

# Understanding the main differences between mutual funds and annuities



Mutual funds and variable annuities are the choices available in your Chicago Public Schools 403(b) and 457(b) Defined Contribution retirement plan. Deciding between these types depends on your unique situation and personal financial strategy.

Each type has its own features. The chart below is intended to help you understand the differences between them. Your Retirement Plan Consultant is also ready to provide answers to any questions you may have.

## Product features

Common questions	Mutual funds <sup>1</sup>	Variable annuities <sup>1</sup>
What are the key features?	<ul style="list-style-type: none"> <li>Individual investors buy a portion of a basket of underlying securities, such as stocks and bonds</li> <li>Potential growth from market appreciation</li> <li>Tax-deferred growth within a retirement plan</li> </ul>	<ul style="list-style-type: none"> <li>Retirement product that contains both an investment and insurance component</li> <li>The insurer invests in a portfolio of underlying funds, such as stocks and bonds</li> <li>Potential growth from market participation</li> <li>Tax-deferred growth within a retirement plan</li> </ul>

## Product features

Common questions	Mutual funds <sup>1</sup>	Variable annuities <sup>1</sup>
<b>Is my money protected?</b>	<ul style="list-style-type: none"> <li>No assurance that the objective of any fund will be achieved, since investment values will fluctuate. Mutual fund shares are redeemable at the then-current net asset value, which may be more or less than their original cost.</li> <li>Investing involves risk including the possible loss of principal</li> </ul>	<ul style="list-style-type: none"> <li>Investment value will fluctuate with the returns on the underlying investments; your total contributions and earnings, when redeemed, may be worth more or less than their original cost</li> <li>Investing involves risk including the possible loss of principal</li> </ul>
<b>Do I have access to broadly diversified investment choices?</b>	Access to a broad range of professionally managed investment choices with an array of investment objectives	Offers a range of highly differentiated variable investment options
<b>Do I have access to my money?</b>	Within a retirement account, access is limited by plan design and account holder age	Many allow a percentage of the contract value to be withdrawn annually without surrender charges <sup>2</sup>
<b>When do I pay taxes on the money?</b>	Taxes are due upon withdrawal, usually at retirement; withdrawals are treated as ordinary income <sup>3</sup>	Taxes are due upon withdrawal, usually at retirement; withdrawals are treated as ordinary income <sup>3</sup>
<b>What are my distribution/withdrawal options at retirement?</b>	Lump sum, partial and systematic distributions options are available.	Lump sum, partial and systematic distributions options are available. You may also elect to annuitize your contract, which guarantees lifetime income payments. <sup>4</sup>
<b>Is there a death benefit?</b>	No guaranteed death benefit	<ul style="list-style-type: none"> <li>Generally have a guaranteed death benefit, avoiding the costs and delays of probate</li> <li>Withdrawals will reduce the benefit</li> </ul>
<b>Are the products subject to expenses, fees and charges?</b>	<ul style="list-style-type: none"> <li>A fund's net performance reflects the automatic subtraction of its expenses during the year</li> <li>\$28.00 annual recordkeeping fee</li> </ul> <p>For additional information on expenses, fees and charges, please visit <a href="https://cps.corebridgefinancial.com">cps.corebridgefinancial.com</a>.</p>	<ul style="list-style-type: none"> <li>A fund's net performance reflects the automatic subtraction of its expenses during the year</li> <li>Mortality and expense charge of 0.40% - 0.65%</li> <li>May be subject to contractual surrender charges for premature withdrawal</li> </ul> <p>For additional information on expenses, fees and charges, please visit <a href="https://cps.corebridgefinancial.com">cps.corebridgefinancial.com</a>.</p>

The information in this chart is general in nature. For information specific to your retirement plan account, refer to your plan documents, which can be found at [cps.corebridgefinancial.com](https://cps.corebridgefinancial.com). In addition, to find out the available choices in your retirement plan, log on to [cps.corebridgefinancial.com](https://cps.corebridgefinancial.com).



## Your Retirement Plan Consultant stands ready to provide one-on-one guidance.

Which investment choices should you choose to help save for the financial future you envision? That is a topic you and your Retirement Plan Consultant may want to discuss. The answer depends on several factors including your age, comfort with risk and how long before you will need to withdraw the money and more.

To find out who your Retirement Plan Consultant is and schedule a meeting via phone, you can log on to [cps.corebridgefinancial.com](https://cps.corebridgefinancial.com) and follow the instructions below:

- Sign in to your retirement plan account
- Once signed in, scroll to the bottom of your Overview page to view your Corebridge financial professional's information
- Contact your Corebridge financial professional directly to schedule a virtual meeting

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<sup>1</sup> Note that when transferring an account from an annuity to a mutual fund investment choice, you forfeit the death benefits and other guaranteed features. Your Corebridge financial professional can help you determine if transferring from one investment choice to another is appropriate for your situation.

<sup>2</sup> Subject to plan rules as well as tax rules related to qualified accounts.

<sup>3</sup> Taxable withdrawals are subject to ordinary income tax. Withdrawals taken prior to age 59½ may be subject to a 10% federal early withdrawal tax penalty. Contractual withdrawal charges may also apply for annuities.

<sup>4</sup> Annuitization is the process of converting part or all of the money in an annuity contract into a stream of regular income payments, either for your lifetime or the lifetimes of you and your joint annuitant. Some guarantees may require additional fees.

### Important considerations before deciding to move funds either into or out of a Corebridge retirement account

There are many things to consider. For starters, you will want to carefully review and compare your existing account and the new account, including: fees and charges; guarantees and benefits; and, any limitations under either of the accounts. Also, you will want to know whether a surrender of your current account could result in charges. Your financial professional can help you review these and other important considerations.

**Investors should carefully consider the investment objectives, risks, fees, charges and expenses before investing. This and other important information is contained in the fund prospectuses and if available, the summary prospectuses, which can be obtained from your financial professional, at [cps.corebridgefinancial.com](https://cps.corebridgefinancial.com) or by calling 1.800.428.2542 and following the prompts. Read the prospectuses carefully before investing.**

[cps.corebridgefinancial.com](https://cps.corebridgefinancial.com) 1.888.569.7055

### We're here to help you take **action**

You can reach out directly to your Retirement Plan Consultant.

Retirement plans and accounts that satisfy relevant qualification rules, such as 403(b)s, IRAs, 401(k)s, etc., can be tax deferred regardless of whether or not they are funded with an annuity. If you are considering funding a tax-qualified retirement plan or account with an annuity, you should know that an annuity does not provide any additional tax-deferred treatment of earnings beyond the tax deferral of the tax-qualified retirement plan or account itself. However, annuities do provide other features and benefits.

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Annuities are issued by **The Variable Annuity Life Insurance Company**, Houston, TX. Variable annuities are distributed by Corebridge Capital Services, Inc., member FINRA.

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

VALIC Retirement Services Company provides retirement plan recordkeeping and related services and is the transfer agent for certain affiliated variable investment options.

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