

VALIC Financial Advisors, Inc.

WRAP FEE PROGRAM BROCHURE

Part 2A Appendix 1 of Form ADV

Guided Portfolio Services Program
and
Guided Portfolio Advantage Program

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August 25, 2020

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 (866) 544-4968. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) 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 our website at www.valic.com.

Item 2 — Material Changes

Since our most recent update to the VFA Wrap Fee Program Brochure (the “Wrap Brochure”) dated March 30, 2020, the Firm made material changes, which include the following:

- The Firm updated Item 9 to include information regarding two orders issued by the SEC on July 28, 2020. VFA consented to the entry of both orders without admitting or denying the findings therein.
 - In the first order, the SEC found that VFA violated certain provisions of the Investment Advisers Act of 1940 (“Advisers Act”) by failing to disclose to certain Florida teachers who were potential and actual clients that VFA’s parent company made payments and provided other financial benefits to a company owned by Florida K-12 teachers’ unions, for client referrals. As part of the settlement, VFA agreed to pay a \$20 million penalty and to comply with certain undertakings.
 - In the second order, the SEC found that VFA violated certain provisions of the Advisers Act in connection with certain mutual fund and mutual fund share class selection practices. These practices included conflicts of interest associated with VFA’s receipt of 12b-1 fees, receipt of revenue sharing, and avoidance of transaction fees, without appropriate disclosure. As part of the settlement, VFA agreed to pay disgorgement of \$13.2 million, prejudgment interest of \$2.2 million, and a civil monetary penalty of \$4.5 million, as well as to comply with certain undertakings.
- The Firm revised Item 14 to disclose that employees may solicit, refer, or market to clients the advisory programs of certain Third-Party Advisors, as described in this Wrap Brochure.

If there is a material change to the disclosures in this Wrap 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>.

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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 investment advisory products and services described in this Wrap Brochure, and certain other advisory programs described in other Firm brochures. The Firm offers its investment advisory services through its online portal and its investment adviser representatives ("IARs") located throughout the United States. 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 makes available 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, are not part of our advisory relationship with you, and are not subject to regulation under the Investment Advisers Act of 1940. All IARs are also engaged in the Firm's brokerage business and are registered with the Firm as registered representatives.

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"), doing business under the AIG Retirement Services, Inc. brand name, an indirect wholly owned subsidiary of American International Group, Inc. ("AIG").

As of June 30, 2020, VFA managed \$20.2 billion on a discretionary basis.

This Wrap Brochure describes the services, fees and other necessary information you should consider prior to enrolling in the **Guided Portfolio Services ("GPS") Program** or **Guided Portfolio Advantage ("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 offered by VFA, please refer to the Firm's Form ADV Part 2A (the "Firm Brochure").

(1) GPS 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"), each an affiliate of VFA. Your retirement account may be invested in a VALIC Portfolio Director ("PD") variable annuity or in a mutual fund platform 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**, which is an online 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 (defined below), you will receive a point-in-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 mutual fund platform account. It is then your decision whether to implement the investment advice in whole, in part, or not at all, as VFA only provides non-discretionary investment advice with this service and does not engage in any account management or monitoring of assets for this service. You are also solely responsible for reviewing and updating the information you input in the program with respect to the completeness, accuracy and timeliness of the information. You should review your retirement account(s) periodically to monitor changes in the market and the value of your investments and subsequent contributions because a failure to review and update account information through this program may materially affect the content and value of the service; and
- **GPS Portfolio Manager**, which is a program that combines the investment advice and recommendations through Morningstar described in the Portfolio Advisor service 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 for your review, 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” to 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.

Account Management (GPS Portfolio Manager Program only): As part of your enrollment process 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 your risk preferences, and provide 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, which is determined by the plan sponsor.

GPS Portfolio Manager applies asset allocations provided by Morningstar without modifications (although application of such asset allocations may be constrained by limitations imposed by one or more plan investment options), to manage your investments exclusively in accordance with the retirement objectives and resource you indicated as part of your GPS Client Profile. Depending on availability, your GPS Client Profile will include responses to a series of risk preference questions that will be considered when determining your portfolio assignment. 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 by the GPS Program will not consider any investment objectives, risk profiles/preferences beyond those captured in your GPS Client Profile, as applicable, 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 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 an ongoing 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 circumstances. You should consider these factors, among others, when deciding whether to participate or continue to participate in GPS Portfolio Manager.

The portfolio assigned to your GPS Program account (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. If applicable to your account, the risk preferences you indicated in your GPS Client Profile will not override this portfolio assignment methodology, but it may cause Morningstar’s portfolio assignment to shift one model portfolio more conservative or one model portfolio more aggressive. 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, you may contact the Asset Management Center at (800) 448-2542 to make any necessary changes to your GPS Client Profile information, and have the advice regenerated accordingly.

On approximately 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.

It is important to review your IPS and make any updates to your GPS Client Profile information 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 My Personal Advice.”

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.

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

- * **GPS Portfolio Advisor.** Beginning March 30, 2020, there is no longer an annual fee for the use of this service. If you enrolled in the Portfolio Advisor Program prior to that date, you paid an annual fee of up to \$25 which was charged to your account following enrollment in the program and entitled you to use the service for one year. You may not obtain a refund or partial 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.
- * **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%

- * In accordance with the SEC order referenced in Item 9, VFA has capped the management fee for the GPS Program at 45 basis points (0.45%) for participants currently enrolled in this program in 403(b) and 457(b) plans offered by Florida K-12 schools, and to also offer this rate to any 403(b) and 457(b) participants offered by Florida K-12 schools who enroll in the GPS Program through the Portfolio Director annuity within the next five years. This capped rate will remain in effect for such participants for the duration of enrollment in the GPS Program. More information is provided in Item 9 of this Brochure.

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 by 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) generally within fifteen (15) calendar 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 Portfolio Manager 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. 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 terminates 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 the account values of your family members' accounts with your account value for the purpose of calculating your advisory fees. Additionally, in calculating the applicable fees for the GPS Portfolio Manager Program, the Firm does not include the account values of your accounts, if any, held in the Firm's GPA Program and/or 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.

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 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 the VALIC PD variable annuity prospectus and the mutual fund prospectuses for details regarding their respective fees and expenses. Separately, 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, VRSCO, as the plan service provider, reduces or offsets the recordkeeping fees you or your plan sponsor pay, or offsets other plan expenses. This amount is based on 12b-1 fees received or expected to be received by the Firm from the funds. An offset of fees to the plan can be direct, reducing the fee that is actually charged, or indirect, as a credit to your plan account which offsets some or all of the fees charged to the account. 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.

Compensation to VFA and IARs. VFA receives the advisory fee as compensation for your participation in the GPS Portfolio Manager Program. VFA pays your IAR compensation which generally is calculated on a portion of these advisory fees, plus other eligible non-advisory fees for plan and/or account services as discussed below. If you enroll in the GPS Portfolio Advisor Program, there is no annual fee and the IAR does not receive any compensation for that advisory service.

If you are enrolled in the GPS Program within a VALIC PD variable annuity contract or within a mutual fund platform, your VFA IAR typically will receive other compensation for non-advisory plan and account services you receive outside of the GPS program, which can include, among other things, assistance with plan enrollment and/or assistance with transfers or rollovers into your plan account. Such non-advisory compensation can include commissions on deposits into your account(s), a combination of salary/fixed payments, and/or bonus/enrollment payments. This compensation is in addition to any advisory fees VFA generally pays to your IAR for services relating to your participation in the GPS Portfolio Manager Program, and thus generally will be paid regardless of whether you enroll in the GPS Program. The advisory and non-advisory compensation that your IAR receives creates a financial incentive for her/him to recommend and/or assist you with additional investments into your plan account,

and/or to recommend your enrollment in the GPS Portfolio Manager Program.

(2) GPA Program (*Individual Annuities*)

Description: The Firm also offers the GPA Program, which is an asset management program offered exclusively to clients of VALIC who (1) purchased the VALIC Portfolio Director Advantage fixed and variable annuity contract (“PD Advantage”) or (2) purchase the VALIC Portfolio Director Freedom Advisor fixed and variable annuity contracts (“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 GPA Program. Existing PD Advantage contract owners enrolled in the GPA Program may continue to make subsequent deposits into the contract under certain circumstances, which deposits will be managed under the program. The Firm offers the PD Freedom Advisor contract to individuals who desire to purchase an annuity and 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 to the GPA Program.

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 limits how much the tactical allocations can 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 other fees and expenses of the product or platform in which you are invested.

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) calendar 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 also does not combine with your account value the account values of your family members' GPA accounts for the purpose of calculating your advisory fees. Additionally, in calculating the applicable fees for the GPA Program, the Firm does not include the account values of your accounts, if any, held in the Firm's GPS Portfolio Manager Program and/or Managed Investment Program.

Other Fees and Expenses.

As a contract owner in either PD Advantage (accounts established prior to January 2018) or PD Freedom Advisor (accounts established beginning in January 2018), 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 applicable contract. The PD Advantage contract and the PD Freedom Adviser contracts include mutual funds in which they, or their affiliates, have an agreement with VALIC to pay for administrative, recordkeeping and/or distribution and shareholder services that VALIC or its affiliates provide to the underlying mutual fund(s) in these products. Currently, the payments VALIC receives from these mutual funds or their affiliates for the PD Advantage contract range from 0.00% to 0.40%, and for the PD Freedom Adviser contract from 0.00% to .025%, based on the market value of the assets invested in the underlying mutual fund(s) as of a certain date, usually paid at the end of each calendar quarter. VALIC may, in its discretion, apply some or all of these payments to reduce the separate account charges applicable to the corresponding fund options in these contracts. The PD Advantage and PD Freedom Adviser contracts includes VALIC Company II mutual funds ("VALIC II") which pay up to 0.25% for various administrative services. VALIC reduces the separate account charge by the amount of the payment that it receives from the VALIC II funds.

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.

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.

(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 the GPA Client Profile, as applicable, 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 do so by providing written notice 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. Upon termination of either the GPS Portfolio Manager Program or GPA Program, you will no longer be charged advisory fees and your account will no longer be managed, will no longer undergo asset allocation reviews or adjustments, and you will be responsible for managing your assets in your account(s). You will have the ability to make allocation and investment option changes to your account, usually two (2) business days following cancellation of either the GPS Portfolio Manager Program or the GPA Program. Accordingly, your asset allocation will remain the same as established in the GPS Portfolio Manager Program or the GPA Program unless and until you affirmatively change your asset allocation after cancellation of the GPS Portfolio Manager Program or the GPA Program.

(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 and the retirement plan mutual fund platform includes underlying mutual funds for which VALIC serves as investment adviser and Firm affiliates provide sub-advisory, transfer agent, administrative and shareholder services (“Affiliated Funds”). As a result, when investments are allocated to Affiliated Funds, the Firm’s affiliates earn additional 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 retirement plan mutual fund platform, 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 PD variable annuity or in the mutual fund platform. 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 service is available to individuals, trusts and other business entities. To enroll in this program, you must purchase a PD Freedom Advisor annuity contract. To establish this service with a PD Freedom Advisor contract, you must complete a GPA Client Profile form. The PD Freedom Advisor contract has a minimum initial premium payment of \$25,000. Existing PD Advantage contract owners who have previously enrolled in the GPA Program may make subsequent deposits into the contract, which will be managed under the program.

Item 6 - Portfolio Manager Selection and Evaluation

There are no portfolio managers for either program. 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. These services are provided in conjunction with Morningstar as the independent financial expert.

Item 7 - Client Information Provided to Portfolio Managers

Morningstar is responsible for developing the investment models and determining investment advice delivered by the GPS and GPA Programs. As Morningstar is responsible for the methodologies used, but not for the operation of either program, they do not possess knowledge of your individual information or investment goals and objectives and do not have a direct relationship with you. However, it is important to periodically review your GPS IPS and make any applicable updates to your GPS Client Profile information should your retirement objectives, attitude toward risk, or investment circumstances change. Updates can be provided by 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 My Personal Advice." For GPS Portfolio Manager clients, you can also provide updates by contacting your IAR. Similarly, for GPA clients, it is important that you periodically review the responses to your GPA Client Profile, and if needed update those responses by contacting your IAR and submitting a GPA Client Profile and Risk Tolerance Questionnaire Update Form.

Item 8 – Client Contact with Portfolio Managers

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.

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.

On June 3, 2019, without admitting or denying any findings of fact or conclusions of law, the Firm settled a matter with the Securities Enforcement Branch (“SEB”) of the Hawaii Department of Commerce and Consumer Affairs. As part of the settlement, the Firm entered into a consent order with the SEB (the “Consent Order”), which states that the Firm failed to supervise a registered representative who had submitted a transaction without proper customer authorization. Pursuant to the Consent Order, the Firm paid a fine of \$10,000.

On July 28, 2020, the SEC issued an order regarding certain VFA mutual fund and mutual fund share class selection practices. Specifically, the SEC found that the Firm had not appropriately disclosed certain conflicts of interest due to its receipt of revenue sharing, avoidance of transaction fees, and receipt of 12b-1 fees, in violation of Section 206(2) of the Advisers Act. The SEC also found that VFA did not adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with its mutual fund share class selection practices, in violation of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. VFA neither admitted nor denied the SEC’s findings.

Solely for the purpose of settling this proceeding, VFA consented to a cease-and-desist order, a censure, to pay to affected investors disgorgement of \$13,232,681 and prejudgment interest of \$2,211,072, and to pay a \$4.5 million civil monetary penalty. VFA also agreed to review and correct as necessary all relevant disclosure documents concerning mutual fund share class selection, revenue sharing, transaction fees, and 12b-1 fees, and to comply with certain other related undertakings as well.

On July 28, 2020, the SEC issued an order finding that the Firm failed to disclose to certain Florida teachers that the Firm’s parent company, VALIC, provided cash and other financial benefits to a for-profit company owned by Florida K-12 teachers’ unions in exchange for referring teachers to products and services offered by VALIC and the Firm, in violation of Sections 206(2) and 206(4) of the Advisers Act and Advisers Act Rule 206(4)-3 thereunder. The SEC also found that VFA did not adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder, in violation of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. VFA neither admitted nor denied the SEC’s findings.

Solely for the purpose of settling the proceeding, VFA consented to a cease-and-desist order, a censure, and to pay a civil monetary penalty of \$20 million. VFA also agreed to cap the management fee for the GPS Program at 45 basis points (0.45%) for participants currently enrolled in this program in 403(b) and 457(b) plans offered by Florida K-12 schools, and to also offer this rate to any 403(b) and 457(b) participants offered by Florida K-12 schools who enroll in the GPS Program through the Portfolio Director annuity within the next five years. This capped rate will remain in effect for such participants for the duration of enrollment in the GPS Program. VFA also agreed to comply with certain other related undertakings as well.

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 as described in the Firm’s MIP Brochure. The AIG Funds within this MIP 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”) for which it periodically reviews and updates. VFA will provide a copy of its current Code to clients and prospective clients upon request by contacting us at (866) 544-4968.

VFA, as an investment adviser, has a fiduciary duty to act solely for the benefit of its advisory clients. The Code requires honest and ethical conduct by all of 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 any violations of the Code.

For access persons, VFA requires that certain 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 (as defined in the Code) or any person who is involved in making certain types of securities recommendations to investment advisory clients, or who has access to such recommendations that are non-public.

In our capacity as a broker-dealer, we provide to our clients a variety of products and services for which we are compensated. If 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 Program

GPS Portfolio Advisor Program. The GPS Portfolio Advisor program does not include any periodic review of accounts. It is a one point-in-time recommendation for the allocation of your account value and subsequent contributions among the fixed and variable investment options in your VALIC PD variable annuity or among the mutual funds in your mutual fund platform. Clients in the GPS Portfolio Advisor program do not receive written reports. This program offers online advice enabling an individual to make investment decisions.

GPS Portfolio Manager Program. With respect to the GPS Portfolio Manager program, at the end of each calendar quarter (approximately), the investor profile information used to generate your retirement income 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 annual update to your GPS Portfolio Manager retirement income forecast and investment advice, VFA will contact you with a reminder to update your GPS Client Profile information as required.

When advice is generated for the account(s) you have managed under the GPS Portfolio Manager program (the initial advice, the automatic annual advice, and any ad hoc advice that you may request), 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 (whether target allocations have changed in your assigned portfolio, or if market movements have changed your account to deviate from the target allocation). If any transactions are required, they will be implemented. The accounts you have managed under the GPS Portfolio Manager are rebalanced as necessary to bring the allocations back in line with the target allocations of the model portfolio. Rebalancing occurs approximately every 91 days beginning with your enrollment date. The rebalancing schedule does not change due to advice being provided on an ad hoc basis that you may request.

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 GPS Portfolio Manager program will also receive a QAS and Investment Policy Statement that are described below.

QAS: This is a reminder of your most recent retirement income 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 GPS 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 such as, for example, when you have updated your GPS Client Profile information, 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.

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 within 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. 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 your GPA Program account(s).

Client Referrals and Other Compensation: VFA maintains a program under which IARs are eligible to attend an annual conference (Advisor Leadership Conference) and other conferences sponsored by AIG and/or VALIC which are based on their achievement of certain levels of aggregate compensation from the sale of securities, insurance products, and advisory fees received from advisory accounts. Certain of these top-earning IARs are designated as

President's or Platinum President's Cabinet members and receive additional compensation and benefits. Qualification for the annual conference, the President's Cabinet or Platinum President's Cabinet is based on total compensation as described above and is not based on any specific product or category of products. However, because eligibility for the annual conference, the President's Cabinet and the Platinum President's Cabinet is based on the IAR's total compensation, IARs are incentivized to have clients purchase products or transfer assets to services or products that earn higher levels of compensation for the IAR.

In addition, the Firm may implement programs under which IARs may be eligible to win non-cash awards, trips and other non-cash benefits offered by the firm for certain sales efforts relating to enrollments in employer-sponsored retirement plan accounts, among other factors. 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.

With respect to each of the Firm's advisory programs, a portion of the advisory or program fees you pay to the Firm is paid to the IAR. Generally, the percentage of fees that the Firm pays to your IAR from the GPA Program or MIP increases based on a rolling 52-week period as their aggregate compensation from both the sale of securities/insurance products and the receipt of advisory fees reaches certain thresholds during that rolling time period. This increase in compensation to the IAR will not increase the advisory or program fee you pay to the Firm.

The Firm and/or one or more of its affiliates will receive payments from fund sponsors and service providers that voluntarily choose to participate in, and that are designed to defray the costs associated with, Firm-sponsored or VALIC-sponsored conferences, seminars, training or other educational events where such funds or other related services are discussed and that are attended by our employees or employees of our affiliates and/or plan sponsors and plan consultants.

Sponsorship Activities of the Firm and its Affiliates. The Firm and its Affiliates from time to time enter into agreements with, and pays compensation to, various organizations and associations, including trade associations, unions, and other industry groups, that provide various services to plan sponsors and/or plan participants. These organizations may sponsor and invite the Firm and/or its Affiliates to participate in, educational conferences and seminars for retirement plan participants who, through their retirement plan, have access to the advisory programs offered by the Firm. In some instances these organizations may endorse and/or promote the Firm and/or its Affiliates' products and/or services, and otherwise provide the Firm and/or its Affiliates with marketing opportunities. Sponsorship payments to these organizations for marketing and advertising opportunities provide an incentive for the organizations to promote the Firm's and/or the Affiliates' advisory services and products and may result in additional annuity sales to plan participants. Certain of these arrangements may be considered payments for client referrals and endorsements.

Referrals to Third Parties. For certain plan sponsor clients of VALIC, VFA has authorized its representatives to solicit, refer, and market the services of certain third-party registered investment advisors ("Third-Party Advisors") to the plan sponsors' participants in accordance with Rule 206(4)-3 under the Advisers Act. VFA and VFA's representatives receive referral fees from the Third-Party Advisors based on these solicitations and marketing activities. The compensation is paid as an ongoing cash payment calculated as a percentage of the advisory fees charged by the Third-Party Advisor for the participants' participation in the advisory program offered by the Third-Party Advisor. Because VFA is engaged by and paid by a Third-Party Advisor for the referral, any recommendation regarding such Third-Party Advisor presents a conflict of interest. VFA is required to provide a disclosure to all referred clients regarding the role of VFA and the representative as a referral agent, the compensation to VFA, and other terms of the relationship between VFA and the Third-Party Advisor, which helps mitigate this conflict.

Charitable Donations. VALIC. VFA and/or its Supervised Persons may from time to time may make cash or non-cash donations to charitable organizations or societies organized as 501(c)(3) charities, including charitable organizations associated with clients of VFA and/or VALIC. These charitable donations are provided in support of non-profit causes identified by that organization, and disbursements of such donations are done under the direction of the charitable organization, and not VFA or VALIC. VFA and VALIC have procedures to identify, address and mitigate potential conflicts.

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.