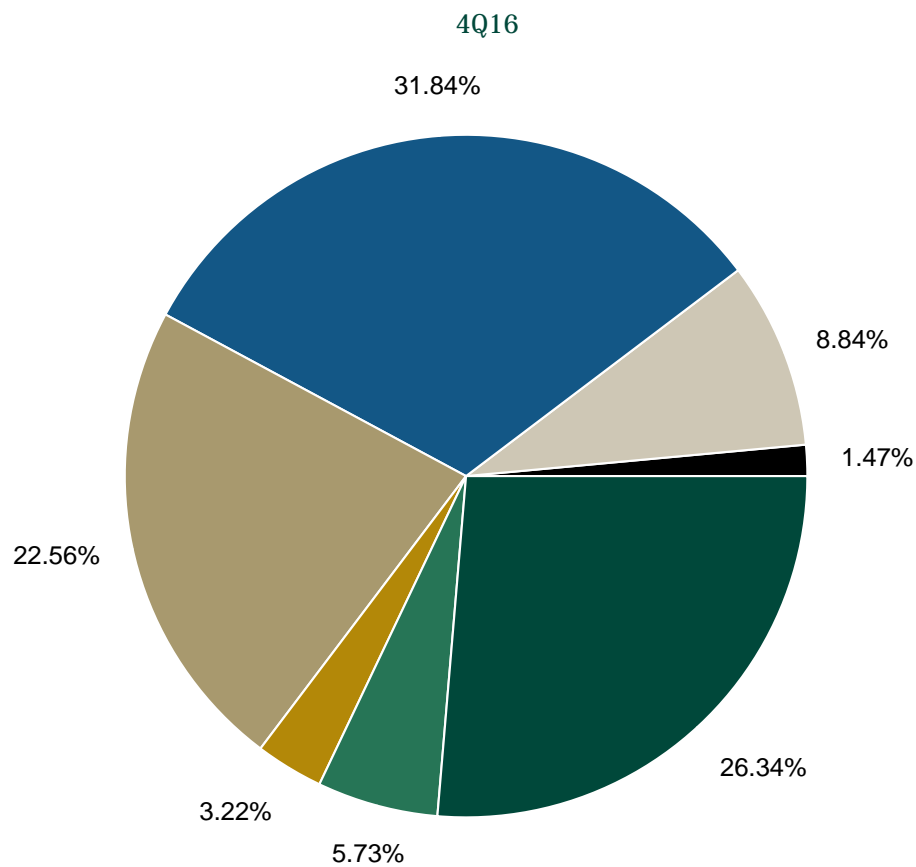


- Stable Value (23.98%)
- Bonds (7.25%)
- Balanced / Lifestyle / Asset Allocation (3.78%)
- Target Date (18.47%)
- Domestic Equity (37.63%)
- Foreign Equity (7.66%)
- Other (1.23%)

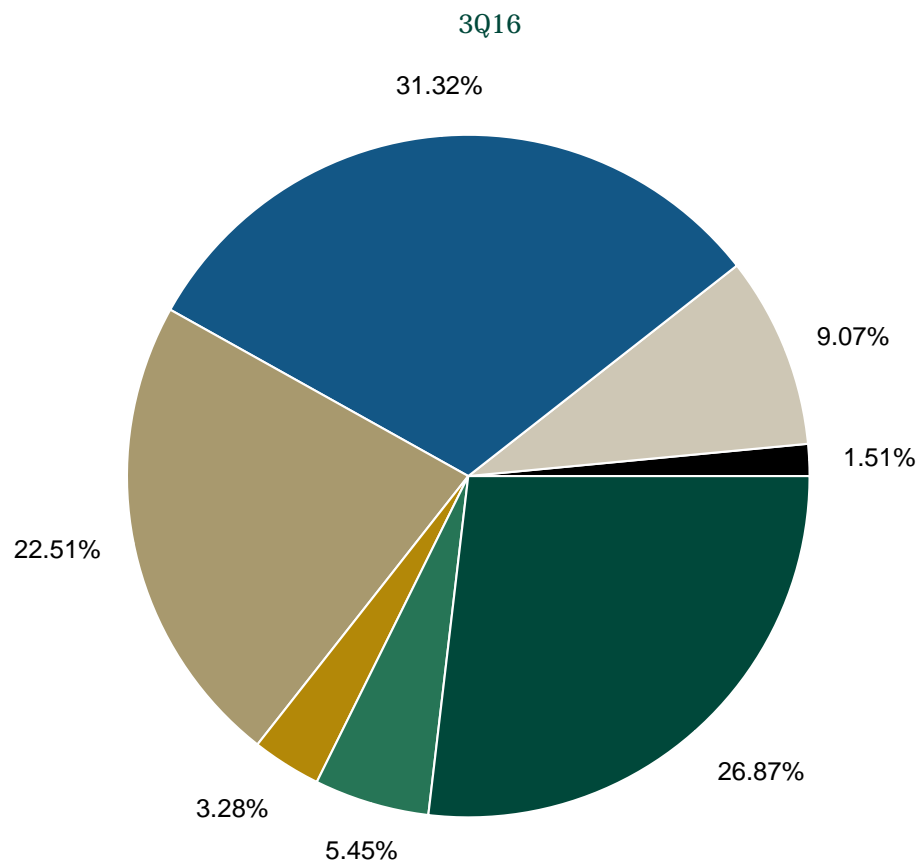


- Stable Value (24.48%)
- Bonds (7.63%)
- Balanced / Lifestyle / Asset Allocation (3.72%)
- Target Date (18.48%)
- Domestic Equity (36.62%)
- Foreign Equity (7.89%)
- Other (1.19%)

Investments by Style



- Stable Value (26.34%)
- Bonds (5.73%)
- Balanced / Lifestyle / Asset Allocation (3.22%)
- Target Date (22.56%)
- Domestic Equity (31.84%)
- Foreign Equity (8.84%)
- Other (1.47%)



- Stable Value (26.87%)
- Bonds (5.45%)
- Balanced / Lifestyle / Asset Allocation (3.28%)
- Target Date (22.51%)
- Domestic Equity (31.32%)
- Foreign Equity (9.07%)
- Other (1.51%)

INVESTMENT ANALYSIS

CBIZ RPS Monitoring Criteria

Performance

- 3-year performance – Top 60% of category
- 5-year performance – Top 50% of category
- 10-year performance – Top 50% of category

Risk

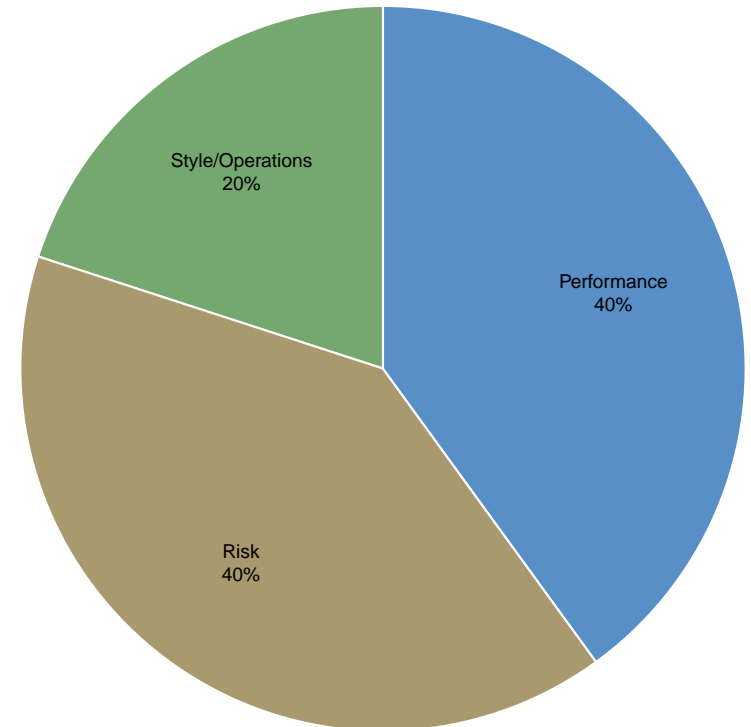
- 3-year Sharpe ratio – Top 60% of category
- 5-year Sharpe ratio – Top 60% of category
- 5-year Upcapture – Top 60% of category
- 5-year Downcapture – Top 40% of category

Style/Operations

- Style drift – style matches category
- R-squared – greater than 80%
- Manager tenure – 2 years or more
- Total fund assets - \$100 million +
- Expense ratio – lowest 50% of category

Ratings

- Score above 70% - Pass
- Score below 70% - Watch
- Typical number of consecutive Watch quarters for Action recommendation – 4



Monitoring Report

Security Name	Performance			Risk				Style / Operations					Pass Watch Action
	3Yr	5Yr	10Yr	3Yr Sharpe	5Yr Sharpe	5Yr Up Capture	5Yr Down Capture	Style Drift	R-Sqrd 5Yr	Mgr Tenure	AUM (MM)	Exp Rat	
Stable Value													
Vanguard Federal Money Market Investor	0.12	0.08	0.83	-0.70	-1.57	60.08	-42.78	TM	57.59	9.08	66,259	0.11	Pass
<i>Morningstar Money Market - Taxable</i>	0.01	0.02	0.66	-2.44	-2.63	8.36	-11.76	-	29.04	13.26	20,787	0.45	
<i>Rank in Category</i>	5	5	7	5	10	5	87	-	-	-	-	3	
VALIC Fixed Interest Option	-	-	-	-	-	-	-	VL	-	-	-	-	Pass
<i>Morningstar US SA Stable Value</i>	1.13	1.27	2.17	16.62	13.24	87.44	0.00	-	66.13	17.54	4,689	0.69	
<i>Rank in Category</i>	-	-	-	-	-	-	-	-	-	-	-	-	
Bonds													
American Funds US Government Sec R6	2.73	1.54	3.82	0.88	0.54	77.57	84.16	GI	87.52	7.17	8,703	0.27	Pass
<i>Morningstar Intermediate Government</i>	1.92	1.17	3.57	0.67	0.37	100.97	118.33	-	77.26	8.77	1,865	0.78	
<i>Rank in Category</i>	16	26	32	37	34	90	61	-	-	-	-	9	
Goldman Sachs Bond R6	3.01	3.70	4.82	1.08	1.28	107.18	62.00	CI	82.40	10.17	519	0.43	Pass
<i>Morningstar Intermediate-Term Bond</i>	2.61	2.60	4.25	0.84	0.76	99.54	96.88	-	84.28	9.37	5,404	0.70	
<i>Rank in Category</i>	35	11	22	22	7	37	89	-	-	-	-	15	
Vanguard Total Bond Market Index Adm	2.94	2.14	4.29	0.87	0.67	102.69	107.98	CI	99.34	3.92	171,815	0.06	Pass
<i>Morningstar Intermediate-Term Bond</i>	2.61	2.60	4.25	0.84	0.76	99.54	96.88	-	84.28	9.37	5,404	0.70	
<i>Rank in Category</i>	40	70	48	55	75	52	18	-	-	-	-	2	
Balanced / Lifestyle / Asset Allocation													
American Funds American Balanced R6	6.66	11.17	6.77	0.93	1.51	103.43	86.37	MA	86.52	20.00	101,238	0.29	Pass
<i>Morningstar Allocation--50% to 70% Equity</i>	3.65	8.07	4.78	0.52	1.07	100.90	101.37	-	90.57	8.46	4,558	1.09	
<i>Rank in Category</i>	5	4	6	4	2	51	79	-	-	-	-	2	

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Monitoring Report

Security Name	Performance			Risk				Style / Operations					Pass Watch Action
	3Yr	5Yr	10Yr	3Yr Sharpe	5Yr Sharpe	5Yr Up Capture	5Yr Down Capture	Style Drift	R-Sqrd 5Yr	Mgr Tenure	AUM (MM)	Exp Rat	
Target Date													
Vanguard Target Retirement Income Inv	3.50	4.91	4.88	0.91	1.27	47.02	40.46	RI	73.29	3.92	10,516	0.14	Pass
<i>Morningstar Target-Date Retirement</i>	2.48	4.37	3.64	0.59	0.97	136.10	116.38	-	71.16	7.12	475	0.78	
<i>Rank in Category</i>	8	30	9	1	2	100	100	-	-	-	-	3	
Vanguard Target Retirement 2010 Inv	3.61	5.97	4.61	0.84	1.29	123.79	138.91	TA	85.43	3.92	5,624	0.14	Pass
<i>Morningstar Target-Date 2000-2010</i>	3.03	6.01	3.64	0.57	1.06	132.27	170.02	-	75.83	7.19	744	0.71	
<i>Rank in Category</i>	17	53	6	1	3	81	92	-	-	-	-	5	
Vanguard Target Retirement 2015 Inv	4.04	7.22	4.85	0.72	1.22	125.13	145.21	TD	86.14	3.92	16,972	0.14	Pass
<i>Morningstar Target-Date 2015</i>	3.13	6.64	4.19	0.53	1.04	121.33	162.16	-	82.46	6.04	1,100	0.75	
<i>Rank in Category</i>	13	31	5	7	9	44	83	-	-	-	-	5	
Vanguard Target Retirement 2020 Inv	4.39	8.17	4.99	0.67	1.19	118.82	140.70	TE	90.56	3.92	27,772	0.14	Pass
<i>Morningstar Target-Date 2020</i>	2.99	6.80	3.67	0.49	1.02	97.43	140.50	-	86.69	6.62	1,869	0.83	
<i>Rank in Category</i>	3	11	2	11	11	21	39	-	-	-	-	3	
Vanguard Target Retirement 2025 Inv	4.53	8.86	5.00	0.62	1.16	107.00	123.79	TG	92.48	3.92	32,159	0.15	Pass
<i>Morningstar Target-Date 2025</i>	3.31	7.80	4.01	0.48	1.01	98.48	133.73	-	90.17	5.97	1,908	0.80	
<i>Rank in Category</i>	3	18	7	11	15	34	60	-	-	-	-	4	
Vanguard Target Retirement 2030 Inv	4.58	9.50	4.98	0.58	1.13	97.64	108.21	TH	92.46	3.92	25,676	0.15	Pass
<i>Morningstar Target-Date 2030</i>	3.40	8.33	3.88	0.43	0.97	86.87	114.65	-	88.10	6.62	1,999	0.86	
<i>Rank in Category</i>	6	18	11	11	11	37	58	-	-	-	-	3	
Vanguard Target Retirement 2035 Inv	4.66	10.15	5.09	0.54	1.10	92.62	100.66	TI	92.19	3.92	25,030	0.15	Pass
<i>Morningstar Target-Date 2035</i>	3.62	9.00	4.15	0.42	0.97	87.54	108.96	-	91.09	5.97	1,502	0.84	
<i>Rank in Category</i>	9	16	10	13	15	35	64	-	-	-	-	4	

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Monitoring Report

Security Name	Performance			Risk				Style / Operations					Pass Watch Action
	3Yr	5Yr	10Yr	3Yr Sharpe	5Yr Sharpe	5Yr Up Capture	5Yr Down Capture	Style Drift	R-Sqrd 5Yr	Mgr Tenure	AUM (MM)	Exp Rat	
Vanguard Target Retirement 2040 Inv	4.66	10.51	5.26	0.50	1.07	89.04	96.39	TJ	91.74	3.92	17,955	0.16	Pass
<i>Morningstar Target-Date 2040</i>	3.60	9.37	4.00	0.40	0.94	83.34	101.28	-	87.80	6.62	1,420	0.90	
<i>Rank in Category</i>	16	14	8	22	17	26	66	-	-	-	-	4	
Vanguard Target Retirement 2045 Inv	4.72	10.54	5.27	0.51	1.07	86.04	92.99	TK	91.44	3.92	16,483	0.16	Pass
<i>Morningstar Target-Date 2045</i>	3.79	9.79	4.17	0.41	0.96	84.29	99.70	-	91.27	5.91	922	0.85	
<i>Rank in Category</i>	13	18	10	16	17	40	75	-	-	-	-	4	
Vanguard Target Retirement 2050 Inv	4.72	10.54	5.27	0.51	1.07	85.09	91.54	TN	91.14	3.92	10,165	0.16	Pass
<i>Morningstar Target-Date 2050</i>	3.78	9.81	3.95	0.41	0.95	136.14	146.68	-	92.32	6.16	688	0.90	
<i>Rank in Category</i>	20	17	9	21	17	100	100	-	-	-	-	4	
Vanguard Target Retirement 2055 Inv	4.68	10.51	-	0.50	1.06	84.94	91.45	TL	91.14	3.92	3,752	0.16	Pass
<i>Morningstar Target-Date 2055</i>	3.85	9.93	5.64	0.41	0.97	85.89	101.03	-	91.40	4.01	261	0.85	
<i>Rank in Category</i>	17	27	-	18	22	67	84	-	-	-	-	4	
Vanguard Target Retirement 2060 Inv	4.67	-	-	0.50	-	-	-	XQ	-	3.92	1,272	0.16	Pass
<i>Morningstar Target-Date 2060+</i>	3.09	0.00	0.00	0.35	0.00	0.00	0.00	-	0.00	1.40	41	0.82	
<i>Rank in Category</i>	1	-	-	1	-	-	-	-	-	-	-	5	

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Monitoring Report

Security Name	Performance			Risk				Style / Operations					Pass Watch Action
	3Yr	5Yr	10Yr	3Yr Sharpe	5Yr Sharpe	5Yr Up Capture	5Yr Down Capture	Style Drift	R-Sqrd 5Yr	Mgr Tenure	AUM (MM)	Exp Rat	
Domestic Equity													
T. Rowe Price Equity Income I	6.20	12.75	5.68	0.57	1.17	92.34	100.70	LV	97.03	1.17	22,691	0.58	Watch
<i>Morningstar Large Value</i>	6.56	13.25	5.52	0.59	1.14	92.64	105.97	-	90.86	8.95	4,716	0.97	
<i>Rank in Category</i>	70	60	45	65	51	62	60	-	-	-	-	13	
<i>Commentary:</i>													
<i>T. Rowe Price Equity Income is on watch for the fourth quarter of 2016 for its intermediate underperformance, risk-adjusted measurements, up and down capture ratio ratings, and recent changes within the management team. The fund's trailing total returns rank in the bottom half of its large value peers over the recent three- and five-year periods. Poor performance in 2014-15 continues to inhibit the fund's rating due to stock selection and overweight positions within the utilities and consumer discretionary sectors. As evidenced by the up and down capture ratio violations, this fund has struggled to keep pace with its benchmark during up and down periods in the market. Finally, John Linehan replaced Brian Rogers as portfolio manager in November 2015. Since Linehan took over the fund, it has managed to outperform its category peers and S&P 500 Index benchmark in each quarter of 2016. As we evaluate the fund's record in the context of the recent developments, we believe it is improving under new management and recommend its retention. We will monitor its progress with scrutiny on the watch list going forward.</i>													
Vanguard Value Index Adm	9.45	14.98	5.98	0.90	1.41	97.92	93.23	LV	98.61	22.08	50,821	0.08	Pass
<i>Morningstar Large Value</i>	6.56	13.25	5.52	0.59	1.14	92.64	105.97	-	90.86	8.95	4,716	0.97	
<i>Rank in Category</i>	7	9	36	7	4	36	78	-	-	-	-	1	
Vanguard Windsor™ II Admiral™	6.95	13.32	5.78	0.64	1.22	95.94	104.05	LV	96.59	13.08	46,954	0.26	Pass
<i>Morningstar Large Value</i>	6.56	13.25	5.52	0.59	1.14	92.64	105.97	-	90.86	8.95	4,716	0.97	
<i>Rank in Category</i>	50	48	42	50	38	46	47	-	-	-	-	4	
Calvert US Large Cap Core Rspnb Idx I	8.60	15.28	6.88	0.78	1.34	104.27	104.56	LB	97.02	1.58	868	0.19	Pass
<i>Morningstar Large Blend</i>	6.85	13.63	6.20	0.63	1.19	96.15	106.45	-	93.89	8.49	7,462	0.92	
<i>Rank in Category</i>	11	5	23	21	11	12	47	-	-	-	-	7	
Vanguard Institutional Index I	8.85	14.63	6.95	0.83	1.36	99.93	100.09	LB	100.00	16.08	211,496	0.04	Pass
<i>Morningstar Large Blend</i>	6.85	13.63	6.20	0.63	1.19	96.15	106.45	-	93.89	8.49	7,462	0.92	
<i>Rank in Category</i>	6	15	21	6	5	29	75	-	-	-	-	2	

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Monitoring Report

Security Name	Performance			Risk				Style / Operations					Pass Watch Action
	3Yr	5Yr	10Yr	3Yr Sharpe	5Yr Sharpe	5Yr Up Capture	5Yr Down Capture	Style Drift	R-Sqrd 5Yr	Mgr Tenure	AUM (MM)	Exp Rat	
American Funds Growth Fund of Amer R6	8.04	15.42	7.22	0.73	1.35	100.28	92.03	LG	93.09	23.17	146,038	0.33	Pass
<i>Morningstar Large Growth</i>	5.41	13.03	7.01	0.49	1.05	96.94	113.13	-	89.75	9.71	5,077	1.03	
<i>Rank in Category</i>	13	8	44	11	4	40	92	-	-	-	-	3	
T. Rowe Price Growth Stock I	7.04	15.21	7.93	0.58	1.19	106.33	108.55	LG	89.66	3.00	44,738	0.52	Pass
<i>Morningstar Large Growth</i>	5.41	13.03	7.01	0.49	1.05	96.94	113.13	-	89.75	9.71	5,077	1.03	
<i>Rank in Category</i>	28	9	23	40	24	12	57	-	-	-	-	7	
Vanguard Growth Index Adm	7.60	14.05	8.14	0.66	1.21	101.70	108.30	LG	99.04	22.08	54,328	0.08	Pass
<i>Morningstar Large Growth</i>	5.41	13.03	7.01	0.49	1.05	96.94	113.13	-	89.75	9.71	5,077	1.03	
<i>Rank in Category</i>	20	29	18	21	20	32	59	-	-	-	-	1	
Vanguard Selected Value Inv	5.98	14.27	7.48	0.51	1.20	97.05	106.04	MV	87.20	17.83	9,616	0.39	Pass
<i>Morningstar Mid-Cap Value</i>	6.64	13.94	6.66	0.56	1.12	95.49	111.10	-	90.54	8.84	2,034	1.09	
<i>Rank in Category</i>	72	42	26	76	37	51	57	-	-	-	-	4	
Vanguard Mid Cap Index Adm	7.67	14.37	7.66	0.67	1.23	93.04	91.87	MB	93.54	18.67	76,490	0.08	Pass
<i>Morningstar Mid-Cap Blend</i>	5.76	13.74	6.96	0.49	1.07	95.22	107.65	-	88.77	8.44	3,028	1.01	
<i>Rank in Category</i>	31	39	37	32	21	70	86	-	-	-	-	3	
Vanguard Mid Cap Growth Inv	3.72	11.44	7.52	0.34	0.93	98.39	113.47	MG	94.72	10.58	4,050	0.43	Pass
<i>Morningstar Mid-Cap Growth</i>	3.32	11.69	6.88	0.30	0.89	94.71	110.71	-	89.36	9.89	1,781	1.14	
<i>Rank in Category</i>	55	56	32	53	48	38	34	-	-	-	-	2	
American Beacon Small Cp Val Inst	8.02	15.52	7.94	0.57	1.07	100.65	98.51	SV	96.25	18.08	6,948	0.82	Pass
<i>Morningstar Small Value</i>	6.64	14.14	6.89	0.49	1.00	92.98	97.50	-	89.99	9.80	1,315	1.23	
<i>Rank in Category</i>	35	23	19	37	34	22	37	-	-	-	-	11	

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Monitoring Report

Security Name	Performance			Risk				Style / Operations					Pass Watch Action
	3Yr	5Yr	10Yr	3Yr Sharpe	5Yr Sharpe	5Yr Up Capture	5Yr Down Capture	Style Drift	R-Sqrd 5Yr	Mgr Tenure	AUM (MM)	Exp Rat	
Vanguard Small Cap Index Adm	7.01	14.83	8.18	0.55	1.12	91.69	94.16	SB	93.92	0.75	69,442	0.08	Pass
<i>Morningstar Small Blend</i>	5.78	14.03	6.70	0.44	0.96	89.97	92.03	-	91.59	8.06	1,294	1.16	
<i>Rank in Category</i>	39	33	19	33	19	51	33	-	-	-	-	2	
Fidelity Advisor® Small Cap Growth I	6.83	14.77	8.48	0.52	1.08	92.21	81.18	SG	94.17	5.17	2,383	1.10	Pass
<i>Morningstar Small Growth</i>	3.06	12.30	7.31	0.26	0.82	89.12	95.90	-	90.26	9.27	1,110	1.21	
<i>Rank in Category</i>	14	11	14	14	10	38	73	-	-	-	-	36	
Foreign Equity													
American Funds Capital World Gr&Inc R6	3.05	10.39	4.66	0.32	0.97	98.92	89.79	WS	96.77	23.83	81,840	0.45	Pass
<i>Morningstar World Stock</i>	1.65	9.33	3.69	0.18	0.78	95.45	99.51	-	86.08	6.77	3,486	1.21	
<i>Rank in Category</i>	31	26	26	29	15	45	69	-	-	-	-	4	
Vanguard Total Intl Stock Index Admiral	-1.34	5.50	0.91	-0.06	0.47	90.80	93.61	FB	94.00	8.42	231,928	0.12	Pass
<i>Morningstar Foreign Large Blend</i>	-2.43	5.84	0.35	-0.16	0.47	89.21	95.45	-	92.20	6.65	4,377	1.05	
<i>Rank in Category</i>	31	59	32	30	60	49	49	-	-	-	-	4	
American Funds Europacific Growth R6	-0.60	7.22	2.89	-0.01	0.63	90.75	83.39	FG	93.36	25.08	120,688	0.50	Pass
<i>Morningstar Foreign Large Growth</i>	-2.19	6.25	1.55	-0.14	0.51	89.64	93.47	-	89.44	8.38	7,576	1.15	
<i>Rank in Category</i>	20	25	9	23	18	52	86	-	-	-	-	4	

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Performance vs Category and Index

Security Name	Ticker	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2016	2015	2014	2013	2012
Stable Value												
Vanguard Federal Money Market Investor	VMFXX	0.08	0.30	0.30	0.12	0.08	0.83	0.30	0.04	0.01	0.02	0.01
<i>Morningstar Money Market - Taxable</i>		0.03	0.09	0.09	0.04	0.03	0.66	0.09	0.02	0.01	0.01	0.01
<i>Rank in Category</i>		5	2	2	5	5	7	2	11	55	18	57
<i>BM Index - BofAML US Treasury Bill 3 Mon TR USD</i>		0.09	0.33	0.33	0.14	0.12	0.80	0.33	0.05	0.03	0.07	0.11
VALIC Fixed Interest Option	VFIOP	0.50	2.09	2.09	2.15	2.28	2.94	-	-	-	-	-
<i>Morningstar US SA Stable Value</i>		0.34	1.35	1.35	1.27	1.33	2.28	1.35	1.28	1.15	1.22	1.64
<i>Rank in Category</i>		8	5	5	5	5	15	-	-	-	-	-
<i>BM Index - ML U.S. Treasury STRIPS 3 Year</i>		-1.22	1.40	1.40	1.35	0.95	3.25	1.40	1.24	1.42	-0.23	0.96
Bonds												
American Funds US Government Sec R6	RGVGX	-2.32	1.12	1.12	2.73	1.54	3.82	1.12	1.97	5.16	-2.81	2.45
<i>Morningstar Intermediate Government</i>		-2.50	0.89	0.89	2.02	1.15	3.52	0.89	0.56	4.72	-2.82	2.69
<i>Rank in Category</i>		46	41	41	16	26	32	41	4	33	53	56
<i>BM Index - BBgBarc US Agg Bond TR USD</i>		-2.98	2.65	2.65	3.03	2.23	4.34	2.65	0.55	5.97	-2.02	4.21
Goldman Sachs Bond R6	GSFUX	-2.76	2.78	2.78	3.01	3.70	4.82	2.78	0.54	5.80	-0.07	9.79
<i>Morningstar Intermediate-Term Bond</i>		-2.54	3.23	3.23	2.74	2.62	4.10	3.23	-0.21	5.34	-1.41	6.65
<i>Rank in Category</i>		66	56	56	35	11	22	56	22	39	14	9
<i>BM Index - BBgBarc US Agg Bond TR USD</i>		-2.98	2.65	2.65	3.03	2.23	4.34	2.65	0.55	5.97	-2.02	4.21
Vanguard Total Bond Market Index Adm	VBTLX	-3.17	2.60	2.60	2.94	2.14	4.29	2.60	0.40	5.89	-2.15	4.15
<i>Morningstar Intermediate-Term Bond</i>		-2.54	3.23	3.23	2.74	2.62	4.10	3.23	-0.21	5.34	-1.41	6.65
<i>Rank in Category</i>		90	64	64	40	70	48	64	30	32	69	84
<i>BM Index - BBgBarc US Agg Bond TR USD</i>		-2.98	2.65	2.65	3.03	2.23	4.34	2.65	0.55	5.97	-2.02	4.21

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Performance vs Category and Index

Security Name	Ticker	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2016	2015	2014	2013	2012
Balanced / Lifestyle / Asset Allocation												
American Funds American Balanced R6	RLBGX	1.82	8.90	8.90	6.66	11.17	6.77	8.90	2.03	9.22	22.12	14.57
<i>Morningstar Allocation-50% to 70% Equity</i>		0.99	7.36	7.36	3.87	8.04	4.80	7.36	-1.86	6.35	16.93	11.99
<i>Rank in Category</i>		19	20	20	5	4	6	20	3	17	8	7
<i>BM Index - DJ US Moderate TR USD</i>		1.46	9.26	9.26	5.98	9.76	6.55	9.26	-0.13	9.08	19.56	11.92
Target Date												
Vanguard Target Retirement Income Inv	VTINX	-0.99	5.25	5.25	3.50	4.91	4.88	5.25	-0.17	5.54	5.87	8.23
<i>Morningstar Target-Date Retirement</i>		-0.88	5.10	5.10	2.59	4.33	3.60	5.10	-1.40	4.17	5.41	8.59
<i>Rank in Category</i>		65	41	41	8	30	9	41	10	14	41	70
<i>BM Index - DJ US Moderate TR USD</i>		1.46	9.26	9.26	5.98	9.76	6.55	9.26	-0.13	9.08	19.56	11.92
Vanguard Target Retirement 2010 Inv	VTENX	-1.02	5.22	5.22	3.61	5.97	4.61	5.22	-0.20	5.93	9.10	10.12
<i>Morningstar Target-Date 2000-2010</i>		-0.57	5.86	5.86	3.04	5.77	3.64	5.86	-1.16	4.56	9.64	10.30
<i>Rank in Category</i>		93	79	79	17	53	6	79	7	10	74	64
<i>BM Index - DJ US Target 2010 TR USD</i>		-1.58	4.06	4.06	3.74	5.13	4.98	4.06	0.35	6.92	6.70	7.79
Vanguard Target Retirement 2015 Inv	VTXVX	-0.55	6.16	6.16	4.04	7.22	4.85	6.16	-0.46	6.56	13.00	11.37
<i>Morningstar Target-Date 2015</i>		-0.40	6.12	6.12	3.10	6.53	4.10	6.12	-1.35	4.75	11.78	11.51
<i>Rank in Category</i>		77	57	57	13	31	5	57	9	4	36	51
<i>BM Index - DJ US Target 2015 TR USD</i>		-1.19	5.20	5.20	4.25	6.25	5.22	5.20	0.28	7.40	9.73	8.89
Vanguard Target Retirement 2020 Inv	VTWNX	-0.18	6.95	6.95	4.39	8.17	4.99	6.95	-0.68	7.11	15.85	12.35
<i>Morningstar Target-Date 2020</i>		-0.35	6.23	6.23	3.13	6.49	3.72	6.23	-1.46	4.91	11.61	11.79
<i>Rank in Category</i>		50	29	29	3	11	2	29	25	1	20	37
<i>BM Index - DJ US Target 2020 TR USD</i>		-0.54	6.28	6.28	4.80	7.57	5.56	6.28	0.27	8.00	13.52	10.24
Vanguard Target Retirement 2025 Inv	VTTVX	0.11	7.48	7.48	4.53	8.86	5.00	7.48	-0.85	7.17	18.14	13.29
<i>Morningstar Target-Date 2025</i>		0.02	6.73	6.73	3.38	7.66	3.93	6.73	-1.46	5.18	15.63	13.14
<i>Rank in Category</i>		48	24	24	3	18	7	24	27	4	25	43
<i>BM Index - DJ US Target 2025 TR USD</i>		0.40	7.77	7.77	5.48	9.08	5.98	7.77	0.19	8.69	17.76	11.71

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Performance vs Category and Index

Security Name	Ticker	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2016	2015	2014	2013	2012
Vanguard Target Retirement 2030 Inv	VTHRX	0.42	7.85	7.85	4.58	9.50	4.98	7.85	-1.03	7.17	20.49	14.24
<i>Morningstar Target-Date 2030</i>		0.34	7.33	7.33	3.53	8.07	3.89	7.33	-1.67	5.26	16.83	13.79
<i>Rank in Category</i>		50	32	32	6	18	11	32	33	6	27	40
<i>BM Index - DJ US Target 2030 TR USD</i>		1.33	9.12	9.12	6.01	10.46	6.35	9.12	-0.15	9.35	22.04	13.12
Vanguard Target Retirement 2035 Inv	VTTHX	0.78	8.26	8.26	4.66	10.15	5.09	8.26	-1.26	7.24	22.82	15.16
<i>Morningstar Target-Date 2035</i>		0.75	7.57	7.57	3.64	8.94	4.15	7.57	-1.62	5.33	20.29	14.76
<i>Rank in Category</i>		54	32	32	9	16	10	32	41	10	25	41
<i>BM Index - DJ US Target 2035 TR USD</i>		2.19	10.36	10.36	6.49	11.68	6.68	10.36	-0.45	9.92	25.86	14.31
Vanguard Target Retirement 2040 Inv	VFORX	1.13	8.73	8.73	4.66	10.51	5.26	8.73	-1.59	7.15	24.37	15.56
<i>Morningstar Target-Date 2040</i>		0.86	7.95	7.95	3.74	8.99	4.05	7.95	-1.85	5.48	20.07	14.86
<i>Rank in Category</i>		45	27	27	16	14	8	27	47	13	18	35
<i>BM Index - DJ US Target 2040 TR USD</i>		2.89	11.37	11.37	6.86	12.59	6.99	11.37	-0.70	10.35	28.75	15.15
Vanguard Target Retirement 2045 Inv	VTIVX	1.24	8.87	8.87	4.72	10.54	5.27	8.87	-1.57	7.16	24.37	15.58
<i>Morningstar Target-Date 2045</i>		1.08	7.93	7.93	3.78	9.61	4.22	7.93	-1.69	5.46	22.27	15.41
<i>Rank in Category</i>		48	28	28	13	18	10	28	47	13	27	46
<i>BM Index - DJ US Target 2045 TR USD</i>		3.37	12.06	12.06	7.11	13.09	7.22	12.06	-0.87	10.61	30.31	15.53
Vanguard Target Retirement 2050 Inv	VFIFX	1.25	8.85	8.85	4.72	10.54	5.27	8.85	-1.58	7.18	24.34	15.58
<i>Morningstar Target-Date 2050</i>		0.99	8.22	8.22	3.87	9.35	4.13	8.22	-1.88	5.64	21.25	15.27
<i>Rank in Category</i>		47	29	29	20	17	9	29	49	18	31	48
<i>BM Index - DJ US Target 2050 TR USD</i>		3.57	12.36	12.36	7.20	13.19	7.26	12.36	-0.92	10.67	30.51	15.55
Vanguard Target Retirement 2055 Inv	VFFVX	1.26	8.88	8.88	4.68	10.51	-	8.88	-1.72	7.19	24.33	15.58
<i>Morningstar Target-Date 2055</i>		1.15	8.00	8.00	3.90	9.86	5.64	8.00	-1.68	5.60	23.07	15.64
<i>Rank in Category</i>		47	27	27	17	27	-	27	54	17	33	54
<i>BM Index - DJ US Target 2050 TR USD</i>		3.57	12.36	12.36	7.20	13.19	7.26	12.36	-0.92	10.67	30.51	15.55

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Performance vs Category and Index

Security Name	Ticker	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2016	2015	2014	2013	2012
Vanguard Target Retirement 2060 Inv	VTTSX	1.25	8.84	8.84	4.67	-	-	8.84	-1.68	7.16	24.35	-
<i>Morningstar Target-Date 2060+</i>		1.24	7.81	7.81	3.31	-	-	7.81	-1.12	5.53	24.35	-
<i>Rank in Category</i>		59	21	21	1	-	-	21	72	1	1	-
<i>BM Index - Morningstar Lifetime Mod 2060 TR USD</i>		1.57	10.88	10.88	3.81	9.64	5.29	10.88	-3.48	4.53	22.18	15.90
Domestic Equity												
T. Rowe Price Equity Income I	REIPX	7.32	19.40	19.40	6.20	12.75	5.68	19.40	-6.66	7.49	29.75	17.25
<i>Morningstar Large Value</i>		6.34	14.83	14.83	6.85	12.98	5.40	14.83	-3.80	10.66	31.66	14.78
<i>Rank in Category</i>		33	11	11	70	60	45	11	85	90	73	24
<i>BM Index - Russell 1000 Value TR USD</i>		6.68	17.34	17.34	8.59	14.80	5.72	17.34	-3.83	13.45	32.53	17.51
Vanguard Value Index Adm	VVIAX	7.51	16.86	16.86	9.45	14.98	5.98	16.86	-0.86	13.18	33.05	15.18
<i>Morningstar Large Value</i>		6.34	14.83	14.83	6.85	12.98	5.40	14.83	-3.80	10.66	31.66	14.78
<i>Rank in Category</i>		28	28	28	7	9	36	28	16	16	37	48
<i>BM Index - Russell 1000 Value TR USD</i>		6.68	17.34	17.34	8.59	14.80	5.72	17.34	-3.83	13.45	32.53	17.51
Vanguard Windsor™ II Admiral™	VWNAX	5.70	13.51	13.51	6.95	13.32	5.78	13.51	-3.14	11.26	30.80	16.80
<i>Morningstar Large Value</i>		6.34	14.83	14.83	6.85	12.98	5.40	14.83	-3.80	10.66	31.66	14.78
<i>Rank in Category</i>		65	62	62	50	48	42	62	43	44	62	29
<i>BM Index - Russell 1000 Value TR USD</i>		6.68	17.34	17.34	8.59	14.80	5.72	17.34	-3.83	13.45	32.53	17.51
Calvert US Large Cap Core Rspnb Idx I	CISIX	3.52	10.71	10.71	8.60	15.28	6.88	10.71	1.14	14.41	35.04	17.71
<i>Morningstar Large Blend</i>		3.86	10.38	10.38	6.81	13.17	6.06	10.38	-0.83	11.38	32.16	15.28
<i>Rank in Category</i>		60	49	49	11	5	23	49	25	11	20	15
<i>BM Index - S&P 500 TR USD</i>		3.82	11.96	11.96	8.87	14.66	6.95	11.96	1.38	13.69	32.39	16.00
Vanguard Institutional Index I	VINIX	3.82	11.93	11.93	8.85	14.63	6.95	11.93	1.37	13.65	32.35	15.98
<i>Morningstar Large Blend</i>		3.86	10.38	10.38	6.81	13.17	6.06	10.38	-0.83	11.38	32.16	15.28
<i>Rank in Category</i>		44	27	27	6	15	21	27	20	17	45	40
<i>BM Index - S&P 500 TR USD</i>		3.82	11.96	11.96	8.87	14.66	6.95	11.96	1.38	13.69	32.39	16.00

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Performance vs Category and Index

Security Name	Ticker	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2016	2015	2014	2013	2012
American Funds Growth Fund of Amer R6	RGAGX	1.68	8.82	8.82	8.04	15.42	7.22	8.82	5.70	9.63	34.29	20.98
<i>Morningstar Large Growth</i>		-0.27	3.25	3.25	5.71	12.94	6.92	3.25	3.92	10.38	34.60	15.72
<i>Rank in Category</i>		23	10	10	13	8	44	10	37	60	50	7
<i>BM Index - Russell 1000 Growth TR USD</i>		1.01	7.08	7.08	8.55	14.50	8.33	7.08	5.67	13.05	33.48	15.26
T. Rowe Price Growth Stock I	PRUFX	0.10	1.58	1.58	7.04	15.21	7.93	1.58	10.93	8.83	39.20	18.92
<i>Morningstar Large Growth</i>		-0.27	3.25	3.25	5.71	12.94	6.92	3.25	3.92	10.38	34.60	15.72
<i>Rank in Category</i>		44	64	64	28	9	23	64	4	70	14	16
<i>BM Index - Russell 1000 Growth TR USD</i>		1.01	7.08	7.08	8.55	14.50	8.33	7.08	5.67	13.05	33.48	15.26
Vanguard Growth Index Adm	VIGAX	-0.42	6.12	6.12	7.60	14.05	8.14	6.12	3.30	13.63	32.40	17.01
<i>Morningstar Large Growth</i>		-0.27	3.25	3.25	5.71	12.94	6.92	3.25	3.92	10.38	34.60	15.72
<i>Rank in Category</i>		54	28	28	20	29	18	28	57	17	69	34
<i>BM Index - Russell 1000 Growth TR USD</i>		1.01	7.08	7.08	8.55	14.50	8.33	7.08	5.67	13.05	33.48	15.26
Vanguard Selected Value Inv	VASVX	8.84	16.34	16.34	5.98	14.27	7.48	16.34	-3.80	6.36	42.04	15.25
<i>Morningstar Mid-Cap Value</i>		6.80	18.06	18.06	6.84	13.81	6.76	18.06	-5.50	9.73	34.75	16.38
<i>Rank in Category</i>		20	63	63	72	42	26	63	33	84	5	71
<i>BM Index - Russell Mid Cap Value TR USD</i>		5.52	20.00	20.00	9.45	15.70	7.59	20.00	-4.78	14.75	33.46	18.51
Vanguard Mid Cap Index Adm	VIMAX	2.14	11.22	11.22	7.67	14.37	7.66	11.22	-1.34	13.76	35.15	15.99
<i>Morningstar Mid-Cap Blend</i>		5.31	14.14	14.14	5.89	13.31	6.75	14.14	-4.16	8.81	34.69	16.82
<i>Rank in Category</i>		91	74	74	31	39	37	74	20	11	41	64
<i>BM Index - S&P MidCap 400 TR</i>		7.42	20.74	20.74	9.04	15.33	9.16	20.74	-2.18	9.77	33.50	17.88
Vanguard Mid Cap Growth Inv	VMGRX	0.71	0.44	0.44	3.72	11.44	7.52	0.44	0.21	10.86	34.15	14.84
<i>Morningstar Mid-Cap Growth</i>		0.75	6.03	6.03	4.03	11.79	6.79	6.03	-0.66	7.19	35.36	14.49
<i>Rank in Category</i>		43	90	90	55	56	32	90	44	22	63	49
<i>BM Index - Russell Mid Cap Growth TR USD</i>		0.46	7.33	7.33	6.23	13.51	7.83	7.33	-0.20	11.90	35.74	15.81

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Performance vs Category and Index

Security Name	Ticker	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2016	2015	2014	2013	2012
American Beacon Small Cp Val Inst	AVFIX	13.79	26.77	26.77	8.02	15.52	7.94	26.77	-5.04	4.70	40.06	16.52
<i>Morningstar Small Value</i>		12.19	25.99	25.99	6.64	13.92	6.74	25.99	-6.68	3.69	36.45	16.24
<i>Rank in Category</i>		27	41	41	35	23	19	41	40	42	23	48
<i>BM Index - Russell 2000 Value TR USD</i>		14.07	31.74	31.74	8.31	15.07	6.26	31.74	-7.47	4.22	34.52	18.05
Vanguard Small Cap Index Adm	VSMAX	6.10	18.30	18.30	7.01	14.83	8.18	18.30	-3.64	7.50	37.81	18.24
<i>Morningstar Small Blend</i>		9.50	20.78	20.78	5.90	13.51	6.78	20.78	-5.43	4.07	37.98	15.50
<i>Rank in Category</i>		94	71	71	39	33	19	71	34	15	50	21
<i>BM Index - S&P SmallCap 600 TR USD</i>		11.13	26.56	26.56	9.47	16.62	9.03	26.56	-1.97	5.76	41.31	16.33
Fidelity Advisor® Small Cap Growth I	FCIGX	1.76	11.00	11.00	6.83	14.77	8.48	11.00	5.79	3.85	44.49	13.00
<i>Morningstar Small Growth</i>		3.34	11.21	11.21	3.55	12.31	7.06	11.21	-2.25	2.50	41.62	13.96
<i>Rank in Category</i>		68	46	46	14	11	14	46	4	39	31	63
<i>BM Index - Russell 2000 Growth TR USD</i>		3.57	11.32	11.32	5.05	13.74	7.76	11.32	-1.38	5.60	43.30	14.59
Foreign Equity												
American Funds Capital World Gr&Inc R6	RWIGX	-0.15	6.85	6.85	3.05	10.39	4.66	6.85	-1.88	4.36	25.28	19.56
<i>Morningstar World Stock</i>		-0.37	5.57	5.57	2.10	9.24	3.65	5.57	-1.01	2.35	26.50	16.34
<i>Rank in Category</i>		45	34	34	31	26	26	34	59	28	57	25
<i>BM Index - MSCIACWI NR USD</i>		1.19	7.86	7.86	3.13	9.36	3.56	7.86	-2.36	4.16	22.80	16.13
Vanguard Total Intl Stock Index Admiral	VTIAX	-1.93	4.67	4.67	-1.34	5.50	0.91	4.67	-4.26	-4.17	15.14	18.21
<i>Morningstar Foreign Large Blend</i>		-2.22	0.78	0.78	-2.11	5.75	0.55	0.78	-1.63	-5.07	19.37	18.06
<i>Rank in Category</i>		45	12	12	31	59	32	12	80	30	81	44
<i>BM Index - MSCI EAFE NR USD</i>		-0.71	1.00	1.00	-1.60	6.53	0.75	1.00	-0.81	-4.90	22.78	17.32
American Funds Europacific Growth R6	RERGX	-4.15	1.01	1.01	-0.60	7.22	2.89	1.01	-0.48	-2.29	20.58	19.64
<i>Morningstar Foreign Large Growth</i>		-5.67	-2.14	-2.14	-1.83	6.12	1.40	-2.14	0.84	-3.82	19.81	18.77
<i>Rank in Category</i>		25	21	21	20	25	9	21	64	27	48	40
<i>BM Index - MSCI EAFE Growth NR USD</i>		-5.53	-3.04	-3.04	-1.20	6.67	1.64	-3.04	4.09	-4.43	22.55	16.86

Funds listed in *Blue* are alternative funds. Funds listed in *Green* are fund additions.

FUND PROFILES

Vanguard Federal Money Market Investor - VMFXX

Monitoring Rating: Pass

Objective

The investment seeks to provide current income while maintaining liquidity and a stable share price of \$1. The fund invests primarily in high-quality, short-term money market instruments. Under normal circumstances, at least 80% of the fund's assets are invested in securities issued by the U.S. government and its agencies and instrumentalities. It maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. The fund generally invests 100% of its assets in government securities and therefore will satisfy the 99.5% requirement for designation as a government money market fund.

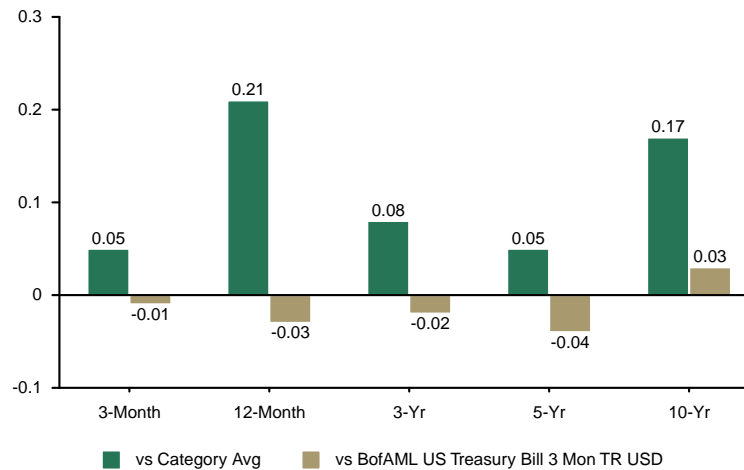
Statistics

Inception Date	07/13/1981
Manager Tenure	9.08
Assets(\$1000s)	\$66,259,078
Net Exp Ratio	0.11
12b-1 Fees	-
Average Mkt Cap(\$1000s)	-

Risk Characteristics

	VMFXX	Cat Avg
3 Yr Std Dev	0.04	0.02
5 Yr Std Dev	0.03	0.01
5 Yr Beta	0.61	0.17
5 Yr Alpha	0.00	0.01
5 Yr Sharpe	-1.57	-2.38
5 Yr Information Ratio	-1.57	-2.38
5 Yr Tracking Error	0.03	0.04
5 Yr Upside Capture	60.08	21.98
5 Yr Downside Capture	-42.78	-28.74
5 Yr Batting Avg	0.32	0.19

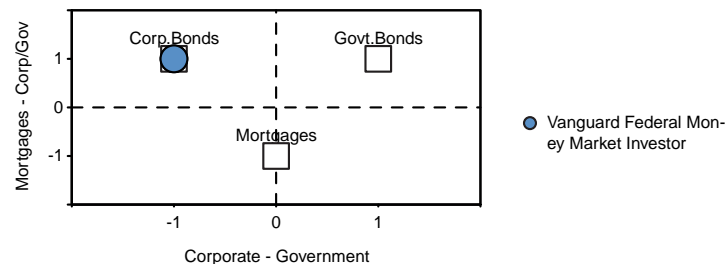
Excess Returns vs. Category/Index



Calendar Year Performance

	2012	2013	2014	2015	2016
VMFXX	0.01	0.02	0.01	0.04	0.30
Cat Avg	0.01	0.01	0.01	0.02	0.09
Index	0.11	0.07	0.03	0.05	0.33
Cat Rank	57	18	55	11	2

Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016

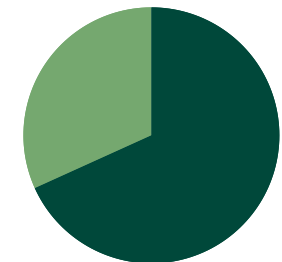


Sector Allocation vs. Category

Insufficient data to display graph

■ +/-Category Avg

Asset Allocation



Cash (68.23%)	US Stocks (0.00%)
Non-US Stocks (0.00%)	US Bonds (31.76%)
Non-US Bonds (0.00%)	Other (0.01%)

VALIC Fixed Interest Option - VFIOP

Monitoring Rating: Pass

Objective

Insufficient Data

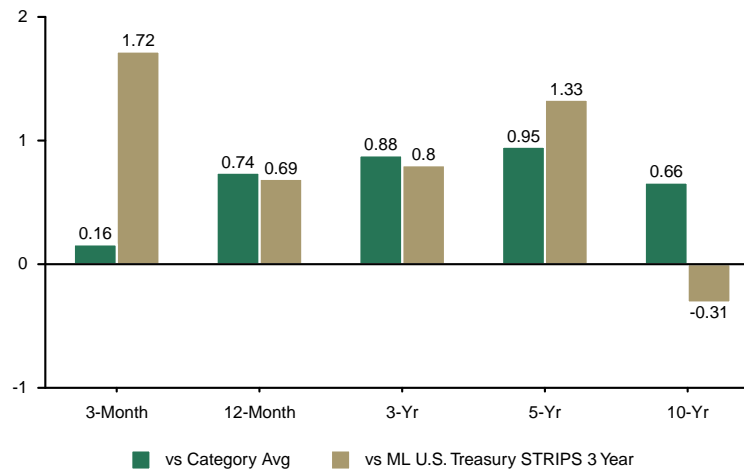
Statistics

Inception Date	-
Manager Tenure	-
Assets(\$1000s)	-
Net Exp Ratio	-
12b-1 Fees	-
Average Mkt Cap(\$1000s)	-

Risk Characteristics

	VFIOP	Cat Avg
3 Yr Std Dev	-	0.06
5 Yr Std Dev	-	0.08
5 Yr Beta	-	1.03
5 Yr Alpha	-	-0.06
5 Yr Sharpe	-	15.01
5 Yr Information Ratio	-	-0.98
5 Yr Tracking Error	-	0.06
5 Yr Upside Capture	-	97.66
5 Yr Downside Capture	-	-
5 Yr Batting Avg	-	0.46

Excess Returns vs. Category/Index



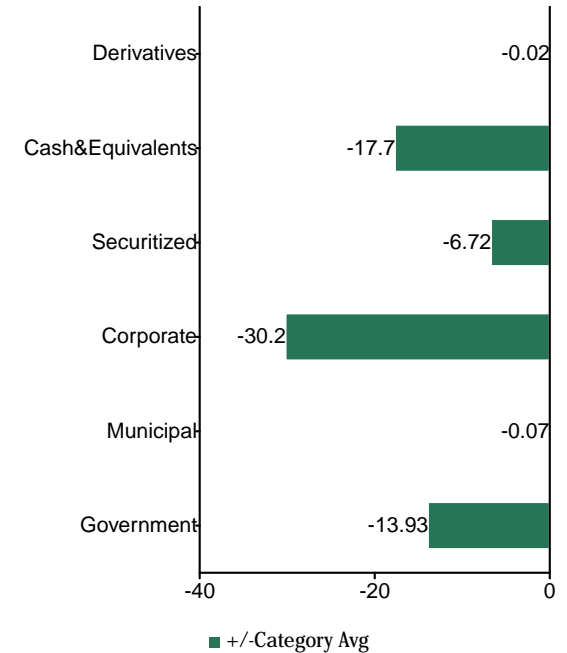
Calendar Year Performance

	2012	2013	2014	2015	2016
VFIOP	-	-	-	-	-
Cat Avg	1.64	1.22	1.15	1.28	1.35
Index	0.96	-0.23	1.42	1.24	1.40
Cat Rank	-	-	-	-	-

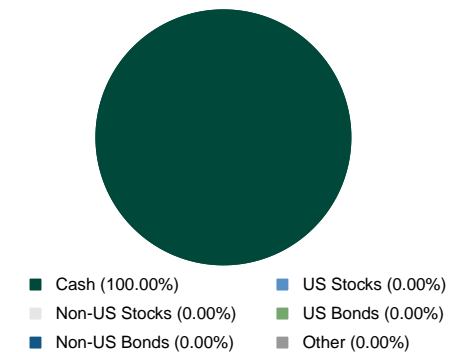
Fixed Income Style

	Quality	Duration	Maturity	Yield
VFIOP	-	-	-	0.00
Cat Avg	A	2.65	4.05	1.39

Sector Allocation vs. Category



Asset Allocation



American Funds US Government Sec R6 - RGVGX

Monitoring Rating: Pass

Objective

The investment seeks to provide a high level of current income consistent with prudent investment risk and preservation of capital. The fund invests at least 80% of its assets in securities that are guaranteed or sponsored by the U.S. government, its agencies and instrumentalities, including bonds and other debt securities denominated in U.S. dollars, which may be represented by other investment instruments, including derivatives. It may also invest in mortgage-backed securities issued by federal agencies and instrumentalities that are not backed by the full faith and credit of the U.S. government. It invests in debt securities with a wide range of maturities.

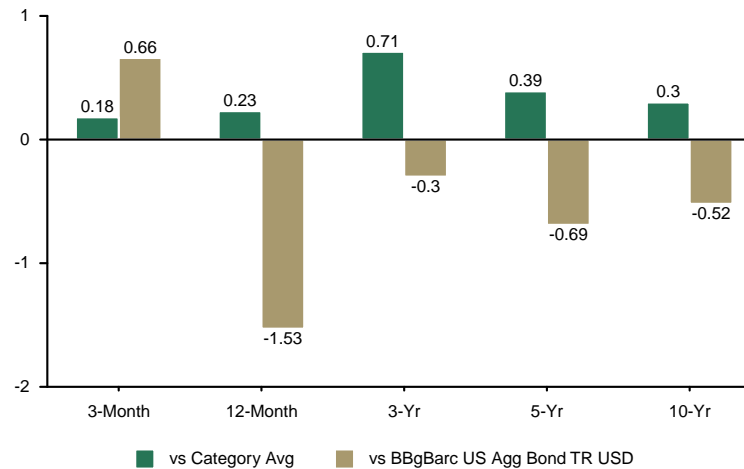
Statistics

Inception Date	05/01/2009
Manager Tenure	7.17
Assets(\$1000s)	\$8,703,167
Net Exp Ratio	0.27
12b-1 Fees	-
Average Mkt Cap(\$1000s)	-

Risk Characteristics

	RGVGX	Cat Avg
3 Yr Std Dev	2.95	2.50
5 Yr Std Dev	2.70	2.52
5 Yr Beta	0.87	1.07
5 Yr Alpha	-0.40	0.06
5 Yr Sharpe	0.54	0.45
5 Yr Information Ratio	-0.67	0.06
5 Yr Tracking Error	1.03	1.23
5 Yr Upside Capture	77.57	106.92
5 Yr Downside Capture	84.16	105.09
5 Yr Batting Avg	0.38	0.53

Excess Returns vs. Category/Index



Sector Allocation vs. Category



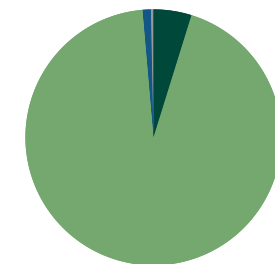
Calendar Year Performance

	2012	2013	2014	2015	2016
RGVGX	2.45	-2.81	5.16	1.97	1.12
Cat Avg	2.69	-2.82	4.72	0.56	0.89
Index	4.21	-2.02	5.97	0.55	2.65
Cat Rank	56	53	33	4	41

Fixed Income Style

	Quality	Duration	Maturity	Yield
RGVGX	AAA	3.80	-	1.60
Cat Avg	BelowB	3.94	6.39	2.46

Asset Allocation



■ Cash (4.80%)
 ■ US Stocks (0.00%)
 ■ Non-US Stocks (0.00%)
 ■ US Bonds (93.83%)
 ■ Non-US Bonds (1.05%)
 ■ Other (0.32%)

Goldman Sachs Bond R6 - GSFUX

Monitoring Rating: Pass

Objective

The investment seeks a total return consisting of capital appreciation and income. The fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) ('Net Assets') in bonds and other fixed income securities, including securities issued or guaranteed by the U.S. government, its agencies, instrumentalities or sponsored enterprises, corporate debt securities, collateralized loan obligations, privately issued adjustable rate and fixed rate mortgage loans or other mortgage-related securities, asset-backed securities and high yield non-investment grade securities.

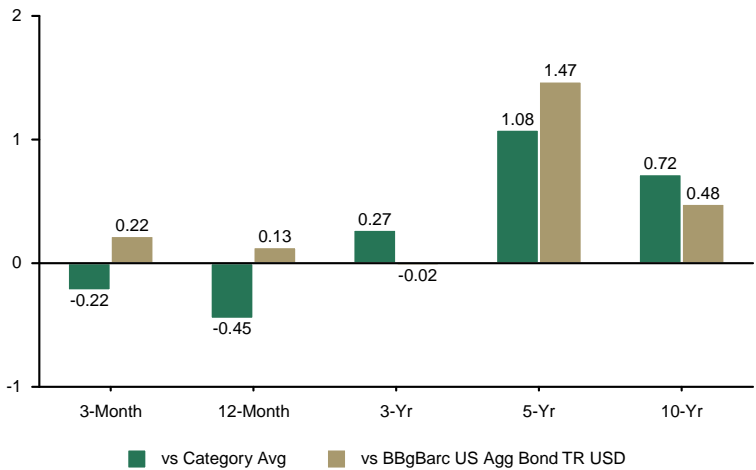
Statistics

Inception Date	07/31/2015
Manager Tenure	10.17
Assets(\$1000s)	\$519,331
Net Exp Ratio	0.43
12b-1 Fees	-
Average Mkt Cap(\$1000s)	-

Risk Characteristics

	GSFUX	Cat Avg
3 Yr Std Dev	2.65	2.94
5 Yr Std Dev	2.79	2.97
5 Yr Beta	0.87	0.93
5 Yr Alpha	1.70	0.52
5 Yr Sharpe	1.28	0.85
5 Yr Information Ratio	1.20	0.13
5 Yr Tracking Error	1.23	1.17
5 Yr Upside Capture	107.18	101.26
5 Yr Downside Capture	62.00	89.04
5 Yr Batting Avg	0.67	0.53

Excess Returns vs. Category/Index



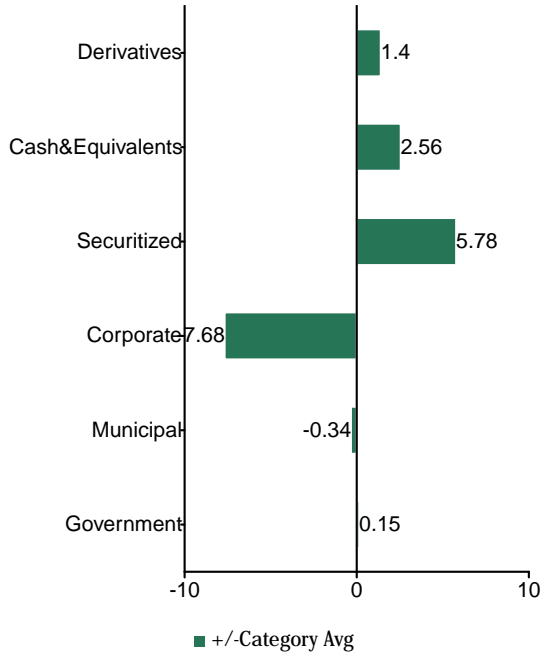
Calendar Year Performance

	2012	2013	2014	2015	2016
GSFUX	9.79	-0.07	5.80	0.54	2.78
Cat Avg	6.65	-1.41	5.34	-0.21	3.23
Index	4.21	-2.02	5.97	0.55	2.65
Cat Rank	9	14	39	22	56

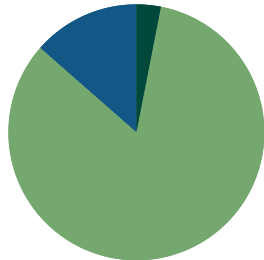
Fixed Income Style

	Quality	Duration	Maturity	Yield
GSFUX	-	4.82	-	-
Cat Avg	BelowB	5.08	7.55	2.90

Sector Allocation vs. Category



Asset Allocation



Cash (3.07%)	US Stocks (0.00%)
Non-US Stocks (0.00%)	US Bonds (83.39%)
Non-US Bonds (13.54%)	Other (0.00%)

Vanguard Total Bond Market Index Adm - VBTLX

Objective

The investment seeks the performance of a broad, market-weighted bond index. The fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index. This index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. All of its investments will be selected through the sampling process, and at least 80% of its assets will be invested in bonds held in the index.

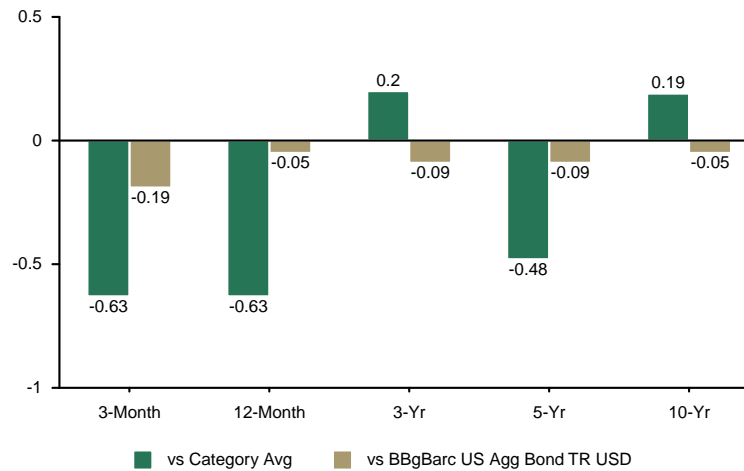
Statistics

Inception Date	11/12/2001
Manager Tenure	3.92
Assets(\$1000s)	\$171,815,195
Net Exp Ratio	0.06
12b-1 Fees	-
Average Mkt Cap(\$1000s)	-

Risk Characteristics

	VBTLX	Cat Avg
3 Yr Std Dev	3.23	2.94
5 Yr Std Dev	3.05	2.97
5 Yr Beta	1.05	0.93
5 Yr Alpha	-0.18	0.52
5 Yr Sharpe	0.67	0.85
5 Yr Information Ratio	-0.33	0.13
5 Yr Tracking Error	0.28	1.17
5 Yr Upside Capture	102.69	101.26
5 Yr Downside Capture	107.98	89.04
5 Yr Batting Avg	0.52	0.53

Excess Returns vs. Category/Index



Calendar Year Performance

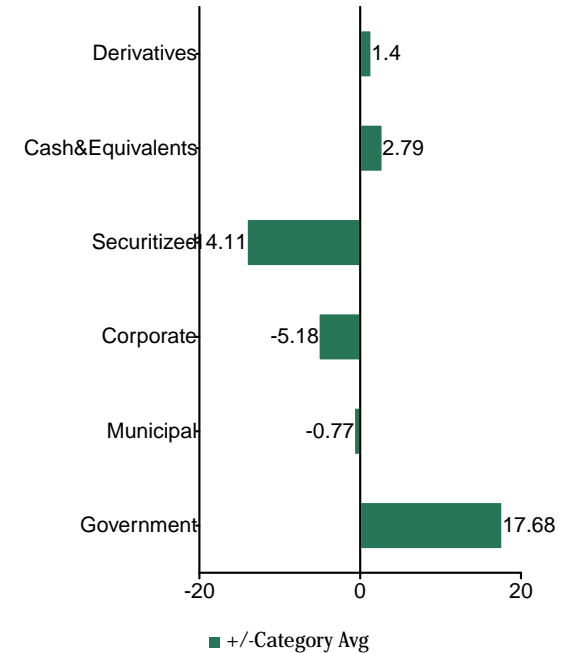
	2012	2013	2014	2015	2016
VBTLX	4.15	-2.15	5.89	0.40	2.60
Cat Avg	6.65	-1.41	5.34	-0.21	3.23
Index	4.21	-2.02	5.97	0.55	2.65
Cat Rank	84	69	32	30	64

Fixed Income Style

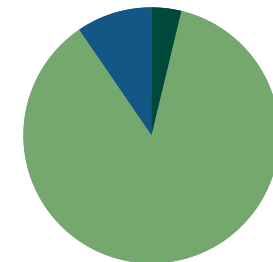
	Quality	Duration	Maturity	Yield
VBTLX	AA	5.94	8.20	2.65
Cat Avg	BelowB	5.08	7.55	2.90

Monitoring Rating: Pass

Sector Allocation vs. Category



Asset Allocation



Cash (3.76%)	US Stocks (0.00%)
Non-US Stocks (0.00%)	US Bonds (86.68%)
Non-US Bonds (9.52%)	Other (0.04%)

Vanguard Target Retirement Income Inv - VTINX

Monitoring Rating: Pass

Objective

The investment seeks to provide current income and some capital appreciation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors currently in retirement. Its indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds, inflation-protected public obligations issued by the U.S. Treasury, mortgage-backed and asset-backed securities, and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar.

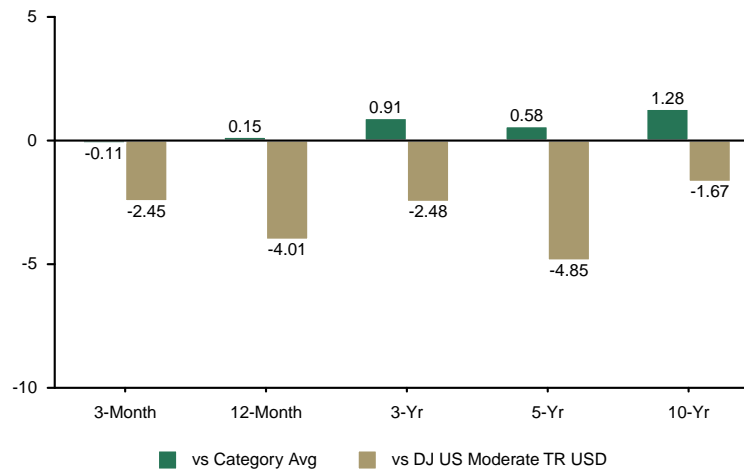
Statistics

Inception Date	10/27/2003
Manager Tenure	3.92
Assets(\$1000s)	\$10,516,436
Net Exp Ratio	0.14
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,596,620

Risk Characteristics

	VTINX	Cat Avg
3 Yr Std Dev	3.70	4.14
5 Yr Std Dev	3.74	4.22
5 Yr Beta	0.47	1.17
5 Yr Alpha	0.30	1.30
5 Yr Sharpe	1.27	1.00
5 Yr Information Ratio	-1.19	0.58
5 Yr Tracking Error	4.09	2.36
5 Yr Upside Capture	47.02	136.26
5 Yr Downside Capture	40.46	111.37
5 Yr Batting Avg	0.37	0.62

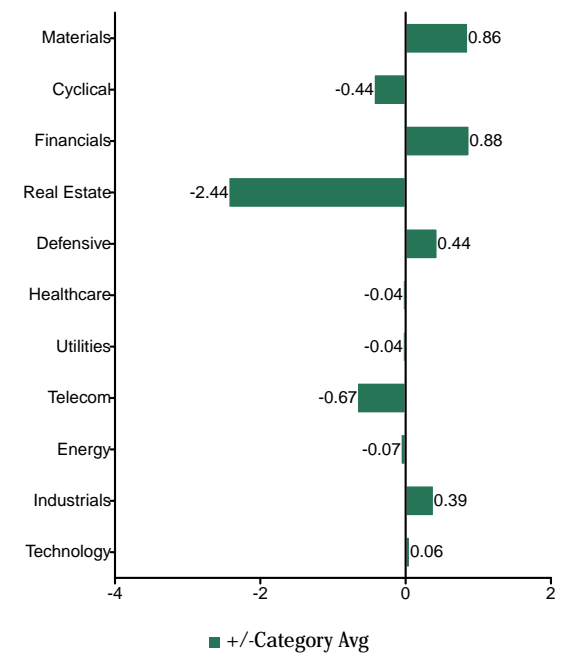
Excess Returns vs. Category/Index



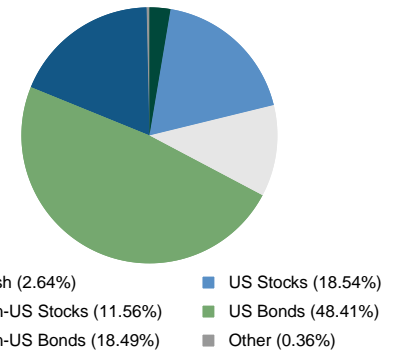
Calendar Year Performance

	2012	2013	2014	2015	2016
VTINX	8.23	5.87	5.54	-0.17	5.25
Cat Avg	8.59	5.41	4.17	-1.40	5.10
Index	11.92	19.56	9.08	-0.13	9.26
Cat Rank	70	41	14	10	41

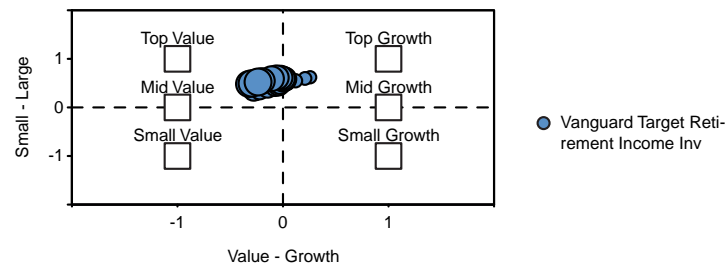
Sector Allocation vs. Category



Asset Allocation



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Vanguard Target Retirement 2010 Inv - VTENX

Monitoring Rating: Pass

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2010 (the target year). Its asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

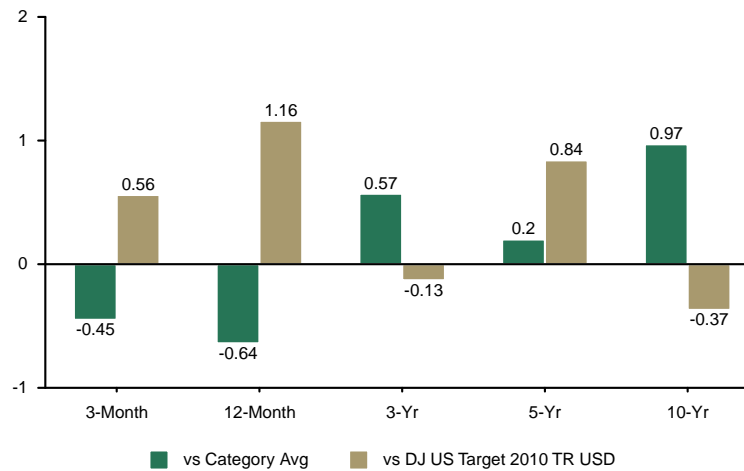
Statistics

Inception Date	06/07/2006
Manager Tenure	3.92
Assets(\$1000s)	\$5,624,133
Net Exp Ratio	0.14
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,568,360

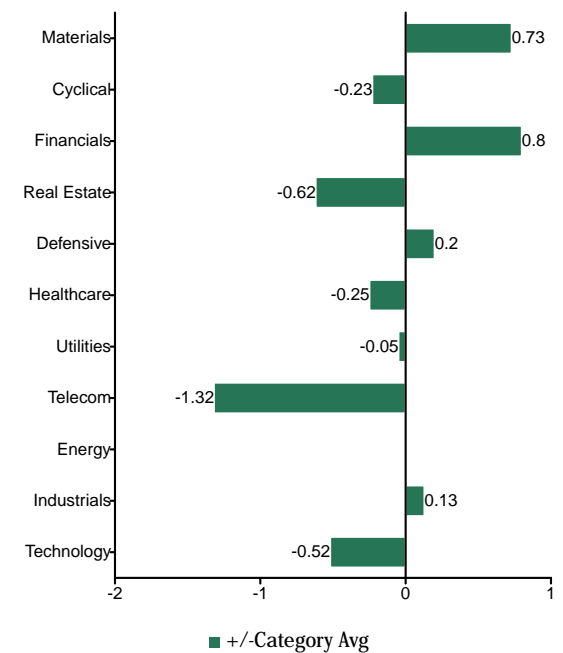
Risk Characteristics

	VTENX	Cat Avg
3 Yr Std Dev	4.17	5.07
5 Yr Std Dev	4.49	5.21
5 Yr Beta	1.33	1.45
5 Yr Alpha	-0.78	-1.52
5 Yr Sharpe	1.29	1.07
5 Yr Information Ratio	0.42	0.12
5 Yr Tracking Error	2.00	2.94
5 Yr Upside Capture	123.79	129.43
5 Yr Downside Capture	138.91	163.34
5 Yr Batting Avg	0.58	0.55

Excess Returns vs. Category/Index



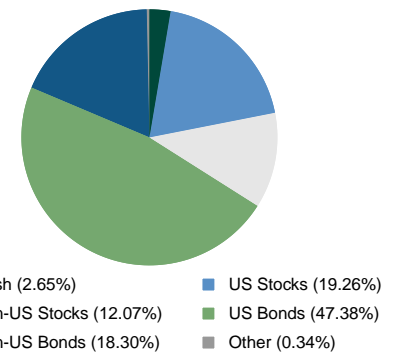
Sector Allocation vs. Category



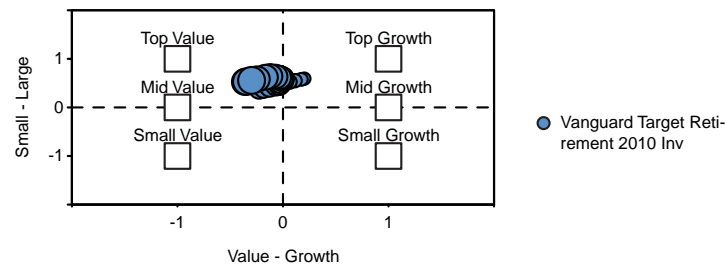
Calendar Year Performance

	2012	2013	2014	2015	2016
VTENX	10.12	9.10	5.93	-0.20	5.22
Cat Avg	10.30	9.64	4.56	-1.16	5.86
Index	7.79	6.70	6.92	0.35	4.06
Cat Rank	64	74	10	7	79

Asset Allocation



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Vanguard Target Retirement 2015 Inv - VTXVX

Monitoring Rating: Pass

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2015 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

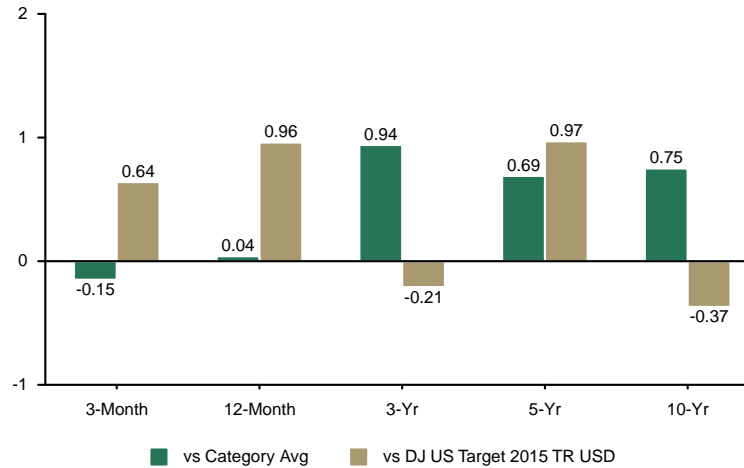
Statistics

Inception Date	10/27/2003
Manager Tenure	3.92
Assets(\$1000s)	\$16,972,116
Net Exp Ratio	0.14
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,499,140

Risk Characteristics

	VTXVX	Cat Avg
3 Yr Std Dev	5.49	5.75
5 Yr Std Dev	5.75	5.97
5 Yr Beta	1.42	1.44
5 Yr Alpha	-1.52	-2.27
5 Yr Sharpe	1.22	1.07
5 Yr Information Ratio	0.37	0.05
5 Yr Tracking Error	2.66	3.01
5 Yr Upside Capture	125.13	121.55
5 Yr Downside Capture	145.21	156.27
5 Yr Batting Avg	0.57	0.54

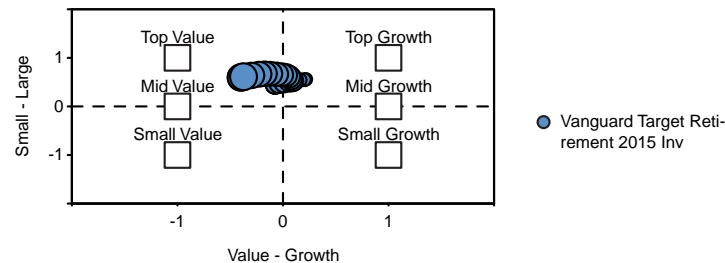
Excess Returns vs. Category/Index



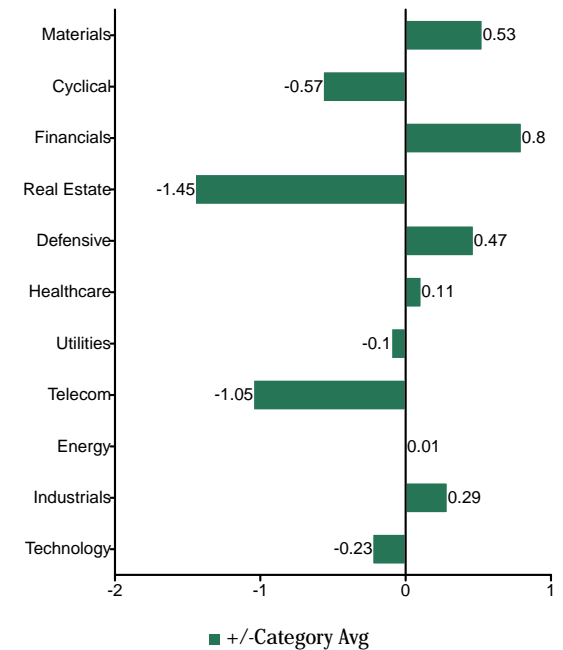
Calendar Year Performance

	2012	2013	2014	2015	2016
VTXVX	11.37	13.00	6.56	-0.46	6.16
Cat Avg	11.51	11.78	4.75	-1.35	6.12
Index	8.89	9.73	7.40	0.28	5.20
Cat Rank	51	36	4	9	57

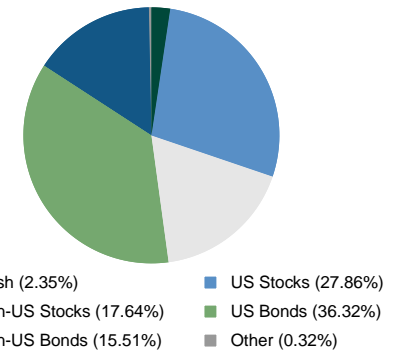
Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Sector Allocation vs. Category



Asset Allocation



Vanguard Target Retirement 2020 Inv - VTWNX

Monitoring Rating: Pass

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2020 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

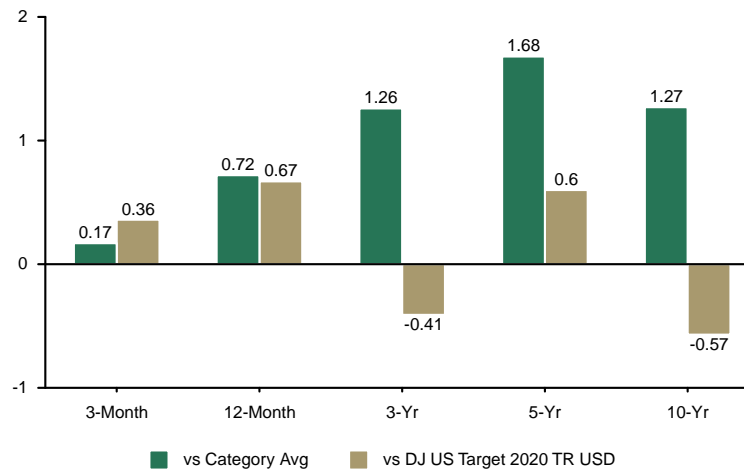
Statistics

Inception Date	06/07/2006
Manager Tenure	3.92
Assets(\$1000s)	\$27,772,020
Net Exp Ratio	0.14
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,492,430

Risk Characteristics

	VTWNX	Cat Avg
3 Yr Std Dev	6.53	6.00
5 Yr Std Dev	6.72	6.18
5 Yr Beta	1.36	1.23
5 Yr Alpha	-1.97	-2.60
5 Yr Sharpe	1.19	1.03
5 Yr Information Ratio	0.22	-0.50
5 Yr Tracking Error	2.67	2.56
5 Yr Upside Capture	118.82	102.53
5 Yr Downside Capture	140.70	135.37
5 Yr Batting Avg	0.55	0.46

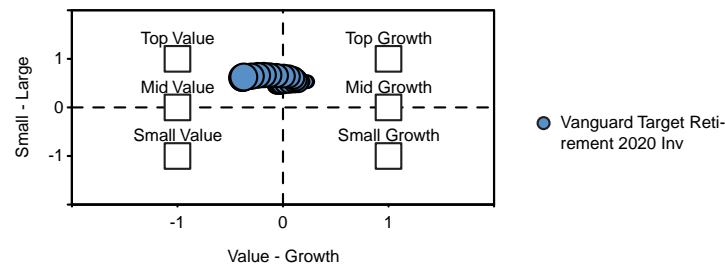
Excess Returns vs. Category/Index



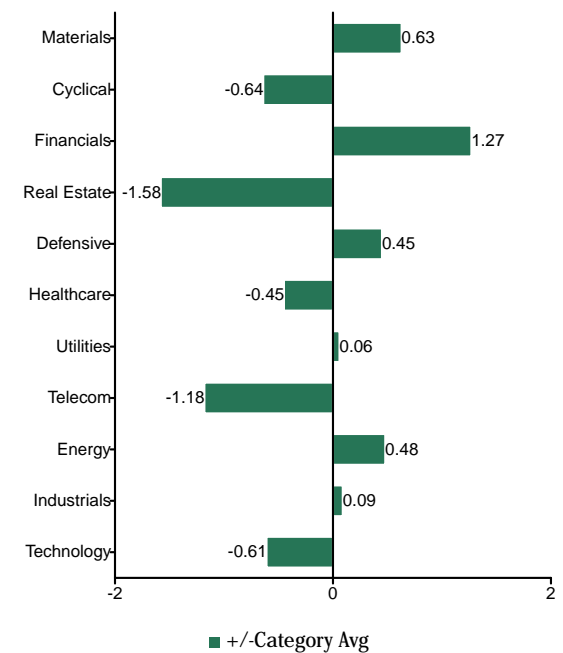
Calendar Year Performance

	2012	2013	2014	2015	2016
VTWNX	12.35	15.85	7.11	-0.68	6.95
Cat Avg	11.79	11.61	4.91	-1.46	6.23
Index	10.24	13.52	8.00	0.27	6.28
Cat Rank	37	20	1	25	29

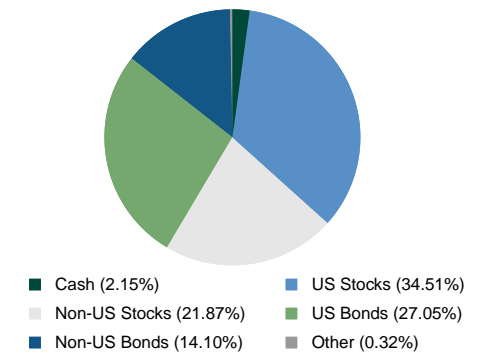
Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Sector Allocation vs. Category



Asset Allocation



Vanguard Target Retirement 2025 Inv - VTTVX

Monitoring Rating: Pass

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2025 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

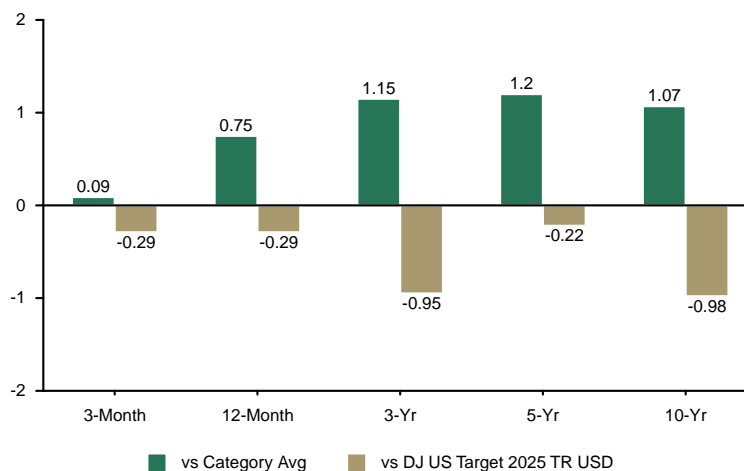
Statistics

Inception Date	10/27/2003
Manager Tenure	3.92
Assets(\$1000s)	\$32,158,744
Net Exp Ratio	0.15
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,533,330

Risk Characteristics

	VTTVX	Cat Avg
3 Yr Std Dev	7.33	7.13
5 Yr Std Dev	7.51	7.32
5 Yr Beta	1.22	1.17
5 Yr Alpha	-1.99	-2.72
5 Yr Sharpe	1.16	1.03
5 Yr Information Ratio	-0.09	-0.61
5 Yr Tracking Error	2.42	2.59
5 Yr Upside Capture	107.00	99.15
5 Yr Downside Capture	123.79	125.26
5 Yr Batting Avg	0.52	0.45

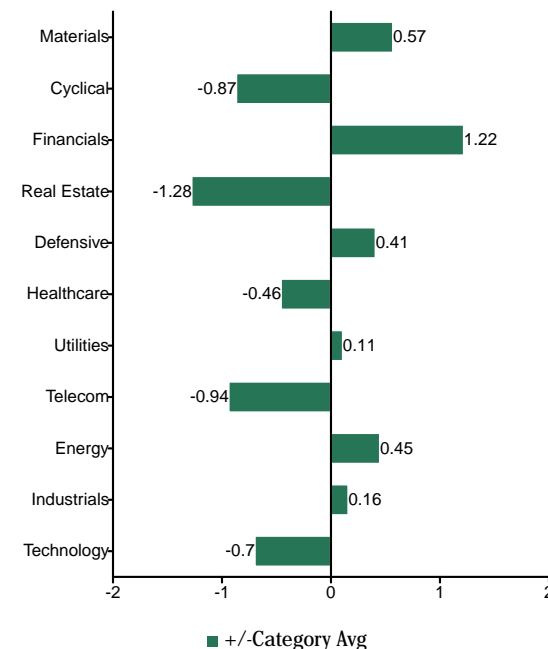
Excess Returns vs. Category/Index



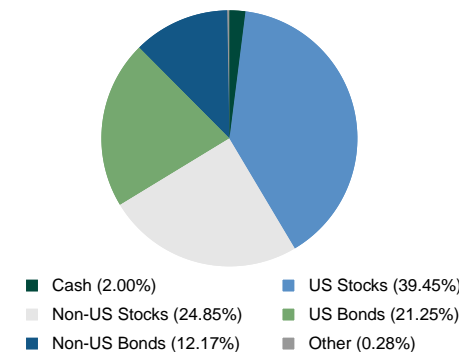
Calendar Year Performance

	2012	2013	2014	2015	2016
VTTVX	13.29	18.14	7.17	-0.85	7.48
Cat Avg	13.14	15.63	5.18	-1.46	6.73
Index	11.71	17.76	8.69	0.19	7.77
Cat Rank	43	25	4	27	24

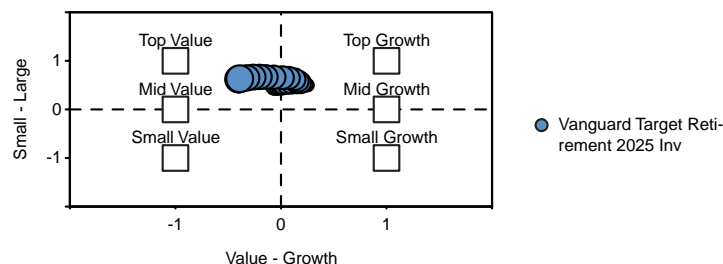
Sector Allocation vs. Category



Asset Allocation



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Vanguard Target Retirement 2030 Inv - VTHR

Monitoring Rating: Pass

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2030 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

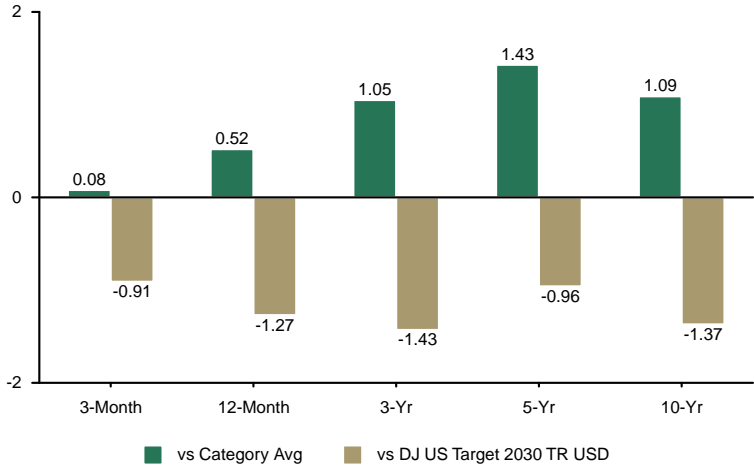
Statistics

Inception Date	06/07/2006
Manager Tenure	3.92
Assets(\$1000s)	\$25,676,233
Net Exp Ratio	0.15
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,589,620

Risk Characteristics

	VTHR	Cat Avg
3 Yr Std Dev	8.11	8.01
5 Yr Std Dev	8.29	8.09
5 Yr Beta	1.09	1.04
5 Yr Alpha	-1.76	-2.60
5 Yr Sharpe	1.13	0.98
5 Yr Information Ratio	-0.40	-0.86
5 Yr Tracking Error	2.38	2.79
5 Yr Upside Capture	97.64	89.72
5 Yr Downside Capture	108.21	109.36
5 Yr Batting Avg	0.47	0.43

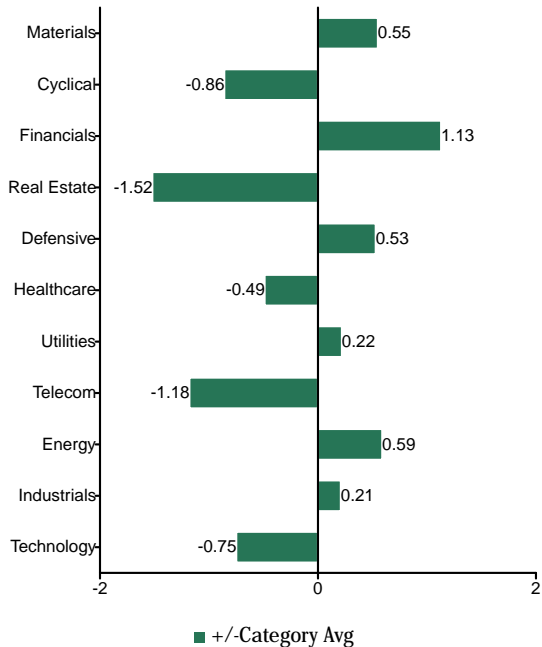
Excess Returns vs. Category/Index



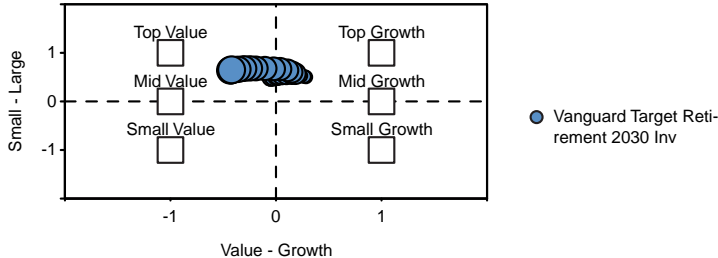
Calendar Year Performance

	2012	2013	2014	2015	2016
VTHR	14.24	20.49	7.17	-1.03	7.85
Cat Avg	13.79	16.83	5.26	-1.67	7.33
Index	13.12	22.04	9.35	-0.15	9.12
Cat Rank	40	27	6	33	32

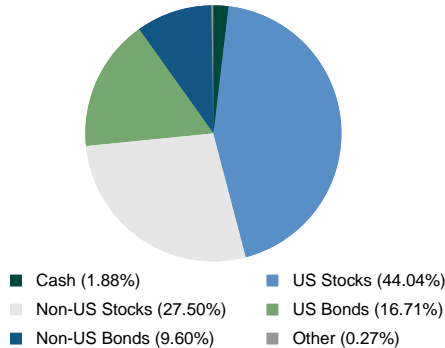
Sector Allocation vs. Category



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Asset Allocation



Vanguard Target Retirement 2035 Inv - VTTHX

Monitoring Rating: Pass

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2035 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

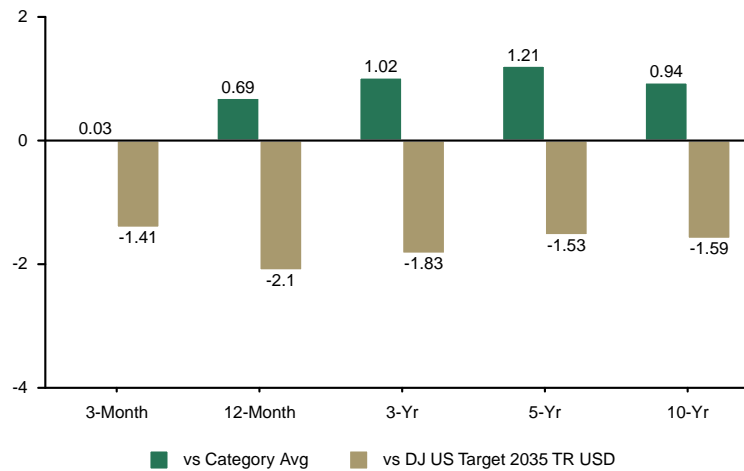
Statistics

Inception Date	10/27/2003
Manager Tenure	3.92
Assets(\$1000s)	\$25,029,499
Net Exp Ratio	0.15
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,570,480

Risk Characteristics

	VTTHX	Cat Avg
3 Yr Std Dev	8.96	8.96
5 Yr Std Dev	9.11	8.99
5 Yr Beta	1.03	1.01
5 Yr Alpha	-1.66	-2.57
5 Yr Sharpe	1.10	0.99
5 Yr Information Ratio	-0.60	-1.00
5 Yr Tracking Error	2.56	2.74
5 Yr Upside Capture	92.62	87.79
5 Yr Downside Capture	100.66	103.91
5 Yr Batting Avg	0.50	0.43

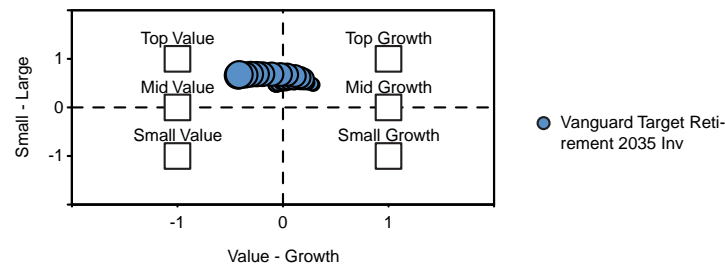
Excess Returns vs. Category/Index



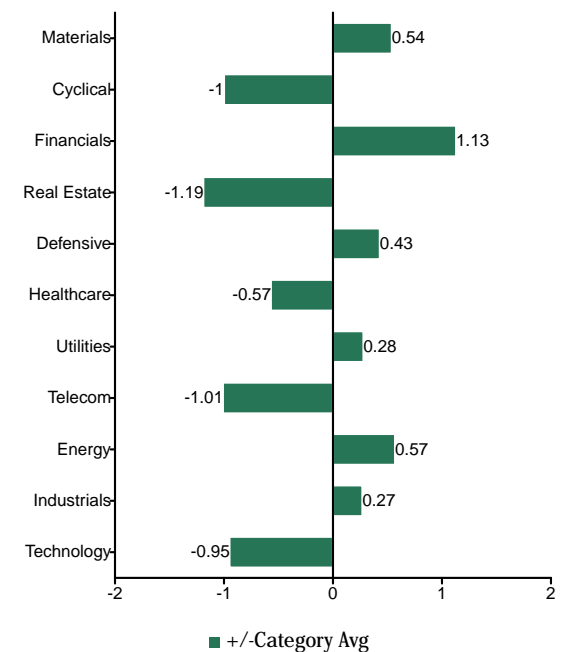
Calendar Year Performance

	2012	2013	2014	2015	2016
VTTHX	15.16	22.82	7.24	-1.26	8.26
Cat Avg	14.76	20.29	5.33	-1.62	7.57
Index	14.31	25.86	9.92	-0.45	10.36
Cat Rank	41	25	10	41	32

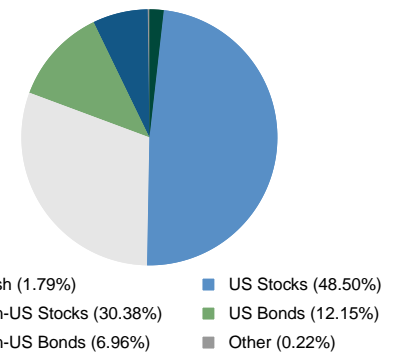
Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Sector Allocation vs. Category



Asset Allocation



Vanguard Target Retirement 2040 Inv - VFORX

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2040 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

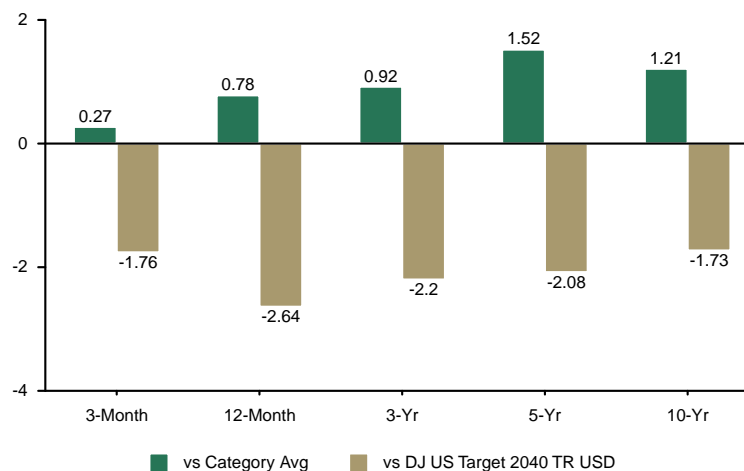
Statistics

Inception Date	06/07/2006
Manager Tenure	3.92
Assets(\$1000s)	\$17,954,769
Net Exp Ratio	0.16
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,543,320

Risk Characteristics

	VFORX	Cat Avg
3 Yr Std Dev	9.72	9.38
5 Yr Std Dev	9.73	9.38
5 Yr Beta	0.99	0.93
5 Yr Alpha	-1.68	-2.43
5 Yr Sharpe	1.07	0.95
5 Yr Information Ratio	-0.74	-1.13
5 Yr Tracking Error	2.80	3.19
5 Yr Upside Capture	89.04	81.99
5 Yr Downside Capture	96.39	96.27
5 Yr Batting Avg	0.45	0.43

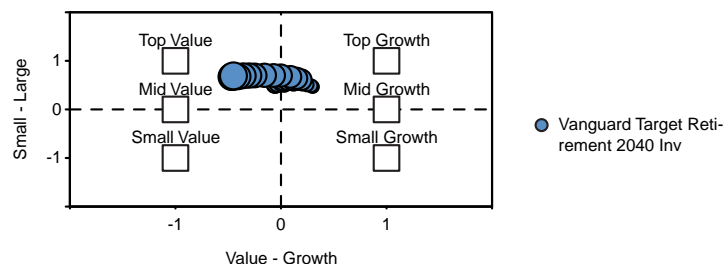
Excess Returns vs. Category/Index



Calendar Year Performance

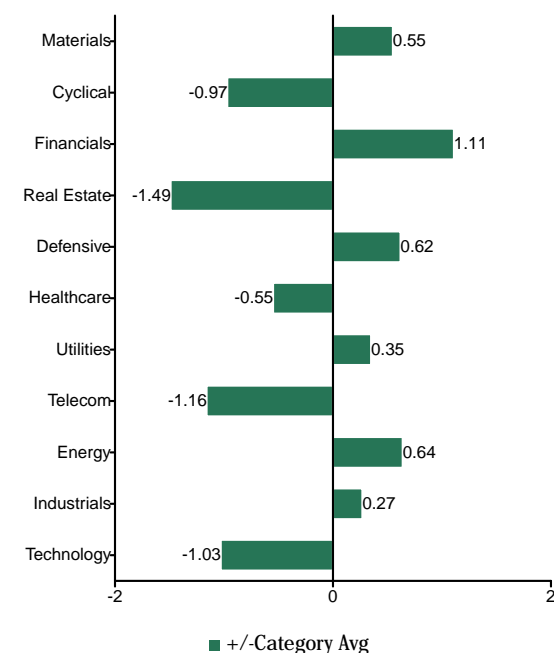
	2012	2013	2014	2015	2016
VFORX	15.56	24.37	7.15	-1.59	8.73
Cat Avg	14.86	20.07	5.48	-1.85	7.95
Index	15.15	28.75	10.35	-0.70	11.37
Cat Rank	35	18	13	47	27

Equity - 12 Month Moving Windows: Dec 2006 - Dec 2016

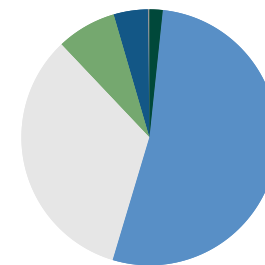


Monitoring Rating: Pass

Sector Allocation vs. Category



Asset Allocation



Cash (1.67%)	US Stocks (52.96%)
Non-US Stocks (33.31%)	US Bonds (7.55%)
Non-US Bonds (4.32%)	Other (0.19%)

Vanguard Target Retirement 2045 Inv - VTIVX

Monitoring Rating: Pass

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2045 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

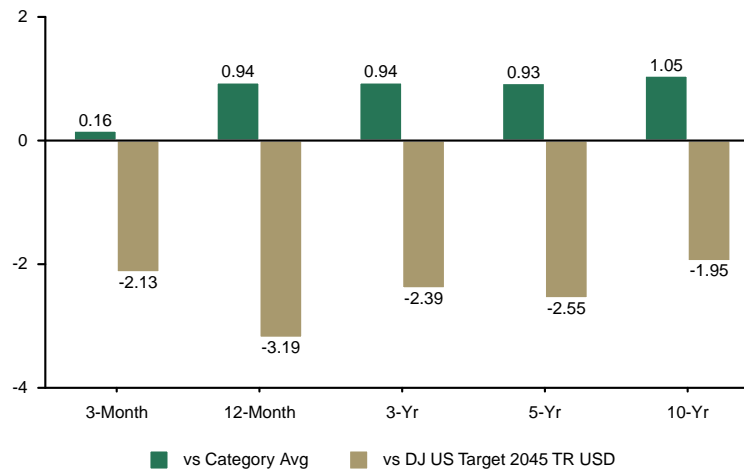
Statistics

Inception Date	10/27/2003
Manager Tenure	3.92
Assets(\$1000s)	\$16,482,783
Net Exp Ratio	0.16
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,533,620

Risk Characteristics

	VTIVX	Cat Avg
3 Yr Std Dev	9.78	9.81
5 Yr Std Dev	9.77	9.79
5 Yr Beta	0.93	0.93
5 Yr Alpha	-1.46	-2.33
5 Yr Sharpe	1.07	0.98
5 Yr Information Ratio	-0.87	-1.16
5 Yr Tracking Error	2.94	2.99
5 Yr Upside Capture	86.04	83.63
5 Yr Downside Capture	92.99	97.02
5 Yr Batting Avg	0.45	0.41

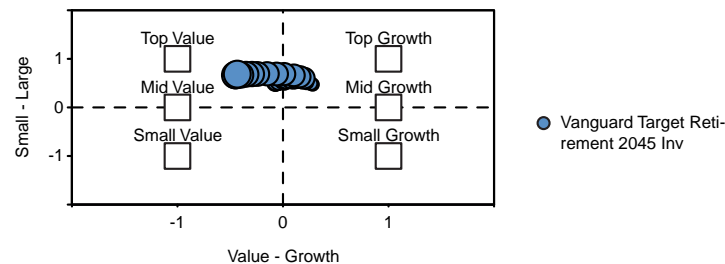
Excess Returns vs. Category/Index



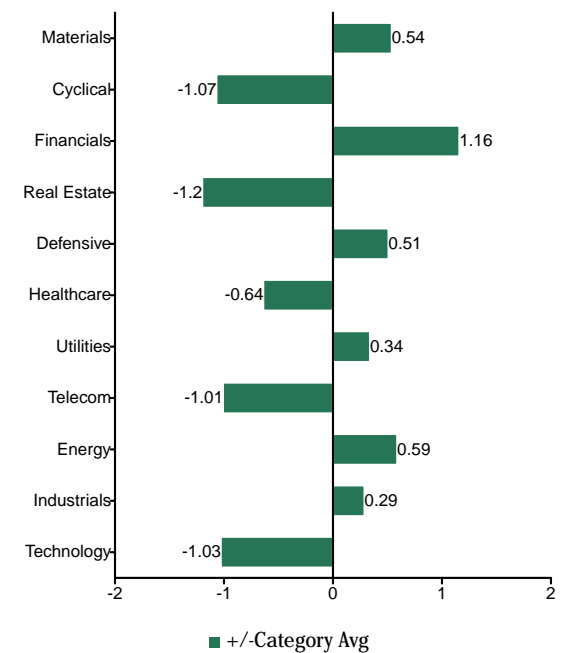
Calendar Year Performance

	2012	2013	2014	2015	2016
VTIVX	15.58	24.37	7.16	-1.57	8.87
Cat Avg	15.41	22.27	5.46	-1.69	7.93
Index	15.53	30.31	10.61	-0.87	12.06
Cat Rank	46	27	13	47	28

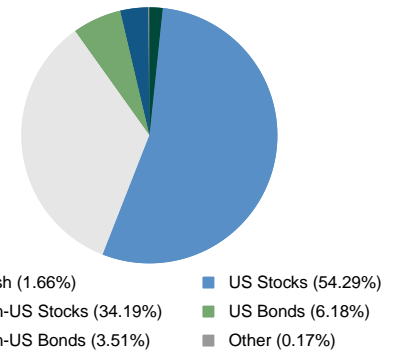
Equity - 12 Month Moving Windows: Dec 2006 - Dec 2016



Sector Allocation vs. Category



Asset Allocation



Vanguard Target Retirement 2050 Inv - VFIFX

Monitoring Rating: Pass

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2050 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

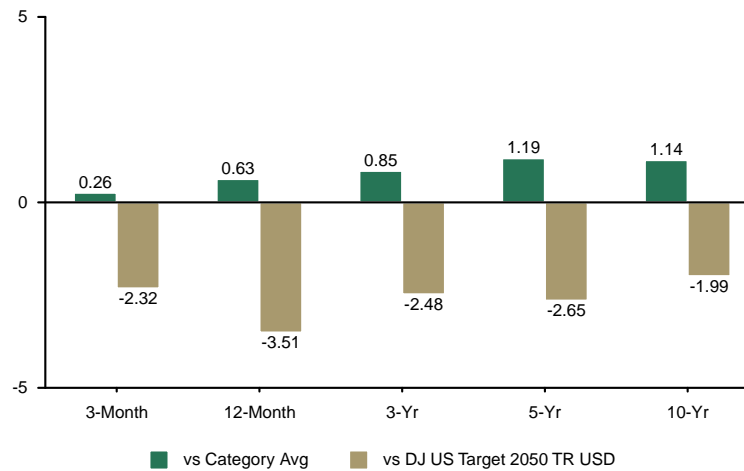
Statistics

Inception Date	06/07/2006
Manager Tenure	3.92
Assets(\$1000s)	\$10,165,188
Net Exp Ratio	0.16
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,525,600

Risk Characteristics

	VFIFX	Cat Avg
3 Yr Std Dev	9.77	9.82
5 Yr Std Dev	9.76	9.82
5 Yr Beta	0.92	1.40
5 Yr Alpha	-1.36	-0.92
5 Yr Sharpe	1.07	0.95
5 Yr Information Ratio	-0.88	0.53
5 Yr Tracking Error	3.03	3.82
5 Yr Upside Capture	85.09	133.47
5 Yr Downside Capture	91.54	142.94
5 Yr Batting Avg	0.45	0.59

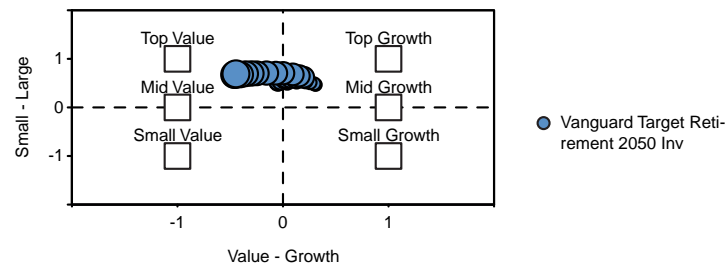
Excess Returns vs. Category/Index



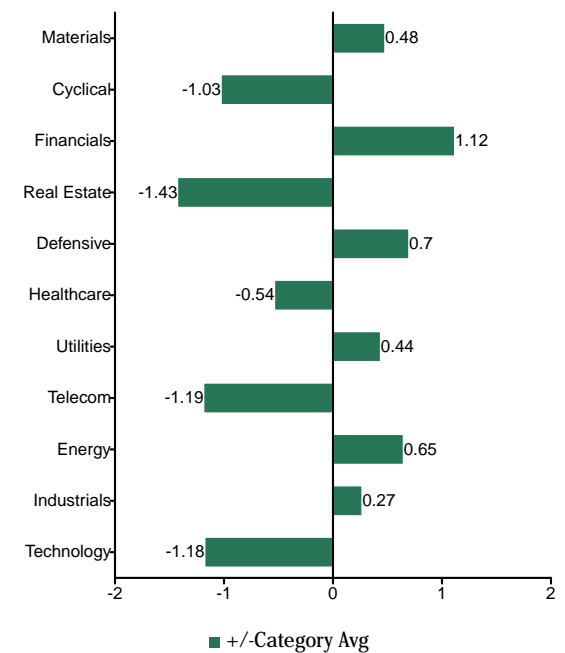
Calendar Year Performance

	2012	2013	2014	2015	2016
VFIFX	15.58	24.34	7.18	-1.58	8.85
Cat Avg	15.27	21.25	5.64	-1.88	8.22
Index	15.55	30.51	10.67	-0.92	12.36
Cat Rank	48	31	18	49	29

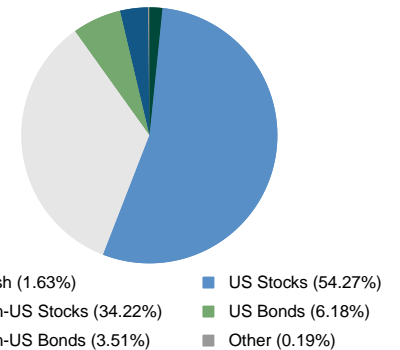
Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Sector Allocation vs. Category



Asset Allocation



Vanguard Target Retirement 2055 Inv - VFFVX

Monitoring Rating: Pass

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2055 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

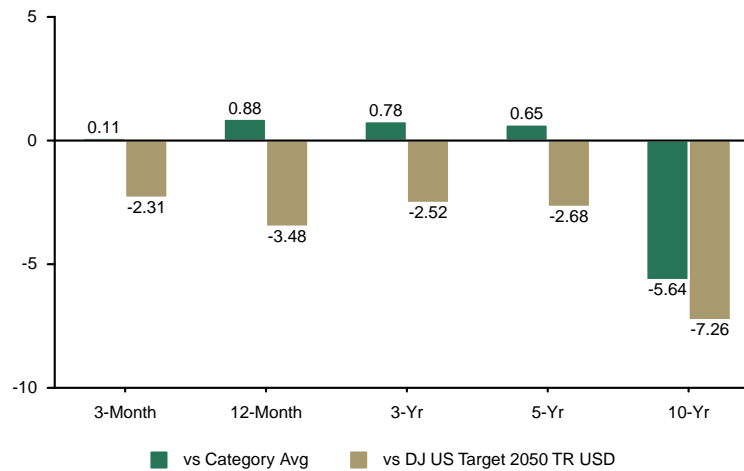
Statistics

Inception Date	08/18/2010
Manager Tenure	3.92
Assets(\$1000s)	\$3,751,602
Net Exp Ratio	0.16
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,472,840

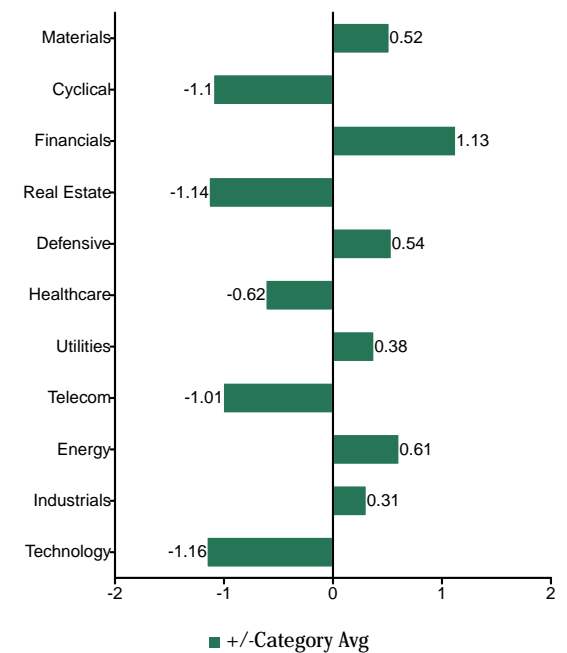
Risk Characteristics

	VFFVX	Cat Avg
3 Yr Std Dev	9.76	9.99
5 Yr Std Dev	9.75	9.97
5 Yr Beta	0.92	0.95
5 Yr Alpha	-1.37	-2.31
5 Yr Sharpe	1.06	0.98
5 Yr Information Ratio	-0.88	-1.09
5 Yr Tracking Error	3.03	2.97
5 Yr Upside Capture	84.94	85.35
5 Yr Downside Capture	91.45	98.45
5 Yr Batting Avg	0.45	0.42

Excess Returns vs. Category/Index



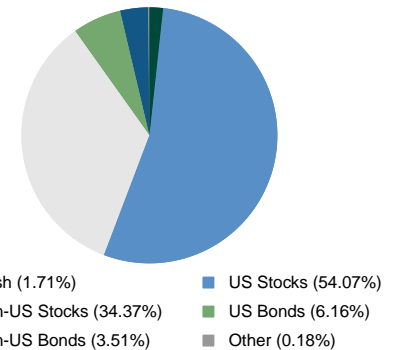
Sector Allocation vs. Category



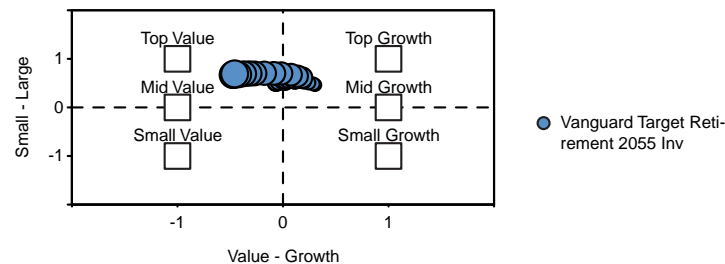
Calendar Year Performance

	2012	2013	2014	2015	2016
VFFVX	15.58	24.33	7.19	-1.72	8.88
Cat Avg	15.64	23.07	5.60	-1.68	8.00
Index	15.55	30.51	10.67	-0.92	12.36
Cat Rank	54	33	17	54	27

Asset Allocation



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Vanguard Target Retirement 2060 Inv - VTTSX

Monitoring Rating: Pass

Objective

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2060 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

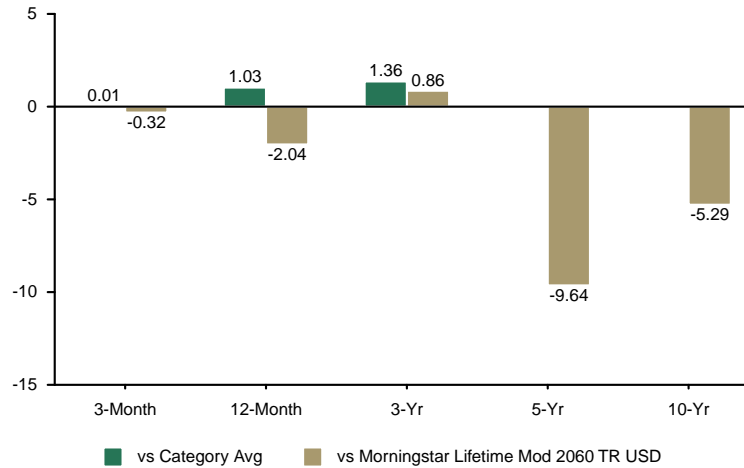
Statistics

Inception Date	01/19/2012
Manager Tenure	3.92
Assets(\$1000s)	\$1,272,285
Net Exp Ratio	0.16
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$31,469,550

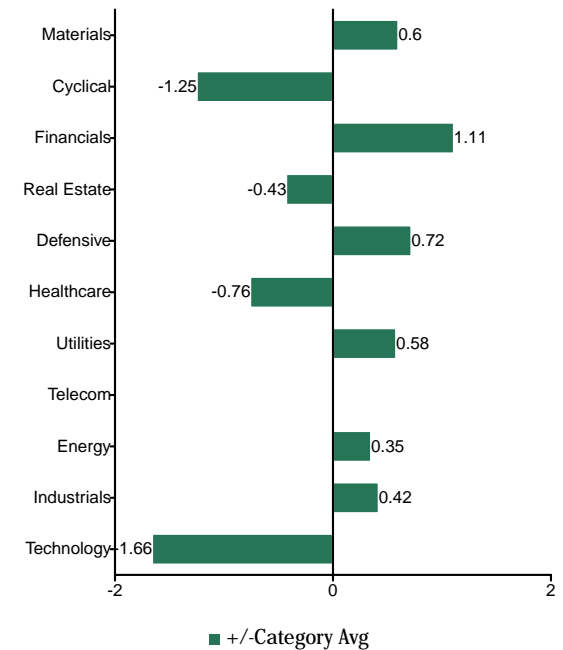
Risk Characteristics

	VTTSX	Cat Avg
3 Yr Std Dev	9.78	9.74
5 Yr Std Dev	-	-
5 Yr Beta	-	-
5 Yr Alpha	-	-
5 Yr Sharpe	-	-
5 Yr Information Ratio	-	-
5 Yr Tracking Error	-	-
5 Yr Upside Capture	-	-
5 Yr Downside Capture	-	-
5 Yr Batting Avg	-	-

Excess Returns vs. Category/Index



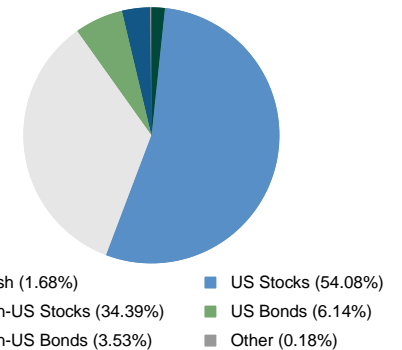
Sector Allocation vs. Category



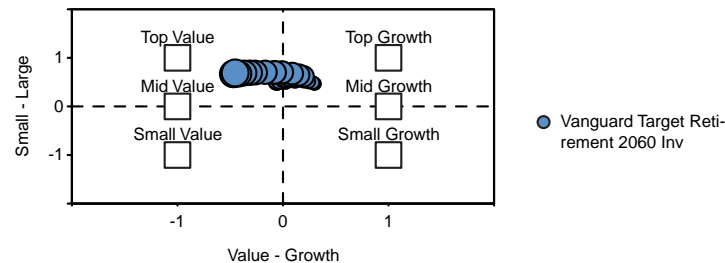
Calendar Year Performance

	2012	2013	2014	2015	2016
VTTSX	-	24.35	7.16	-1.68	8.84
Cat Avg	-	24.35	5.53	-1.12	7.81
Index	15.90	22.18	4.53	-3.48	10.88
Cat Rank	-	1	1	72	21

Asset Allocation



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



American Funds American Balanced R6 - RLBGX

Monitoring Rating: Pass

Objective

The investment seeks conservation of capital, current income and long-term growth of capital and income. The fund uses a balanced approach to invest in a broad range of securities, including common stocks and investment-grade bonds. It also invests in securities issued and guaranteed by the U.S. government and by federal agencies and instrumentalities. In addition, the fund may invest a portion of its assets in common stocks, most of which have a history of paying dividends, bonds and other securities of issuers domiciled outside the United States.

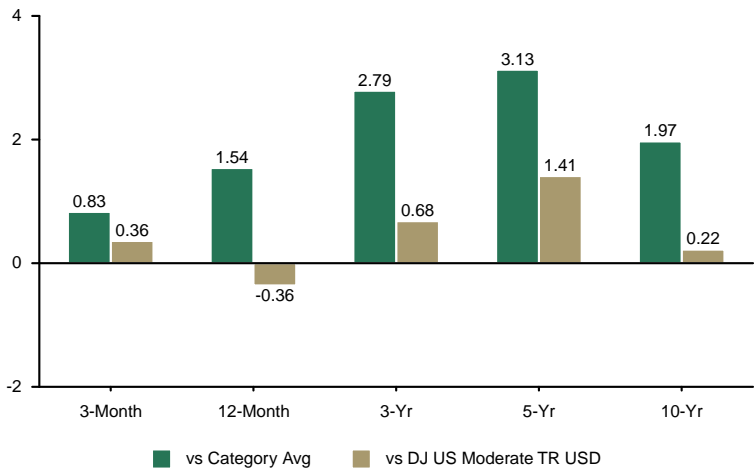
Statistics

Inception Date	05/01/2009
Manager Tenure	20.00
Assets(\$1000s)	\$101,238,164
Net Exp Ratio	0.29
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$105,190,640

Risk Characteristics

	RLBGX	Cat Avg
3 Yr Std Dev	7.05	7.25
5 Yr Std Dev	7.13	7.20
5 Yr Beta	0.98	1.01
5 Yr Alpha	1.54	0.49
5 Yr Sharpe	1.51	1.11
5 Yr Information Ratio	0.54	0.24
5 Yr Tracking Error	2.63	2.22
5 Yr Upside Capture	103.43	103.42
5 Yr Downside Capture	86.37	98.62
5 Yr Batting Avg	0.57	0.53

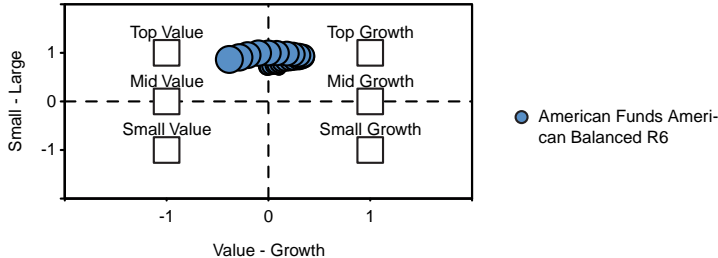
Excess Returns vs. Category/Index



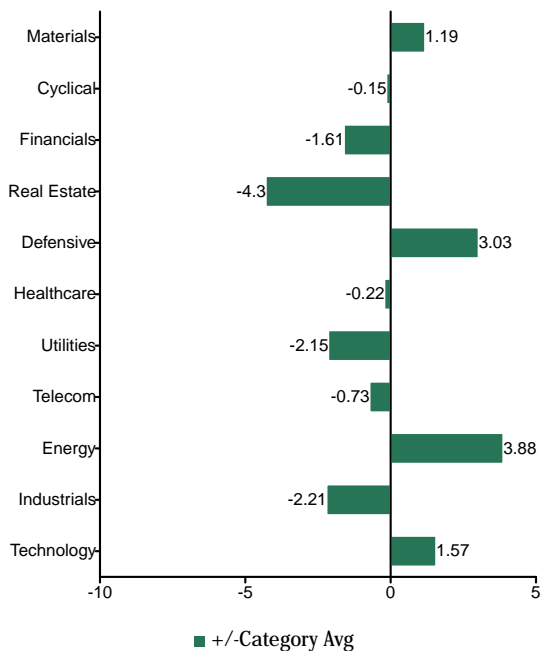
Calendar Year Performance

	2012	2013	2014	2015	2016
RLBGX	14.57	22.12	9.22	2.03	8.90
Cat Avg	11.99	16.93	6.35	-1.86	7.36
Index	11.92	19.56	9.08	-0.13	9.26
Cat Rank	7	8	17	3	20

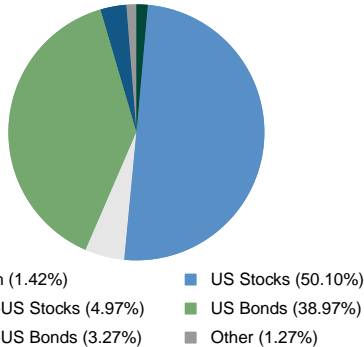
Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Sector Allocation vs. Category



Asset Allocation



T. Rowe Price Equity Income I - REIPX

Objective

The investment seeks a high level of dividend income and long-term capital growth primarily through investments in stocks. The fund will normally invest at least 80% of its net assets (including any borrowings for investment purposes) in common stocks, with an emphasis on large-capitalization stocks that have a strong track record of paying dividends or that are believed to be undervalued. The adviser generally seeks investments in large-capitalization companies and the fund's yield, which reflects the level of dividends paid by the fund, is expected to normally exceed the yield of the S&P 500 Stock Index.

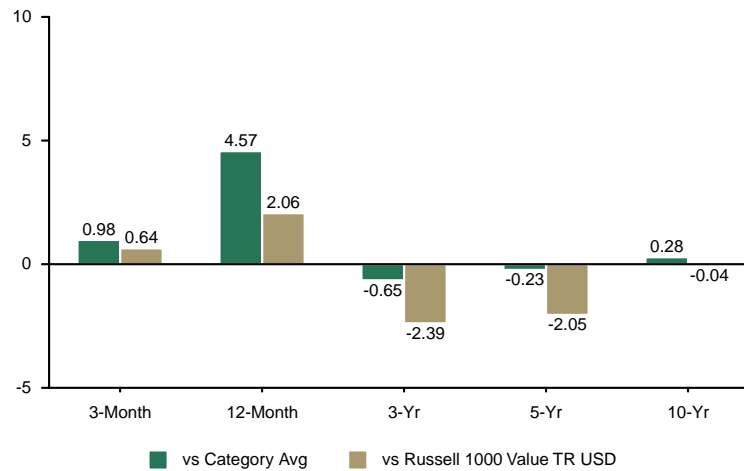
Statistics

Inception Date	12/17/2015
Manager Tenure	1.17
Assets(\$1000s)	\$22,690,518
Net Exp Ratio	0.58
12b-1 Fees	0.00
Average Mkt Cap(\$1000s)	\$52,036,630

Risk Characteristics

	REIPX	Cat Avg
3 Yr Std Dev	11.41	11.34
5 Yr Std Dev	10.65	10.99
5 Yr Beta	0.99	0.99
5 Yr Alpha	-1.65	-1.39
5 Yr Sharpe	1.17	1.17
5 Yr Information Ratio	-1.11	-0.62
5 Yr Tracking Error	1.84	3.29
5 Yr Upside Capture	92.34	93.65
5 Yr Downside Capture	100.70	101.83
5 Yr Batting Avg	0.38	0.43

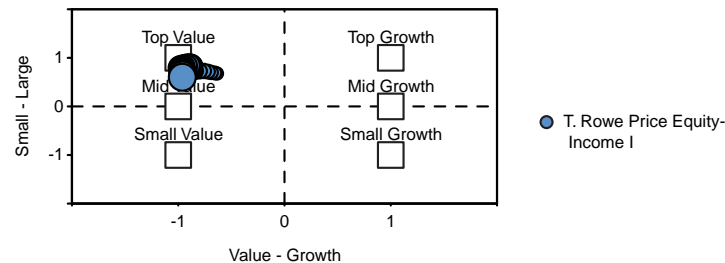
Excess Returns vs. Category/Index



Calendar Year Performance

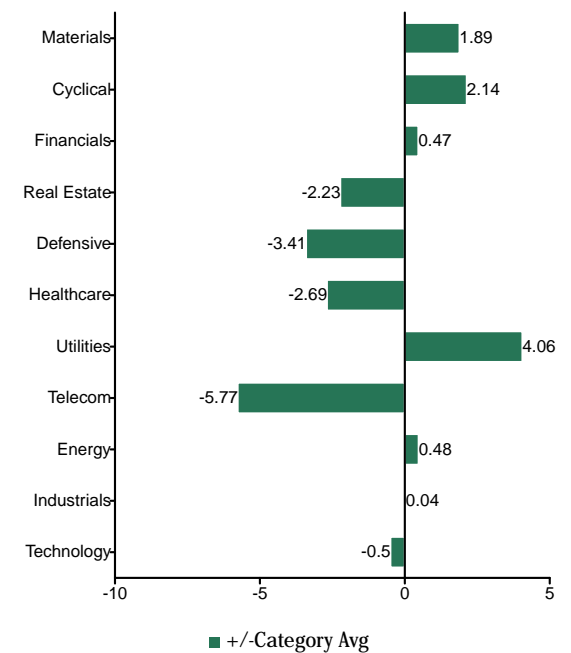
	2012	2013	2014	2015	2016
REIPX	17.25	29.75	7.49	-6.66	19.40
Cat Avg	14.78	31.66	10.66	-3.80	14.83
Index	17.51	32.53	13.45	-3.83	17.34
Cat Rank	24	73	90	85	11

Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016

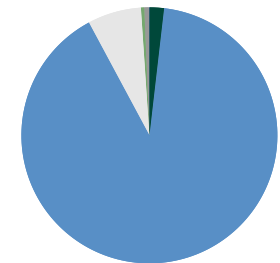


Monitoring Rating: Watch

Sector Allocation vs. Category



Asset Allocation



Cash (1.83%)	US Stocks (90.33%)
Non-US Stocks (6.78%)	US Bonds (0.41%)
Non-US Bonds (0.07%)	Other (0.58%)

Vanguard Value Index Adm - VVIAX

Objective

The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization value stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Large Cap Value Index, a broadly diversified index predominantly made up of value stocks of large U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

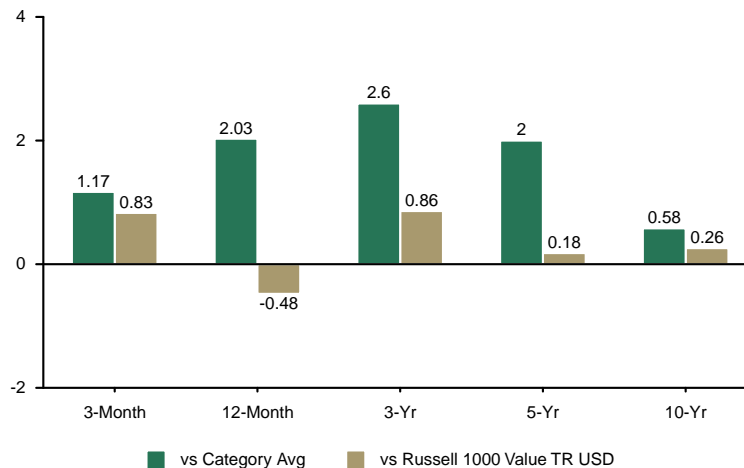
Statistics

Inception Date	11/13/2000
Manager Tenure	22.08
Assets(\$1000s)	\$50,821,374
Net Exp Ratio	0.08
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$77,351,500

Risk Characteristics

	VVIAX	Cat Avg
3 Yr Std Dev	10.50	11.34
5 Yr Std Dev	10.26	10.99
5 Yr Beta	0.96	0.99
5 Yr Alpha	0.69	-1.39
5 Yr Sharpe	1.41	1.17
5 Yr Information Ratio	0.14	-0.62
5 Yr Tracking Error	1.28	3.29
5 Yr Upside Capture	97.92	93.65
5 Yr Downside Capture	93.23	101.83
5 Yr Batting Avg	0.43	0.43

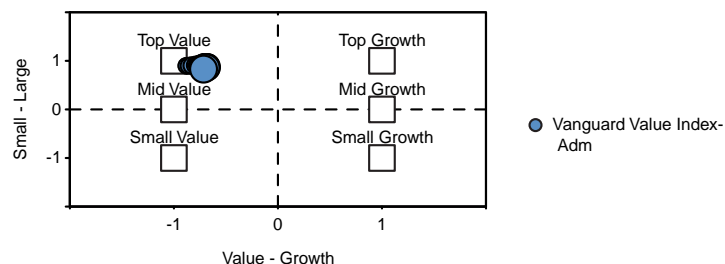
Excess Returns vs. Category/Index



Calendar Year Performance

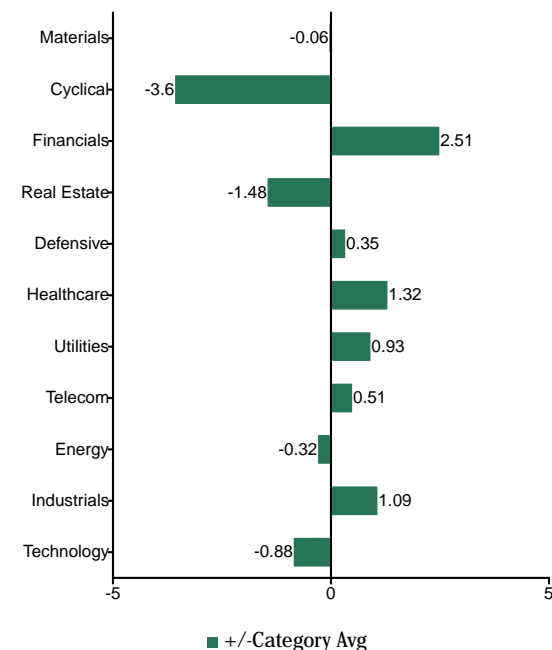
	2012	2013	2014	2015	2016
VVIAX	15.18	33.05	13.18	-0.86	16.86
Cat Avg	14.78	31.66	10.66	-3.80	14.83
Index	17.51	32.53	13.45	-3.83	17.34
Cat Rank	48	37	16	16	28

Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016

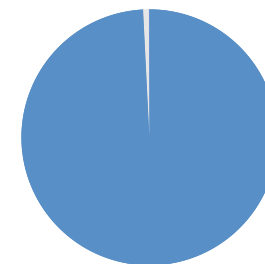


Monitoring Rating: Pass

Sector Allocation vs. Category



Asset Allocation



Cash (0.07%)	US Stocks (99.21%)
Non-US Stocks (0.71%)	US Bonds (0.01%)
Non-US Bonds (0.00%)	Other (0.00%)

Vanguard Windsor™ II Admiral™ - VWNAX

Monitoring Rating: Pass

Objective

The investment seeks to provide long-term capital appreciation and income. The fund invests mainly in large- and mid-capitalization companies whose stocks are considered by an advisor to be undervalued. Undervalued stocks are generally those that are out of favor with investors and that the advisor believes are trading at prices that are below average in relation to measures such as earnings and book value. These stocks often have above-average dividend yields. It uses multiple investment advisors.

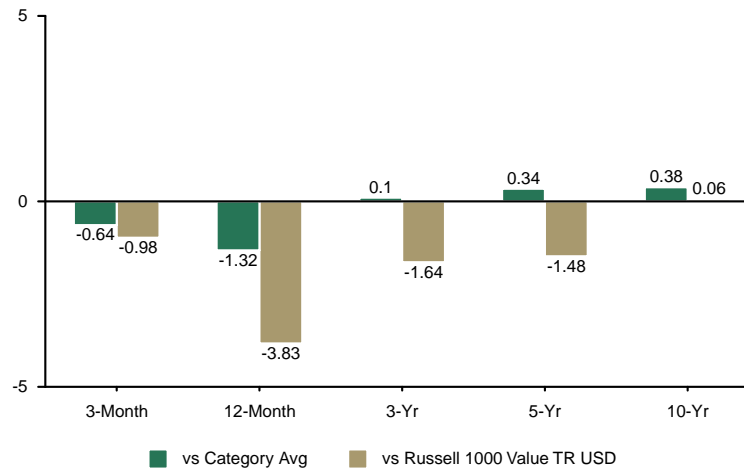
Statistics

Inception Date	05/14/2001
Manager Tenure	13.08
Assets(\$1000s)	\$46,954,363
Net Exp Ratio	0.26
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$66,393,950

Risk Characteristics

	VWNAX	Cat Avg
3 Yr Std Dev	11.18	11.34
5 Yr Std Dev	10.63	10.99
5 Yr Beta	0.99	0.99
5 Yr Alpha	-1.10	-1.39
5 Yr Sharpe	1.22	1.17
5 Yr Information Ratio	-0.75	-0.62
5 Yr Tracking Error	1.97	3.29
5 Yr Upside Capture	95.94	93.65
5 Yr Downside Capture	104.05	101.83
5 Yr Batting Avg	0.42	0.43

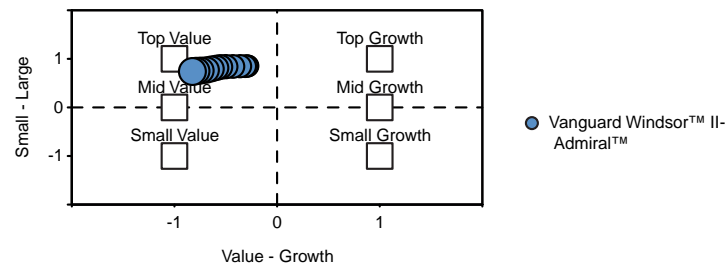
Excess Returns vs. Category/Index



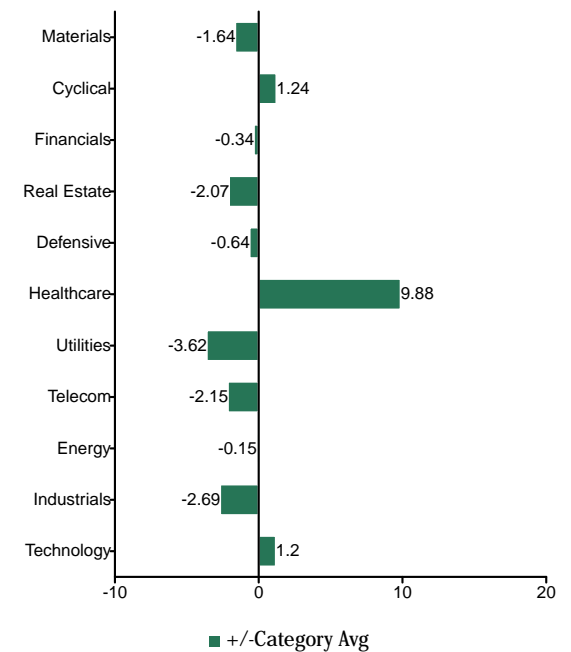
Calendar Year Performance

	2012	2013	2014	2015	2016
VWNAX	16.80	30.80	11.26	-3.14	13.51
Cat Avg	14.78	31.66	10.66	-3.80	14.83
Index	17.51	32.53	13.45	-3.83	17.34
Cat Rank	29	62	44	43	62

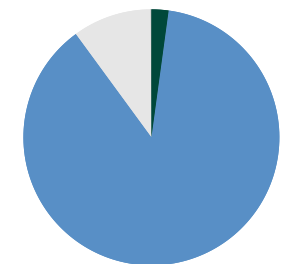
Equity - 12 Month Moving Windows: Dec 2006 - Dec 2016



Sector Allocation vs. Category



Asset Allocation



Cash (2.15%)	US Stocks (87.79%)
Non-US Stocks (9.95%)	US Bonds (0.00%)
Non-US Bonds (0.00%)	Other (0.11%)

Calvert US Large Cap Core Rspnb Idx I - CISIX

Monitoring Rating: Pass

Objective

The investment seeks to track the performance of the Calvert U.S. Large Cap Core Responsible Index, which measures the investment return of large-capitalization stocks. The fund normally invests at least 95% of its net assets, including borrowings for investment purposes, in securities contained in the index. It uses a replication index method. The index is composed of companies that operate their businesses in a manner that is consistent with Calvert's responsible investment principles and are selected from the universe of companies included in the S-Network U.S. Equity Large Cap 1000 Index.

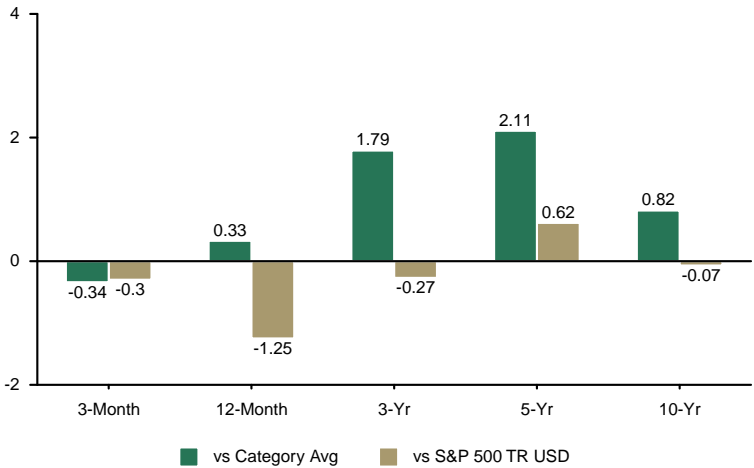
Statistics

Inception Date	06/30/2000
Manager Tenure	1.58
Assets(\$1000s)	\$867,994
Net Exp Ratio	0.19
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$54,966,940

Risk Characteristics

	CISIX	Cat Avg
3 Yr Std Dev	11.29	11.12
5 Yr Std Dev	11.00	10.88
5 Yr Beta	1.05	1.01
5 Yr Alpha	-0.03	-1.39
5 Yr Sharpe	1.34	1.19
5 Yr Information Ratio	0.32	-0.67
5 Yr Tracking Error	1.96	2.53
5 Yr Upside Capture	104.27	96.35
5 Yr Downside Capture	104.56	105.97
5 Yr Batting Avg	0.60	0.43

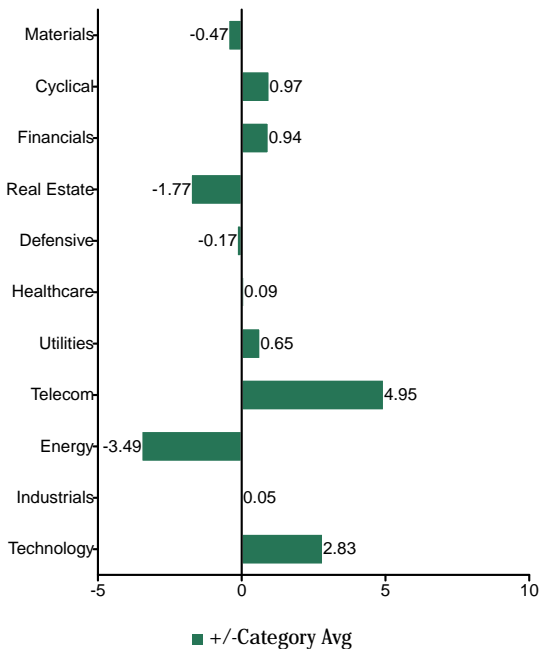
Excess Returns vs. Category/Index



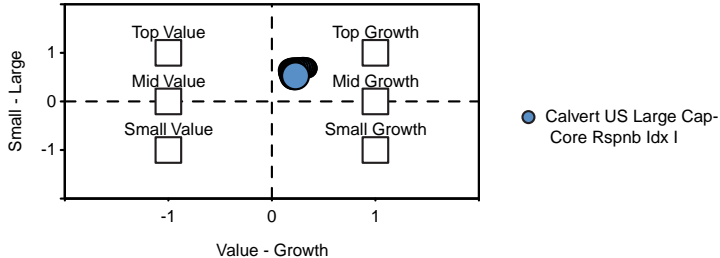
Calendar Year Performance

	2012	2013	2014	2015	2016
CISIX	17.71	35.04	14.41	1.14	10.71
Cat Avg	15.28	32.16	11.38	-0.83	10.38
Index	16.00	32.39	13.69	1.38	11.96
Cat Rank	15	20	11	25	49

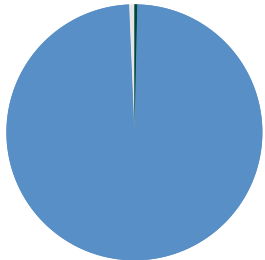
Sector Allocation vs. Category



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Asset Allocation



Cash (0.35%)	US Stocks (98.98%)
Non-US Stocks (0.67%)	US Bonds (0.00%)
Non-US Bonds (0.00%)	Other (0.00%)

Vanguard Institutional Index I - VINIX

Objective

The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

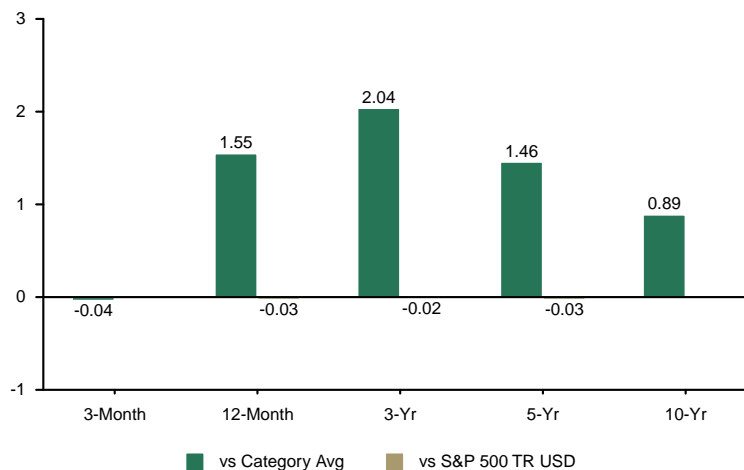
Statistics

Inception Date	07/31/1990
Manager Tenure	16.08
Assets(\$1000s)	\$211,495,628
Net Exp Ratio	0.04
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$78,275,410

Risk Characteristics

	VINIX	Cat Avg
3 Yr Std Dev	10.74	11.12
5 Yr Std Dev	10.36	10.88
5 Yr Beta	1.00	1.01
5 Yr Alpha	-0.02	-1.39
5 Yr Sharpe	1.36	1.19
5 Yr Information Ratio	-2.10	-0.67
5 Yr Tracking Error	0.01	2.53
5 Yr Upside Capture	99.93	96.35
5 Yr Downside Capture	100.09	105.97
5 Yr Batting Avg	0.28	0.43

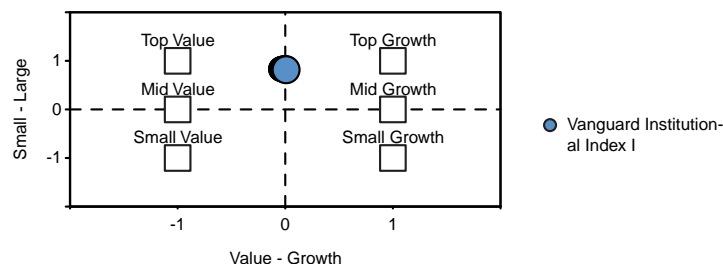
Excess Returns vs. Category/Index



Calendar Year Performance

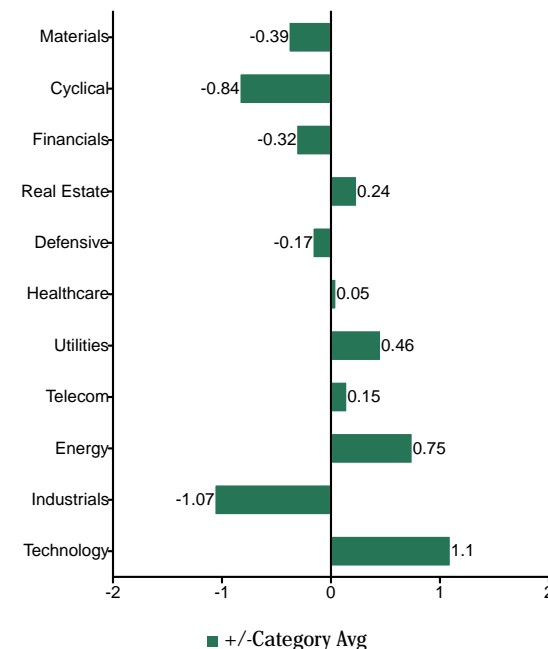
	2012	2013	2014	2015	2016
VINIX	15.98	32.35	13.65	1.37	11.93
Cat Avg	15.28	32.16	11.38	-0.83	10.38
Index	16.00	32.39	13.69	1.38	11.96
Cat Rank	40	45	17	20	27

Equity - 12 Month Moving Windows: Dec 2006 - Dec 2016

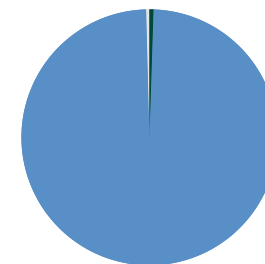


Monitoring Rating: Pass

Sector Allocation vs. Category



Asset Allocation



Cash (0.51%)	US Stocks (99.08%)
Non-US Stocks (0.40%)	US Bonds (0.01%)
Non-US Bonds (0.00%)	Other (0.00%)

American Funds Growth Fund of Amer R6 - RGAGX

Monitoring Rating: Pass

Objective

The investment seeks growth of capital. The fund invests primarily in common stocks and seeks to invest in companies that appear to offer superior opportunities for growth of capital. It may invest up to 25% of its assets in securities of issuers domiciled outside the United States. The investment adviser uses a system of multiple portfolio managers in managing the fund's assets. Under this approach, the portfolio of the fund is divided into segments managed by individual managers who decide how their respective segments will be invested.

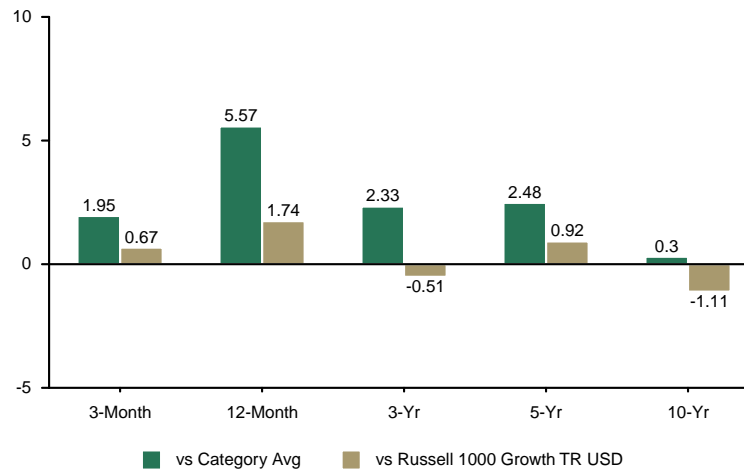
Statistics

Inception Date	05/01/2009
Manager Tenure	23.17
Assets(\$1000s)	\$146,037,895
Net Exp Ratio	0.33
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$65,779,540

Risk Characteristics

	RGAGX	Cat Avg
3 Yr Std Dev	11.33	12.13
5 Yr Std Dev	11.03	11.95
5 Yr Beta	0.98	1.04
5 Yr Alpha	1.16	-1.78
5 Yr Sharpe	1.35	1.08
5 Yr Information Ratio	0.32	-0.46
5 Yr Tracking Error	2.91	3.82
5 Yr Upside Capture	100.28	98.39
5 Yr Downside Capture	92.03	110.92
5 Yr Batting Avg	0.55	0.48

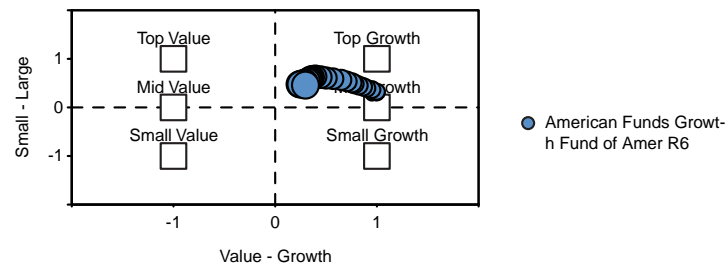
Excess Returns vs. Category/Index



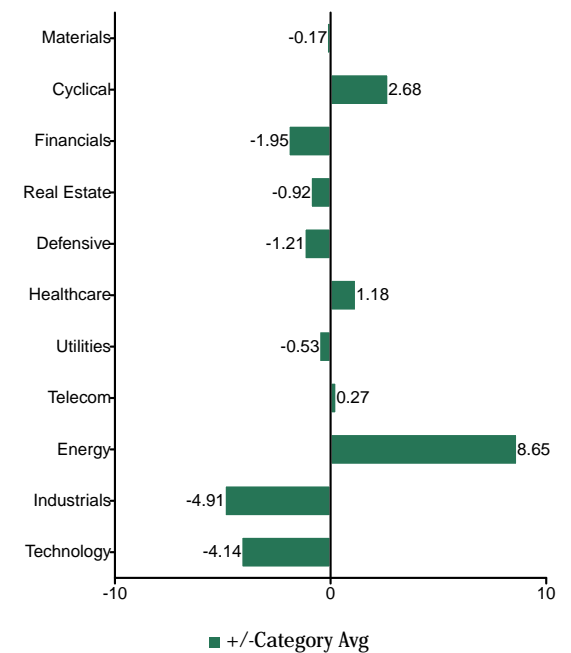
Calendar Year Performance

	2012	2013	2014	2015	2016
RGAGX	20.98	34.29	9.63	5.70	8.82
Cat Avg	15.72	34.60	10.38	3.92	3.25
Index	15.26	33.48	13.05	5.67	7.08
Cat Rank	7	50	60	37	10

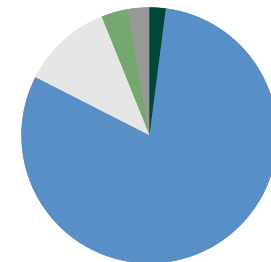
Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Sector Allocation vs. Category



Asset Allocation



Cash (2.04%)	US Stocks (80.46%)
Non-US Stocks (11.40%)	US Bonds (3.44%)
Non-US Bonds (0.00%)	Other (2.66%)

T. Rowe Price Growth Stock I - PRUFX

Objective

The investment seeks long-term capital growth through investments in stocks. The fund will normally invest at least 80% of its net assets (including any borrowings for investment purposes) in the common stocks of a diversified group of growth companies. While most assets will typically be invested in U.S. common stocks, the fund may invest in foreign stocks in keeping with the fund's objectives.

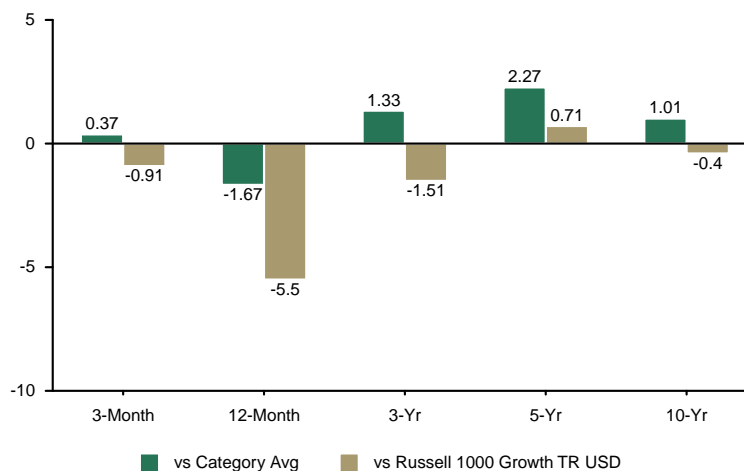
Statistics

Inception Date	08/28/2015
Manager Tenure	3.00
Assets(\$1000s)	\$44,737,583
Net Exp Ratio	0.52
12b-1 Fees	0.00
Average Mkt Cap(\$1000s)	\$82,410,870

Risk Characteristics

	PRUFX	Cat Avg
3 Yr Std Dev	12.87	12.13
5 Yr Std Dev	12.50	11.95
5 Yr Beta	1.09	1.04
5 Yr Alpha	-0.41	-1.78
5 Yr Sharpe	1.19	1.08
5 Yr Information Ratio	0.17	-0.46
5 Yr Tracking Error	4.13	3.82
5 Yr Upside Capture	106.33	98.39
5 Yr Downside Capture	108.55	110.92
5 Yr Batting Avg	0.60	0.48

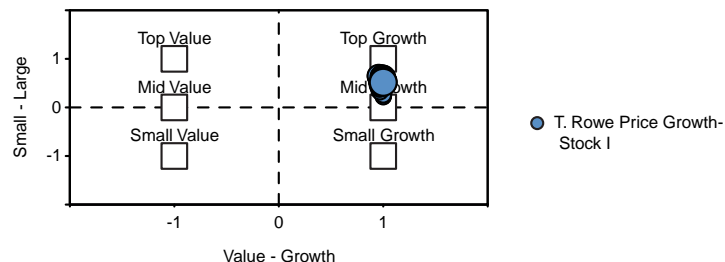
Excess Returns vs. Category/Index



Calendar Year Performance

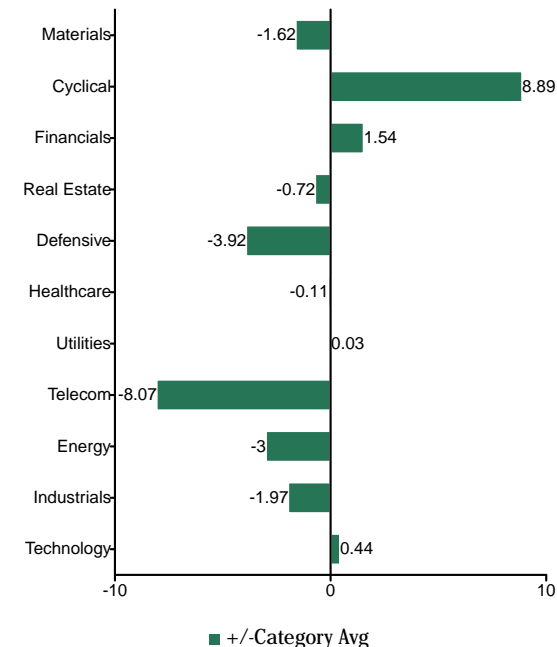
	2012	2013	2014	2015	2016
PRUFX	18.92	39.20	8.83	10.93	1.58
Cat Avg	15.72	34.60	10.38	3.92	3.25
Index	15.26	33.48	13.05	5.67	7.08
Cat Rank	16	14	70	4	64

Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016

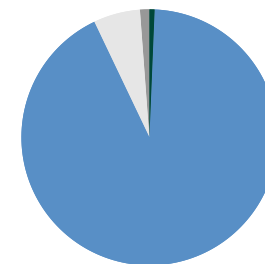


Monitoring Rating: Pass

Sector Allocation vs. Category



Asset Allocation



Cash (0.65%)	US Stocks (92.26%)
Non-US Stocks (5.91%)	US Bonds (0.00%)
Non-US Bonds (0.00%)	Other (1.18%)

Vanguard Growth Index Adm - VIGAX

Objective

The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Large Cap Growth Index, a broadly diversified index predominantly made up of growth stocks of large U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

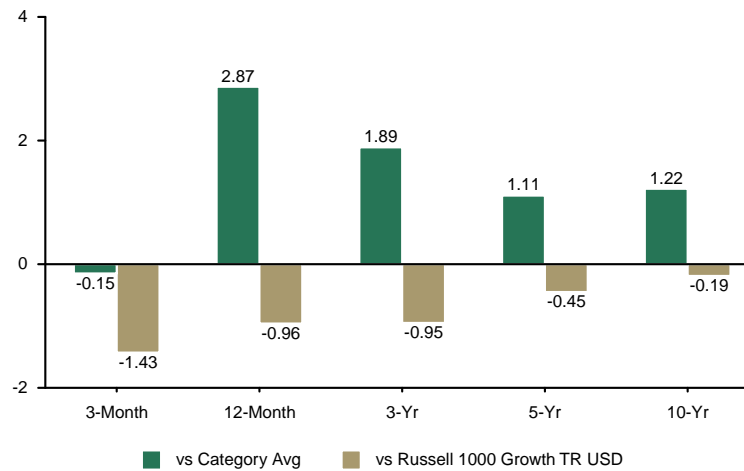
Statistics

Inception Date	11/13/2000
Manager Tenure	22.08
Assets(\$1000s)	\$54,328,435
Net Exp Ratio	0.08
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$67,003,300

Risk Characteristics

	VIGAX	Cat Avg
3 Yr Std Dev	11.85	12.13
5 Yr Std Dev	11.34	11.95
5 Yr Beta	1.04	1.04
5 Yr Alpha	-0.86	-1.78
5 Yr Sharpe	1.21	1.08
5 Yr Information Ratio	-0.38	-0.46
5 Yr Tracking Error	1.18	3.82
5 Yr Upside Capture	101.70	98.39
5 Yr Downside Capture	108.30	110.92
5 Yr Batting Avg	0.52	0.48

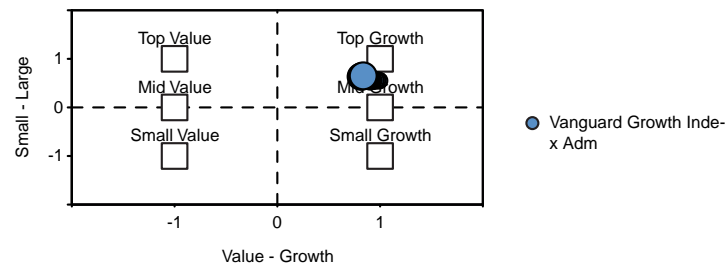
Excess Returns vs. Category/Index



Calendar Year Performance

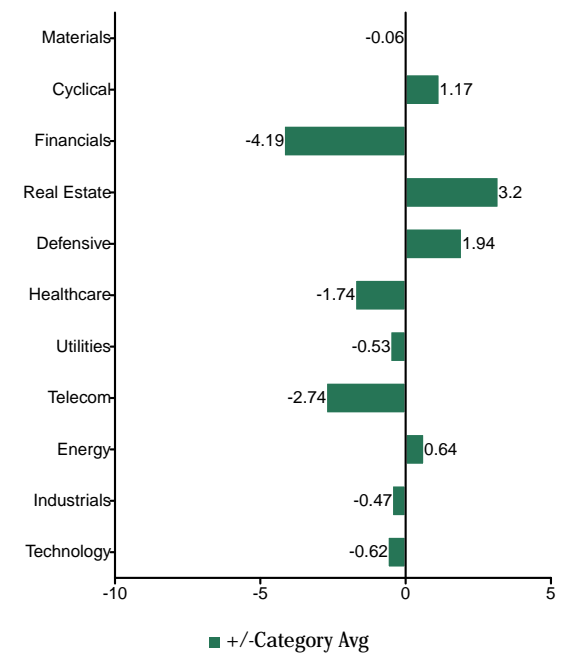
	2012	2013	2014	2015	2016
VIGAX	17.01	32.40	13.63	3.30	6.12
Cat Avg	15.72	34.60	10.38	3.92	3.25
Index	15.26	33.48	13.05	5.67	7.08
Cat Rank	34	69	17	57	28

Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016

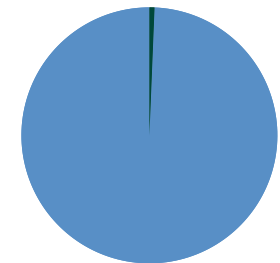


Monitoring Rating: Pass

Sector Allocation vs. Category



Asset Allocation



Cash (0.64%)	US Stocks (99.36%)
Non-US Stocks (0.00%)	US Bonds (0.00%)
Non-US Bonds (0.00%)	Other (0.00%)

Vanguard Selected Value Inv - VASVX

Objective

The investment seeks long-term capital appreciation and income. The fund invests mainly in the stocks of mid-size U.S. companies, choosing stocks considered by an advisor to be undervalued. Undervalued stocks are generally those that are out of favor with investors and are trading at prices that the advisor believes are below average in relation to measures such as earnings and book value. These stocks often have above-average dividend yields. It uses multiple investment advisors.

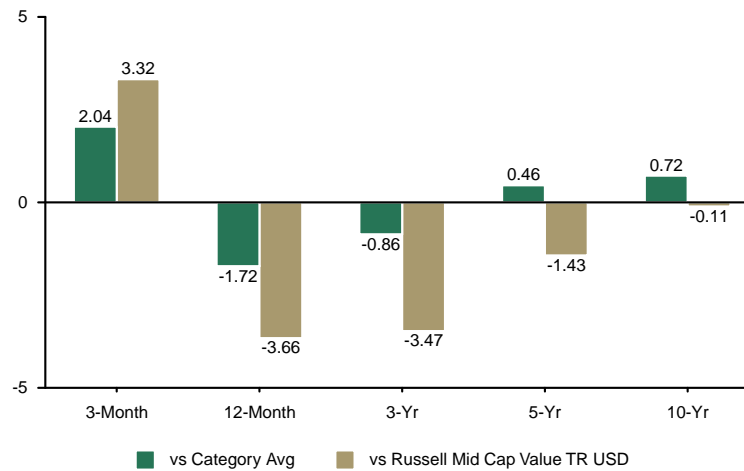
Statistics

Inception Date	02/15/1996
Manager Tenure	17.83
Assets(\$1000s)	\$9,615,976
Net Exp Ratio	0.39
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$9,549,000

Risk Characteristics

	VASVX	Cat Avg
3 Yr Std Dev	12.83	12.47
5 Yr Std Dev	11.68	11.99
5 Yr Beta	0.99	1.03
5 Yr Alpha	-1.02	-2.05
5 Yr Sharpe	1.20	1.14
5 Yr Information Ratio	-0.34	-0.56
5 Yr Tracking Error	4.18	3.72
5 Yr Upside Capture	97.05	96.60
5 Yr Downside Capture	106.04	109.39
5 Yr Batting Avg	0.55	0.43

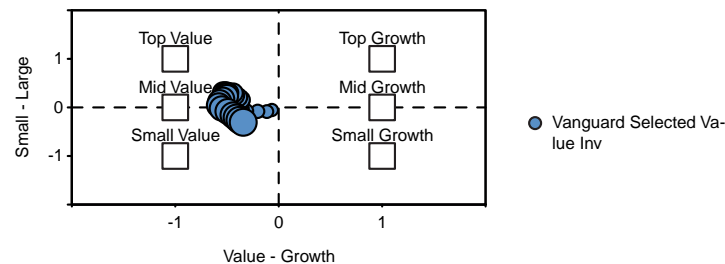
Excess Returns vs. Category/Index



Calendar Year Performance

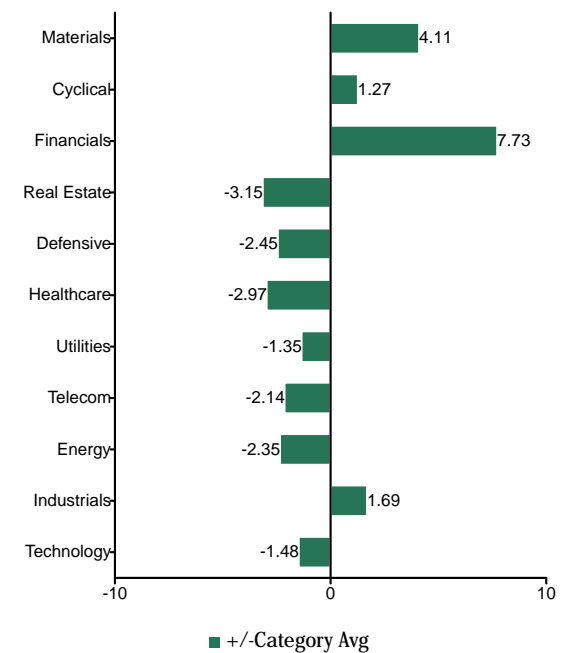
	2012	2013	2014	2015	2016
VASVX	15.25	42.04	6.36	-3.80	16.34
Cat Avg	16.38	34.75	9.73	-5.50	18.06
Index	18.51	33.46	14.75	-4.78	20.00
Cat Rank	71	5	84	33	63

Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016

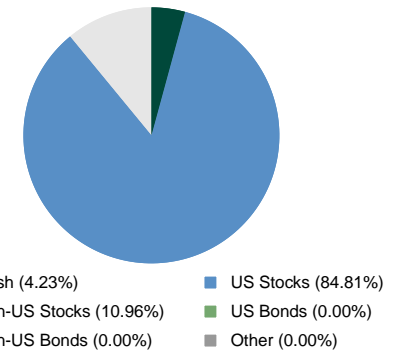


Monitoring Rating: Pass

Sector Allocation vs. Category



Asset Allocation



Vanguard Mid Cap Index Adm - VIMAX

Monitoring Rating: Pass

Objective

The investment seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Index, a broadly diversified index of stocks of mid-size U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

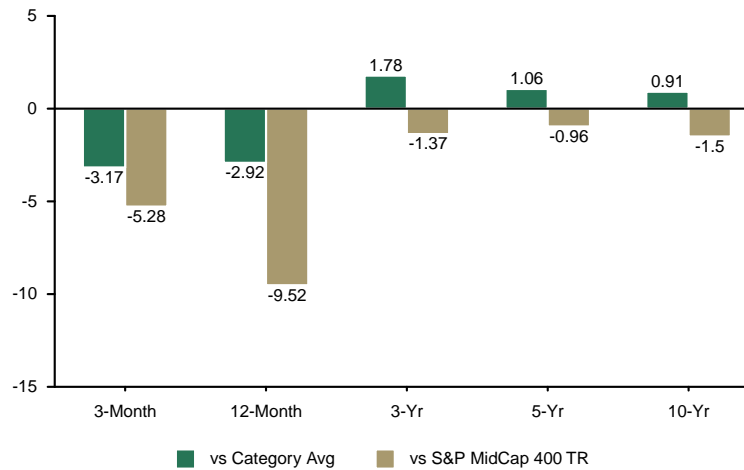
Statistics

Inception Date	11/12/2001
Manager Tenure	18.67
Assets(\$1000s)	\$76,489,779
Net Exp Ratio	0.08
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$11,906,310

Risk Characteristics

	VIMAX	Cat Avg
3 Yr Std Dev	11.79	12.43
5 Yr Std Dev	11.44	12.03
5 Yr Beta	0.92	1.00
5 Yr Alpha	0.24	-1.18
5 Yr Sharpe	1.23	1.10
5 Yr Information Ratio	-0.31	-0.44
5 Yr Tracking Error	3.05	4.04
5 Yr Upside Capture	93.04	96.46
5 Yr Downside Capture	91.87	104.43
5 Yr Batting Avg	0.40	0.46

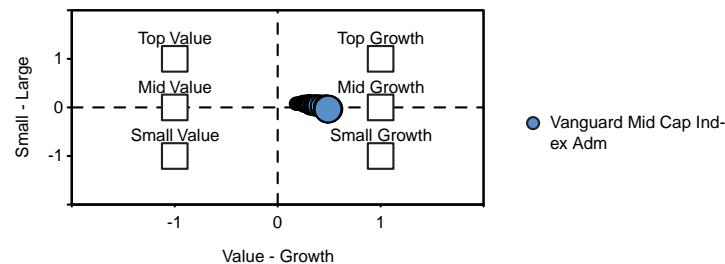
Excess Returns vs. Category/Index



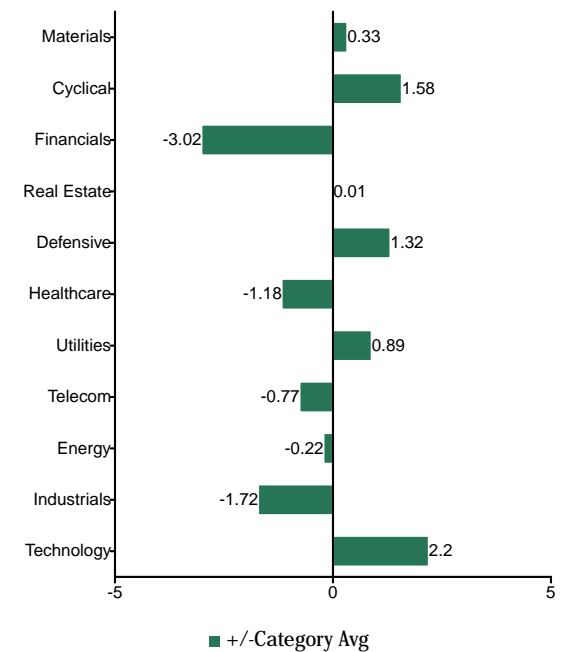
Calendar Year Performance

	2012	2013	2014	2015	2016
VIMAX	15.99	35.15	13.76	-1.34	11.22
Cat Avg	16.82	34.69	8.81	-4.16	14.14
Index	17.88	33.50	9.77	-2.18	20.74
Cat Rank	64	41	11	20	74

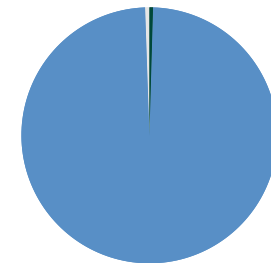
Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Sector Allocation vs. Category



Asset Allocation



Cash (0.45%)	US Stocks (99.01%)
Non-US Stocks (0.54%)	US Bonds (0.00%)
Non-US Bonds (0.00%)	Other (0.00%)

Vanguard Mid Cap Growth Inv - VMGRX

Monitoring Rating: Pass

Objective

The investment seeks to provide long-term capital appreciation. The fund invests at least 80% of its assets in common stocks of mid-size companies. In selecting investments, each advisor invests in those mid-size companies that the adviser believes have the best prospects for future growth. The fund uses multiple investment advisors.

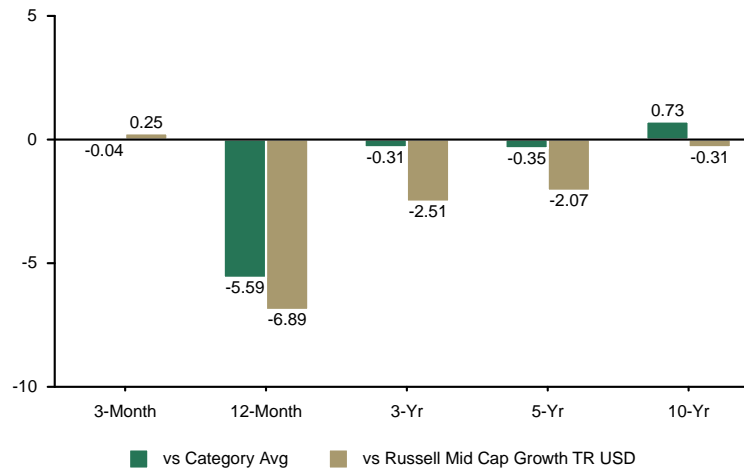
Statistics

Inception Date	12/31/1997
Manager Tenure	10.58
Assets(\$1000s)	\$4,050,477
Net Exp Ratio	0.43
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$9,418,560

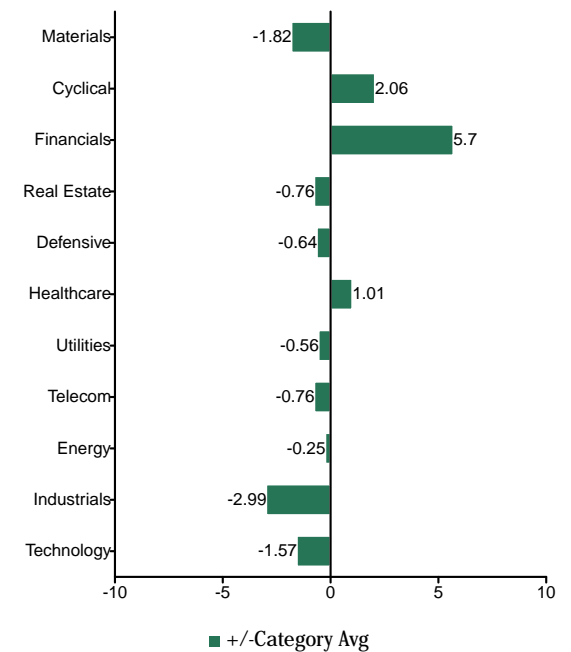
Risk Characteristics

	VMGRX	Cat Avg
3 Yr Std Dev	12.76	13.30
5 Yr Std Dev	12.40	12.77
5 Yr Beta	1.01	1.01
5 Yr Alpha	-1.95	-1.51
5 Yr Sharpe	0.93	0.94
5 Yr Information Ratio	-0.72	-0.47
5 Yr Tracking Error	2.85	4.19
5 Yr Upside Capture	98.39	96.86
5 Yr Downside Capture	113.47	107.53
5 Yr Batting Avg	0.47	0.47

Excess Returns vs. Category/Index



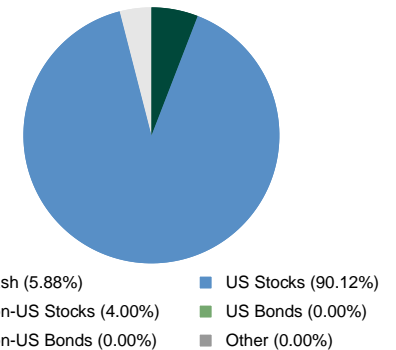
Sector Allocation vs. Category



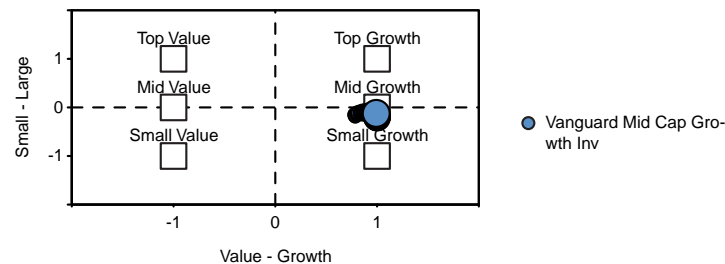
Calendar Year Performance

	2012	2013	2014	2015	2016
VMGRX	14.84	34.15	10.86	0.21	0.44
Cat Avg	14.49	35.36	7.19	-0.66	6.03
Index	15.81	35.74	11.90	-0.20	7.33
Cat Rank	49	63	22	44	90

Asset Allocation



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



American Beacon Small Cp Val Inst - AVFIX

Objective

The investment seeks long-term capital appreciation and current income. Under normal circumstances, at least 80% of the fund's net assets (plus the amount of any borrowings for investment purposes) are invested in equity securities of small market capitalization companies. These companies have market capitalizations of \$5 billion or less at the time of investment. The fund's investments may include common stocks, preferred stocks, securities convertible into common stocks, real estate investment trusts ('REITs'), American Depositary Receipts ('ADRs') and U.S. dollar-denominated foreign stocks traded on U.S. exchanges (collectively, 'stocks').

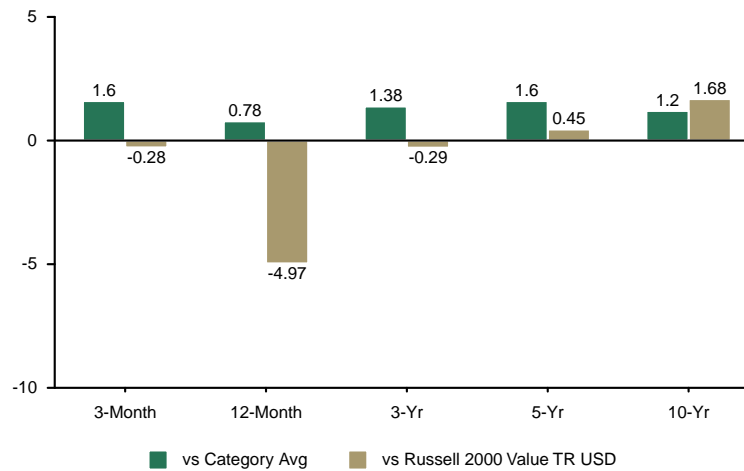
Statistics

Inception Date	12/31/1998
Manager Tenure	18.08
Assets(\$1000s)	\$6,947,631
Net Exp Ratio	0.82
12b-1 Fees	0.00
Average Mkt Cap(\$1000s)	\$1,978,650

Risk Characteristics

	AVFIX	Cat Avg
3 Yr Std Dev	15.30	15.13
5 Yr Std Dev	14.37	14.08
5 Yr Beta	0.99	0.94
5 Yr Alpha	0.54	-0.08
5 Yr Sharpe	1.07	1.00
5 Yr Information Ratio	0.16	-0.23
5 Yr Tracking Error	2.78	4.53
5 Yr Upside Capture	100.65	93.56
5 Yr Downside Capture	98.51	94.63
5 Yr Batting Avg	0.60	0.48

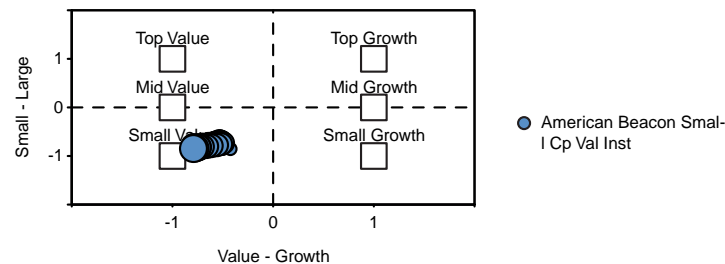
Excess Returns vs. Category/Index



Calendar Year Performance

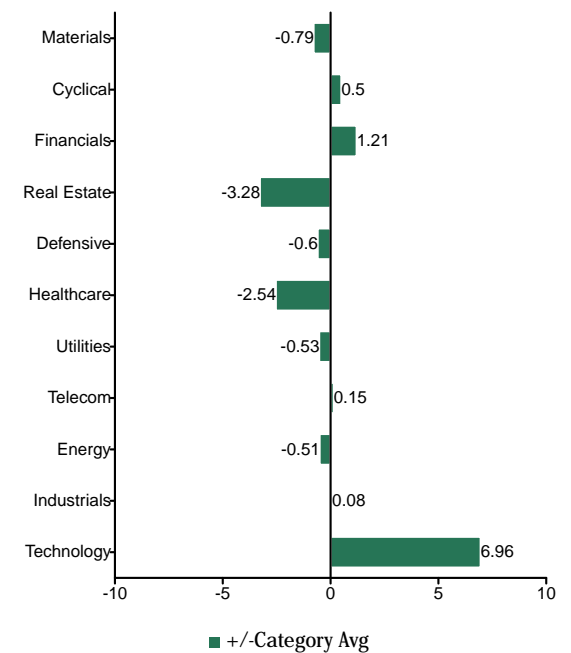
	2012	2013	2014	2015	2016
AVFIX	16.52	40.06	4.70	-5.04	26.77
Cat Avg	16.24	36.45	3.69	-6.68	25.99
Index	18.05	34.52	4.22	-7.47	31.74
Cat Rank	48	23	42	40	41

Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016

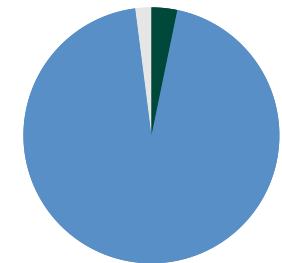


Monitoring Rating: Pass

Sector Allocation vs. Category



Asset Allocation



Cash (3.24%)	US Stocks (94.73%)
Non-US Stocks (2.03%)	US Bonds (0.00%)
Non-US Bonds (0.00%)	Other (0.00%)

Vanguard Small Cap Index Adm - VSMAX

Monitoring Rating: Pass

Objective

The investment seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Index, a broadly diversified index of stocks of small U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

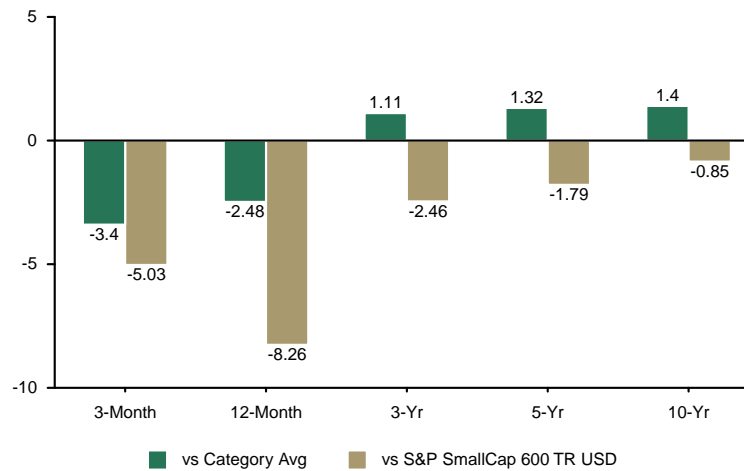
Statistics

Inception Date	11/13/2000
Manager Tenure	0.75
Assets(\$1000s)	\$69,441,629
Net Exp Ratio	0.08
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$3,232,140

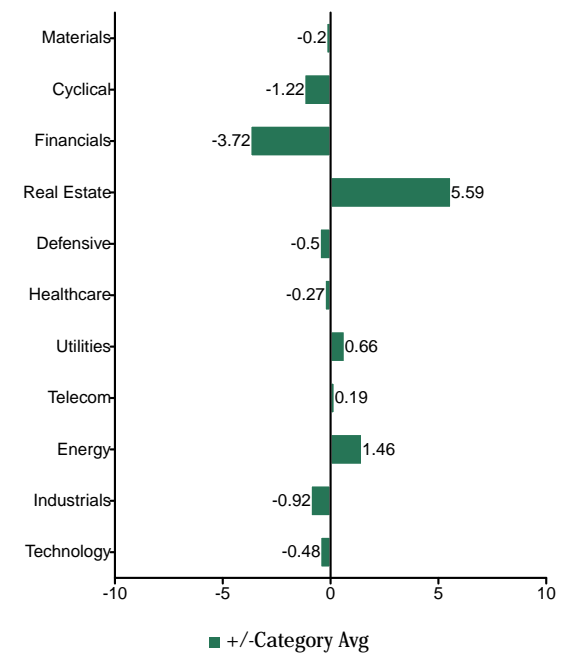
Risk Characteristics

	VSMAX	Cat Avg
3 Yr Std Dev	13.85	15.02
5 Yr Std Dev	13.06	14.03
5 Yr Beta	0.92	0.92
5 Yr Alpha	-0.32	0.27
5 Yr Sharpe	1.12	0.98
5 Yr Information Ratio	-0.52	-0.48
5 Yr Tracking Error	3.41	4.00
5 Yr Upside Capture	91.69	91.22
5 Yr Downside Capture	94.16	89.39
5 Yr Batting Avg	0.48	0.46

Excess Returns vs. Category/Index



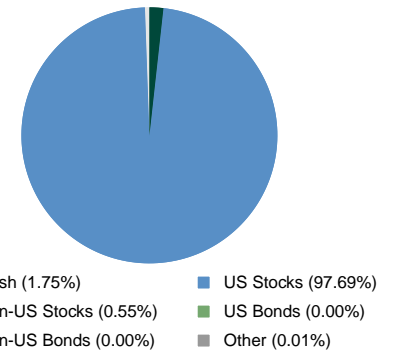
Sector Allocation vs. Category



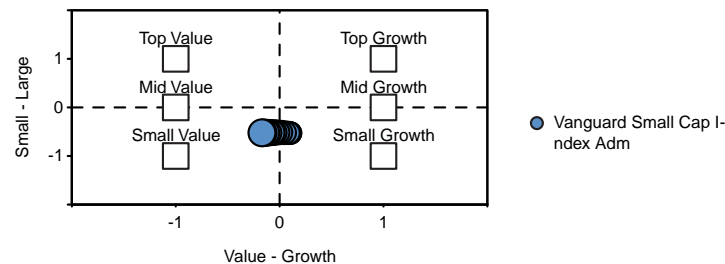
Calendar Year Performance

	2012	2013	2014	2015	2016
VSMAX	18.24	37.81	7.50	-3.64	18.30
Cat Avg	15.50	37.98	4.07	-5.43	20.78
Index	16.33	41.31	5.76	-1.97	26.56
Cat Rank	21	50	15	34	71

Asset Allocation



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Fidelity Advisor® Small Cap Growth I - FCIGX

Monitoring Rating: Pass

Objective

The investment seeks capital appreciation. The fund invests primarily in common stocks. It invests at least 80% of assets in securities of companies with small market capitalizations. The fund invests in companies that Fidelity Management & Research Company (FMR) believes have above-average growth potential (stocks of these companies are often called 'growth' stocks). It invests in domestic and foreign issuers. The fund uses fundamental analysis of factors such as each issuer's financial condition and industry position, as well as market and economic conditions, to select investments.

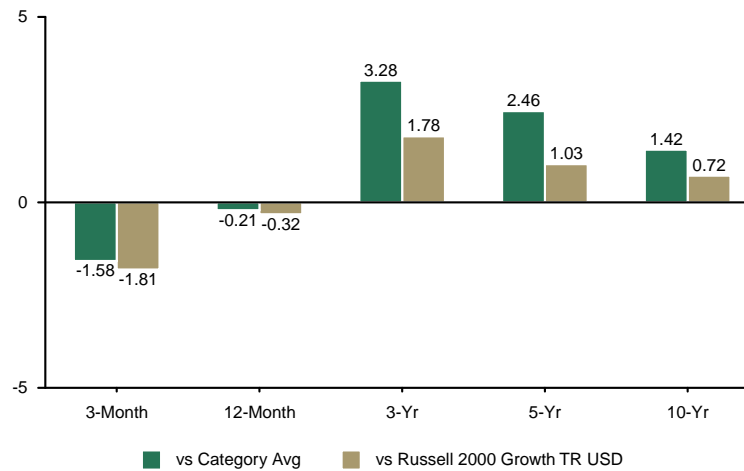
Statistics

Inception Date	11/03/2004
Manager Tenure	5.17
Assets(\$1000s)	\$2,382,852
Net Exp Ratio	1.10
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$2,223,530

Risk Characteristics

	FCIGX	Cat Avg
3 Yr Std Dev	14.51	15.96
5 Yr Std Dev	13.53	14.83
5 Yr Beta	0.85	0.91
5 Yr Alpha	2.79	-0.08
5 Yr Sharpe	1.08	0.86
5 Yr Information Ratio	0.25	-0.30
5 Yr Tracking Error	4.06	4.89
5 Yr Upside Capture	92.21	90.17
5 Yr Downside Capture	81.18	90.73
5 Yr Batting Avg	0.55	0.47

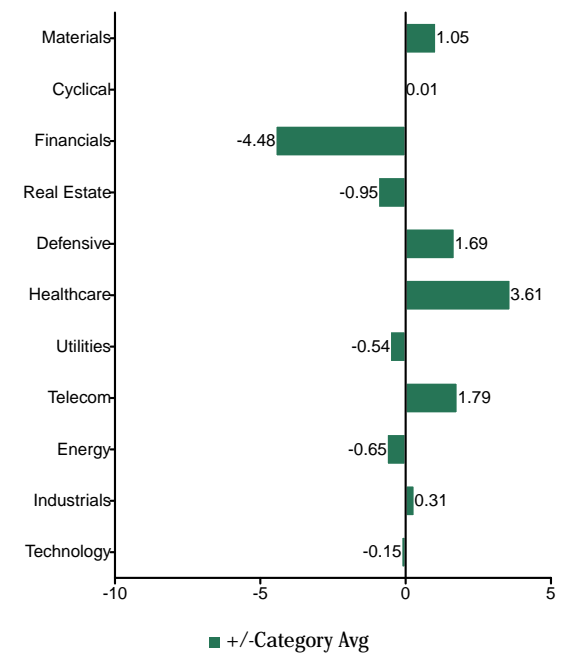
Excess Returns vs. Category/Index



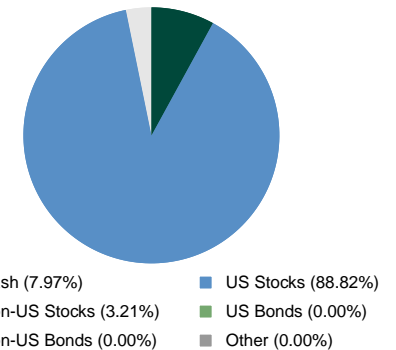
Calendar Year Performance

	2012	2013	2014	2015	2016
FCIGX	13.00	44.49	3.85	5.79	11.00
Cat Avg	13.96	41.62	2.50	-2.25	11.21
Index	14.59	43.30	5.60	-1.38	11.32
Cat Rank	63	31	39	4	46

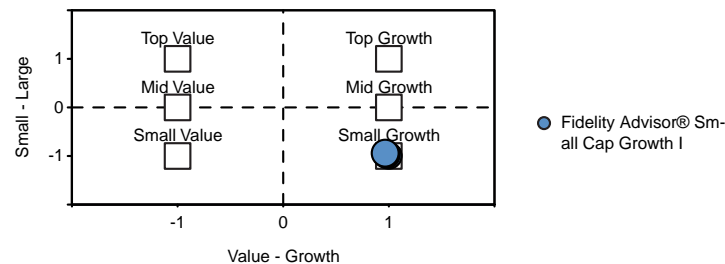
Sector Allocation vs. Category



Asset Allocation



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



American Funds Capital World Gr&Inc R6 - RWIGX

Objective

The investment seeks long-term growth of capital while providing current income. The fund invests primarily in common stocks of well-established companies located around the world, many of which have the potential to pay dividends. It invests, on a global basis, in common stocks that are denominated in U.S. dollars or other currencies. Under normal market circumstances, the fund will invest a significant portion of its assets in securities of issuers domiciled outside the United States, including those based in developing countries.

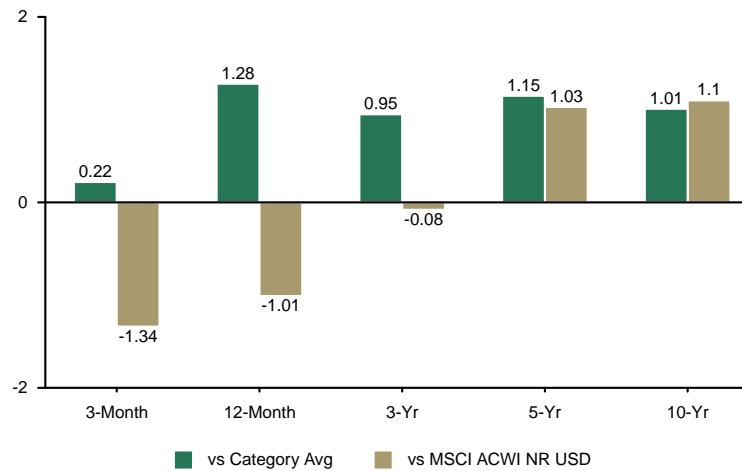
Statistics

Inception Date	05/01/2009
Manager Tenure	23.83
Assets(\$1000s)	\$81,840,205
Net Exp Ratio	0.45
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$52,124,790

Risk Characteristics

	RWIGX	Cat Avg
3 Yr Std Dev	10.52	11.57
5 Yr Std Dev	10.72	11.89
5 Yr Beta	0.93	0.97
5 Yr Alpha	1.56	0.26
5 Yr Sharpe	0.97	0.80
5 Yr Information Ratio	0.49	-0.04
5 Yr Tracking Error	2.10	4.43
5 Yr Upside Capture	98.92	97.38
5 Yr Downside Capture	89.79	96.54
5 Yr Batting Avg	0.58	0.51

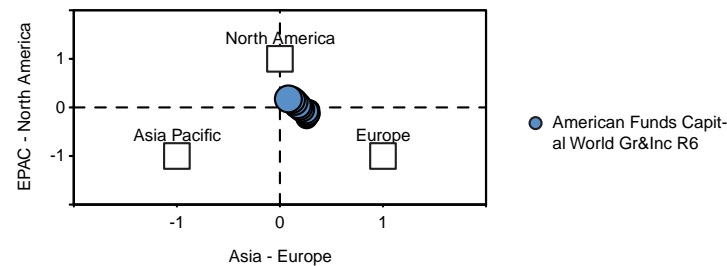
Excess Returns vs. Category/Index



Calendar Year Performance

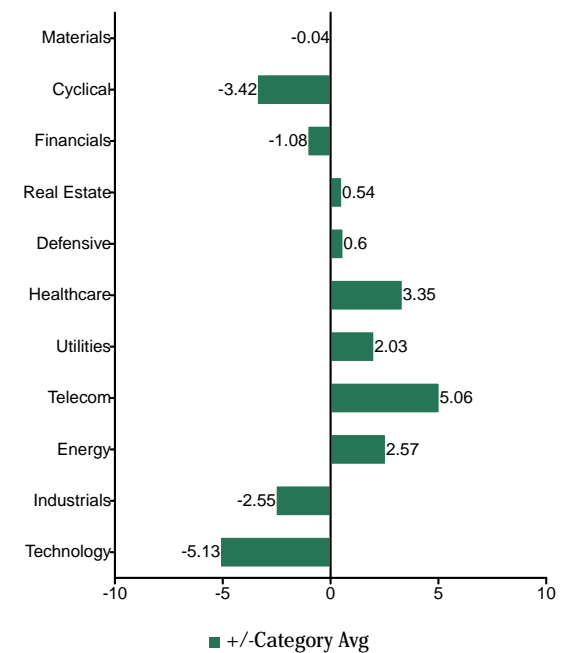
	2012	2013	2014	2015	2016
RWIGX	19.56	25.28	4.36	-1.88	6.85
Cat Avg	16.34	26.50	2.35	-1.01	5.57
Index	16.13	22.80	4.16	-2.36	7.86
Cat Rank	25	57	28	59	34

Equity - 12 Month Moving Windows: Dec 2006 - Dec 2016

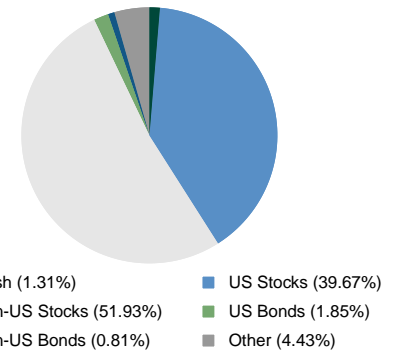


Monitoring Rating: Pass

Sector Allocation vs. Category



Asset Allocation



Vanguard Total Intl Stock Index Admiral - VTIAAX

Monitoring Rating: Pass

Objective

The investment seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States. The fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The index includes approximately 5,715 stocks of companies located in 45 countries.

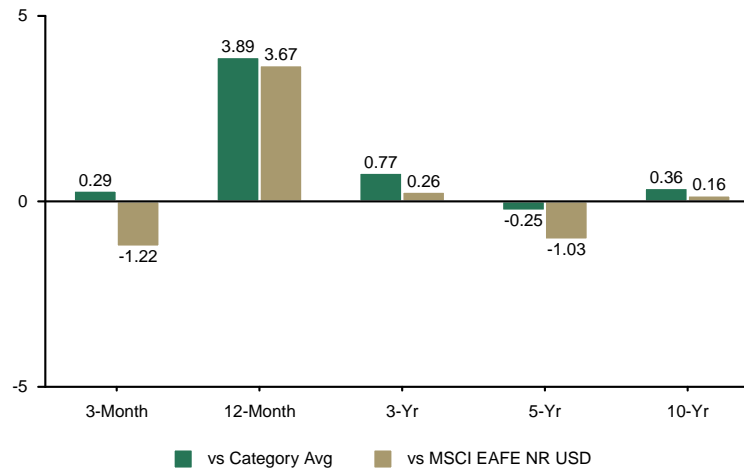
Statistics

Inception Date	11/29/2010
Manager Tenure	8.42
Assets(\$1000s)	\$231,927,981
Net Exp Ratio	0.12
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$18,456,470

Risk Characteristics

	VTIAAX	Cat Avg
3 Yr Std Dev	12.11	12.07
5 Yr Std Dev	13.03	12.89
5 Yr Beta	0.93	0.92
5 Yr Alpha	-0.58	-0.22
5 Yr Sharpe	0.47	0.50
5 Yr Information Ratio	-0.31	-0.22
5 Yr Tracking Error	3.31	3.76
5 Yr Upside Capture	90.80	90.49
5 Yr Downside Capture	93.61	91.75
5 Yr Batting Avg	0.40	0.47

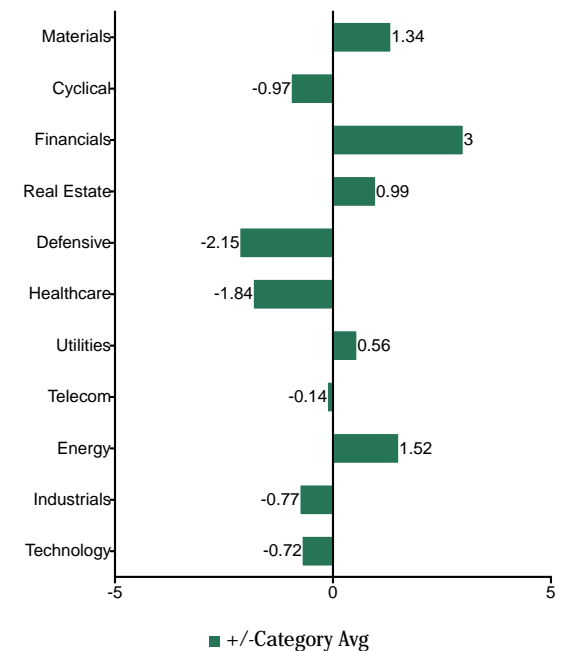
Excess Returns vs. Category/Index



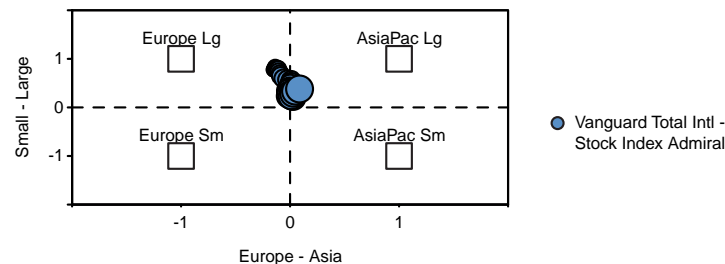
Calendar Year Performance

	2012	2013	2014	2015	2016
VTIAAX	18.21	15.14	-4.17	-4.26	4.67
Cat Avg	18.06	19.37	-5.07	-1.63	0.78
Index	17.32	22.78	-4.90	-0.81	1.00
Cat Rank	44	81	30	80	12

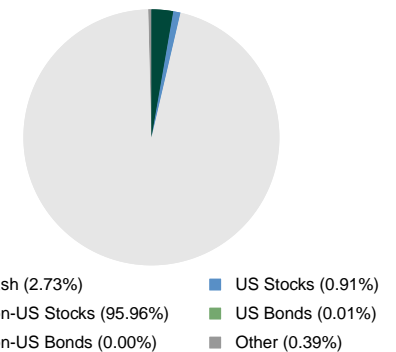
Sector Allocation vs. Category



Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016



Asset Allocation



American Funds Europacific Growth R6 - RERGX

Objective

The investment seeks long-term growth of capital. The fund invests primarily in common stocks of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for growth. Growth stocks are stocks that the investment adviser believes have the potential for above-average capital appreciation. It normally will invest at least 80% of its net assets in securities of issuers in Europe and the Pacific Basin. The fund may invest a portion of its assets in common stocks and other securities of companies in emerging markets.

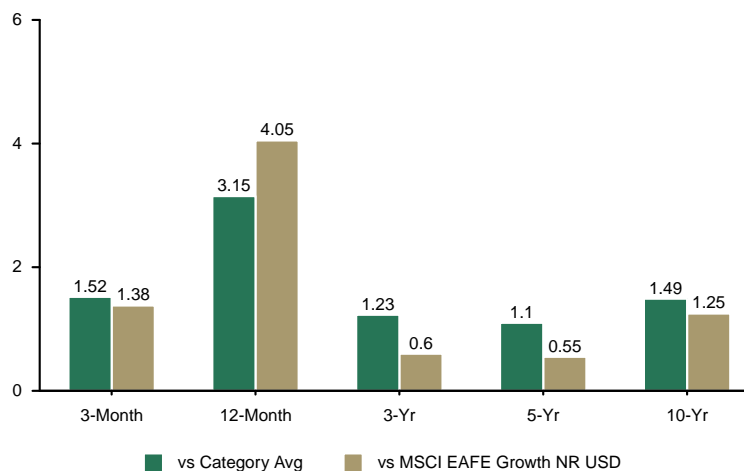
Statistics

Inception Date	05/01/2009
Manager Tenure	25.08
Assets(\$1000s)	\$120,688,067
Net Exp Ratio	0.50
12b-1 Fees	-
Average Mkt Cap(\$1000s)	\$36,691,020

Risk Characteristics

	RERGX	Cat Avg
3 Yr Std Dev	11.20	12.01
5 Yr Std Dev	12.00	12.51
5 Yr Beta	0.90	0.92
5 Yr Alpha	1.11	-
5 Yr Sharpe	0.63	0.53
5 Yr Information Ratio	0.16	-0.15
5 Yr Tracking Error	3.34	4.14
5 Yr Upside Capture	90.75	91.00
5 Yr Downside Capture	83.39	90.95
5 Yr Batting Avg	0.53	0.49

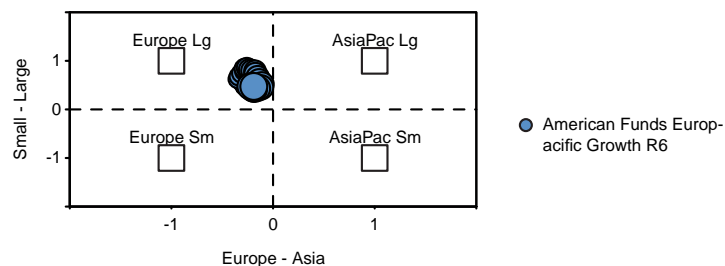
Excess Returns vs. Category/Index



Calendar Year Performance

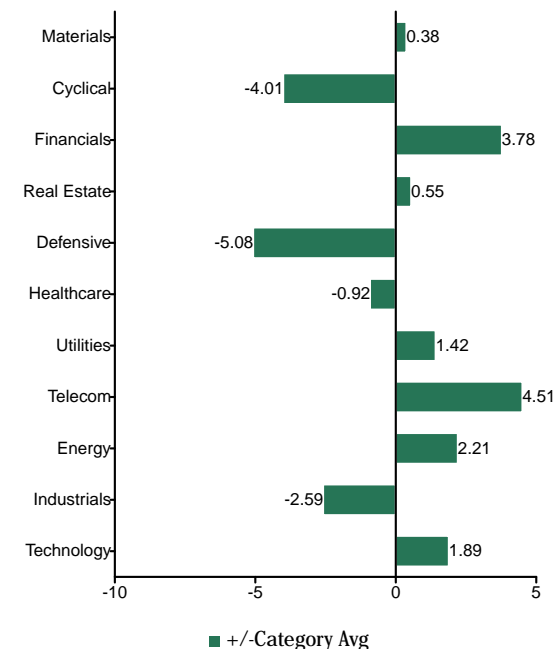
	2012	2013	2014	2015	2016
RERGX	19.64	20.58	-2.29	-0.48	1.01
Cat Avg	18.77	19.81	-3.82	0.84	-2.14
Index	16.86	22.55	-4.43	4.09	-3.04
Cat Rank	40	48	27	64	21

Equity- 12 Month Moving Windows: Dec 2006 - Dec 2016

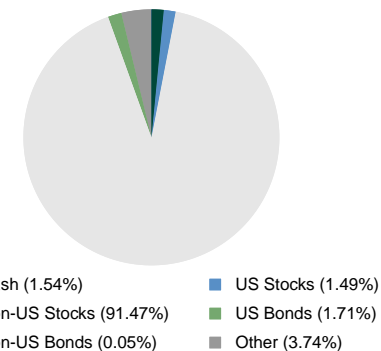


Monitoring Rating: Pass

Sector Allocation vs. Category



Asset Allocation



ABOUT YOUR REPORT



Disclosures

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Domestic Equity: Large Blend: Russell 1000 Index. Large Value: Russell 1000 Value. Large Growth: Russell 1000 Growth. Mid Blend: Russell Mid Cap. Mid Growth: Russell Mid Cap Growth. Mid Value: Russell Mid Cap Value. Small Blend: Russell 2000. Small Growth: Russell 2000 Growth. Small Value: Russell 2000 Value. Source: Bloomberg

Fixed Income: Bloomberg Barclays Treasury 5-7 Yr. Index. Bloomberg Barclays U.S. Corporate 5-10 Yr. Bloomberg Barclays High Yield. Bloomberg Barclays Municipals. Bloomberg Barclays Global Aggregate ex-U.S. Bloomberg Barclays U.S. Aggregate. Bloomberg Barclays U.S. MBS. Source: Bloomberg

Sector Return: Materials, Utilities, Industrials, Financials, Consumer Discretionary, Health Care, Real Estate, Consumer Staples, Energy, Telecommunications, Information Technology. Source: Bloomberg

Market Valuation: S&P 500 Index. Source: Bloomberg

Internationals: MSCI ACWI NR LCL, MSCI ACWI NR USD, MSCI ACWI Ex USA NR LCL, MSCI ACWI Ex USA NR USD, MSCI EAFE NR LCL, MSCI EAFE NR USD, MSCI Europe Ex UK NR LCL, MSCI Europe Ex UK NR USD, MSCI Pacific Ex Japan NR LCL, MSCI Pacific Ex Japan NR USD, MSCI EM NR LCL, MSCI EM NR USD, MSCI United Kingdom NR LCL, MSCI United Kingdom NR USD. Source: Morningstar

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Disclosures

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Indexes are not managed and cannot be invested in directly.

Index funds seek to track a specific market index and will vary from their category average benchmark. Index funds are passively managed may receive a "Passing" grade in our monitoring report despite criteria violations versus the category average.

CBIZ Retirement Plan Services makes watch-list determinations based on the lowest cost share class available.

Investment commentary may be based on a different share-class than the investment option in your plan.



Glossary of Terms

Alpha

The excess return of the fund relative to the return of the benchmark index. Alpha is a measure of performance on a risk(beta)-adjusted basis.

Annualized Returns

Returns for periods longer than one year are expressed as "annualized returns." This is equivalent to the compound rate of return which, over a certain period of time, would produce a fund's total return over that same period.

Assets Under Management (AUM)

The net assets of all share classes of the fund.

Batting Average

A measure of a manager's consistency to outperform. It is calculated by dividing the number of months in which the manager exceeded or matched the fund's primary benchmark index by the total number of months in the period. For example, a manager who exceeds the benchmark half of the time would have a batting average of 50.

Beta

A measure of systematic risk, or the sensitivity of a manager to movements in the benchmark. A beta of 1 implies that you can expect the movement of a manager's return series to match that of the benchmark used to measure beta.

Rank in Category

This is the fund's total return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1.

Downcapture

The average return of the investment during negative quarters divided by average return of benchmark during negative quarters. A downcapture of less than 100% means the fund performs better in down markets versus its category average. Please note, unlike other monitoring criteria, the most favorable rank in category is 100% least favorable is 1%.

Expense Ratio

The percentage of fund assets paid for operating expenses and management fees, including 12b-I fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage cost. Fund expenses are reflected in the fund's N V. Sales charges are not included in the expense ratio.

Geometric Average Market Cap

The geometric mean of the market capitalization for all of the stocks owned by a fund.

Information Ratio

The Information Ratio is a risk-adjusted performance measure. It is similar in structure to the Sharpe Ratio as a ratio of excess return per unit of risk. The Information Ratio measures excess return and risk relative to a specific benchmark index. The Information Ratio is especially helpful for evaluating active managers. Index funds will typically have an Information Ratio close to zero, because these funds achieve very little excess return over the benchmark. In contrast, active managers deviate from the benchmark in an attempt to add value. The Information Ratio measures how much the fund outperformed the benchmark per unit of additional risk taken.

Mutual Fund

A type of investment company that offers for sale or has outstanding securities which it has issued and which are redeemable on demand by the fund at current net asset value. All owners in the fund share in the gains or losses of the fund.



Glossary of Terms

Net Asset Value (NAV)

Usually used in connection with investment companies to mean net asset value per share. An investment company computes its assets daily, or even twice daily, by totaling the market value of all securities owned. All liabilities are deducted, and the balance is divided by the number of shares outstanding. The resulting figure is the net asset value per share. The net asset value of a mutual fund (open-end investment company) is the bid and redemption price.

R-Squared(R²)

A measure of how well the variance of the manager returns and the variance of the benchmark returns are. An R-squared measure of 100 means that there is no variance in return between the manager and the benchmark.

Sharpe Ratio

A direct measure of reward-to-risk. Defined as $S(x) = (r_x - R_f) / \text{StdDev}(x)$ Where: x is some investment r_x is the average annual rate of return of X R_f is the best available rate of return of a "risk-free" security $\text{StdDev}(x)$ is the standard deviation of r_x Sharpe ratio measures the efficiency in the amount of risk taken as compared to the reward received for taking such risk.

Standard Deviation

A statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

Style Drift

A measurement of how an investment is categorically assigned at a point in time vs. its prior assignment.

Turnover Ratio

A measure of the fund's trading activity which is computed by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by average monthly net assets. A turnover ratio of 100% or more does not necessarily suggest that all securities in the portfolio have been traded. In practical terms, the resulting percentage loosely represents the percentage of the portfolio's holdings that have changed over the past year.

Tracking Error

A measure of the volatility of excess returns relative to a benchmark.

Upcapture

The average return of the investment during positive quarters divided by average return of benchmark during positive quarters.

Glossary of Abbreviations

Stable Value

XT	Prime Money Market
MC	Multicurrency
TM	Money Market - Taxable
TF	Money Market - Tax-Free
VL	Stable Value

Bonds

IP	Inflation-Protected Bond
GS	Short Government
GI	Intermediate Government
GL	Long Government
UB	Ultrashort Bond
CS	Short-Term Bond
CI	Intermediate-Term Bond
CL	Long-Term Bond
MU	Multisector Bond
HY	High Yield Bond
IB	World Bond
EB	Emerging Markets Bond
TW	Corporate Bond
XP	Emerging-Markets Local Currency Bond
HM	High Yield Muni

Hedged

NE	Market Neutral
LO	Long-Short Equity
LN	Leveraged Net Long
TV	Tactical Allocation
GY	Multialternative
XS	Long-Short Credit
VO	Volatility
FF	Managed Futures

Target Date

RI	Retirement Income
TA	Target Date 2000-2010
TD	Target Date 2015
TE	Target Date 2020
TG	Target Date 2025
TH	Target Date 2030
TJ	Target Date 2040
TK	Target Date 2045
TN	Target Date 2050
TL	Target Date 2055
XQ	Target Date 2060+

Glossary of Abbreviations

Balanced /Lifestyle /Asset Allocations

XY	Allocation – 15% to 30% Equity
CA	Allocation – 30% to 50% Equity
MA	Allocation – 50% to 70% Equity
AL	Allocation – 85%+ Equity
IH	World Allocation

Domestic Equity

LV	Large Value
LB	Large Blend
LG	Large Growth
MV	Mid-Cap Value
MB	Mid-Cap Blend
MG	Mid-Cap Growth
SV	Small Value
SB	Small Blend
SG	Small Growth

Foreign Equity

WS	World Stock
FV	Foreign Large Value
FB	Foreign Large Blend
FG	Foreign Large Growth
FA	Foreign Small/Mid Value
FQ	Foreign Small/Mid Blend
FR	Foreign Small/Mid Growth
EM	Diversified Emerging Markets

Foreign Country/Regional Equity

CH	China Region
DP	Diversified Pacific/Asia
ES	Europe Stock
JS	Japan Stock
LS	Latin America Stock
PJ	Pacific/Asia ex-Japan Stock
MQ	Miscellaneous region

Sector

XO	Infrastructure
SC	Communications
CD	Consumer Discretionary
CC	Consumer Staples
CV	Convertibles
EE	Equity Energy
EI	Indian Equity
SP	Equity Precious Metals
SF	Financial
SH	Health
ID	Industrials
MR	Miscellaneous Sector
SN	Natural Resources
SR	Real Estate
ST	Technology
SU	Utilities
GR	Global Real Estate



Glossary of Abbreviations

Commodities

AA	Commodities Agriculture
BB	Commodities Broad Basket
CE	Commodities Energy
IM	Commodities Industrial Metals
CM	Commodities Miscellaneous
CP	Commodities Precious Metals

Other

BL	Bank Loan
BM	Bear Market
RR	Preferred Stock
FX	Single Currency



Thank you for your business!

In the previous sections, we provided a current analysis of the asset allocation of the plan and quantitative benchmarking performance data of each of your plan's investment options. We strongly support your desire to prudently manage your plan and provide this review as documentation of the skill applied and care taken to uphold your fiduciary role. Thank you for allowing us to assist you in your efforts to manage your plan.

CBIZ Retirement Plan Services

By: _____

Date: _____

Client Acknowledgement

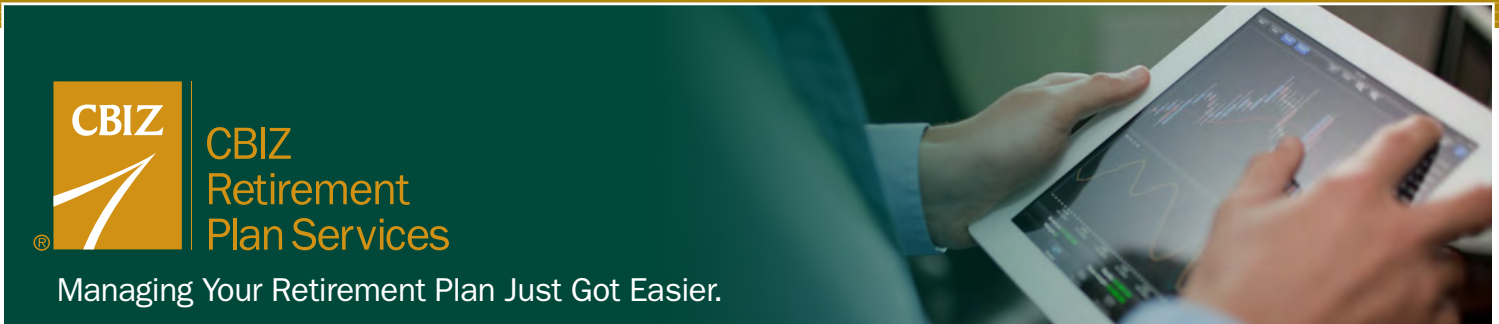
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Date: _____

CBIZ Retirement Matters Newsletter

12-31-16

Retirement Matters



CBIZ
Retirement
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Managing Your Retirement Plan Just Got Easier.

ECONOMIC REVIEW

After a rocky start to the 2016 calendar year and one of the most volatile presidential elections in U.S. history, domestic equities finished the year strong. The S&P 500 Index produced a calendar year return of 11.96%. Each quarter throughout the year, the S&P slowly gained speed with the first quarter showing a return of a nominal 1.35%. In the fourth quarter alone, the S&P 500 Index returned 3.82%.

In the U.S., small capitalization equities proved to be the most successful in 2016. Over the one-year time period, the Russell 2000 Index returned 21.31%, with a 8.83% return in the fourth quarter. Value oriented equities outperformed growth in 2016. Small cap value equities outperformed small cap growth by 14.78% and large cap value equities outperformed large cap growth by 11.54%.

International developed markets experience volatility throughout the year – losing 3.01% in the first quarter, then gaining 6.43% in the third quarter, and finally -0.71% in the fourth. The MSCI EAFE Index posted returns of 1.00% for the 2016 calendar year. However, emerging markets produced positive returns in 2016. The MSCI EM Index ends the year with a positive 11.19%. Most of which was gained in the third quarter when the index returned 9.03%.

In December, the Federal Reserve decided to raise the Fed fund rate by 0.25% to a target range between 0.50% and 0.75%. This is the first time the Federal Reserve has raised rates since December of 2015. The Fed noted they will likely increase rates into 2017. The bond markets returned 2.65% for the 2016 calendar year. Most of the returns in the bond market were generated in the first and third quarter of the year.

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The chart below shows the major index and Morningstar category style returns for the quarter, one-year, three-year, and five-year time periods ending December 31, 2016.

PERFORMANCE					
Name	QTR	1 YR	3 YR	5 YR	10 YR
BBgBarc US Agg Bond TR USD	-2.98%	2.65%	3.03%	2.23%	4.34%
S&P 500 TR USD	3.82%	11.96%	8.87%	14.66%	6.95%
Russell 2000 TR USD	8.83%	21.31%	6.74%	14.46%	7.07%
MSCI EAFE NR USD	-0.71%	1.00%	-1.60%	6.53%	0.75%
MSCI EM NR USD	-4.16%	11.19%	-2.55%	1.28%	1.84%
Morningstar Large Value	6.31%	14.73%	6.81%	12.93%	5.38%
Morningstar Large Growth	-0.28%	3.19%	5.69%	12.94%	6.90%
Morningstar Small Value	12.18%	25.90%	6.60%	13.86%	6.70%
Morningstar Small Growth	3.31%	11.12%	3.53%	12.31%	7.07%

Source: Morningstar Direct



Year-end is the time many of us start fresh with personal resolutions and goals, all aimed at improving various aspects of life that are important to us. This is a great time to perform a critical evaluation of your retirement readiness. We recommend spending some time on your quarterly statement and account performance over the past year. Below we provide you with ten questions to prompt your thorough evaluation of your retirement strategy:

1. What is my time horizon to retirement? Many of us have not identified our target retirement age and investing time horizon. While your retirement age may be a moving target, using a five-year range can help with planning. You may find that you do not want to work until age 65 and would like to target an earlier date. In this scenario, you decrease the amount of time you have until retirement and may have a more conservative investment allocation. The opposite may be true and you may plan to work past 65 years of age. This extension of your time horizon allows you to take more risk than your average peer.

2. What is my risk tolerance? Knowing your time horizon until retirement will help you answer this question, but even two investors with identical time horizons to retirement – say, 10 years – should not necessarily have the exact same investment strategy. Participants need to determine the amount

of risk they are comfortable with. One individual may be very comfortable with the risk and volatility of the stock market and thus would invest more aggressively than the average person with a 10-year horizon. Another individual may be very concerned with market volatility; this person would invest more conservatively compared to their age group. Once you identify your time horizon and risk tolerance, you can begin to build your retirement portfolio effectively.

3. Am I invested appropriately between stocks and bonds? Too often, CBIZ investment consultants meet with participants whose asset allocation and overall diversification do not align with their age and risk tolerance. Asset allocation is the most important long-term determinant of investment results and thus, it is crucial to your overall retirement readiness. This might be the most important investment decision you need to make. As noted above, your time horizon and risk tolerance should be the biggest factors in determining your allocation to stocks and bonds. Beyond that, your

Continued on page 3

unique circumstances can be used to fine tune your portfolio. If you are unsure of the appropriate allocation, CBIZ can assist by providing a recommendation that fits your needs. Your provider's website also has web-based tools that can guide you in the right direction.

4. Am I diversified? Once you decide on your allocation, your next step is to choose which individual investment options to utilize in building your portfolio. Your plan's investment menu has been crafted to include a wide variety of competitive options that cover various areas of the stock and bond markets. We believe it is wise for participants to have exposure to different asset classes and to diversify amongst the various choices in the plan. Over the long-term, this strategy has proven to be most effective for the majority of investors.

Again, if you are uncomfortable making this decision, CBIZ can assist. Keep in mind that your plan may include target-date or target-risk funds that automatically implement a diversified solution for you. We encourage investors who are uncomfortable building their own retirement portfolio to take advantage of these options.

5. Am I contributing enough? Your employer may offer a match or other type of contribution that assists you in meeting your retirement goals. An example of this is a 50% match, up to 6% of your salary. This means that for every dollar you contribute into the plan the employer will contribute 50 cents, up to 6% of your pay. Therefore, if you contribute 6% of your salary, effectively the employer is contributing another 3% of your salary. However, if you fall short of the 6%, you are missing out on a generous offer from your employer! A match should be considered part of your total annual compensation and you should take advantage of this if your budget allows for the contribution.

For most of us, contributing just enough to receive the full employer match will not allow us to reach a successful retirement. As mentioned earlier, while everyone has different circumstances, generally speaking experts suggest contributing at least 10-15% of gross pay in order to reach a successful retirement. While contributing a large percentage of pay may be difficult to fit into your personal budget, don't forget the tax benefits of saving within an employer-sponsored retirement plan. Each contribution you make on a pre-tax basis reduces your taxable income, meaning \$1 saved in your retirement plan does not necessarily translate to a \$1 loss in take-home pay.

There is no substitute for diligent saving. Your contribution level and how you invest your assets are two of the most important factors in determining your retirement outcome.

6. How much money do I need to accumulate to retire successfully? Experts say the average investor will need to replace 75-85% of their pre-retirement income to enjoy a successful retirement. While Social Security may cover a portion of this, for most people it will replace at most 30-40% of pre-retirement income. The remainder must be funded by assets in your retirement plan, IRA, or other accounts.

The Rule of 25 may help to determine how much you should have saved at retirement. This rule suggests that once you define your retirement income need and subtract Social Security and/or pension benefits, you should multiply your "Income Gap" by 25 to arrive at the amount of assets you need to accumulate to meet your goal. Using an example, if an individual has an income need of \$50,000 and estimated Social Security benefits of \$15,000 annually, she has an Income Gap of \$35,000. Multiplying this Gap by 25, she will need to amass an estimated nest egg of \$875,000 by retirement age to reach her goal.

Another approach to determining your needed retirement account balance is to start with the industry standards suggesting that you will need between 75-85% of pre-retirement income each year in retirement. Take this annual number and divide it by 5%. This simple calculation results in an estimated total balance needed at retirement. Five percent (5%) is used because it is widely accepted in the industry as a prudent withdrawal rate from a retirement account. If you are withdrawing a maximum of 5%, over the long-term you will be taking from the returns generated by your portfolio and only occasionally taking from the principal balance. The goal is to not outlive your retirement balance and a withdrawal rate of 5% or less should provide you with the highest probability of meeting this goal.

7. Have I considered using a Roth account? Historically, Roth 401(k)s or 403(b)s and Roth IRAs have been recommended to young investors. This was due to the prevailing rationale that only younger investors would benefit from post-tax savings vehicles, since participants are more likely to be in a lower tax bracket during their younger years. Today, we are seeing a spike in its popularity among investors of all ages. The hedge against

future increases in taxes, the tax-diversification of assets, and the other benefits are appealing to many investors. If a designated Roth 401(k) or 403(b) is not available to participants through an employer sponsored plan, investors may open a Roth IRA through a provider of their choice.

To determine if using a Roth account is right for you, consider what tax-bracket you fall into today and which one you will likely fall into in retirement. For example, if an investor is in a high tax bracket today, the tax break from contributing to a traditional 401(k) may outweigh the benefits of having after-tax distributions in retirement with a Roth account. However, if an investor is in a lower tax bracket today, then bypassing the tax break today may be prudent in order to obtain those tax-free distributions in the future. Investors who believe they will likely see salary appreciation coupled with a rise in taxes in the future may consider a Roth IRA or a designated Roth 401(k) or 403(b).

Roth accounts also provide a form of diversification. Investors at retirement with both a Roth account and a traditional pre-tax 401(k) are considered tax-diversified. Tax-diversification provides investors with tax flexibility during retirement. Suppose, for example, that a 65-year-old retiree determines he will need approximately \$40,000 of income per year in retirement to live a comparable lifestyle to his pre-retirement years. If he has diversified his retirement assets in both a traditional 401(k) or 403(b) and in a designated Roth 401(k) or 403(b) or Roth IRA, he can take \$20,000 from his traditional 401(k) and the other \$20,000 from the Roth account. By doing this, he would limit his ordinary taxable income to \$20,000 for that year. Now suppose our retiree encounters an unexpected expense, such as a medical emergency. The retiree who is tax-diversified has the ability to pull a distribution from his Roth without incurring additional taxes.

8. Am I periodically rebalancing my account? If you have constructed your own asset allocation within your portfolio, you will need to rebalance regularly.

CBIZ recommends at least an annual rebalance. Rebalancing is a necessary step to ensure that your asset allocation remains aligned with your investment strategy.

Take, for example, a participant whose asset allocation at the beginning of the year is 60% equities and 40% fixed income. As the markets change throughout the year, certain sectors of the market may begin to outperform others and the participant's asset allocation may transform over time into a 70% equities and 30% fixed income portfolio. In this example, rebalancing is crucial to keep the participant on track and ensure the participant does not have a portfolio that may be too aggressive for her risk-tolerance. Note that when a target date fund is being used as the sole investment, rebalancing is not necessary.

As your time horizon shortens, your periodic rebalancing process eventually will involve a shift to a more conservative portfolio. This shift is to ensure that you do not carry a portfolio heavily invested in riskier assets as retirement nears. While automatic rebalancing is very powerful, if you set the process up when in your 20's and have an appropriately aggressive portfolio, you will still need to manually reduce your exposure to stocks as you age. If your plan offers target-date investment options, again rebalancing is not necessary as the fund will automatically reduce your exposure to riskier assets over time.

9. Are my old retirement accounts and/or IRAs invested appropriately? Many investors have retirement accounts from prior employers or rollover IRAs. These accounts should be invested in the same asset allocation as the current employer-sponsored retirement plan and monitored carefully. If you are having trouble monitoring multiple accounts, consider a rollover to your current employer-sponsored plan. You will have fewer accounts to monitor as well as a streamlined, consistent investment approach. The transaction is not overly burdensome with the help of your current plan provider.

10. Is my beneficiary designation up to date? Remember to update your beneficiary whenever you have important changes in your life. A good rule of thumb is to review your beneficiaries annually.

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VALIC Comdex Analysis

VALIC Comdex / Guaranteed Interest Account Analysis

As of December 31, 2016

	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
Comdex Rating	80	81	81	81	82
Ratings					
AM Best	A	A	A	A	A
Standard & Poors	A+	A+	A+	A+	A+
Moody's	A2	A2	A2	A2	A2
Fitch	A+	A+	A+	A+	A+
Weiss (The Street)	B	B	B	B	B
Total Surplus (\$ billions)	\$4.32	\$3.42	\$3.42	\$3.42	\$3.42
Credit Quality					
% BBB and above	98.1%	97.5%	97.5%	97.5%	97.5%
% below BBB	1.9%	2.5%	2.5%	2.5%	2.5%
Bonds In or Near Default	0.5%	0.3%	0.3%	0.3%	0.3%
Asset Allocation					
Cash & Short Term	0.7%	0.1%	0.1%	0.1%	0.1%
Bonds	81.4%	79.9%	79.9%	79.9%	79.9%
Mortgages	9.2%	10.2%	10.2%	10.2%	10.2%
Policy Loans	1.8%	1.7%	1.7%	1.7%	1.7%
Stocks	0.3%	0.3%	0.3%	0.3%	0.3%
Real Estate	0.1%	0.1%	0.1%	0.1%	0.1%
Other	6.5%	7.7%	7.7%	7.7%	7.7%