ERIE COUNTY
New York

Enrollment Brochure

VALIC®

Erie County is dedicated to the health and wellness of our community and your retirement.

The Erie County 457(b) Deferred Compensation Plan

The future is yours to discover and enjoy, so be good to yourself. Save for a secure retirement by contributing pretax dollars automatically using convenient payroll deduction. The advantages include possibly lowering current income taxes and the opportunity for tax-advantaged growth through the Erie County 457(b) Deferred Compensation Plan.

This is not your plan document. The administration of each plan is governed by the actual plan document. If discrepancies arise between this brochure and the plan document, the plan document will govern.

PRODUCT Highlights

About mutual funds

All contributions to your plan will be invested in the mutual fund options of your choice.

Investing in a mutual fund is not like buying securities such as stocks and bonds. Instead, a mutual fund investor buys shares of a fund. The fund pools investor money and then purchases securities that are mutually owned by all the investors. Each mutual fund pursues a specific financial objective such as long-term growth or current income. The objective is defined in the fund's prospectus.

Benefits of mutual fund investing include:

- **Broadly diversified investment options.** Since mutual funds are composed of a diversified mix of securities, investing in more than one mutual fund with different investment objectives provides even broader diversification. Of course, diversification doesn't guarantee a profit or protect against market loss.

- **Professional money management.** Mutual funds are directed by skilled portfolio managers who decide which securities to buy and sell to keep the fund in line with its stated objective.

You select the mutual funds for your retirement plan.

You decide how to invest all contributions among the mutual funds offered under the Erie County 457(b) Deferred Compensation Plan.

Remember, your plan represents a long-term investment. Investment values of the mutual funds you choose will fluctuate, and there is no assurance that the objective of any fund will be achieved. Mutual fund shares are redeemable at the then-current net asset value, which may be more or less than the original cost. Bear in mind that investing involves risk, including possible loss of principal.

Americans on average are unprepared for retirement. You have the power to escape that scenario and build a secure financial future – but you need to act.

Don't worry, it's not hard to do. The simple truth is most people haven't invested the time or money to build a secure financial future.

Recent studies show that:

- 24% of workers say they are not at all confident about having enough money for a comfortable retirement*
- 36% of workers have less than $1,000 in savings, and 56% say their savings and investments total less than $25,000*
- Only one in three (29%) workers are very confident about having enough money to pay basic living expenses in retirement*

The good news is that wherever you may be in your working career, you have several sources to access for retirement income, including:

- Workplace retirement savings plan
- Social Security
- Savings/investments
- IRAs

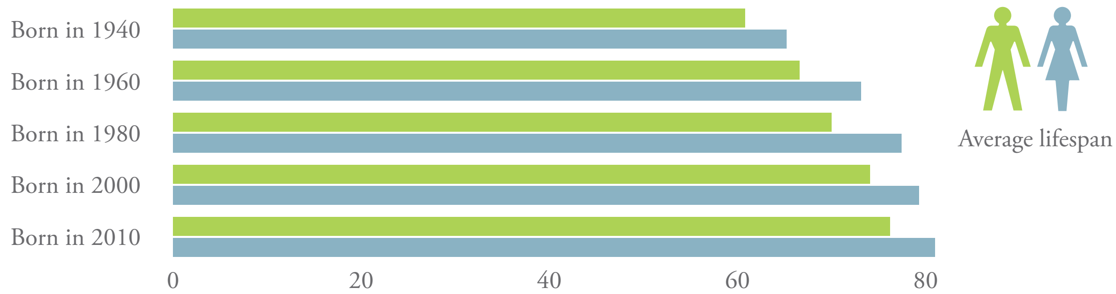
Some of these sources offer a built-in safety net for a small portion of the population. For everyone else, options need to be weighed and decisions made.

* Source: Ruth Helman, Nevin Adams, Craig Copeland, and Jack VanDerhei, "The 2014 Retirement Confidence Survey: Confidence Rebounds–for Those With Retirement Plans," EBRI Issue Brief, no. 397, March 2014.

5 Reasons to save for retirement

1 We're living longer

Life expectancy has increased dramatically and continues to rise. That means you could spend 20 years or more enjoying retirement.



Source: National Center for Health Statistics from birth, 2013.

2 Retirement lifestyles are changing

People today are reinventing retirement and staying active longer. That takes more money. For example, a worker earning $50,000 at retirement will need to replace 85% of that amount each year to maintain the same standard of living, according to one study.

Source: Aon Consulting, The Real Deal 2012 Retirement Adequacy at Large Companies.

3 Inflation isn't going away

Inflation diminishes the real annual rate of return on your investment. It also reduces your purchasing power over time. Either way, inflation erodes the value of your money. That means you need a retirement plan that factors inflation into its calculations.

Today	In 20 years	In 40 years
$40,000	$72,244	$130,482

Inflation has averaged around 3% annually for the past 20 years, which may not sound like much, but it can take a big bite. For example, in 40 years you'll need $130,482 to equal $40,000 today.

Source: U.S. Department of Labor, Bureau of Statistics CPI-U, 1979-2009.

4 Social Security outlook

Social Security was never designed to do more than supplement retirement income.

Average annual benefit paid to retired worker in 2014	$15,528
Average annual benefit paid to couple in 2014	$25,332
Maximum annual benefit for a worker at full retirement in 2014	$31,704

Social Security is also under increasing stress as baby boomers retire and fewer workers remain to support the system. With less money coming in and more retirees collecting benefits, current projections are that future benefits could be reduced.

As of January 2014. Average amounts can change monthly.
Sources: socialsecurity.gov and 2014 Social Security Trustees Report.

5 Rising healthcare expenses

As we age, more of our money is likely to be needed for healthcare and related medical expenses. And according to many studies, the rate of inflation for healthcare is likely to continue for years to come.

Sources: Study by Towers Watson, New York City, July 2012.
Survey by Healthcare Cost Institute, May 2012.

Why start today?

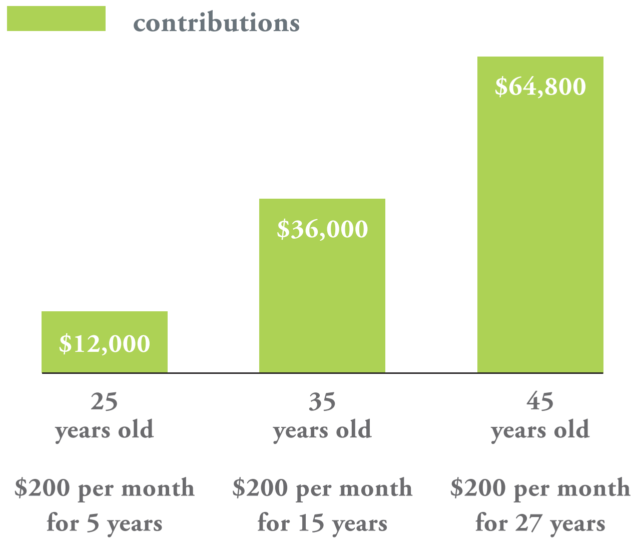
Time is money. Every day you delay in starting to save for retirement means less time to benefit from compound interest. And the only way to make up for that lost time is to save more in the time remaining until retirement.

Consider a hypothetical 25-year-old investor who saved $200 a month through pretax salary-reduction contributions to a tax-qualified retirement plan. She saved for five years, then left the money invested. Assuming an 8% annual rate of return on investment, our young investor would have accumulated $200,000 by the time she was 65. And her out-of-pocket cash outlay was just $12,000!

However, a 35-year-old investor in the same plan would have to save at the same rate for 15 years to accumulate $200,000 by age 65, and would have to contribute about $36,000 out of pocket.

A 45-year-old contributing the same amount would have to save for 27 years to reach $200,000. His out-of-pocket cash outlay? $64,800. And he wouldn't reach his goal until age 72! (See chart.)

Your out-of-pocket cost to accumulate $200,000



NOTE: $200 in pretax contributions would equal about $267 out of pocket if paid with after-tax dollars.

This chart compares the total out-of-pocket costs required to fund the retirement goals of three tax-qualified plan investors who began contributing $200 a month at different ages. The example assumes an 8% annual rate of return. Tax-qualified plan accumulations are taxed as ordinary income when withdrawn. Federal restrictions and a 10% federal early withdrawal penalty can apply to early withdrawals. This chart is hypothetical, only an example, does not reflect the return of any specific investment and is not a guarantee of future income. Investing includes risk, including possible loss of principal.

Why enroll in your retirement plan?

Reduce current taxes while saving for retirement

Participating in a tax-deferred retirement plan is an easy way to set aside money for your future. You contribute to the plan through a convenient payroll reduction program — before withholding tax is calculated. This reduces your taxable income and income taxes while you save for retirement.

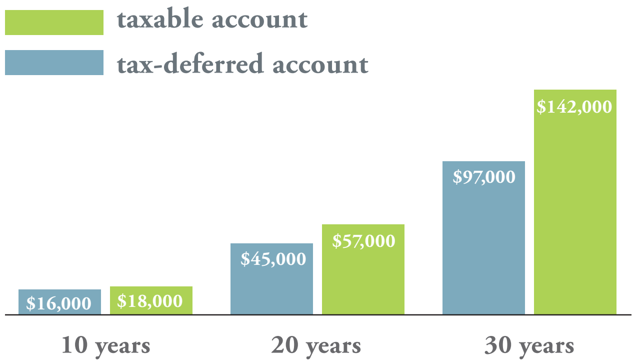
Taxes on all interest and earnings from your account are deferred until withdrawal, usually at retirement. (Remember that income taxes are payable upon withdrawal, and federal restrictions and tax penalties can apply to early withdrawals, depending on your contract.)

Lower maximum capital gains rates may apply to certain investments in a taxable account (subject to IRS limitations, capital losses may also be deducted against capital gains), which would reduce the differences between the changes of the accounts shown in the chart. You should consider your personal investment horizon and current and anticipated income tax brackets when making investment decisions, as they may further affect the results of the comparison.

Control your investments

Your retirement plan through the Erie County offers you access to investment options that cover a broad spectrum of asset categories and classes. This gives you the flexibility to create a diversified investment mix to suit your individual needs and goals. Keep in mind that investments in mutual funds fluctuate in value, so they could, when redeemed, be worth more or less than the original cost.

The advantages of a tax-deferred retirement plan



This chart compares the hypothetical results of contributing $100 each month to (1) a taxable account and (2) a tax-qualified retirement account. Bear in mind that a $100 pretax contribution to a tax-qualified account has a current cost of $75 (assuming a 25% income tax bracket) and also reduces current taxable income.

The chart assumes an 8% annual rate of return. Investing involves risk, including possible loss of principal. Fees and charges, if applicable, are not reflected in this example and would reduce the amount shown. Income taxes on tax-deferred accounts are payable upon withdrawal. Federal restrictions and a 10% federal early withdrawal penalty may apply to withdrawals prior to age 59½. This information is hypothetical and only an example. It does not reflect the return of any investment and is not a guarantee of future income.

Enrolling in your retirement plan is easy.

By phone – Call our Enrollment Center at **1-866-457-ERIE (3743)**.

In person – Your VALIC financial advisor can meet with you and walk you through the enrollment process. Visit **VALIC.com/eriecounty** for a list of financial advisors in your location.

Personal service

For assistance, please contact our Client Care Center at **1-800-448-2542**.

Custom website

For additional information about the plan, including access to fund performance, prospectuses, financial planning tools and more, visit **VALIC.com/eriecounty**.

Notes

Large pocket folder

VALIC has more than half a century of experience helping Americans plan for and enjoy a secure retirement. We provide real solutions for real lives by consistently offering products and services that are innovative, simple to understand and easy to use. We take a personal approach to retirement plans and programs, offering customized solutions for individual needs.

We are committed to the same unchanging standard of one-on-one service we have delivered since our founding. Our goal is to help you live retirement on your terms.

To view or print a prospectus, visit www.valic.com/eriecounty and click on "Start Now" under 457(b) Plan details. Then click on "Prospectuses and Other Important Materials" located on the right side of the screen under "Quick Links." The prospectus contains the investment objectives, risks, charges, expenses and other information about the respective investment companies that you should consider carefully before investing. Please read the prospectus carefully before investing or sending money. You can also request a copy by calling 1-800-428-2542.

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