

**THE VARIABLE ANNUITY LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT A  
UNITS OF INTEREST UNDER GROUP AND  
INDIVIDUAL FIXED AND VARIABLE DEFERRED ANNUITY CONTRACTS  
INDEPENDENCE PLUS CONTRACT SERIES**

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**STATEMENT OF ADDITIONAL INFORMATION**

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**FORM N-4 PART B  
May 1, 2019**

This Statement of Additional Information ("SAI") is not a prospectus but contains information in addition to that set forth in the prospectus for the Independence Plus Contract Series\* dated May 1, 2019 ("Contracts") and should be read in conjunction with the prospectus. The terms used in this SAI have the same meaning as those set forth in the prospectus. A prospectus may be obtained by calling or writing The Variable Annuity Life Insurance Company (the "Company") at VALIC Document Control, P.O. Box 15648, Amarillo, Texas 79105 or 1-800-448-2542. Prospectuses are also available on the internet at [www.valic.com](http://www.valic.com).

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(\* The Independence Plus Contract Series is composed of Contract Forms UIT-585-96 and UITG-585-96.)

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## GENERAL INFORMATION

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Flexible payment Contracts are offered in connection with the prospectus to which this SAI relates. Under flexible payment deferred annuity Contracts, Purchase Payments generally are made until retirement age is reached. However, no Purchase Payments are required to be made after the first payment. Purchase Payments are subject to any minimum payment requirements under the Contract. The Contracts are non-participating and will not share in any of the profits of the Company.

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## FEDERAL TAX MATTERS

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*Note: Discussions regarding the tax treatment of any annuity contract or retirement plan and program are intended for general purposes only and are not intended as tax advice, either general or individualized, nor should they be interpreted to provide any predictions or guarantees of a particular tax treatment. Such discussions generally are based upon the Company's understanding of current tax rules and interpretations, and may include areas of those rules that are more or less clear or certain. Tax laws are subject to legislative modification, and while many such modifications will have only a prospective application, it is important to recognize that a change could have retroactive effect as well. You should seek competent tax or legal advice, as you deem necessary or appropriate, regarding your own circumstances. We do not guarantee the tax status or treatment of your annuity.*

This section summarizes the major tax consequences of contributions, payments, and withdrawals under the Contracts, during life and after death.

It is VALIC's understanding, confirmed by Internal Revenue Service ("IRS") Revenue Procedure 99-44, that a Qualified Contract described in section 401(a), 403(a), 403(b), 408(b) or 408A of the Internal Revenue Code of 1986, as amended ("Code" or "IRC") does not lose its deferred tax treatment if Purchase Payments under the contract are invested in publicly available mutual funds.

It is also the understanding of VALIC that for each other type of Qualified Contract an independent exemption provides tax deferral regardless of how ownership of the Mutual Fund shares might be imputed for federal income tax purposes.

For nonqualified Contracts, not all Variable Account Options are available within your contract. Variable Account Options that are invested in Mutual Funds available to the general public outside of annuity contracts or life insurance contracts generally are not offered under nonqualified Contracts. Investment earnings on contributions to nonqualified Contracts that are owned by non-natural persons will be taxed currently to the owner, and such contracts will not be treated as annuities for federal income tax purposes (except for trusts or other entities as agents for an individual).

### **Tax Consequences of Purchase Payments**

*403(b) Annuities.* Purchase Payments made by section 501(c)(3) tax-exempt organizations and public educational institutions toward Contracts for their employees are excludable from the gross income of employees, to the extent aggregate Purchase Payments do not exceed several competing tax law limitations on contributions. This gross income exclusion applies both to employer contributions and to your voluntary and nonelective salary reduction contributions. The exclusion does not apply to Roth 403(b) contributions, which are made on an after-tax basis; however, the contribution limits apply to such contributions. Roth 403(b) contributions will be referred to as elective deferrals, along with voluntary salary reduction contributions.

For 2019, your elective deferrals are generally limited to \$19,000, although additional age based "catch-up" contributions (of up to \$6,000) are permitted for individuals who will be age 50 by the end of the 2019 calendar year. Combined employer contributions, nonelective employee contributions and elective deferrals are generally limited to \$56,000, or up to 100% of "includible compensation," as defined in the Code for 403(b) plans. In addition, after 1988, employer contributions for highly compensated employees may be further limited by applicable nondiscrimination rules.

*401(a)(k) and 403(a) Qualified Plans.* Purchase Payments made by an employer (or a self-employed individual) under a qualified pension, profit-sharing or annuity plan are excluded from the gross income of the employee. Purchase Payments made by an employee may be made on a pre-tax or an after-tax basis, depending on several factors, including whether the employer is eligible to establish a 401(k) or 414(h) contribution option, and whether the employer, if eligible to establish a 401(k) option, has established a Roth 401(k) option under the Plan.

*408(b) Individual Retirement Annuities (“408(b) IRAs” or “Traditional IRAs”).* For 2019, annual tax-deductible contributions for 408(b) IRA Contracts are limited to the lesser \$6,000 or 100% of compensation (\$7,000 if you are age 50 or older), and are generally fully deductible in 2019 only by individuals who:

- (i) are not active Participants in another retirement plan, and are not married;
- (ii) are not active Participants in another retirement plan, are married, and either (a) the spouse is not an active Participant in another retirement plan, or (b) the spouse is an active Participant, but the couple’s adjusted gross income is less than \$193,000;
- (iii) are active Participants in another retirement plan, are unmarried, and have adjusted gross income of less than \$64,000; or
- (iv) are active Participants in another retirement plan, are married, and have adjusted gross income of less than \$103,000.

Active Participants in other retirement plans whose adjusted gross income exceeds the limits in (ii), (iii) or (iv) by less than \$10,000 are entitled to make deductible 408(b) IRA contributions in proportionately reduced amounts. If a 408(b) IRA is established for a non-working spouse who has no compensation, the annual tax-deductible Purchase Payments for both spouses’ Contracts cannot exceed the lesser of \$12,000 or 100% of the working spouse’s earned income, and no more than \$6,000 may be contributed to either spouse’s IRA for any year. The \$12,000 limit increases to \$14,000 if both spouses are age 50 or older (\$1,000 for each spouse age 50 or older).

You may be eligible to make nondeductible IRA contributions of an amount equal to the lesser of:

- (i) \$6,000 (\$7,000 if you are age 50 or older; \$12,000 for you and your spouse’s IRAs, or \$14,000 if you are both age 50 or older) or 100% of compensation; or
- (ii) your applicable IRA deduction limit.

You may also make contributions of eligible rollover amounts from other tax-qualified plans and contracts. See Tax-Free Rollovers, Transfers and Exchanges.

*408A Roth Individual Retirement Annuities (“408A Roth IRAs” or “Roth IRAs”).* For 2019, annual nondeductible contributions for 408A Roth IRA Contracts are limited to the lesser of \$6,000 or 100% of compensation (\$7,000 if you are age 50 or older), and a full contribution may be made only by individuals who:

- (i) are unmarried and have adjusted gross income of less than \$122,000; or
- (ii) are married and filing jointly, and have adjusted gross income of less than \$193,000.

The available nondeductible 408A Roth IRA contribution is reduced proportionately to zero where modified AGI is between \$193,000 and \$203,000 for those who are married filing joint returns. No contribution may be made for those with modified AGI over \$203,000. Similarly, the contribution is reduced for those who are single with modified AGI between \$122,000 and \$137,000, with no contribution for singles with modified AGI over \$137,000. Similarly, individuals who are married and filing separate returns and whose modified AGI is over \$10,000 may not make a contribution to a Roth IRA; a portion may be contributed for modified AGI between \$0 and \$10,000.

All contributions to 408(b) traditional IRAs and 408A Roth IRAs must be aggregated for purposes of the annual contribution limit.

*457 Plans.* A unit of a state or local government may establish a deferred compensation program for individuals who perform services for the government unit if permitted by applicable state (and/or local) laws. In addition, a non-governmental tax-exempt employer may establish a deferred compensation program for individuals who: (i) perform services for the employer, and (ii) belong to either a select group of management or highly compensated employees and/or are independent contractors.

This type of program allows eligible individuals to defer the receipt of compensation (and taxes thereon) otherwise presently payable to them. For 2019, if the program is an eligible deferred compensation plan (an “EDCP”), you and your employer may contribute (and defer tax on) the lesser of \$19,000 or 100% of your “includible” compensation (compensation from the employer currently includible in taxable income). Additionally, catch-up deferrals are permitted in the final three years before the year you reach normal retirement age under the plan and for governmental plans only, age-based catch-up deferrals up to \$6,000 are also permitted for individuals age 50 or older. Generally, however, a participant cannot utilize both the catch-up in the three years before normal retirement age, and the age 50 catch-up, in the same year.

The employer uses deferred amounts to purchase the Contracts offered by this prospectus. For plans maintained by a unit of a state or local government, the Contract is generally held for the exclusive benefit of plan Participants, (although certain Contracts remained subject to the claims of the employer’s general creditors until 1999). For plans of non-governmental tax-exempt employers, the employee has no present ownership rights in the Contract and is entitled to payment only in accordance with the EDCP provisions.

*Simplified Employee Pension Plan (“SEP”).* Employer contributions under a SEP are made to a separate individual retirement account or annuity established for each participating employee, and generally must be made at a rate representing a uniform percent of participating employees’ compensation. Employer contributions are excludable from employees’ taxable income. For 2019, the employer may contribute up to 25% of your compensation or \$56,000, whichever is less.

Through 1996, employees of certain small employers (other than tax-exempt organizations) were permitted to establish plans allowing employees to contribute pretax, on a salary reduction basis, to the SEP. Such plans if established by December 31, 1996, may still allow employees to make these contributions. In 2019, the limit is \$19,000. Additionally, you may be able to make higher contributions if you are age 50 or older, subject to certain conditions.

*SIMPLE IRA.* Employer and employee contributions under a SIMPLE IRA Plan are made to a separate individual retirement account or annuity for each employee. For 2019, employee salary reduction contributions cannot exceed \$13,000. You may be able to make higher contributions if you are age 50 or older, subject to certain conditions. Employer contributions must be in the form of matching contribution or a nonelective contribution of a percentage of compensation as specified in the Code. Only employers with 100 or fewer employees can maintain a SIMPLE IRA plan, which must also be the only plan the employer maintains.

*Nonqualified Contracts.* Purchase Payments made under nonqualified Contracts, whether under an employer-sponsored plan or arrangement or independent of any such plan or arrangement, are neither excludable from the gross income of the Contract Owner nor deductible for tax purposes. However, any increase in the Purchase Unit value of a nonqualified Contract resulting from the investment performance of VALIC Separate Account A is not taxable to the Contract Owner until received by him. Contract Owners that are not natural persons (except for trusts or other entities as agent for an individual), however, are currently taxable on any increase in the Purchase Unit value attributable to Purchase Payments made after February 28, 1986 to such Contracts.

*Unfunded Deferred Compensation Plans.* Private for-profit employers may establish unfunded nonqualified deferred compensation plans for a select group of management or highly compensated employees and/or for independent contractors. Certain arrangements of nonprofit employers entered into prior to August 16, 1986, and not subsequently modified, are also subject to the rules discussed below.

An unfunded deferred compensation plan is a bare contractual promise on the part of the employer to defer current wages to some future time. The assets invested in the Contract are owned by the employer and remains

subject to the claims of the employer's general creditors. Private for-profit employers that are not natural persons are currently taxable on any increase in the Purchase Unit value attributable to Purchase Payments made on or after February 28, 1986 to such Contracts. Participants have no present right or vested interest in the Contract and are only entitled to payment in accordance with plan provisions.

### **Tax Consequences of Distributions**

*403(b) Annuities.* Elective deferrals (including salary reduction amounts and Roth 403(b) contributions) accumulated after December 31, 1988, and earnings on such contributions, may not be distributed before one of the following:

- (1) attainment of age 59 ½;
- (2) severance from employment;
- (3) death;
- (4) disability;
- (5) qualifying hardship (hardship distributions are limited to salary reduction contributions only, exclusive of earnings thereon); or
- (6) termination of the plan (if the plan sponsor meets the criteria of IRS guidance to terminate the plan).

Similar restrictions will apply to all amounts transferred from a Code section 403(b)(7) custodial account other than certain rollover contributions, except that pre-1989 earnings included in such amounts generally will be eligible for a hardship distribution.

As a general rule, distributions are taxed as ordinary income to the recipient in accordance with Code section 72. However, three important exceptions to this general rule are:

- (1) distributions of Roth 403(b) contributions;
- (2) qualified distributions of earnings on Roth 403(b) contributions; and
- (3) other after-tax amounts in the Contract.

Distributions of Roth 403(b) contributions are tax-free. "Qualified" distributions of earnings on Roth 403(b) contributions made upon attainment of age 59 ½, upon death or disability are tax-free as long as five or more years have passed since the first contribution to the Roth account or any Roth account under the employer's Plan. Distribution of earnings that are non-qualified are taxed in the same manner as pre-tax contributions and earnings under the Plan. Distributions of other after-tax amounts in the Contract are tax-free.

*401(a)/(k) and 403(a) Qualified Plans.* Distributions from Contracts purchased under qualified plans are taxable as ordinary income, except to the extent allocable to an employee's after-tax contributions (investment in the Contract). If you or your Beneficiary receive a "lump sum distribution" (legally defined term), the taxable portion may be eligible for special 10-year income averaging treatment. Ten-year income averaging uses tax rates in effect for 1986, allows 20% capital gains treatment for the taxable portion of a lump sum distribution attributable to years of service before 1974, and is available if you were 50 or older on January 1, 1986. The distribution restrictions for 401(k) elective deferrals in Qualified Plans are generally the same as described for elective deferrals to 403(b) annuities except that for plan years beginning after December 31, 2018, earnings on elective deferrals may be included in qualified hardship distributions from 401(k) plans. The tax consequences of distributions from Qualified Plans are generally the same as described above for 403(b) annuities.

*408(b) Traditional IRAs, SEPs and SIMPLE IRAs.* Distributions are generally taxed as ordinary income to the recipient. Rollovers from a Traditional IRA to a Roth IRA, and conversions of a Traditional IRA to a Roth IRA, where permitted, are generally taxable in the year of the rollover or conversion. The taxable value of such a conversion may take into account the value of certain benefits under the Contract. Prior to 2010, individuals with adjusted gross income over \$100,000 were generally ineligible for such conversions, regardless of marital status, as were married individuals who file separately. Beginning in 2010, such conversions are available without regard to income.

*408A Roth IRAs.* “Qualified” distributions upon attainment of age 59 ½, upon death or disability or for qualifying first-time homebuyer expenses are tax-free as long as five or more years have passed since the first contribution to the taxpayer’s first 408A Roth IRA. Qualified distributions may be subject to state income tax in some states. Nonqualified distributions are generally taxable to the extent that the distribution exceeds Purchase Payments.

*457 Plans.* Amounts received from an EDCP are includible in gross income for the taxable year in which they are paid or, if a non-governmental tax-exempt employer, otherwise made available to the recipient.

*Unfunded Deferred Compensation Plans.* Amounts received are includible in gross income for the taxable year in which the amounts are paid or otherwise made available to the recipient.

*Nonqualified Contracts.* Partial redemptions from a nonqualified Contract purchased after August 13, 1982 (or allocated to post-August 13, 1982 Purchase Payments under a pre-existing Contract), generally are taxed as ordinary income to the extent of the accumulated income or gain under the Contract if they are not received as an annuity. Partial redemptions from a nonqualified Contract purchased before August 14, 1982 are taxed only after the Contract Owner has received all of his pre-August 14, 1982 investment in the Contract. The amount received in a complete redemption of a nonqualified Contract (regardless of the date of purchase) will be taxed as ordinary income to the extent that it exceeds the Contract Owner’s investment in the Contract. Two or more Contracts purchased from VALIC (or an affiliated company) by a Contract Owner within the same calendar year, after October 21, 1988, are treated as a single Contract for purposes of measuring the income on a partial redemption or complete surrender.

When payments are received as an annuity, the Contract Owner’s investment in the Contract is treated as received ratably and excluded ratably from gross income as a tax-free return of capital, over the expected payment period of the annuity. Individuals who begin receiving annuity payments on or after January 1, 1987 can exclude from income only their unrecovered investment in the Contract. Upon death prior to recovering tax-free their entire investment in the Contract, individuals generally are entitled to deduct the unrecovered amount on their final tax return.

### **Special Tax Consequences — Early Distribution**

*403(b) Annuities, 401(a)/(k) and 403(a) Qualified Plans, 408(b) Traditional IRAs, SEPs and SIMPLE IRAs.* The taxable portion of distributions received before the recipient attains age 59 ½ generally are subject to a 10% penalty tax in addition to regular income tax. Distributions on account of the following generally are excepted from this penalty tax:

- (1) death;
- (2) disability;
- (3) separation from service after a Participant reaches age 55 (age 50 for public safety employees of a governmental plan) (only applies to 403(b), 401(a)/(k) and 403(a) plans);
- (4) separation from service at any age if the distribution is in the form of substantially equal periodic payments over the life (or life expectancy) of the Participant (or the Participant and Beneficiary) for a period that lasts the later of five years or until the Participant attains age 59 ½ ;
- (5) distributions that do not exceed the employee’s tax-deductible medical expenses for the taxable year of receipt;
- (6) distributions to an alternate payee pursuant to a domestic relations order; and
- (7) qualified hurricane distributions and qualified wildfire distributions.

Separation from service is not required for distributions from a Traditional IRA, SEP or SIMPLE IRA under (4) above. Certain distributions from a SIMPLE IRA within two years after first participating in the Plan may be subject to a 25% penalty, rather than a 10% penalty.

Currently, distributions from 408(b) IRAs on account of the following additional reasons are also excepted from the 10% penalty tax:

- (1) distributions up to \$10,000 (in the aggregate) to cover costs of acquiring, constructing or reconstructing the residence of a first-time homebuyer;
- (2) distributions to cover certain costs of higher education: tuition, fees, books, supplies and equipment for the IRA owner, a spouse, child or grandchild; and
- (3) distributions to cover certain medical care or long-term care insurance premiums, for individuals who have received federal or state unemployment compensation for 12 consecutive weeks.

*408A Roth IRAs.* Distributions, other than “qualified” distributions where the five-year holding rule is met, are generally subject to the same 10% penalty tax on amounts included in income as other IRAs. Distributions of rollover or conversion contributions may be subject to a 10% penalty tax if the distribution of those contributions is made within five years of the rollover/conversion.

*457 Plans.* Distributions generally may be made under an EDCP prior to severance from employment only upon attainment of age 70 ½, for unforeseeable emergencies or for amounts under \$5,000 for inactive Participants, and are includible in the recipient’s gross income in the year paid. Such distributions are not subject to the 10% early withdrawal penalty tax.

*Nonqualified Contracts.* A 10% penalty tax applies to the taxable portion of a distribution received before age 59 ½ under a nonqualified Contract, unless the distribution is:

- (1) to a Beneficiary on or after the Contract Owner’s death;
- (2) upon the Contract Owner’s disability;
- (3) part of a series of substantially equal annuity payments for the life or life expectancy of the Contract Owner, or the lives or joint life expectancy of the Contract Owner and Beneficiary for a period lasting the later of 5 years or until the Contract Owner attains age 59 ½;
- (4) made under an immediate annuity contract; or
- (5) allocable to Purchase Payments made before August 14, 1982.

### **Special Tax Consequences — Required Distributions**

*403(b) Annuities.* Generally, minimum required distributions are required from both pre-tax and Roth amounts accumulated under the Contract and must commence no later than April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70 ½ or the calendar year in which the Participant retires. Required distributions must be made over a period no longer than the period determined under The IRS’ Uniform Life Expectancy Table reflecting the joint life expectancy of the Participant and a Beneficiary not more than 10 years younger than the Participant, or if the Participant’s spouse is the sole Beneficiary and is more than 10 years younger than the Participant, their joint life expectancy. A penalty tax of 50% is imposed on the amount by which the minimum required distribution in any year exceeds the amount actually distributed in that year.

Amounts accumulated under a Contract on December 31, 1986 may be paid in a manner that meets the above rule or, alternatively:

- (i) must begin to be paid when the Participant attains age 75 or retires, whichever is later; and
- (ii) the present value of payments expected to be made over the life of the Participant, (under the option chosen) must exceed 50% of the present value of all payments expected to be made (the “50% rule”).

The 50% rule will not apply if a Participant’s spouse is the joint Annuitant. Notwithstanding these pre-January 1, 1987 rules, the entire contract balance must meet the minimum distribution incidental benefit requirement of section 403(b)(10).

At the Participant’s death before payout has begun, Contract amounts generally either must be paid to the Beneficiary within 5 years or must begin by December 31st of the year following the year of death and be paid over the single life expectancy of the Beneficiary. If death occurs after commencement of (but before full) payout, distributions generally must be made over a period that does not exceed the longer of the Participant’s or the designated Beneficiary’s life expectancy. Exceptions to this rule may apply in the case of a beneficiary who is also the participant’s spouse.

A Participant generally may aggregate his or her 403(b) Contracts and accounts for purposes of satisfying these requirements and withdraw the required distribution in any combination from such Contracts or accounts, unless the plan, Contract, or account otherwise provides.

*401(a)/(k) and 403(a) Qualified Plans.* Minimum distribution requirements for qualified plans are generally the same as described for 403(b) Annuities, except that there is no exception for pre-1987 amounts and multiple plans may not be aggregated to satisfy the requirement.

*408(b) Traditional IRAs, SEPs and SIMPLE IRAs.* Minimum distribution requirements are generally the same as described above for 403(b) Annuities, except that:

- (1) there is no exception for pre-1987 amounts; and
- (2) there is no available postponement past April 1 of the calendar year following the calendar year in which age 70 ½ is attained.

A Participant generally may aggregate his or her IRAs for purposes of satisfying these requirements and withdraw the required distribution in any combination from such Contracts or accounts, unless the Contract or account otherwise provides.

*408A Roth IRAs.* Minimum distribution requirements generally applicable to 403(b) Annuities, 401(a)/(k) and 403(a) qualified plans, 408(b) IRAs, SEPs and 457 Plans, do not apply to 408A Roth IRAs during the Contract Owner’s lifetime, but generally do apply after the Contract Owner’s death.

A Beneficiary generally may aggregate his or her Roth IRAs inherited from the same decedent for purposes of satisfying these requirements and withdraw the required distribution in any combination from such Contracts or accounts, unless the Contract or account otherwise provides.

*457 Plans.* Beginning January 1, 1989, the minimum distribution requirements for EDCPs are generally the same as described above for 403(b) Annuities except that there is no exception for pre-1987 amounts, and multiple plans may not be aggregated to satisfy the requirement. Distributions must satisfy the irrevocable election requirements applicable to non-governmental tax-exempt employer EDCPs.

*Nonqualified Contracts.* Nonqualified Contracts do not require commencement of distributions at any particular time during the Contract Owner’s lifetime and generally do not limit the duration of annuity payments.

At the Contract Owner’s death before payout has begun, Contract amounts generally either must be paid to the Beneficiary within 5 years, or must begin within 1 year of death and be paid over the life or life expectancy of the Beneficiary. If death occurs after commencement of (but before full) payout, distributions generally must continue at least as rapidly as in effect at the time of death. Similar distribution requirements will also apply if the Contract



Owner is not a natural person or if the Annuitant dies or is changed. An exception to this rule may apply in the case of a beneficiary who is also the participant's spouse.

### **Tax-Free Rollovers, Transfers and Exchanges**

*403(b) Annuities.* Tax-free transfers between 403(b) annuity Contracts and/or 403(b)(7) custodial accounts and, with the exception of distributions to and from Roth 403(b) accounts, tax-free rollovers to or from 403(b) programs to 408(b) IRAs, other 403(b) programs, 401(a)/403(a) qualified plans and governmental EDCPs, are permitted under certain circumstances. Funds in a 403(b) annuity contract may be rolled directly over to a Roth IRA. Distributions from Roth 403(b) accounts may be rolled over or transferred to another Roth 403(b) account or rolled over to a Roth IRA or a Roth 401(k) or eligible Roth 457(b) account. Roth 403(b) accounts may only receive rollover contributions from other Roth accounts.

*401(a)/(k) and 403(a) Qualified Plans.* The taxable portion of certain distributions, except for distributions from Roth accounts, may be rolled over tax-free to or from a 408(b) individual retirement account or annuity, another such plan, a 403(b) program, or a governmental EDCP. Funds in a qualified contract may be rolled directly over to a Roth IRA. The rollover/ transfer rules for Qualified plans are generally the same as described for 403(b) Annuities.

*408(b) Traditional IRAs and SEPs.* Funds may be rolled over tax-free to or from a 408(b) IRA Contract, from a 403(b) program, a 401(a)/(k) or 403(a) qualified plan, or a governmental EDCP under certain conditions. In addition, tax-free rollovers may be made from one 408(b) IRA (other than a Roth IRA) to another provided that no more than one such rollover is made during any 12-month period.

*408A Roth IRAs.* Funds may be transferred tax-free from one 408A Roth IRA to another. Funds in a 408(b) IRA or eligible retirement plan (401(a)/(k), 403(b) or governmental 457(b)) may be rolled in a taxable transaction to a 408A Roth IRA.

Special, complicated rules governing holding periods and avoidance of the 10% penalty tax apply to rollovers from 408(b) IRAs to 408A Roth IRAs and may be subject to further modification by Congress. You should consult your tax advisor regarding the application of these rules.

*408(p) SIMPLE IRAs.* Funds may generally be rolled over tax-free from a SIMPLE IRA to a 408(b) IRA. However, during the two-year period beginning on the date you first participate in any SIMPLE IRA plan of your employer, SIMPLE IRA funds may only be rolled to another SIMPLE IRA.

*457 Plans.* Tax-free transfers of EDCP amounts from tax-exempt employers are permitted only to another EDCP of a like employer. Tax-free rollovers to or from a governmental EDCP to other governmental EDCPs, 403(b) programs, 401(a)/401(k)/403(a) Qualified Plans, 408(b) IRAs, are permitted under certain circumstances.

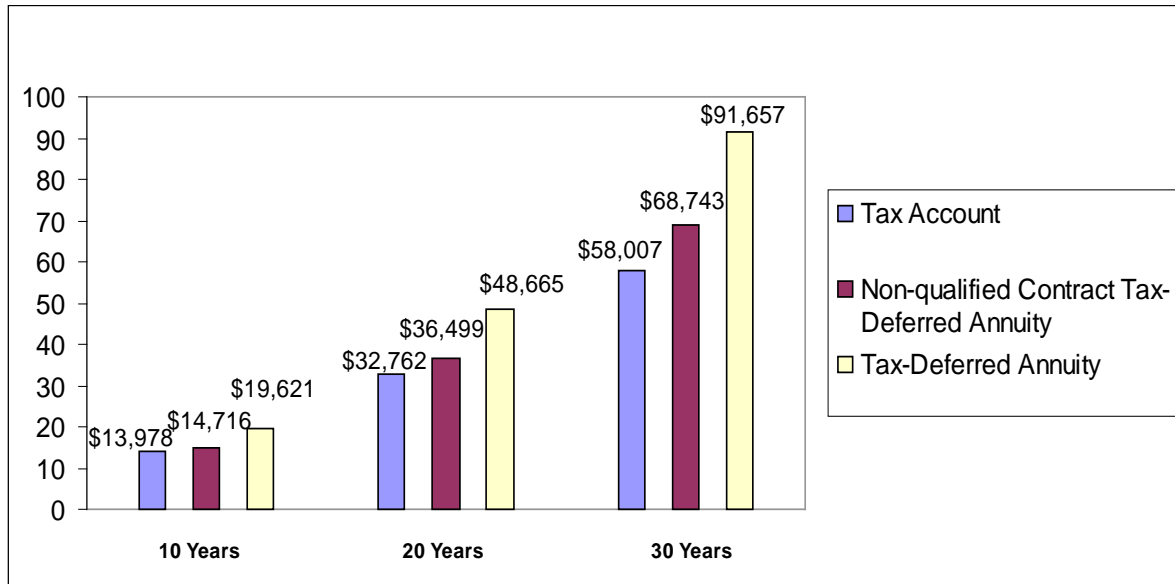
*Nonqualified Contracts.* Certain of the nonqualified single payment deferred annuity Contracts permit the Contract Owner to exchange the Contract for a new deferred annuity contract prior to the commencement of annuity payments. A full or partial exchange of one annuity Contract for another is a tax-free transaction under section 1035 of the Code, provided that the requirements of that section are satisfied. However, the exchange is reportable to the IRS.

### **Effect of Tax-Deferred Accumulations**

The chart below compares the results from contributions made to:

- A Contract issued to a tax-favored retirement program purchased with pre-tax contributions (Purchase Payments);
- A nonqualified Contract purchased with after-tax contributions (Purchase Payments); and

- Taxable accounts such as savings accounts.



This hypothetical chart compares the results of (1) contributing \$100 per month to a conventional, non-tax-deferred account (shown above as "Taxable Account"); (2) contributing \$100 to a nonqualified, tax-deferred annuity (shown above as "Nonqualified Contract Tax-Deferred Annuity"); and (3) contributing \$100 per month (\$133.33 since contributions are made before tax) to an annuity purchased under a tax-deferred retirement program (shown above as "Tax-Deferred Annuity"). The chart assumes a 25% tax rate and a 4% annual rate of return. Variable options incur separate account charges and may also incur account maintenance charges and surrender charges, depending on the contract. The chart does not reflect the deduction of any such charges, and, if reflected, would reduce the amounts shown. Federal withdrawal restrictions and a 10% tax penalty may apply to withdrawals before age 59 1/2. This information is for illustrative purposes only and is not a guarantee of future return for any specific investment.

Unlike taxable accounts, contributions made to tax-favored retirement programs and nonqualified Contracts generally provide tax-deferred treatment on earnings. In addition, pre-tax contributions made to tax-favored retirement programs ordinarily are not subject to income tax until withdrawn. As shown above, investing in a tax-favored program may increase the accumulation power of savings over time. The more taxes saved and reinvested in the program, the more the accumulation power effectively grows over the years.

To further illustrate the advantages of tax-deferred savings using a 25% federal tax bracket, an annual return (before the deduction of any fees or charges) of 4% under a tax-favored retirement program in which tax savings were reinvested has an equivalent after-tax annual return of 3% under a taxable program. The 4% return on the tax-deferred program will be reduced by the impact of income taxes upon withdrawal. The return will vary depending upon the timing of withdrawals. The previous chart represents (without factoring in fees or charges) after-tax amounts that would be received.

By taking into account the current deferral of taxes, contributions to tax-favored retirement programs increase the amount available for savings by decreasing the relative current out-of-pocket cost (referring to the effect on annual net take-home pay) of the investment, regardless of which type of qualifying investment arrangement that is selected. The chart below illustrates this principle by comparing a pre-tax contribution to a tax-favored retirement plan with an after-tax contribution to a taxable account:

### Paycheck Comparison

	Tax-Favored Retirement Program	Taxable Account
Annual amount available for savings before federal taxes	\$2,400	\$2,400
Current federal income tax due on Purchase Payments	0	\$(600)
Net retirement plan Purchase Payments	\$2,400	\$1,800

This chart assumes a 25% federal income tax rate. The \$600 paid toward current federal income taxes reduces the actual amount saved in the taxable account to \$1,800 while the full \$2,400 is contributed to the tax-qualified program, subject to being taxed upon withdrawal. Stated otherwise, to reach an annual retirement savings goal of \$2,400, the contribution to a tax-qualified retirement program results in a current out-of-pocket expense of \$1,800 while the contribution to a taxable account requires the full \$2,400 out-of-pocket expense. The tax-qualified retirement program represented in this chart is a plan type, such as one under section 403(b) of the Code, which allows participants to exclude contributions (within limits) from gross income. This chart is an example only and does not reflect the return of any specific investment.

### Foreign Account Tax Compliance Act (“FATCA”)

U.S. persons should be aware that FATCA, enacted in 2010, provides that a 30% withholding tax will be imposed on certain gross payments (which could include distributions from cash value life insurance or annuity products) made to a foreign entity holding accounts on behalf of U.S. persons if such entity fails to provide applicable certifications to the U.S. government. An entity, for this purpose, will be considered a foreign entity unless it provides an applicable certification to the contrary. Prospective purchasers with accounts in foreign financial institutions or foreign entities should consult with their tax advisor regarding the application of FATCA to their purchase.

### Other Withholding Tax

A non-resident Contract Owner that is not exempt from U.S. federal withholding tax should consult a tax advisor as to the availability of an exemption from, or reduction of, such tax under an applicable income tax treaty, if any.

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### EXCHANGE PRIVILEGE

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From time to time, we may allow you to exchange an older variable annuity issued by VALIC into VALIC's Portfolio Director Plus Fixed and Variable Annuity Product ("Portfolio Director"), a newer product with more current features and benefits issued by VALIC. Such an exchange offer will be made in accordance with applicable state and federal securities and insurance rules and regulations. You may exchange the Contracts into Portfolio Director as discussed below. See the Portfolio Director prospectus for more details concerning the Portfolio Director investment options and associated fees.

### Exchanges From Independence Plus Contracts (UIT-585 and UITG-585)

*Sales/Surrender Charges.* Under an Independence Plus Contract, no sales charge is deducted at the time a Purchase Payment is made, but a surrender charge may be imposed on partial or total surrenders. The surrender charge may not exceed 5% of any Purchase Payments withdrawn within five years of the date such Purchase Payments were made. The most recent Purchase Payments are deemed to be withdrawn first. The first partial surrender in that contract year (or total surrender if there has been no prior partial surrender), to the extent it does not exceed 10% of the Account Value, may be surrendered in a Participant Year without any surrender charge being imposed. Portfolio Director imposes a similar surrender charge upon total or partial surrenders. Both Portfolio Director and Independence Plus Contracts have other similar provisions where surrender charges are not imposed. However, Portfolio Director provides at least one additional provision, not included in Independence Plus Contracts,

under which no surrender charge will be imposed. An additional provision allows election of a systematic withdrawal method without surrender charges. For purposes of satisfying the fifteen-year and five-year holding requirements described under "Surrender Charge" in the prospectus, Portfolio Director will be deemed to have been issued on the same date as the Independence Plus Contract or certificate thereunder, but no earlier than January 1, 1982. Purchase Payments exchanged into Portfolio Director and which were made within five years before the date of exchange will be treated as Purchase Payments under Portfolio Director for purposes of calculating the surrender charge. Exchanged payments will be deemed to have been made under Portfolio Director on the date they were made to Independence Plus Contracts for purposes of calculating the surrender charge under Portfolio Director.

*Other Charges.* Under the Independence Plus Contracts, a maintenance charge of \$20 is assessed for the first year and an annual charge of \$15 is assessed for the second and later years during the accumulation period. The charge is due in quarterly installments. A daily fee is charged at the annual rate of 1% of the daily net asset value allocable to the variable sub-accounts to cover administrative expenses (other than those covered by the annual charge) and mortality risks assumed by the Company. For Portfolio Director, a quarterly account maintenance charge of \$3.75 is assessed for each calendar quarter during the Purchase Period during which any Variable Account Option Account Value is credited to a Participant's Account. The fee is to reimburse the Company for some of the administrative expenses associated with the Variable Account Options. No fee is assessed for any calendar quarter if the Account Value is credited only to the Fixed Account Options throughout the quarter. Such fee begins immediately if an exchange is made into any Variable Account Option offered under Portfolio Director. The fee may also be reduced or waived by the Company for Portfolio Director if the administrative expenses are expected to be lower for that Contract. To cover expenses not covered by the account maintenance charge and to compensate the Company for assuming mortality risks and administration and distribution expenses under Portfolio Director, an additional daily charge with an annualized rate of 0.75% to 1.25% (or lower amounts during the Purchase Period for different series of Portfolio Director), depending upon the Variable Account Options selected, if any, on the daily net asset value of VALIC Separate Account A is attributable to Portfolio Director.

*Investment Options.* Under Independence Plus Contracts ten Divisions of VALIC Separate Account A are available variable investment alternatives, each investing in shares of a different underlying fund of VALIC Company I. In addition, two fixed investment options are available. Under Portfolio Director, there are approximately 70 Divisions of VALIC Separate Account A are available, which Divisions invest in different investment portfolios of VALIC Company I, VALIC Company II, and several other mutual fund portfolios. Three fixed investment options are also available.

*Annuity Options.* Annuity options under the Contracts provide for payments on a fixed or variable basis, or a combination of both. The Contract permits annuity payments for a designated period between 3 and 30 years. Portfolio Director permits annuity payments for a designated period between of 5 and 30 years. Independence Plus Contracts and Portfolio Director both provide for "betterment of rates." Under this provision, annuity payments for fixed annuities will be based on mortality tables then being used by the Company, if more favorable to the Annuitant than those included in the Contract.

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### CALCULATION OF SURRENDER CHARGE

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The surrender charge is discussed in the prospectus under "Fees and Charges--Surrender Charge." Examples of calculation of the surrender charge upon total and partial surrender are set forth below.

#### Illustration of Surrender Charge on Total Surrender Transaction History

<u>Date</u>	<u>Transaction</u>	<u>Amount</u>
10/1/94	Purchase Payment	\$ 10,000
10/1/95	Purchase Payment	\$5,000
10/1/96	Purchase Payment	\$15,000
10/1/97	Purchase Payment	\$2,000
10/1/98	Purchase Payment	\$3,000

<u>Date</u>	<u>Transaction</u>	<u>Amount</u>
10/1/99	Purchase Payment	\$4,000
	Total Purchase Payments	\$39,000
	(Assumes Account Value is \$50,000)	
12/31/99	Total Surrender	

Surrender Charge is lesser of (a) or (b):

a. Surrender Charge calculated on 36 months of Purchase Payments		
1. Surrender Charge against Purchase Payment of 10/1/94		\$ 0
2. Surrender Charge against Purchase Payment of 10/1/95 (0.05 X \$5,000)		\$ 250
3. Surrender Charge against Purchase Payment of 10/1/96 (0.05 X \$15,000)		\$ 750
4. Surrender Charge against Purchase Payment of 10/1/97 (0.05 X \$2,000)		\$ 100
5. Surrender Charge against Purchase Payment of 10/1/98 (0.05 X \$3,000)		\$ 150
6. Surrender Charge against Purchase Payment of 10/1/99 (0.05 X \$4,000)		\$ 200
Surrender Charge based on Purchase Payments (1+2+3+4+5+6)		\$ 1,450

b. Surrender charge calculated on the excess over 10% of the Account Value at the time of surrender:

Account Value at time of surrender	\$ 50,000	
Less 10% not subject to surrender charge	<u>-5,000</u>	
Subject to surrender charge	45,000	
	<u>X .05</u>	
Surrender Charge based on Account Value	\$ 2,250	\$ 2,250
Surrender Charge is the lesser of a or b		\$ <u>1,450</u>

**Illustration of Surrender Charge on a 10% Partial Surrender Followed by a Full Surrender Transaction History (Assumes No Interest Earned)**

<u>Date</u>	<u>Transaction</u>	<u>Amount</u>
10/1/94	Purchase Payment	\$5,000
10/1/95	Purchase Payment	\$15,000
10/1/96	Purchase Payment	\$2,000
10/1/97	Purchase Payment	\$3,000
10/1/98	Purchase Payment	\$4,000
10/1/99	Purchase Payment	\$10,000
	10% Partial Surrender (Assumes Account Value is \$39,000)	\$3,900
12/1/00	Full Surrender	\$35,100

- Since this is the first partial surrender in this Participant Year, calculate the excess over 10% of the value of the Purchase Units.  
  
10% of \$39,000=\$3,900 [no charge on this 10% withdrawal].
- The Account Value upon which Surrender Charge on the Full Surrender may be calculated (levied) is \$39,000-\$3,900=\$35,100.
- The Surrender Charge calculated on the Account Value withdrawn \$35,100 X .05=\$1,755.
- Since only \$29,000 has been paid in Purchase Payments in the 60 months prior to the Full Surrender, the charge can only be calculated on \$29,000. The \$3,900 partial withdrawal does not reduce this amount. Thus, the charge is \$29,000 X (0.05)=\$1,450.

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**PURCHASE UNIT VALUE**

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Purchase Unit value is discussed in the prospectus under "Purchase Period." The Purchase Unit value for a Division is calculated as shown below:

*Step 1:* Calculate the gross investment rate:

$$\begin{array}{l}
 \text{Gross Investment Rate} \\
 = \text{ (equals)} \\
 \text{The Division's investment income and capital gains and losses (whether realized or unrealized) on that} \\
 \text{day from the assets attributable to the Division.} \\
 \div \text{ (divided by)} \\
 \text{The value of the Division for the immediately preceding day on which the values are calculated.}
 \end{array}$$

We calculate the gross investment rate as of 4:00 p.m. Eastern time on each business day when the Exchange is open.

*Step 2:* Calculate net investment rate for any day as follows:

$$\begin{array}{l}
 \text{Net Investment Rate} \\
 = \text{ (equals)} \\
 \text{Gross Investment Rate (calculated in Step 1)} \\
 - \text{ (minus)} \\
 \text{Separate Account charges.}
 \end{array}$$

*Step 3:* Determine Purchase Unit Value for that day.

$$\begin{array}{l}
 \text{Purchase Unit Value for that day.} \\
 = \text{ (equals)} \\
 \text{Purchase Unit Value for immediate preceding day.} \\
 \times \text{ (multiplied by)} \\
 \text{Net Investment Rate (as calculated in Step 2) plus 1.00.}
 \end{array}$$

The following illustrations show a calculation of new Purchase Unit value and the purchase of Purchase Units (using hypothetical examples):

**Illustration of Calculation of Purchase Unit Value**

1. Purchase Unit value, beginning of period .....	\$ 1.800000
2. Value of Fund share, beginning of period .....	21.200000
3. Change in value of Fund share .....	.500000
4. Gross investment return (3) divided by (2) .....	.023585
5. Daily separate account fee .....	\$ .000027
6. Net investment return (4)-(5).....	<u>.023558</u>
7. Net investment factor 1.000000+ (6) .....	<u>\$ 1.023558</u>
8. Purchase Unit value, end of period (1) X (7) .....	<u>\$ 1.842404</u>

**Illustration of Purchase of Purchase Units (Assuming No State Premium Tax)**

1. First Periodic Purchase Payment .....	\$ 100.00
2. Purchase Unit value on effective date of purchase (see Example above) .....	\$ 1.800000
3. Number of Purchase Units purchased (1) divided by (2) .....	55.556
4. Purchase Unit value for valuation date following purchase (See Example above) .....	<u>\$ 1.842404</u>
5. Value of Purchase Units in account for valuation date following purchase (3) X (4) .....	<u>\$ 102.36</u>

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## PAYOUT PAYMENTS

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### **Assumed Investment Rate**

The discussion concerning the amount of Payout Payments which follows this section is based on an Assumed Investment Rate of 3 1/2% per annum. However, the Company will permit each Annuitant choosing a variable payout option to select an Assumed Investment Rate permitted by state law or regulations other than the 3 1/2% rate described in this prospectus as follows: 4 1/2% or 5% per annum. The foregoing Assumed Investment Rates are used merely in order to determine the first monthly payment per thousand dollars of value. It should not be inferred that such rates will bear any relationship to the actual net investment experience of VALIC Separate Account A.

### **Amount of Payout Payments**

The amount of the first variable Payout Payment to the Annuitant will depend on the amount of the Account Value applied to effect the variable payout as of the tenth day immediately preceding the date Payout Payments commence, the amount of any premium tax owed, the payout option selected, and the age of the Annuitant.

The Contracts contain tables indicating the dollar amount of the first payout payment under each payout option for each \$1,000 of Account Value (after the deduction for any premium tax) at various ages. These tables are based upon the Annuity 2000 Table (promulgated by the Society of Actuaries) and an Assumed Investment Rate of 3 1/2%, 4% and 5% per annum (3 1/2% in the group Contract).

The portion of the first monthly variable Payout Payment derived from a Division of VALIC Separate Account A is divided by the Payout Unit value for that Division (calculated ten days prior to the date of the first monthly payment) to determine the number of Payout Units in each Division represented by the payment. The number of such units will remain fixed during the Payout Period, assuming the Annuitant makes no transfers of Payout Units to provide Payout Units under another Division or to provide a fixed Payout Payment.

In any subsequent month, the dollar amount of the variable payout payment derived from each Division is determined by multiplying the number of Payout Units in that Division by the value of such Payout Unit on the tenth day preceding the due date of such payment. The Payout Unit value will increase or decrease in proportion to the net investment return of the Division or Divisions underlying the variable payout since the date of the previous Payout Payment, less an adjustment to neutralize the 3 1/2% or other Assumed Investment Rate referred to above.

Therefore, the dollar amount of variable Payout Payments after the first year will vary with the amount by which the net investment return is greater or less than 3 1/2% per annum. For example, if a Division has a cumulative net investment return of 5% over a one year period, the first Payout Payment in the next year will be approximately 1 1/2 percentage points greater than the payment on the same date in the preceding year, and subsequent payments will continue to vary with the investment experience of the Division. If such net investment return is 1% over a one year period, the first Payout Payment in the next year will be approximately 2 1/2 percentage points less than the payment on the same date in the preceding year, and subsequent payments will continue to vary with the investment experience of the applicable Division.

Each deferred Contract provides that, when fixed Payout Payments are to be made under one of the first four payout options, the monthly payment to the Annuitant will not be less than the monthly payment produced by the then current settlement option rates, which will not be less than the rates used for a currently issued single payment immediate annuity contract. The purpose of this provision is to assure the Annuitant that, at retirement, if the fixed payout purchase rates then required by the Company for new single payment immediate annuity contracts are significantly more favorable than the annuity rates guaranteed by a Contract, the Annuitant will be given the benefit of the new annuity rates.

### **Payout Unit Value**

The value of a Payout Unit is calculated at the same time that the value of a Purchase Unit is calculated and is based on the same values for Fund shares and other assets and liabilities. (See "Purchase Period" in the prospectus.) The calculation of Payout Unit value is discussed in the prospectus under "Payout Period."

The following illustrations show, by use of hypothetical examples, the method of determining the Payout Unit value and the amount of variable annuity payments.

### Illustration of Calculation of Payout Unit Value

*Example:*

1. Payout Unit value, beginning of period .....	\$	.980000
2. Net investment factor for Period (see Example 3) .....		1.023558
3. Daily adjustments for 3 1/2% Assumed Investment Rate.....		.999906
4. (2) X (3).....		1.023462
5. Payout Unit value, end of period (1) X (4).....	\$	1.002993

### Illustration of Payout Payments

*Example: Annuitant age 65, Life Annuity with 120 Payments Certain*

1. Number of Purchase Units at Payout Date .....		10,000.00
2. Purchase Unit value (see Example 3) .....	\$	1.800000
3. Account Value of Contract (1) X (2) .....	\$	18,000.00
4. First monthly Payout Payment per \$1,000 of Account Value.....	\$	5.63
5. First monthly Payout Payment (3) X (4) (division sign)1,000.....	\$	101.34
6. Payout Unit value (see Example 8).....	\$	.980000
7. Number of Payout Units (5)(division sign) (6).....	\$	103.408
8. Assume Payout Unit value for second month equal to .....	\$	.997000
9. Second monthly Payout Payment (7) X (8).....	\$	103.10
10. Assume Payout Unit value for third month equal to .....	\$	.953000
11. Third monthly Payout Payment (7) X (10).....	\$	98.55

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### DISTRIBUTION OF VARIABLE ANNUITY CONTRACTS

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The Company has qualified or intends to qualify the Contracts for sale in all fifty states and the District of Columbia.

The Contracts are no longer offered to new plans but may be available to participants in plans with an existing Contract. Previously, the Contracts were sold in a continuous offering by licensed insurance agents who were registered representatives of broker-dealers that are members of the Financial Industry Regulatory Authority ("FINRA").

AIG Capital Services, Inc. ("Distributor") is the distributor for VALIC Separate Account A. Distributor, an affiliate of the Company, is located at 21650 Oxnard Street, Suite 750, Woodland Hills, CA 91367. The Distributor is a Delaware corporation and a member of FINRA.

VALIC no longer pays commissions to financial advisors for sales or subsequent Purchase Payments made into the Contracts. The commissions which were paid by the Company did not result in any charge to Contract Owners or to VALIC Separate Account A.

Pursuant to its underwriting agreement with the Distributor and the VALIC Separate Account A, the Company reimburses the Distributor for reasonable sales expenses, including overhead expenses. The Company has not paid any sales commissions with respect to sales of the Contract for the past three fiscal years ended December 31.



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## EXPERTS

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PricewaterhouseCoopers LLP, located at 1000 Louisiana Street, Suite 5800, Houston, TX 77002, serves as the independent registered public accounting firm for The Variable Annuity Life Insurance Company Separate Account A, The Variable Annuity Life Insurance Company ("VALIC"), and American Home Assurance Company.

You may obtain a free copy of these financial statements if you write us at our Home Office, located at 2929 Allen Parkway, Houston, Texas, 77019 or call us at 1-800-448-2542. The financial statements have also been filed with the SEC and can be obtained through its website at <http://www.sec.gov>.

The following financial statements are included in the Statement of Additional Information in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting:

- The Audited Financial Statements of The Variable Annuity Life Insurance Company Separate Account A of The Variable Annuity Life Insurance Company as of December 31, 2018 and for each of the two years in the period ended December 31, 2018
- The Audited Statutory Financial Statements of The Variable Annuity Life Insurance Company as of December 31, 2018 and December 31, 2017 and for each of the three years in the period ended December 31, 2018
- The Audited Statutory Financial Statements of American Home Assurance Company as of December 31, 2018 and December 31, 2017 and for each of the three years in the period ended December 31, 2018

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## COMMENTS ON FINANCIAL STATEMENTS

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The financial statements of The Variable Annuity Life Insurance Company should be considered only as bearing upon the ability of the Company to meet its obligations under the Contracts, which include death benefits, and its assumption of the mortality and expense risks.

Divisions 4, 5, 6, 7, 8, 10C, 11, 12, 13 and 14 are the only Divisions available under the Contracts described in the prospectus.

You should only consider the statutory financial statements of American Home that we include in this SAI as bearing on the ability of American Home, as guarantor, to meet its obligations under the guarantee with respect to Contracts with a date of issue of December 29, 2006 or earlier.