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## **AIG - VALIC Information for ORP and TDI Participants**

Developments in U.S. financial markets have recently focused attention on American International Group (AIG), the parent company of the Variable Annuity and Life Insurance Company (VALIC). Losses from mortgage-backed securities issues have required AIG to raise capital in order to meet its financial obligations in the broader insurances markets.

OUS is aware of and is closely monitoring the current AIG VALIC situation in their capacity as a TDI and ORP vendor. As always, we encourage participants, in conjunction with their investment advisors or financial planners, to actively monitor their retirement investments.

### **What You Should Know about VALIC**

On September 16, VALIC stated that it maintains capital and surplus to support its obligations separate from AIG. AIG Retirement (the marketing name for VALIC), has told OUS that if its parent company AIG is unable to resolve its issues, any federal filing would not involve VALIC.

Variable Annuity: VALIC's contracts provide that retirement assets invested in mutual funds are held in separate accounts that are not part of AIG's general assets. Investment earnings vary according the holdings of each SEC-regulated mutual fund, and change in value each business day. Investment returns do not depend on the performance of AIG or the AIG Retirement companies, unless mutual fund holdings include AIG stock. The separate account for mutual funds holds these assets for the exclusive benefit of each participant. VALIC has affirmed that the account is not subject to any claims from any person or entity other than the participant or beneficiary.

Fixed Annuity: VALIC has emphasized that the fixed annuity contract is protected by Texas state insurance regulations which guarantee principal amounts up to the certain limits. The fixed account options and annuities are part of VALIC's general account. Those state insurance regulations aim to preserve the solvency of the general account to assure that contractual obligations to participants are met.

A September 17, 2008 update on assistance from the Federal Reserve Bank of New York can be found at [http://www.aigretirement.com/Images/AIG\\_Fed.ReserveAnnouncement.09.16.08\\_AIGR\\_tcm82-119604.pdf](http://www.aigretirement.com/Images/AIG_Fed.ReserveAnnouncement.09.16.08_AIGR_tcm82-119604.pdf)

Please visit AIG Retirement's Industry News at [http://www.aigretirement.com/AIG-Retirement\\_82\\_8630.html](http://www.aigretirement.com/AIG-Retirement_82_8630.html) to follow developments.

### **Actions You May Want to Consider**

- Former employees who are currently receiving annuity payments from VALIC should speak with their financial advisors about ramifications of AIG's current situation.
- Current employees should contact their financial advisor or AIG representative for additional information. New information regarding the ORP and TDI plans will be posted at [www.ous.edu](http://www.ous.edu) as it becomes available.
- Participants may transfer their accounts to another active TDI /ORP vendor – Fidelity or TIAA-CREF - by using a 'Rollover / Transfer Out Request' form provided by their AIG VALIC advisor who can be contacted by calling 800-448-2542. Surrender charges or other fees and expenses may apply. Participants should carefully examine their contracts and prospectuses, and talk to their VALIC retirement advisor prior to transferring or distributing their account. Not all fixed annuity assets may be transferable at one time.