



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
CPR10032

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF
KRISTA FERRELL 804-558-2596

VENDOR	RFQ COPY
	TYPE NAME/ADDRESS HERE

SHIP TO	CONSOLIDATED PUBLIC RETIREMENT BOARD
	BUILDING 5, ROOM 1000
	1900 KANAWHA BOULEVARD, EAST
	CHARLESTON, WV
	25305-0720
	558-3570

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
09/02/2010				

BID OPENING DATE: 09/15/2010 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
				ADDENDUM NO. 2		
				THIS ADDENDUM IS ISSUED TO:		
				1.) PROVIDE ANSWERS FOR TECHNICAL QUESTIONS SUBMITTED IN ACCORDANCE WITH THE PROVISIONS OF THE ORIGINAL REQUEST FOR QUOTATION (CPR10032),		
				2.) PROVIDE VALIC AGREEMENT PER THE ATTACHED,		
				3.) CHANGE THE WORD APPENDIX THROUGHOUT THE SPECIFICATIONS TO "ATTACHMENT" (EXPLANATORY SPREADSHEET ATTACHED), AND		
				4.) REMOVE SECTION 1.9.4.9 (PAGE 11) IN ITS ENTIRETY.		
				RFP TECHNICAL OPENING DATE REMAINS: 09/15/2010		
				RFP TECHNICAL OPENING TIME REMAINS: 1:30 PM		
				***** END ADDENDUM NO. 2 *****		
0001		LS		961-20		
	1			THIRD PARTY ADMINISTRATION OF TEACHER'S RETIREMENT		

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE	TELEPHONE	DATE	
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
5. Payment may only be made after the delivery and acceptance of goods or services.
6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.htm and is hereby made part of the agreement. Provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).

Addendum No. 2

Request for Proposals CPR10032

Response to Written Questions

Q1: Is there an appendix, and can it be emailed for review and proper assessment?

A1: The reference to "appendix" in the RFP should be replaced with "attachment". All attached documents are either with the RFP or in Addendum No. 2. Such documents will not be emailed.

Q2: Why is the plan(s) going out to bid at this time? Are there any specific service or product goals you would like to focus on?

A2: RFP for services requested was last issued in 2002. All service and product goals requested in the RFP should be focused on.

Q3: Does the current service provider's contract have any renewal options remaining?

A3: No annual renewal options remaining.

Q4: Will the Client be using the services of a consultant to assist with any aspect of the proposal review (i.e. services, capabilities, or investments)? If so, which firm will be assisting?

A4: No.

Q5: Please provide a copy of the plan(s) document.

A5: The Plan document is WV Code § 18-7B-1 et seq. and was provided in the RFP.

Q6: Does the Client have its own custodian for the plans or should the bidder provide those services?

A7: Bidder to provide these services.

Q7: Please provide the following statistics for the most recent 12-month period available:

a. Do any of the participant account totals in the RFP include 0 balance accounts?

A7a: Yes.

b. Number of terminations

A7b: 192 full withdrawals were processed.

c. Number of QDROs processed

A7c: 4 QDRO's were processed.

d. Number of calls to the voice response unit? How many of these calls are "dropped" to a customer service representative? For the calls to a customer service representative, please provide the average duration of the calls.

A7d: Calls to the voice response unit are currently not tracked. 1,107 calls have gone to customer service representatives with our service provider. 15 calls to customer service representatives with our service provider have been abandoned. The average talk time with a customer service representative with our service provider is 5 minutes and 16 seconds.

Q8: Regarding amounts withdrawn from the plan upon separation from service, what amount (in dollars and as a percent of the total) is rolled into IRAs offered by the Plan's current provider?

A8: The Board has never rolled funds over into an IRA offered by the Plan's current provider for a participant. However, participants may have rolled withdrawn funds into IRAs.

Q9: The RFP shows 61 payroll feeds to the Agency. Please confirm if there is a single payroll or multiple payrolls to the vendor.

A9: Multiple payrolls.

Q10: Is enrollment currently manual or automated? If the former, does the plan(s) have the desire and/or capability for automated on-line enrollment? If yes, is client payroll able to submit total employee population demographic data?

A10: Automated. However, the Board does not anticipate any enrollments as the plan is presently closed to new participants.

Q11: Please indicate that the Client can accept a payroll feedback file from the service provider with contribution information.

A11: Yes.

Q12: How many educational representatives does the current provider have serving the plan(s)?

A12: The current contract requires two full-time educational representatives, who are qualified and licensed, to be exclusively dedicated to servicing the plan.

Q13: Are these educational representatives dedicated to the plan(s) or do they serve other plan(s)? If the educational personnel currently servicing the plan(s) are not 100% full-time dedicated to servicing the Client's plan(s), please provide the percentage of time each currently spends servicing the plan(s).

A13: See answer A12.

Q14: Does the current provider send in-person educators to the various work locations to meet with employees and conduct educational group and individual meetings?

A14: Yes.

Q15: Does the Client make office space available for education representatives who are serving plan(s) participants? If yes, please provide details on the arrangements.

A15: If requested in advance, meeting rooms are available to service provider representatives for educational meetings with TDC members at 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

Q16: Does the incumbent maintain a local service office? If the incumbent does provide a local office, please provide the number of telephone calls and walk-in visitors from the Client to the local service office.

A16: No.

Q17: Is there any preference for continuing existing investment options or for new investment options?

A17: No preference.

Q18: Does the Client have a preference to retain any of these funds?

A18: See answer A17.

Q19: Is there a self directed brokerage offering?

A19: No.

Q20: Does the incumbent currently make participant advice and managed account services available? If yes, please provide the number of participants and the amount of assets currently part of the incumbent's investment advice and managed account program broken down between the advice and the managed account services.

A20: Yes. As of June 1, 2010:
Advice – 2 participants - \$146,818 in assets
Managed Accounts – 64 participants - \$3,218,657 in assets

Q21: Please provide the plan(s) "live" date and a timeline for the selection process.

A21: Undetermined at this time.

Q22: The cost per participant is shown as \$15/quarter and as \$45/year. Can you confirm that the total annual cost is \$45 not \$60?

A22: Each participant has \$15 per quarter, for a total of \$60 per year, deducted from the employer portion of his or her TDC account for administrative fees. The current Third Party Administrator fees are \$45 per year per participant.

Q23: What are the Agency's administratively required expenses?

A23: Expenses include, but are not limited to, CPRB staff salary and benefits, CPRB overhead expenses, and professional services including, but not limited to, third party administrator services, independent medical exams and legal services.

Q24: Are there any specific plan(s) expenses such as an annual audit a bidder should expect to cover?

A24: All such requirements are disclosed in RFP.

Q25: Is the RFP questionnaire and required forms available in Word format?

A25: No.

Q26: Page 27 Requirement 3.2.4.7 says vendor must comply with current VALIC agreement contained in the Appendix. The copy we received does not include a VALIC agreement. Can we get a copy or is one available online?

A26: VALIC agreement included in this Addendum No 2.




The Variable Annuity Life Insurance Company
Member of American International Group, Inc.

In consideration of the application for this contract, (the "Contract"), and the Purchase Payments THE VARIABLE ANNUITY LIFE INSURANCE COMPANY, ("VALIC"), agrees to:

- allocate the Purchase Payments to Participants' Accounts as directed by the Contract Owner,
- pay the annuity benefits as provided in the Contract, and
- provide the Contract Owner, the Participants and the Beneficiaries with the rights and benefits contained in the Contract.

The conditions and provisions on this and the following pages are made a part of the Contract. All conditions and provisions are subject to applicable state laws.

Executed at VALIC's Home Office on the issue date.


(Secretary)


(President)

CONTRACT OWNER: WEST VIRGINIA TEACHERS ASSOCIATION

GROUP ACCOUNT NUMBER: 25005

DATE OF ISSUE: 03/01/1993

**GROUP FIXED ANNUITY CONTRACT
INDIVIDUAL ALLOCATIONS
NON-PARTICIPATING**

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Section 1
DEFINITIONS

- 1.01 Accumulation Period** -- the period between the date of the first Purchase Payment and the Annuity Date for a Participant.
- 1.02 Annuitant** -- the Participant upon whose life annuity benefits will be based and to whom annuity benefits will be paid. If the Participant dies prior to the Annuity Date, the Beneficiary may be treated as the Annuitant.
- 1.03 Annuity Date** -- the date on which annuity benefit payments begin.
- 1.04 Annuity Period** -- the period during which annuity benefits are being paid.
- 1.05 Beneficiary** -- the person designated to receive payments, if any, on the Annuitant's death.
- 1.06 Certificate Year** -- a twelve month period which commences with the issue date of a Participant's Certificate and each anniversary of that date.
- 1.07 Contract Owner** -- the employer, or other organization, which makes application for the Contract.
- 1.08 Contract Year** -- a twelve month period which commences with the issue date of the Contract and each anniversary of that date.
- 1.09 Home Office** -- of VALIC shall mean its main office located at 2929 Allen Parkway, Houston, Texas 77019.
- 1.10 Net Purchase Payment** -- a Purchase Payment less any applicable premium taxes.
- 1.11 Participant** -- a person who makes Purchase Payments or for whom Purchase Payments are made under the Contract.
- 1.12 Participant's Account** -- an individual account which is established for a Participant to record the Annuity Value (Section 2.02) for the Participant.
- 1.13 Purchase Payments** -- amounts paid to VALIC by, or on behalf of, Participants.

Section 2
PURCHASE PAYMENT AND VALUATION PROVISIONS

2.01 Purchase Payments

Purchase Payments may be paid to VALIC at any time for credit to Participants' Accounts. The amount of Purchase Payments may be determined by the Contract Owner or the Participants; and may be subject to the provisions of the Contract Owner's Retirement Plan and/or the Internal Revenue Code of 1954, as amended. Purchase Payments for a Participant will only be accepted during his or her lifetime and the Contract Owner shall designate the amount of each Purchase Payment to be allocated to respective Participants' Accounts.

2.02 Annuity Value

The Annuity Value allocated to a Participant during the Accumulation Period shall be equal to the Net Purchase Payments received for the Participant, plus any interest credited to the Participant's Account, less the amount deducted from the Participant's Account in connection with any partial surrenders.

During the Accumulation Period, interest will be credited to Participants' Accounts at a rate determined by VALIC. The interest rate shall be set in advance of the period to which it relates and shall not be less than an effective rate of 4 1/2% per year.

2.03 Surrender Value

The Surrender Value of a Participant's Account shall be equal to the Annuity Value less any applicable surrender charges. (See Section 3.02)

In the case of a full surrender of a Participant's Account prior to the Annuity Date, the Surrender Value shall never be less than Purchase Payments received for the Participant less any previous partial surrenders.

2.04 Minimum Annuity Value

If due to partial surrenders the Annuity Value of a Participant's Account falls below \$300, the Participant's Account may be automatically surrendered.

2.05 Suspension of Purchase Payments

Purchase Payments to a Participant's Account may be suspended at any time. In the event that additional Purchase Payments are not made, the Annuity Value of the Participant's Account will continue to earn interest. Resumption of Purchase Payments for the Participant may occur at any time prior to the Annuity Date so long as the Participant's Account has not been surrendered and the Contract has not been terminated.

Section 3

CHARGES

3.01 Charge for Premium Taxes

A deduction is made from Purchase Payments to cover premium taxes, when applicable. Any such deduction will be made either from Purchase Payments when received, or from the amount applied to provide annuity benefits at the time annuity benefit payments commence, depending on applicable state law. If no amount for premium tax was deducted, but tax is subsequently determined to be due, VALIC reserves the right to reduce the Annuity Value or annuity benefit payments by the amount of the tax due at the time such determination is made. If an amount for any premium taxes was deducted but subsequently determined not to be due, VALIC will apply the amount deducted to increase the Annuity Value or annuity benefit payments at the time such determination is made.

3.02 Charge for Partial and Total Surrenders

A partial or total surrender of the Annuity Value of a Participant's Account will be subject to a surrender charge equal to the lesser of 7% of (a) all Purchase Payments which have been received for the Participant's Account during the 60 months immediately preceding the surrender, or (b) the amount of the surrender.

For purposes of calculating the surrender charge:

- the 60 months referred to above shall be counted from the day that the surrender request is received at VALIC's Home Office; and
- the most recent Purchase Payments are considered to be withdrawn first.

If no Purchase Payments have been received for a Participant's Account during the most recent 60 months or if a Participant's Account has been in effect for 15 years or longer, then there will be no charge for partial or total surrenders of the Participant's Account.

The first partial surrender per Certificate Year of 10% or less of the Annuity Value of a Participant's Account will not be subject to a surrender charge. However, if the first partial surrender exceeds 10% of the Annuity Value of a Participant's Account, the surrender charge will be applied to the amount in excess of 10%. The second or any subsequent surrenders of a Participant's Account during a Certificate Year will be subject to a surrender charge.

Once a surrender charge has been imposed on any Purchase Payment or portion thereof, that Purchase Payment or portion will not thereafter be considered as a Purchase Payment for purposes of calculating the surrender charge.

The surrender charge is not imposed upon commencement of annuity benefit payments (except in limited cases where the Fifth Option is selected and the right to surrender after annuity benefit payments begin is exercised) or upon any payments received by a Beneficiary in lieu of annuity benefit payments during the Annuity Period. The surrender charge is not imposed on the payment of benefits to a Beneficiary when a Participant dies during the Accumulation Period.

Section 4

ANNUITY BENEFIT PAYMENT PROVISIONS

4.01 Annuity Date

The Annuity Date may be the first day of any calendar month following a Participant's 50th birthday but may not be later than a Participant's 75th birthday. In the absence of an election, the Annuity Date shall be the first day of the month during which the Participant attains age 75.

4.02 Election to Commence Annuity Benefit Payments

Any time prior to the Annuity Date a Participant (or Annuitant if other than the Participant) may file a written request with VALIC at its Home Office, on a form furnished by VALIC, to elect one of the Annuity Options listed below. Said request will constitute an election of such Option unless the Participant files a further request in the same manner to change said election.

4.03 Annuity Options

The Annuitant may elect to have payments made under any of the Options listed below.

FIRST OPTION – Life Annuity -- An annuity payable monthly during the lifetime of an Annuitant, ceasing with the last monthly payment due prior to the death of the Annuitant.

SECOND OPTION -- Life Annuity with 60, 120, or 180 Monthly Payments Guaranteed -- An annuity payable monthly during the lifetime of an Annuitant with a guarantee that if, at the death of the Annuitant, payments have been made for less than the number of months selected, payments will be continued thereafter to a Beneficiary designated by the Annuitant during the remainder of the certain period.

THIRD OPTION -- Cash Refund Life Annuity -- An annuity payable monthly during the lifetime of the Annuitant, ceasing with the last monthly payment due prior to the death of the Annuitant. At the death of the Annuitant, the Beneficiary may receive an additional payment. The additional payment, if any, is equal to the Annuity Value of the Participant's Account at the Annuity Date which has not previously been paid out in the form of annuity benefit payments.

FOURTH OPTION -- Joint and Last Survivor Annuity -- An annuity payable during the joint lifetime of the Annuitant and a designated second person and continuing during the lifetime of the survivor.

FIFTH OPTION -- Payments for a Designated Period -- Payments made monthly for a selected number of years between three and fifteen. At any time during such period the Annuitant may elect to receive in one sum the present value of the remaining payments computed at an interest rate of 3 1/2% per annum. If the election to receive the present value is made, the Surrender Charge will be applied to Purchase Payments received within 60 months of the time of the election.

4.04 Automatic Annuity Option

If the Annuitant does not elect one of the Options prior to the Annuity Date, annuity benefit payments will be made in accordance with the Second Option, with payments being guaranteed for a ten year period, unless said Option is contrary to provisions in the Contract Owner's retirement plan.

4.05 Minimum Annuity Benefit Payment

No election of any Option may be made unless an annuity benefit payment of at least \$25 would be provided.

4.06 Frequency of Annuity Benefit Payments

Annuity benefit payments will be made monthly. If such payments would amount to less than \$25 each, VALIC reserves the right to make less frequent payments. If at any time the annual rate of payment to any payee is less than \$100, VALIC may make a lump sum payment of the remaining value to the payee.

4.07 Betterment of Rates

If it would produce greater benefits, the amount of the Annuitant's monthly payment will be the monthly payment produced by a then currently issued immediate annuity. The immediate annuity shall be of the same form. It shall have a single stipulated payment equal to the Annuity Value being applied under this Contract. Any commuted values allowed under the settlement provisions will be determined on the basis of the interest rate used to determine the net single premium for such annuities.

4.08 Annuity Tables

The following tables show the amount required to purchase a first monthly payment of \$1.00. The Tables are based on the Progressive Annuity Table with interest at the rate of 3 1/2% per year and assume births in the year 1900. The amount applied to effect an annuity will be the Annuity Value on the tenth day immediately preceding the date the first payment is due. The amount of each payment will depend upon the Annuitant's sex and the Annuitant's adjusted age at the time the first payment is due. Adjusted age shall be determined in accordance with the following:

<u>Calendar Year of Birth</u>	<u>Adjusted Age is Actual Age</u>
Before 1916	Minus 0
1916 - 1935	minus 1
1936 - 1955	minus 2
After 1955	minus 3

Actual Age, as used above, shall mean the age at the nearest birthday at the time the first payment is due.

**DOLLAR AMOUNT REQUIRED TO PURCHASE AN ANNUITY
WITH A FIRST MONTHLY PAYMENT OF \$1.00**

Options 1, 2, and 3 - Single Life Annuities

Adjusted Age		Monthly Payments Guaranteed				Cash Refund
Male	Female	None	60	120	180	
50	54	\$210.85	\$211.36	\$213.06	\$216.23	\$220.90
51	55	206.73	207.30	209.18	212.68	217.38
52	56	202.54	203.17	205.26	209.12	213.91
53	57	198.27	198.97	201.28	205.55	210.30
54	58	193.93	194.70	197.26	201.96	206.62
55	59	189.51	190.37	193.20	198.39	202.99
56	60	185.03	185.98	189.11	194.82	199.23
57	61	180.48	181.54	185.00	191.28	195.40
58	62	175.87	177.04	180.87	187.77	191.64
59	63	171.21	172.50	176.73	184.31	187.75
60	64	166.49	167.93	172.59	180.91	183.78
61	65	161.73	163.32	168.47	177.58	179.90
62	66	156.93	158.69	164.37	174.34	175.90
63	67	152.09	154.05	160.30	171.19	171.81
64	68	147.23	149.40	156.28	168.16	167.86
65	69	142.35	144.75	152.31	165.25	163.76
66	70	137.46	140.11	148.42	162.48	159.58
67	71	132.57	135.50	144.62	159.86	155.59
68	72	127.67	130.91	140.92	157.40	151.42
69	73	122.79	126.37	137.32	155.12	147.16
70	74	117.93	121.89	133.88	153.01	143.19
71	75	113.11	117.47	130.54	151.09	138.97
72	76	108.32	113.13	127.37	149.36	134.66
73	77	103.57	108.88	124.37	147.82	130.74
74	78	98.89	104.73	121.55	146.46	126.52
75	79	94.27	100.69	118.92	145.29	122.18

Option 4 - Joint and Last Survivor Annuity

Adjusted Age of Secondary Annuitant		Adjusted Age of Annuitant						
Male	Female	M-51	M-56	M-58	M-61	M-63	M-66	M-71
		F-55	F-60	F-62	F-65	F-67	F-70	F-75
50	54	\$237.79	\$229.86	\$227.15	\$223.59	\$221.57	\$218.92	\$215.73
55	59	229.05	218.34	214.55	209.38	206.35	202.42	197.39
57	61	225.97	214.14	209.85	204.01	200.50	195.93	190.01
60	64	221.91	208.43	203.38	196.39	192.18	186.50	179.02
62	66	219.55	204.99	199.50	191.72	186.96	180.56	171.88
65	69	216.52	200.49	194.31	185.42	179.85	172.21	161.64
70	74	212.71	194.65	187.42	176.84	170.06	160.43	146.43

Option 5 - Payments for a Designated Period

Years of Payment	Years of Payment		
3	\$ 34.26	10	\$101.73
4	44.90	11	110.01
5	55.19	12	118.20
6	65.15	13	125.94
7	74.74	14	133.51
8	84.03	15	140.85
9	93.02		

Section 5 DEATH PAYMENT AND BENEFICIARY PROVISIONS

5.01 Death of Participant Prior to the Annuity Date

If a Participant dies during the Accumulation Period, there will be an amount payable to the Beneficiary equal to the greater of (a) the Annuity Value on the date VALIC receives a certified copy of the death certificate or (b) 100% of Purchase Payments reduced by the amount deducted in connection with any partial surrenders.

The Beneficiary may elect within 60 days after amounts would be payable to receive the death payment as a lump sum settlement or in the form of any of the Annuity Options. The Beneficiary will thereafter be entitled to exercise all rights which an Annuitant would have during the Annuity Period, subject to the same terms and conditions.

5.02 Death of Annuitant During Annuity Period

If an Annuitant dies during the Annuity Period, a Beneficiary may be entitled to receive payment. If so, the Beneficiary may, within 60 days after amounts would be payable, elect one of the following three alternatives. These alternatives are not available if the Annuitant had been receiving payments under the Fourth Option.

- elect to receive in a lump sum the present value computed at an interest rate of 3 1/2% per annum, of any remaining annuity benefit payments; or
- elect to continue receiving annuity benefit payments; or
- elect to have the value of any annuity benefit payments owed applied to any of the five Annuity Options. If the Beneficiary elects either to continue receiving annuity benefit payments, or to receive the value of such payments under one of the five Annuity Options, the Beneficiary is entitled to exercise all rights hereunder.

5.03 Beneficiary Designation

The Annuitant may change any Beneficiary designation during the Annuitant's life. An irrevocably designated Beneficiary can be changed only with that Beneficiary's written consent. Any new designation must be filed in writing with VALIC at its Home Office. Upon receipt, the notice shall take effect as of its signature date. It shall be subject to any action taken by VALIC prior to receipt.

Unless otherwise provided, proceeds will be distributed in accordance with the following provisions. Two or more Beneficiaries living at the Annuitant's death shall share the proceeds equally. If any of two or more Beneficiaries die before the Annuitant, all proceeds shall be payable to any surviving Beneficiary(ies). If no named Beneficiary is living at the Annuitant's death, the proceeds shall be payable to the Annuitant's estate. If the Beneficiary dies at the same time as the Annuitant, rights to the proceeds shall be determined as though he or she died before the Annuitant. The Beneficiary's death shall be deemed at the same time as the Annuitant's if it occurs within 15 days of the Annuitant's death. Proof of survival for that period may be required by VALIC from any person entitled to payment. If the Beneficiary dies while receiving payments under the Second or Fifth Options the value of remaining payments, if any, shall be paid to the estate of said Beneficiary.

Section 6 GENERAL PROVISIONS

6.01 The Contract

The Contract and the application shall constitute the entire contract between the parties. All statements made by the Contract Owner or by any Participant or Annuitant shall be deemed representations. Such statements shall not be deemed warranties. Only the President or a Vice President of VALIC has the authority to change the Contract. Any such changes shall be effective only if in writing.

6.02 Participant Certificates

VALIC shall issue Certificates for delivery to each Participant. Each Certificate shall set forth the benefits to which a Participant is entitled under the Contract and the Beneficiary entitled to receive payment on the Participant's death. Certificates shall not constitute a part of the Contract.

6.03 Misstatement of Age or Sex

If an Annuitant's age or sex has been misstated, or that of any Beneficiary under a settlement option which conditions payment upon the Beneficiary's survival, any amount payable by VALIC shall be such as would have been provided on the basis of the correct information. If a correction of age or sex is made while payments are being made hereunder, the amount of any underpayment by VALIC shall be paid in full with the next payment due. The amount of any overpayment by VALIC shall be deducted from amounts otherwise payable thereafter.

If any payment(s) is(are) conditioned upon a payee's survival, VALIC will require proof of the payee's age. No payment shall be due until due proof is received by VALIC at its Home Office.

6.04 Changes of Contract by VALIC

On the first day of the second or any subsequent Contract Year, VALIC may, upon 90 days written notice to the Contract Owner, change any or all of the terms of the Contract. Any such change will not affect the provisions of the Contract as they apply to Purchase Payments on behalf of Participants covered prior to the effective date of such change.

6.05 Changes of Contract by Mutual Agreement

The Contract Owner and VALIC, by agreement in writing, may change any or all of the terms of the Contract in order to comply with applicable laws or regulations, including federal income tax law. Consent of any Participant or Beneficiary shall not be required for any such change.

6.06 Assignments

Neither the Contract nor a Participant's rights hereunder may be sold, assigned, discounted or pledged as collateral for a loan or as security for the performance of an obligation or otherwise transferred to any person other than VALIC. Unless contrary to applicable law, including federal tax law, the values hereunder shall not be subject to any creditor claims.

6.07 Termination or Suspension of the Contract

The Contract will terminate when performance by VALIC of its duties and obligations hereunder have been completed.

The Contract may be suspended on the first day of the second or any subsequent Contract Year. Effective with such suspension no new Participants will be accepted, however additional Purchase Payments will be accepted for those Participants covered hereunder prior to the effective date of such suspension.

6.08 Deferment of Withdrawal

VALIC may defer payment of any partial or total surrender. Any such deferral shall not exceed six months from the receipt, at VALIC's Home Office, of the surrender form. Interest shall be paid at a rate determined by VALIC if payment is deferred for thirty (30) days or more.

6.09 Incontestability

The provisions of the Contract shall not be contested after it has been in force for two years from the issue date. No statement made by any Annuitant shall be contested after two years from the date that the Annuitant was first covered hereunder.

6.10 Reports to Participants

VALIC will mail to each Participant, at least annually each Certificate Year during the Accumulation Period, a statement reporting the Annuity Value of the Participant's Account.

6.11 Minimum Benefits, Payments and Values

Any paid-up annuity, cash surrender, or death payment available hereunder shall not be less than the minimum benefits required by any statute of the state in which the Contract is delivered.

6.12 Non-Participating

The Contract is non-participating and does not share in the profits or surplus of VALIC.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
Houston, Texas

WEST VIRGINIA OPTIONAL RETIREMENT PROGRAM ENDORSEMENT

This Endorsement is made a part of the Contract or Certificate.

Section 2.03 (Surrender Value) is amended by adding the following:

- A) Except as provided in (B) below, in the case of a withdrawal for transfer to another funding entity only 20% of the Surrender Value may be withdrawn once a year.

A Participant may choose to have the Surrender Value withdrawn for transfer in one of the following ways:

- (1) Five Year Equal Annual Installment Method. The interest rate during the five year payout period will be declared in advance by VALIC. No other withdrawals may be made once payments begin.
- (2) Decreasing Balance Method. 1/5 of the account balance the first year. 1/4 of the remaining balance the second year. 1/3 of the remaining balance the third year. 1/2 of the remaining balance the fourth year. The entire remaining balance the fifth year. Interest under this method will be credited at a rate determined by VALIC. Withdrawals may be made under this method.

- B) The 20% a year restriction of this section does not apply if:

- (1) The Surrender Value remaining would be less than \$500, or;
- (2) The withdrawal is for transfer to the funding entity for West Virginia ORP Common Stock Fund or the West Virginia ORP Bond Fund.

Section 3.02 is deleted. There will be no surrender charges under this Contract. The account Surrender Value is equal to the Annuity Value.

Section 5.03 (Beneficiary Designation) is replaced with the following:

The Annuitant may change any Beneficiary during the Annuitant's life. Any change must be filed in writing with the West Virginia State Teacher's Retirement System. Any beneficiary designation not filed under the West Virginia State Teacher's Retirement System will not be honored even if received by VALIC at VALIC's Home Office.

Proceeds will be distributed in accordance with the following provisions. Two or more Beneficiaries living at the Annuitant's death shall share the proceeds equally. If any of two or more Beneficiaries die before the Annuitant, all proceeds shall be paid to any surviving Beneficiary(ies). If no named Beneficiary is living at the Annuitant's death, the proceeds shall be paid to the Annuitant's estate. If the Beneficiary dies at the same time as the Annuitant, rights to the proceeds shall be determined as though he or she died before the Annuitant. The Beneficiary's death shall be deemed at the same time as the Annuitant's if it occurs within 15 days of the Annuitant's death. Proof of survival for that time may be required by VALIC from any person entitled to payment. If the Beneficiary dies while receiving payments under the Second or Fifth Options, the value of remaining payments, if any, shall be paid to the estate of said Beneficiary.

The effective date of this Endorsement is the Policy Issue Date.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

By: _____

William A. Wilson

Vice President and General Counsel

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**THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
HOUSTON, TEXAS**

TAX REFORM ACT OF 1986 ENDORSEMENT

This Endorsement is part of Contracts or Certificates issued for retirement plans and annuity contracts. These plans and contracts are subject to special Internal Revenue Code ("Code") requirements.

Section references are to the Code in effect on January 1, 1989. The term "Participant" includes the Contractholder, Certificateholder, or Annuitant. The term "Contributions" includes Purchase Payments. The following provisions are part of the "plan", if so required. Notwithstanding other Contract or Certificate provisions, the following applies as required by the Code.

1. Minimum Payments After Age 70 1/2.

The following rules apply to Contracts and Certificates issued under these programs: a section 401(a), 401(k), or 403(a) pension plan, 403(b) tax deferred annuity, a 457 deferred compensation plan, or a 408(b) individual retirement annuity.

Payments from this Contract will comply with section 401(a)(9). Annuity payments or yearly minimum payments are generally required after the Participant is age 70 1/2 or death. The rules of section 401(a)(9) are made a part of this Contract.

The yearly payment amount is set each year. These payments are based on life expectancy. The life expectancies of the Participant and Beneficiary will be computed each year. The Participant may instead elect to use the life expectancies at the first payment only. (The election may be made for self, for a spouse Beneficiary, or for both.)

If the Participant dies before these payments have begun, a death benefit is payable. The Beneficiary may receive the whole benefit by 5 years after the Participant's death. Otherwise, payments may be made over the life or life expectancy of the Beneficiary if they start within 1 year of death. A spouse Beneficiary may delay payments until the Participant would have been 70 1/2. For 408(b), a spouse may wait until the spouse reaches 70 1/2.

If the Participant dies after these payments start, a death benefit is payable. The benefit must be paid at least as fast as the method used by the Participant.

For 403(b), the rules above apply only to amounts added to the account after December 31, 1986. Pre-January 1, 1987 amounts must begin to be paid when the Participant is age 75. For these older 403(b) amounts, payments must meet the following rule. The present value of payments to the Participant, over life, must exceed 50% of the present value of all payments. This 50% rule will not apply to joint annuities if the spouse is the named survivor.

2. Contribution Limits.

For 403(b), the following Contribution rules will apply.

Elective contributions under section 402(g) (usually made by salary reduction) are allowed only under the following condition. A Participant's elective Contributions under all the employer's plans cannot exceed the section 402(g)(1) limit for that calendar year.

Elective Contributions can be made hereunder only under the following condition. All employees of the employer must be able to make such elective Contributions. The employer may require a yearly minimum of at least \$200.

3. Withdrawal Restrictions before Age 59 1/2.

For 403(b), the following distribution rules will apply.

The portion of an account made up of elective Contributions and the income thereon, cannot be paid out unless the following has occurred. The Participant is (i) 59 1/2, (ii) separated from service with the employer, (iii) deceased, (iv) disabled, or (v) incurring a hardship.

The term "disabled" shall mean an individual who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be disabled unless he furnishes proof the existence thereof in such form and manner as the Secretary may require.

These payment rules do not apply to amounts credited to the Participant's account on December 31, 1988. Such amounts can be paid in 1989 and later years. All payments are subject to the employer's plan terms under which this Contract or Certificate was purchased.

If hardship occurs, only Contributions may be paid out; income on those Contributions cannot be paid. Hardship payments will be made only if the need meets the following standard. There must be an immediate and heavy financial need of the Participant and the payment must be required to meet that need. The decision will be based on legal requirements and on the Participant's statements at the time of the request.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

By: _____



William A. Wilson
Vice President and General Counsel

NOTICE CONCERNING COVERAGE

LIMITATIONS AND EXCLUSIONS UNDER THE WEST VIRGINIA

LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT

Residents of West Virginia who purchase life insurance, annuities or health insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the West Virginia Life and Health Insurance Guaranty Association. The purpose of this association is to assure that policy holders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guaranty Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the Guaranty Association is not unlimited, however. And, as noted in the box below, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

The West Virginia Life and Health Insurance Guaranty Association may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in West Virginia. You should not rely on coverage by the West Virginia Life and Health Insurance Guaranty Association in selecting an insurance company or in selecting an insurance policy. For a complete description of coverage, consult Article 26A, Chapter 33 of the West Virginia Code.

Coverage is NOT provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk.

Insurance companies or their agents are required by law to give or send you this notice. **HOWEVER, INSURANCE COMPANIES AND THEIR AGENTS ARE PROHIBITED BY LAW FROM USING THE EXISTENCE OF THE GUARANTY ASSOCIATION TO INDUCE YOU TO PURCHASE ANY KIND OF INSURANCE POLICY.**

The Guaranty Association or the West Virginia Insurance Commission will respond to questions you may have which are not answered by this document. Policyholders with additional questions may contact:

West Virginia Life and Health Insurance Guaranty Association
P.O. Box 816
Huntington, West Virginia 25712

West Virginia Insurance Commissioner
Consumer Services Division
2019 Washington Street, East
P. O. Box 50540
Charleston, West Virginia 25305-0540
(304) 558-3386
Toll Free 1-800-642-9004
TDD 1-800-435-7381

The state law that provides for this safety-net coverage is called the West Virginia Life and Health Insurance Guaranty Association Act. On the back of this page is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law nor does it in any way change anyone's rights or obligations under the act or the rights or obligations of the Guaranty Association.

COVERAGE

Generally, individuals will be protected by the West Virginia Life and Health Insurance Guaranty Association if they live in West Virginia and hold a life or health insurance contract, annuity contract, unallocated annuity contract, or if they are insured under a group life, health or annuity insurance contract, issued by a member insurer. Member insurer also includes non-profit service corporations (W. Va. Code Sec. 33-24) and health care corporations (W. Va. Code Sec. 33-25). The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

EXCLUSIONS FROM COVERAGE

However, persons holding such policies are not protected by this association if:

- they are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state);
- the insurer was not authorized to do business in this state;
- the policy was issued at a time when the insurer was not licensed or authorized to do business in the state;
- their policy was issued by an HMO, a fraternal benefit society, mandatory state pooling plan, a mutual protective association or similar plan in which the policy holder is subject to future assessments, an insurance exchange, or any entity similar to the above.

The association also does not provide coverage for:

- any policy or portion of a policy which is not guaranteed by the insurer or for which the individual or contractholder has assumed the risk;
- any policy of reinsurance (unless an assumption certificate was issued);
- interest rate yields that exceed an average rate;
- dividends;
- credits given in connection with the administration of a policy by a group contractholder;
- employer or association plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them) or uninsured, including:
 - i. multiple employer welfare arrangement;
 - ii. minimum premium group insurance plan;
 - iii. stop loss group insurance plan; or
 - iv. administrative services only contract.
- any unallocated annuity contract issued to an employee benefit plan protected under the federal pension guaranty corporation;
- any portion of any unallocated contract which is not issued to or in connection with a specific employee, union or association's benefit plan or a governmental lottery.

LIMITS ON AMOUNT OF COVERAGE

The act also limits the amount the association is obligated to pay out: The association cannot pay more than what the insurance company would owe under a policy or contract. Also, for any one insured life, the association will pay a maximum of \$300,000 - no matter how many policies and contracts there were with the same company, even if they provided different types of coverages. Within this overall \$300,000 limit, the association will not pay more than \$100,000 in cash surrender values, \$100,000 in health insurance benefits, \$100,000 in present value of annuities, or \$300,000 in life insurance death benefits - again, no matter how many policies and contracts there were with the same company, and no matter how many different types of coverages.

Note to benefit plan trustees or other holders of unallocated annuities (GICs, DACs, etc.) covered by the act: for unallocated annuities that fund governmental retirement plans under Sec. 401(k), 403(b) or 457 of the Internal Revenue Code, the limit is \$150,000 in present value of annuity benefits including net cash surrender and net cash withdrawal per participating individual. In no event shall the association be liable to spend more than \$300,000 in the aggregate per individual; for covered unallocated annuities that fund other plans, a special limit of \$1,000,000 applies to each contract holder, regardless of the number of contracts held with the same company or number of persons covered. In all cases, of course, the contract limits also apply.

<u>Page #</u>	<u>Section #</u>	<u>Paragraph # if applicable</u>	<u>Should refer to pages</u>	
7	1.3	1	Pages 55 to end	
10	1.9.4.2	1	Pages 57-59	
11	1.9.4.9	1	WV-96 appears to be missing	Removed
18	1.19.15	1	Pages 62-64	
19	2.2	2	Pages 65-82	
19	2.2	7	Pages 83-91	
28	3.2.4.7	1	Valic Agreement appears to be missing	Added
28	3.2.6.3	1	Pages 62-64	
47	3.3.4.11	1	Pages 92-96	
48	3.3.4.15	1	Pages 92-96	
51	3.4.1.1	1	Pages 57-59	
52	3.4.2.1	1	Pages 57-59	