

VALIC Financial Advisors, Inc.

WRAP FEE PROGRAM BROCHURE
Part 2A Appendix 1 of Form ADV

Guided Portfolio Services Program
and
Guided Portfolio Advantage Program

2929 Allen Parkway, L7-20, Houston, TX 77019
Telephone: (866) 544-4968

March 31, 2019

This wrap fee program brochure provides information about the qualifications and business practices of VALIC Financial Advisors, Inc. ("VFA"). If you have any questions about the contents of this brochure, please contact us at telephone number (866) 544-4968. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

VFA is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. Additional information about VFA also is available on the SEC's website at www.adviserinfo.sec.gov.

Our brochure may be requested by contacting VFA at 866-544-4968 or it is also available free of charge on website at www.valic.com.

Item 2 — Material Changes

VALIC Financial Advisors, Inc. (“VFA” or the “Firm”) will periodically update this Wrap Fee Program Brochure (“Wrap Brochure”), which describes the **Guided Portfolio Services (“GPS”) Program** and **Guided Portfolio Advantage (“GPA”) Program**. Since our annual update to the Wrap Brochure dated March 30, 2018, the Firm made several material changes, which include the following:

In December 2018, the Firm made the following material changes to Item 4 with respect to the GPS Program:

- The Firm has added a section titled “Calculation of the Advisory Fee.” This section does not change current practices, but provides more detail regarding how and when the advisory fees on your GPS account are calculated, and deducted from your account. In addition, this section clarifies the circumstances under which your quarterly fee will be waived to include not only participant-initiated termination of the GPS service during the billing period, but also employer and plan sponsor-initiated terminations of the service.
- The Firm has added a description of how the Firm combines account values of a client with multiple GPS accounts in order to calculate their advisory fee. This combining of account values may have the effect of reducing a client’s aggregate advisory fees.

In December 2018, the Firm made the following material changes to Item 4 with respect to the GPA Program:

- The Firm has updated the section to reflect that the advisory fee for GPA Program may not be negotiated.
- The Firm has added a section titled “Calculation of the Advisory Fee.” This section does not change current practices, but provides more detail regarding how and when the advisory fee on your GPA account are calculated and deducted from your account. In addition, this section reaffirms that the Firm will charge a pro rata advisory fee upon the termination of the GPA Program if terminated prior to the quarter-end.

Within the section titled “Availability of GPS/GPA Programs in Affiliated Products; Revenues Received by Affiliates,” the Firm has expanded its description of the fees received by its affiliates from proprietary investment options (i.e., those funds managed by affiliates of VFA) included within your employer-sponsored retirement plan, which products were selected by your plan sponsor.

The Firm has not made any material changes to the Wrap Brochure since its update in December 2018.

We will provide you with a summary of any material changes to this and subsequent Wrap Brochures within 120 days of VFA’s fiscal year end, which is December 31st. In addition, if there is a material change to the disclosures in this Brochure, we will provide the necessary updates. You may obtain copies of this Wrap Brochure and VFA’s Firm Brochure by calling 866-544-4968 or accessing our website at <https://www.valic.com/prospectus-and-reports/vfa-form-adv-materials>.

Item 3 - Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes	2
Item 3 – Table of Contents.....	2
Item 4 – Services, Fees and Compensation.....	3
Item 5 – Account Requirements and Types of Clients.....	9
Item 6 – Portfolio Manager Selection and Evaluation.....	9
Item 7 – Client Information Provided to Portfolio Managers	9
Item 8 – Client Contact with Portfolio Managers	9
Item 9 – Additional Information	9

Item 4 - Services, Fees and Compensation

Introduction

VALIC Financial Advisors, Inc. ("Firm" or "VFA") is registered with the Securities and Exchange Commission ("SEC") as an investment adviser. As an investment adviser, VFA provides to its clients the investor advisory products and services described in this Wrap Brochure, and certain other advisory programs described in other Firm brochures. The Firm is also registered with the SEC as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority, Inc. ("FINRA"). As a broker-dealer, the Firm offers securities, such as stocks and bonds, mutual funds, exchange-traded funds (ETFs), variable annuity and variable life insurance products, and municipal securities. Broker-dealer services are not covered by this Wrap Brochure.

VFA was incorporated in Texas in 1996 and is headquartered in Houston, Texas with additional branches throughout the United States. VFA is a wholly-owned subsidiary of The Variable Annuity Life Insurance Company ("VALIC"), an indirect wholly-owned subsidiary of American International Group, Inc. ("AIG").

The Firm carries out its investment advisory services through its investment adviser representatives ("IARs") located throughout the United States. All IARs are also engaged in the Firm's brokerage business and are registered with the Firm as registered representatives. Additionally, all IARs are employees of VALIC, the Firm's parent company.

As of December 31, 2018, VFA managed \$17,629,653,538 on a discretionary basis.

This Wrap Brochure describes the services, fees and other necessary information you should consider prior to enrolling in the GPS Program or GPA Program. The Firm also offers one other wrap fee program: the Managed Investment Program ("MIP"). You can obtain a brochure for MIP by contacting us at 866-544-4968. For a description of the other services and fees offered by VFA, please refer to the Firm's Form ADV Part 2 Firm Brochure ("Firm Brochure").

(1) Guided Portfolio Services Program (Retirement plans)

Description: VFA offers the GPS Program, which is an advice and asset management program offered to individuals in connection with their participation in certain employer-sponsored retirement plans. This advisory program is available to participants in retirement plan accounts where the plan service provider is either VALIC or VALIC Retirement Services Company ("VRSCO"), an affiliate of both VFA and VALIC. Your retirement account may be invested in a VALIC Portfolio Director ("PD") variable annuity or in a mutual fund program through which VRSCO provides recordkeeping, compliance and administrative services to the plan and plan participants.

There are two services under the GPS Program that may be available in your retirement plan. The two services are:

- **GPS Portfolio Advisor** is a web-based program that enables you to obtain retirement income forecasts, contribution rate and retirement age recommendations, asset allocation models and investment advice through Morningstar Investment Management LLC ("Morningstar"), an independent financial expert. Once you have submitted the necessary inputs to the GPS client profile, you will receive a one-time recommendation for the allocation of your account value, and future contributions, among the fixed and variable investment options in your VALIC variable annuity or among the investment options available in your mutual fund retirement program account. It is then your decision whether to implement the investment advice in whole, in part, or not at all. You also retain full responsibility for the ongoing monitoring and management of assets in, and future contributions, to accounts for which you are generating advice via this program.
- **GPS Portfolio Manager** is a program that combines the investment advice and recommendations through Morningstar described in the Portfolio Advisor program above with ongoing automated asset management services including automatic implementation of the investment advice, periodic portfolio rebalancing, automatically generated annual updates to advice and annual retirement income forecasts, portfolio monitoring and special investment advice statements. Additionally, you may also receive personalized service from VFA IARs in person or by telephone. In this program you will be granting VFA discretionary investment authority over the account.

Consistent with the Department of Labor Advisory Opinion 2001-09A, also known as the SunAmerica Opinion, Morningstar is the "independent financial" expert of the GPS Program, and provides the advice methodologies that are used to produce the investment recommendations to, or that are implemented on behalf of, participants in the GPS Program.

Prior to June 9, 2017, the GPS Program was available to be added to VALIC PD variable annuity contracts that were held in individual retirement accounts, or IRAs, and non-qualified deferred annuities. Beginning June 9, 2017, the GPS Program was no longer available to be added as an advisory service with individual VALIC PD variable annuity contracts.

Account Management (Portfolio Manager program only): While enrolling in the GPS Portfolio Manager Program, you will complete a GPS Client Profile ("GPS Client Profile"). The GPS Client Profile will help you to think about your retirement income goal and time horizon, as well as allow you to disclose information about the assets, benefits, and retirement savings contributions that you intend to use to fund your retirement. The GPS Program uses this information to develop an Investment Policy Statement ("IPS"), which will include a portfolio assignment and will determine how your account(s) will be invested. There are seven portfolio assignments, ranging from Very Conservative to Very Aggressive. The asset classes and specific investment vehicles used in these portfolios depends on the investment vehicles available in the plan's lineup.

GPS Portfolio Manager applies asset allocations provided by Morningstar without modifications (although application may be constrained by limitations imposed by one or more plan investment options), to manage your investments exclusively in accordance with the retirement objectives you indicated on your GPS Client Profile. The investment advice and recommendations you receive will be based solely on the information disclosed to VFA in your GPS Client Profile, and on the balances/allocations of assets you have in your VALIC plans(s)/accounts(s). The advice delivered will not consider any investment objectives, risk profiles/preferences, or other information you may have provided or disclosed previously or in relation to other, separate products securities, or services.

GPS Portfolio Manager is an asset allocation wrap fee investment advisory program designed for investors who prefer to pay an annual fee based on total assets under management that covers advice and asset management. GPS Portfolio Manager is generally more appropriate for investors with a longer time horizon and is not suitable for investors with a very short time horizon. Before electing to enroll in GPS Portfolio Manager, you should consider, among other things: the costs and potential benefits of participating in an asset allocation advisory program that charges a wrap fee; the need and desire for professional money management service; whether you are comfortable with granting investment discretion to an investment adviser; your retirement goals, investment objectives, and time horizon for your assets managed through GPS Portfolio Manager; and your financial circumstance. You should consider these factors, among others, when deciding whether to participate or continue to participate in GPS Portfolio Manager.

Your GPS portfolio assignment is aimed at better diversifying your total retirement portfolio. Thus, it is important for you to disclose as much information as possible about the other components of your total retirement portfolio when completing your GPS Client Profile form. Furthermore, because GPS Portfolio Manager will manage your investments in accordance with the retirement objectives indicated in your GPS Client Profile form, and because the GPS portfolio assignment is aimed at better diversifying your total retirement portfolio (which includes retirement assets and income streams outside the accounts managed under GPS), the GPS portfolio may involve/require more or less risk than you were previously accustomed to taking. Neither diversification nor asset allocation ensure a profit or guarantee against a loss.

The advised asset allocation and investment selections for the existing balances in, and future contributions to your retirement plan account(s) that are enrolled in GPS Portfolio Manager, will be automatically implemented as indicated in the Disclosures section of the IPS unless you request otherwise. You will have ten (10) calendar days after the Firm generates your initial IPS to cancel the GPS Portfolio Manager program at no cost to you. Upon review of your IPS, if you are uncomfortable with the GPS portfolio assignment, you may also contact the Asset Management Center at (800) 448-2542 to make any necessary changes, and have the advice regenerated, accordingly.

On a quarterly basis, GPS Portfolio Manager reviews your account and, if needed, automatically rebalances it back to the target allocations of your assigned portfolio (applying any changes that Morningstar may have made to the investment allocations of your assigned portfolio, accordingly). Additionally, GPS Portfolio Manager will automatically regenerate your advice, and issue the corresponding IPS, at least once per year while you are enrolled in GPS Portfolio Manager. These subsequent advice outputs may include any updates to your GPS portfolio assignment that are deemed appropriate by the advice program.

Should your retirement objectives or investment circumstances change, it is your responsibility to have your GPS Client Profile information updated accordingly by contacting your IAR, contacting the Asset Management Center, or accessing your GPS Client Profile online by logging on to your VALIC account from VALIC.com, then clicking on "See Your Personal Advice."

With the GPS Portfolio Manager account, a client may change his/her portfolio assignment. Upon review of your IPS, if you are uncomfortable with the GPS portfolio assignment, you may submit a form to the Firm that will limit your portfolio assignment to one, or a range, of the model portfolios (a subset from within "Very Conservative" to "Very Aggressive"). You can obtain this form from your IAR or by contacting the Asset Management Center at (800) 448-2542.

Fees and Charges: While you are enrolled in the GPS Program, you pay the advisory fees for the management of your account(s) and other fees and expenses of the product or platform in which you are invested.

Other Fees and Expenses. The VALIC PD variable annuity contract in which your retirement plan invests includes various, fees and expenses including, but not limited to, separate account charges, account maintenance fees, surrender charges and the fees and expenses of the underlying mutual funds available in the contract. Certain of the underlying funds available in the PD variable annuity contract pay to VALIC 12b-1 fees. VALIC uses those fees to directly reduce the separate account charges applicable to the corresponding fund options in the contract. Please review the VALIC PD variable annuity prospectus and the mutual fund prospectuses for details regarding their respective fees and expenses. If your plan invests directly in mutual funds, you bear the fees and expenses of the mutual funds available in the program and plan-related fees and expenses, such as recordkeeping fees. If your plan sponsor has selected a mutual fund that charges a 12b-1 fee, the Firm receives those fees from the fund. Those fees are then applied either to reduce or offset the recordkeeping fees that you or your plan sponsor pay, or to offset plan expenses. Please review the mutual funds' prospectuses for information about the fees and expenses of the mutual funds available within your plan and contact your retirement plan provider for information about recordkeeping/administrative services fees you pay as part of your retirement plan account.

Advisory Fee. The advisory fee rates charged for the GPS Programs are as follows:

- **GPS Portfolio Advisor.** Participants in the Portfolio Advisor Program pay an annual fee of up to \$25. The fee is charged to your account following enrollment in the program and entitles you to use the service for one year. You may not obtain a refund of this pre-paid fee. Following the one-year period, you will not automatically be re-enrolled in the GPS Portfolio Advisor Program and must actively re-enroll in the program if you would like to continue its services. The Firm may agree with your plan sponsor to waive this fee in certain circumstances.
- **GPS Portfolio Manager.** Participants in the GPS Portfolio Manager Program pay an advisory fee based on the account value at each calendar quarter-end. If a participant has multiple accounts enrolled in the GPS Portfolio Manager Program, the quarter-end account values for all enrolled accounts are combined for determining the advisory fee. The fee is calculated as follows:

Assets Under Management (AUM)	Maximum Annual Advisory Fee (Paid by Client)
First \$100,000	0.60%
Next \$150,000	0.50%
Over \$250,000	0.45%

The Firm typically enters into a GPS plan services agreement with your employer that provides that the Firm may offer the GPS Program services to you and other plan participants. The advisory fee rate may be negotiated with the plan sponsor. This fee is not negotiable with plan participants. The rate applicable to your account is included in the Fee Schedule which accompanies your Advisory Agreement.

Calculation of the Advisory Fee. The GPS Portfolio Manager advisory fee is calculated at each calendar quarter-end. The Firm uses your account value, as reflected on VALIC/VRSCO's record keeping system, as of the last day of the calendar quarter to calculate the advisory fees you owe for the quarter.

The Firm works with VALIC/VRSCO to calculate the advisory fee owed on your account(s). Once calculated, VALIC/VRSCO, on behalf of the Firm, deducts the advisory fee from your account(s) within fifteen (15) days of the calendar quarter-end. If you enrolled in the GPS Portfolio Manager Program during the quarter, you will pay an advisory fee only for those days in which you were enrolled in the advisory program. We will assess advisory fees from the date that VFA first generates your advice, which is the date displayed on your initial IPS (subject to your right to cancel your participation in the Program within 10 days of such date). Your asset allocation plan will be implemented on the business day following the 10th day after the date displayed on your IPS. If you make updates to your GPS client profile information and have the advice regenerated during this initial 10-day period, this will become the new date for your initial advice generation, as well as the date from which advisory fees are first assessed.

In determining the advisory fee, the Firm excludes certain assets from the account value in its calculation. For GPS accounts invested in the VALIC PD variable annuity, amounts invested in the Multi-Year Enhanced Option at the quarter-end are excluded. If you have retirement plan assets invested in a brokerage account (e.g. Schwab Personal Choice Retirement Account), assets in the brokerage account are excluded from the calculation of your advisory fee. Additionally, prior to March 31, 2018, the Firm excluded quarter-end account values allocated to the Fixed Account Plus option that were receiving an enhanced interest rate following the contract owner's initial purchase. Other than the exclusions noted in this paragraph, the VALIC variable annuities where GPS is available do not exclude any other assets from the fee calculation.

If prior to a quarter-end, you or the Firm terminate the advisory service, you transfer the entire account value out of your account or your plan sponsor terminates the advisory program, the Firm will not charge an advisory fee for that quarter.

Combining of Accounts for Fee Calculations. If you have multiple retirement plan accounts enrolled in the GPS Portfolio Manager Program, the Firm will combine the account values to calculate your advisory fees. Accounts are aggregated for fee calculation purposes based on your social security number. The Firm does not combine with your account value the account values of your family members' accounts for the purpose of calculating your advisory fees. Additionally, the Firm does not include for fee calculation purposes the account values of your accounts enrolled in the Firm's other advisory programs, including the GPA Program and the Managed Investment Program.

A portion of the advisory fee collected by the Firm is paid to Morningstar as compensation for the services it provides under the program.

Compensation to VFA and IARs. VFA receives the advisory fee as compensation for your participation in the GPS Portfolio Manager Program. VFA pays a portion of this advisory fee to your IAR. If you enroll in the GPS Portfolio Advisor Program, VFA receives the annual fee and the IAR does not receive any compensation.

If you are enrolled in the GPS Program within a VALIC PD variable annuity contract, your VFA IAR typically will receive other compensation for services provided to you in connection with your plan account(s), including commissions on deposits into your annuity contract, which are paid by VALIC. If you are enrolled in the GPS Program within your employer's mutual fund program, your IAR will receive compensation for providing services in connection with your plan account, which may include a combination of salary/fixed payments, bonus/enrollment payments or other compensation. This compensation is in addition to any advisory fees your IAR receives for your participation in the GPS Portfolio Manager Program. The advisory and other compensation that your IAR receives creates a financial incentive for her/him to recommend your enrollment in the GPS Portfolio Manager Program.

Other than the GPS Program, VFA does not offer any other advisory services within employer-sponsored retirement plans. The IAR has a financial incentive to recommend the GPS Program to clients to increase his/her compensation for services provided to you within your retirement plan.

(2) Guided Portfolio Advantage Program *(Individual variable annuity accounts)*

Description: The Firm also offers the GPA Program, which is an asset management program offered exclusively to clients of VALIC who purchase (1) the VALIC Portfolio Director Advantage fixed and variable annuity contract ("PD Advantage") or (2) the VALIC Portfolio Director Freedom Advisor fixed and variable annuity contract ("PD Freedom Advisor"). The PD Advantage and PD Freedom Advisor contracts are issued by VALIC, VFA's parent company.

On January 29, 2018, existing PD Advantage contract owners who had not enrolled in the GPA Program were no longer permitted to enroll in the Program. Existing PD Advantage contract owners enrolled in the GPA Program may continue to make subsequent deposits into the contract under certain circumstances. The Firm offers the PD Freedom Advisor contract where the individual purchasing the contract also desires to enroll in the GPA Program.

Using objective investment advice from Morningstar, the GPA Program manages assets to a strategy that is based upon your investment/retirement goals, risk tolerance, time horizon and liquidity needs. For PD Advantage contract owners who elected the IncomeLOCK or IncomeLOCK Plus living benefit within the contract, the investment allocations made in the GPA Program within your contract will be constrained by the investment requirements of the living benefit. In this program you will be granting VFA discretionary investment authority over the account.

Similar to the GPS Program, Morningstar is the independent financial expert of the GPA Program, consistent with the SunAmerica Opinion.

Account Management: Before enrolling in the GPA Program, you must first complete a GPA Client Profile and Risk Tolerance Questionnaire ("GPA Client Profile"). The GPA Client Profile will help you to determine your risk tolerance and time horizon. This will help to determine an Asset Allocation Policy and portfolio assignment, which determines how your account will be invested.

In its role as independent financial expert, Morningstar uses a tactical asset management program that develops a set of well diversified model portfolios beginning with strategic asset allocations that are typically reviewed annually, and updated if necessary. Then, as frequently as monthly, Morningstar analyzes the performance trends of all the asset classes included in their model portfolios and adjusts allocations to asset classes in order to take advantage of these trends. However, to keep the tactical asset allocation targets consistent with each model portfolio's intended investment objectives, Morningstar does limit how much the tactical allocations are allowed to deviate

from their corresponding strategic allocations. After establishing tactical asset allocation targets, Morningstar completes construction of the GPA model portfolios using a mix of the underlying investment options in the variable annuity that allows them to hit their tactical asset allocation targets. When updates to the model portfolios are implemented, the investment allocations of accounts managed by the GPA Program are reviewed and reallocated to the new targets as necessary.

Should your investment/retirement objectives or investment circumstances change, it is your responsibility to have your GPA Client Profile information updated accordingly by contacting your financial advisor and submitting a GPA Client Profile and Risk Tolerance Questionnaire Update Form.

Fees and Charges: The GPA Program is only available to individuals who have purchased a PD Advantage or PD Freedom Advisor fixed and variable annuity contract. If you are enrolled in the GPA Program, you pay the advisory fees for the management of your account and the fees and expenses of the product in which you are invested.

Other Fees and Expenses. As a contract owner in either PD Advantage or PD Freedom Advisor contracts, you bear the fees and expenses of the annuity contract, including, but not limited to, separate account charges, account maintenance fees, surrender charges, if applicable, and the fees and expenses of the underlying mutual funds available in the contract. Certain of the underlying funds available in the PD variable annuity contract pay 12b-1 fees to VALIC. VALIC uses those fees to directly reduce the separate account charges applicable to the corresponding fund options in the contract. Please review your variable annuity product prospectus for details regarding its fees and the mutual fund prospectuses for details regarding their respective fees and expenses.

Advisory Fee. Clients in the GPA Program pay an advisory fee based on the account value of their PD Advantage or PD Freedom Advisor account at the calendar quarter-end. The annual advisory fee rates that may be charged are as follows:

- **PD Advantage.** For the services rendered in connection with the PD Advantage contract, you pay an annual rate of 1.00% of your account value
- **PD Freedom Advisor.** For services rendered in connection with the PD Freedom Advisor contract, you pay the following annual advisory fee rate:

Assets Under Management (AUM)	Maximum Annual Advisory Fee Rate (Paid by Client)
First \$250,000	1.12%
Next \$250,000	0.97%
Next \$500,000	0.87%
Next \$1 million	0.77%
Next \$3 million	0.67%
Over \$5 million	0.57%

The GPA Program advisory fee rate may not be negotiated. The rate applicable to your account is included in your Advisory Agreement.

Calculation of the Advisory Fee. The GPA Program advisory fee is generally calculated, subject to the exceptions disclosed in the next paragraph, at each calendar quarter-end. The Firm uses the account value of your annuity contract, as reflected on VALIC's recordkeeping system, as of the last day of the calendar quarter to calculate the advisory fees owed for the quarter. The Firm works with VALIC, to calculate the advisory fee owed on your account. Once calculated, VALIC, on behalf of the Firm, deducts the advisory fee from your annuity account within fifteen (15) days of the quarter-end. If you enrolled in the GPA Program during the quarter, you pay an advisory fee only for those days in which you were enrolled in the program. The Firm will assess an advisory fee from the day in which investment advice was first generated for your account. The Firm does not exclude any portion of your quarter-end account value when calculating your advisory fee.

If you own the PD Freedom Advisor variable annuity and you terminate the GPA Program or you surrender the annuity, the Firm will assess an advisory fee on a pro rata basis for that portion of the quarter in which you were enrolled in the advisory program, as provided in the terms of your Advisory Agreement. For the calculation of the advisory fee upon termination/surrender, the Firm uses the account value as of the termination date of the program or the amount surrendered. If you own the PD Advantage variable annuity and you terminate the GPA Program or you surrender the annuity, the Firm will not assess an advisory fee for that quarter.

If you have multiple accounts in which you are enrolled in the GPA Program, the Firm does not combine the account values for the purpose of calculating your advisory fee. The Firm does not combine with your account value the account values of your family members' GPA accounts for the purpose of calculating your advisory fees. In addition, the Firm does not include for fee calculation purposes the account values of accounts enrolled in the Firm's other advisory programs, including the GPS Program and the Managed Investment Program.

Compensation to VFA and IARs. IARs are compensated by VFA from the advisory fees paid on assets in the GPA Program in your PD Advantage or PD Freedom Advisor contracts, up to 0.90% annually based on the value of assets in the account.

The advisory fees charged by VFA may be similar to or higher than the fees charged by other investment advisers. The compensation received may or may not be more than what would be received if you paid us separately for investment advice, brokerage and other services. If the amount would be more than what an IAR would receive if you participated in other programs we offer or paid separately for investment advice, brokerage and other services, the IAR will have a financial incentive to recommend this program over other programs or services.

Outside of an employer-sponsored retirement plan, your IAR may recommend either the MIP Program or the GPA Program. The GPA Program is only offered with the purchase of the PD Freedom Advisor variable annuity contract, which is issued by VALIC, the Firm's parent company. In the aggregate, the GPA Program generates higher revenues to VFA and VALIC than does the MIP Program. Although VFA and the IAR receive similar if not the same compensation whether you enroll in either program, the Firm and its affiliates benefit more by recommending the GPA Program because of the higher revenues received by the Firm and its affiliates.

(3) Termination of the Advisory Relationship

When you enroll in the GPS Program or GPA Program, you are required to complete the GPS Client Profile or GPA Client Profile, respectively, and sign an investment advisory services agreement between the Firm and you ("Advisory Agreement"). At any time thereafter, both you and the Firm may terminate the Advisory Agreement for any reason. You may terminate the GPS/GPA Program by providing written notice to the Firm in a form acceptable to the Firm. Termination by VFA will be effective upon written notice as set forth in the Advisory Agreement, unless a later date is stated in the notice. Please see "Fees and Charges" sections under the descriptions of the GPS and GPA Programs for a discussion of whether an advisory fee may be assessed if the advisory program is terminated prior to a quarter-end.

(4) Availability of GPS/GPA Programs in Affiliated Products; Revenues Received by Affiliates.

The GPS Program and GPA Program are offered in connection with the VALIC PD variable annuity. As noted above, VALIC receives various fees under those contracts, including separate account charges, maintenance fees, withdrawal charges, living benefit fees and other fees and charges. Note that the VALIC PD variable annuity, includes underlying mutual funds for which VALIC serves as investment adviser and Firm affiliates provide subadvisory, transfer agent, administrative and shareholder services ("Affiliated Funds"). As a result, when investments are allocated to Affiliated Funds, the Firm's affiliates earn investment management fees, sub-advisory fees, transfer agent, administrative services and/or shareholder services fees. This compensation is in addition to the advisory fee that you pay for participation in the GPS or GPA Programs.

The GPS Program is also available in employer-sponsored retirement plans in which VRSCO and VFA provide various plan-related services to the plan and plan participants and VRSCO and VFA receive fees for such services. Plan sponsors select the plan's line-up of available investment options, which include mutual funds that are available on (or capable of being added to) the investment platform. The plan sponsors may make these selections themselves, or with the assistance of an investment advisor that is independent of VFA and its affiliates. Neither VFA nor its affiliates make or provide advice regarding these selections. Plan sponsors may include in the plan one or more Affiliated Funds. As a result, VFA affiliates, such as VALIC and SunAmerica Asset Management LLC ("SAAMCo"), will earn various fees referenced in the paragraph above.

As noted in the above paragraphs, Affiliated Funds may be present in either the VALIC PD variable annuity or in the mutual fund retirement program, and to the extent that account assets are allocated to the Affiliated Funds, the Firm and its affiliates will generally receive higher compensation. However, under the GPS Program and GPA Program, neither VFA nor VALIC has the ability to direct the allocation of your investments to any of the investment options in your plan whether invested in a VALIC variable annuity or in the mutual fund retirement program. Instead, Morningstar, as the independent financial expert, is responsible for creating the investment models used in the GPS Program and GPA Programs and establishing the target allocations to each investment option for each model/Program independent of VFA, VALIC and its affiliates.

Item 5 - Account Requirements and Types of Clients

GPS Program. New Enrollments into the GPS Program are currently only available to individuals in employer-sponsored retirement plans, typically where the employer has elected to make the program available to its plan participants. In certain retirement plans, the employer may not be required to elect the service in order for it to be available in the retirement plan.

An individual who desires to enroll in the GPS Program must have first established an account in their employer-sponsored retirement plan with VALIC or VRSCO. To establish this service with an existing retirement plan account, you need to complete a GPS Client Profile. There is no minimum account balance to enroll an account in the GPS Program.

GPA Program. This GPA Program is offered exclusively to individuals, trusts and entities that have purchased either a PD Advantage or PD Freedom Advisor fixed and variable annuity contract. As noted above, the GPA Program can no longer be added to existing PD Advantage contracts as of January 29, 2018. To establish this service with a PD Freedom Advisor contract, you must complete a GPA Client Profile form. While there is no minimum initial account balance for the GPA Program, the PD Freedom Advisor contract has a minimum initial deposit of \$25,000.

Item 6 - Portfolio Manager Selection and Evaluation

The GPS Program and GPA Program each consist of (i) advisory services involving portfolio allocations across investment options and (ii) the execution of client transactions, which means the implementation of the advised allocations. There are no portfolio managers for either program.

Item 7 - Client Information Provided to Portfolio Managers

The GPS Program and the GPA Program each consist of (i) advisory services involving portfolio allocations across investment options, and (ii) the execution of client transactions, which means the implementation of the advised allocations. There are no portfolio managers for either program. Morningstar is responsible for developing the investment models and determining investment advice. Morningstar does not possess knowledge of your individual information or investment goals and objectives, and does not have a direct relationship with you.

Item 8 - Client Contact with Portfolio Managers

As noted above, there are no portfolio managers for either the GPS Program or GPA Program. Individuals utilizing the GPS Program or the GPA Program do not have contact with Morningstar. If you have questions regarding your account(s) or the advisory services, you should contact VFA or your IAR. Additionally, if you have questions regarding your retirement plan account, you should contact VALIC or your VFA financial advisor.

Item 9 - Additional Information

Disciplinary Information:

We are required to disclose any legal or disciplinary events that are material to our clients or our prospective client's evaluation of our investment advisory business or the integrity of our management. The following are disciplinary events relating to the Firm and/or its management personnel:

On November 28, 2016, without admitting or denying the Financial Industry Regulatory Authority ("FINRA") findings, the Firm submitted a letter of acceptance waiver or consent for the purpose of settling alleged NASD and FINRA rule violations that it failed to: (1) have a reasonable system or process/procedures designed to address, analyze or review the conflicts of interest in its compensation program or to ensure that balanced disclosures was provided to the investors regarding such compensation program, (2) to maintain adequate systems and procedures to supervise the sale of variable annuities to retail brokerage customers, (3) maintain supervisory procedures and training materials that provide registered representatives and principals guidance or suitability considerations for sales of different variable annuity share classes, including L-share variable annuities, (4) enforce supervisory procedures requiring that certain emails flagged by its email surveillance system be reviewed by designated Firm supervisors, (5) establish a reasonable system and procedures to supervise its complaint reporting responsibilities, and (6) failed to issue account notices at account opening and then on 36-month intervals for certain brokerage customers. The Firm was censured and fined \$1,750,000.

Other Financial Industry Activities and Affiliations

VFA is a wholly-owned subsidiary of VALIC, which is a Texas-domiciled insurance company and an SEC-registered investment adviser. VALIC is primarily engaged in the offering and issuance of fixed and variable annuity contracts and combinations thereof and is licensed to issue annuities in 50 states and the District of Columbia. VALIC is an indirect, wholly-owned subsidiary of AIG.

In addition to being registered with the SEC as an investment adviser, VFA is registered with the SEC, FINRA and state securities commissions as a broker/dealer, and as an insurance agency. In this capacity, VFA is involved in the sale of various types of securities, including, but not limited to, stocks, bonds, variable investment products and mutual funds. VFA, as well as our financial advisors, receive separate compensation for securities transactions effected through the Firm.

- AIG Capital Services, Inc. (“AIGCS”) is an indirect, wholly-owned subsidiary of AIG and an affiliate of the Firm. In its capacity as a registered broker-dealer, AIGCS acts as principal underwriter for the offer, sales and distribution of the variable annuity contracts issued by VALIC and its affiliates and as distributor of registered investment companies advised by VALIC and SunAmerica Asset Management LLC (“SAAMCo”).
- SAAMCo is an indirect, wholly-owned subsidiary of AIG and an affiliate of the Firm. SAAMCo is the investment adviser for AIG mutual funds and the AIG mutual funds available within VFA’s MIP Managed Investor Account: (“MIA”) AIG Funds Portfolio. It also serves as an administrator and investment sub-adviser to certain registered investment companies advised by VALIC.
- AIG Federal Savings Bank, an affiliate of the Firm, acts as custodian/trustee for employer-sponsored retirement plans for which the Firm provides enrollment, education and offers the GPS Program.
- VALIC Retirement Services Company (“VRSCO”) is a wholly-owned subsidiary of VALIC and an SEC-registered transfer agent for registered investment companies advised by VALIC and SAAMCo. VRSCO is also a record keeper and service provider to certain retirement plans for which the Firm provides enrollment, education and advisory services.
- VALIC Company I/VALIC Company II (the “VALIC Funds”) are registered investment companies advised by VALIC and, with respect to certain funds, sub-advised by SAAMCo. The VALIC Funds are offered as underlying investment options within VALIC-issued variable annuity contracts and as mutual funds in employer-sponsored retirement plans for which VFA offers the GPS Program and GPA Programs, as applicable. For these funds, SAAMCo is the administrator and, for certain funds, an investment sub-adviser, AIGCS is the distributor, and VRSCO is the transfer agent. Additionally, with respect to the VALIC Company II funds, VALIC provides shareholder services to shareholders invested in the funds.
- The AIG Funds are registered investment companies advised by SAAMCo and comprise all or substantially all of the funds held within the MIA AIG Funds Portfolio. The AIG Funds within this Portfolio model generally will include series within the SunAmerica Equity Funds, SunAmerica Income Funds, SunAmerica Specialty Series, SunAmerica Senior Floating Rate Fund, and SunAmerica Series, Inc. AIGCS is the distributor of the AIG Funds.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading:

The Firm has adopted a Code of Ethics (“Code”). VFA will provide a copy of its Code to clients and prospective clients upon request by contacting us at (866) 544-4968.

VFA, as investment adviser, has a fiduciary duty to act solely for the benefit of advisory clients. The Code requires honest and ethical conduct by all our supervised persons, compliance with applicable laws and governmental rules and regulations, the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code, and accountability for adherence to the Code. The Code is designed to protect the organization and its clients from damage that could arise from a situation involving a real or apparent conflict of interest. While it is not possible to identify all possible situations in which conflicts might arise, this Code is designed to set forth our policy regarding the conduct of our supervised persons in those situations in which conflicts are most likely to develop.

Supervised persons are expected to adhere to the Code and are also expected to follow procedures for reporting of any violations as of the Code.

To the extent permitted by applicable law and the investment objectives, policies and restrictions, if any, applicable to client accounts, your IAR may recommend that an investment be made in one or several registered investment companies for which an affiliate acts as investment adviser or sub-adviser. In certain instances, in accordance with applicable law, we will waive its fee with respect to the portion of client assets so invested.

For access persons, VFA requires that securities transactions be disclosed and/or reported. Access persons are any of VFA's supervised persons who have access to non-public information regarding any investment advisory client's purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund or any person who is involved in making securities recommendations to investment advisory clients, or who has access to such recommendations that are nonpublic.

In our capacity as a broker-dealer, we provide to our clients a variety of products and services for which we are compensated. To the extent that an advisory client chooses to utilize our services as a broker-dealer, VFA and our associated persons may earn compensation in the form of brokerage commissions in addition to advisory fees. Our associated persons may recommend to you the purchase or sale of investment products in which we or a related entity may have some financial interest, including, but not limited to, the receipt of compensation.

Privacy Policy: Protecting customers' private information is important to the Firm. Therefore, the Firm has instituted policies and procedures to keep customer information confidential and secure. The Firm does not disclose any non-public personal information about its customers or former customers to any non-affiliated third parties except as required by or permitted by law. In the course of servicing a client account, the Firm may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and attorneys. The Firm will deliver a copy of the current privacy policy to prospective clients prior to establishing a client relationship with VFA and to all VFA clients annually, thereafter.

Review of Accounts and Reports:

(1) GPS Portfolio Manager Program.

During the month following the end of each calendar quarter, the investor profile information used to generate your wealth forecasts and investment advice and to perform asset management, is sent to you for review, in the form of a Quarterly Advice Statement (QAS). Further, in the quarter prior to the automatic annual update to your Portfolio Manager retirement income forecast and investment advice, VFA will contact you with a reminder to update to your GPS Client Profile information as needed or desired.

When advice is generated for the account(s) you have managed under the Portfolio Manager program, the account(s) will be reviewed to determine whether transactions are required to allocate your assets per the target allocations of the model portfolio to which your account is being managed. Similarly, the accounts you have managed under the Portfolio Manager program will be reviewed once per quarter and rebalanced as necessary to bring the allocations back in line with the target allocations of the model portfolio.

In addition to the regular VALIC quarterly statement that shows transactions for the prior quarter, fees imposed during that prior quarter, and current asset allocation, clients participating in the Portfolio Manager program will also receive a Quarterly Advice Statement and Investment Policy Statement that are described below.

Quarterly Advice Statement ("QAS"): This is a reminder of your most recent wealth forecast, recommendations, and the investment advice to which your assets are being managed. It is also a reminder of the GPS Client Profile information and your VALIC account balance information that were used as inputs to generate your most recent advice, and it shows the fees for the calendar quarter just ended. You will usually get the QAS during the month following calendar quarter end. You will receive a QAS for each plan that you have managed under Portfolio Manager as of the calendar quarter that just ended.

Investment Policy Statement ("IPS"): Any time your advice is regenerated – whether as part of the automatic annual regeneration, or as requested by you – a new IPS will be generated to reflect the retirement income forecast, recommendations, and investment advice to which your assets will be managed. The IPS will also show the GPS Client Profile information and your VALIC account balances that were used as inputs for generating this advice.

Clients in the GPS Portfolio Advisor Program do not receive written reports. This program offers web-based advice enabling an individual to make investment decisions.

(2) GPA Program.

As frequently as monthly, Morningstar analyzes the performance trends of all the asset classes included in their model portfolios. When updates to the model portfolios are implemented, the investment allocations of accounts managed by the GPA Program are reviewed and reallocated to the new target allocations, as necessary.

GPA Program clients receive a quarterly VALIC account statement that shows details about their PD Advantage or PD Freedom Advisors account(s), including transactions for the prior quarter, fees imposed during that prior quarter, and current asset allocation. For any account being managed by the GPA Program as of calendar quarter end, the quarterly statement issued by VALIC will also show you which model portfolio those assets were being managed to at that time. You will periodically receive confirmation statements from VALIC that reflect the transactions during the period and the model portfolio asset allocation targets associated with the account(s) that are being managed by the GPA Program.

Client Referrals and Other Compensation:

VFA maintains a program under which its representatives may be eligible to attend certain educational conferences based on his/hers total sales. From time to time, VFA implements programs under which VFA's representatives are eligible to win awards for certain sales efforts such as, but not limited to, the establishment of new accounts or additional assets under management. These programs will not change the fees the client pays for advisory services. The Firm does not engage solicitors or pay related or non-related persons for referring potential advisory clients.

As noted above, a portion of the GPA advisory fees that you pay to the Firm is paid to your IAR. Generally, the portion paid to your IAR increases throughout the year as their aggregate compensation from the sale of insurance/securities products and receipt of advisory fees reaches certain thresholds. Additionally, the compensation that your IAR receives from substantially all compensation sources, including MIP fees, count towards your IAR's qualification for non-cash awards, trips and other non-cash benefits offered by the Firm. With respect to the GPS Program, your IAR receives a fixed percentage of the advisory fee that you pay to the Firm.

Additionally, your IAR is eligible to attend VALIC-sponsored or Firm-sponsored conferences based on their achievement of certain levels of compensation from the sale of securities, insurance products, and advisory fees received from advisory accounts, including MIP accounts. Qualification for such conferences and events are not based on the sale of any specific product or category of products but is instead based on aggregate levels of compensation or other non-product specific criteria. Certain of the Firm's top-earning IARs are designated as President's or Platinum President's Cabinet members and receive additional compensation and benefits. Qualification to the President's Cabinet is based on total compensation and is not based on any specific product or category of products. In addition, the Firm may implement programs under which IARs may be eligible to win non-cash awards for certain sales efforts such as, but not limited to, the establishment of new accounts or additional assets under management. Similar to other sales-based programs, such non-cash awards are not based on the sale of any specific product or category of products. These programs will not change the fees that you pay for advisory services.

Financial Information:

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about VFA's financial condition. VFA has no financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy petition.