



## Bullitt County Public Schools

1040 Highway 44 East  
Shepherdsville, Kentucky 40165

502-869-8000  
Fax 502-543-3608  
[www.bullittschools.org](http://www.bullittschools.org)

To: Mr. Keith Davis, Superintendent

From: Lisa Lewis, Director of Finance *Lewis*

Date: June 5, 2018

Re: Item for June Board Agenda

Please accept the following item for review/approval at the June board meeting:

- 457(b) Administration – American Fidelity

I recommend that you adopt the administration of 457(b) plans by American Fidelity. If you have questions, please feel free to contact me.

Attachment

*OK for June*  
*Blyden*

Section 457  
Group Variable Annuity  
Master Application

AMERICAN FIDELITY ASSURANCE COMPANY  
9000 Cameron Parkway  
Oklahoma City, OK 73114

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**SECTION 457 DEFERRED COMPENSATION PLAN  
GROUP POLICYHOLDER INFORMATION**

Name of Policyholder (Employer or Plan):

**BULLITT COUNTY BOE**

Employer/Plan Tax Identification #:

**61-6001357**

Address of Policyholder (Street):

**1040 HWY 44 EAST**

City

**SHEPHERDSVILLE**

State

**KY**

Zip

**42250**

**PLAN INFORMATION**

This contract will be issued to the Employer for Section 457 Eligible Deferred Compensation Plan funding. Neither American Fidelity Assurance Company nor any of its agents is a party to the Employer's Plan. The Group Variable Annuity Contract issued by American Fidelity Assurance Company to the Policyholder shall constitute the entire agreement between the Policyholder and American Fidelity Assurance Company.

REQUESTED

EFFECTIVE DATE: **JUNE 1, 2018**

FOR OFFICE USE ONLY

SPECIAL INSTRUCTIONS:

WARNING: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION MAY BE GUILTY OF INSURANCE FRAUD.

I UNDERSTAND THAT ALL PAYMENTS AND VALUES PROVIDED BY THE CONTRACT BEING APPLIED FOR ARE BASED ON THE INVESTMENT EXPERIENCE OF A SEPARATE ACCOUNT. THE VALUES ARE VARIABLE AND ARE NOT GUARANTEED AS TO FIXED DOLLAR AMOUNT.

WITH MY SIGNATURE BELOW, I ACKNOWLEDGE THAT PROSPECTUSES CONTAINING PRODUCT AND INVESTMENT OPTION INFORMATION WERE PROVIDED TO ME, AND WILL BE MADE AVAILABLE TO ELIGIBLE PLAN PARTICIPANTS. I WAS GIVEN THE OPPORTUNITY TO RECEIVE THIS INFORMATION EITHER IN PAPER FORMAT, OR IN ELECTRONIC FORMAT (BY CD-ROM, E-MAIL OR INTERNET).

Signed At

Date Signed

Signature of Witness

(licensed resident agent where required)

*Bullitt County BOE*

Name of Policyholder (Employer or Plan) (Print)

Authorized Signature

*Keith Davis*

Print Name

*Superintendent*

Title

AFMaxx<sup>®</sup> 457(b) Group  
Variable Annuity  
from



May 1, 2018

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# AFMaxx<sup>®</sup> 457(b) Group Variable Annuity

issued by

**American Fidelity Separate Account C**

and

**American Fidelity Assurance Company**

## PROSPECTUS

**May 1, 2018**

American Fidelity Separate Account C ("Separate Account C") is offering group annuity contracts to state and local governmental employers for use in Eligible Deferred Compensation Plans as defined in Section 457(b) of the Internal Revenue Code, as amended. This prospectus describes all of the material features of the policy, which is issued by American Fidelity Assurance Company, in the form of group contracts between American Fidelity Assurance Company and the state or local government employer.

The AFMaxx<sup>®</sup> 457(b) Group Variable Annuity is a group deferred, flexible payment annuity policy. You have 13 investment options in the annuity – the Guaranteed Interest Account, which is a fixed investment option, and 12 variable investment options, each of which corresponds with one of the following eligible portfolios:

**American Funds Insurance Series<sup>®</sup>**

Blue Chip Income and Growth Fund  
International Fund

**BlackRock Variable Series Funds, Inc.**

Basic Value V.I. Fund  
Advantage U.S. Total Market V.I. Fund

**Dreyfus Stock Index Fund, Inc.**

**Dreyfus Variable Investment Fund**  
Opportunistic Small Cap Portfolio

**The Dreyfus Sustainable U.S. Equity Portfolio, Inc.**  
**Vanguard<sup>®</sup> Variable Insurance Fund\***

Balanced Portfolio  
Capital Growth Portfolio  
Mid-Cap Index Portfolio  
Total Bond Market Index Portfolio  
Total Stock Market Index Portfolio

This prospectus contains important information about the AFMaxx 457(b) Group Variable Annuity and Separate Account C that prospective investors should know before investing. Please keep this prospectus for future reference. We filed a Statement of Additional Information with the Securities and Exchange Commission ("SEC") dated May 1, 2018 that provides more information about the annuity we are offering. You can get a copy of our Statement of Additional Information at no charge from us or from the SEC. The SEC maintains a web site ([www.sec.gov](http://www.sec.gov)) that contains our Statement of Additional Information, material incorporated by reference into this prospectus, and other material that we file electronically with the SEC. For a free copy of the Statement of Additional Information, call us at 1.800.662.1113 or write us at P.O. Box 25520, Oklahoma City, Oklahoma 73125-0520 or e-mail us at [va.help@americanfidelity.com](mailto:va.help@americanfidelity.com).

Our Statement of Additional Information is incorporated by reference into this prospectus. The table of contents of the Statement of Additional Information is on the last page of this prospectus.

**The Securities and Exchange Commission has not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. This prospectus may only be used to offer the contract where the contract may be lawfully sold. The contract and certain features described in the contract may only be available in certain states.**

*Please read this prospectus carefully and keep it for future reference.*

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\* Vanguard is a trademark of The Vanguard Group, Inc.

## GLOSSARY OF TERMS

*Some of the terms used in this prospectus are technical. To help you understand these terms, we have defined them below.*

*Account value:* The value of your participant account during the accumulation phase.

*Accumulation phase:* The period of time beginning when a participant elects to participate in the plan (the participant effective date) and ending when a participant begins receiving annuity payments (the date the participant account is closed). Until a participant begins receiving annuity payments, the participant's annuity is in the accumulation phase.

*Accumulation unit:* The unit of measurement used to keep track of the value of a participant's interest in a sub-account during the accumulation phase.

*Annuitant:* The person on whose life annuity payments are based.

*Annuity:* A series of installment payments either for a fixed period or for the life of the annuitant, or for the joint lifetime of the annuitant and another person.

*Annuity date:* The date annuity payments begin.

*Annuity options:* The pay-out methods available to select during the annuity period.

*Annuity payments:* Regular income payments received from the policy during the annuity phase.

*Annuity phase:* The period of time during which annuity payments are made.

*Eligible portfolios:* The portfolios that serve as the Separate Account's underlying investment options. Each sub-account invests its assets into a corresponding portfolio. Each portfolio (sometimes called a fund) has its own investment objective.

*General account:* Our general account consists of all of our assets other than those assets allocated to all separate accounts.

*Guaranteed Interest Account option:* The fixed investment option within our general account which earns interest.

*Investment options:* The eligible investment options consist of (1) the Guaranteed Interest Account, which is the fixed investment option, and (2) the sub-accounts, which are variable investment options. We reserve the right to add, remove, or combine sub-accounts as eligible investment options.

*Participant:* A person for whom an interest is maintained under a group variable annuity policy, generally an employee.

*Participant account:* The account we maintain for you as a participant, reflecting the accumulation units credited to you.

*Plan:* The 457(b) eligible deferred compensation plan established and maintained by the policyholder as it exists on the date it is issued to the policyholder (the date of issue) and any subsequent amendment(s) to it.

*Policy:* The AFMaxx<sup>®</sup> 457(b) Group Variable Annuity.

*Policyholder:* The owner of the policy, generally a state or local government employer identified on the application and to whom the policy is issued.

*Policy year:* The annual period that begins on the date of issue and each anniversary of that date. In order to determine a participant's applicable withdrawal charges, this period begins with the participant effective date.

*Portfolio companies:* The companies offering the portfolios in which the sub-accounts invest.

*Purchase payment:* Money invested in the plan on behalf of a participant and allocated to a participant's account.

*Separate Account:* The separate account is called American Fidelity Separate Account C, which is a unit investment trust registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

*Sub-Account:* An investment option of Separate Account C that invests its assets in shares of a corresponding eligible portfolio.

*We, Us, Our:* American Fidelity Assurance Company, the insurance company offering the contract or policy.

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## SUMMARY

***In this summary, we discuss some of the important features of the AFMaxx® 457(b) Group Variable Annuity policy. Please read the entire prospectus for more detailed information about the policy and Separate Account C. The policy is issued in connection with an eligible deferred compensation plan pursuant to Section 457(b) of the Internal Revenue Code.***

In this prospectus, we describe the AFMaxx® 457(b) Group Variable Annuity, a group deferred, flexible payment annuity policy. It is a group contract between a state or local government employer, as the policyholder on behalf of its participants, and American Fidelity Assurance Company. American Fidelity Assurance Company issues a single policy to the employer, who is then the policyholder. Through the AFMaxx® 457(b) Group Variable Annuity, the plan provides a means for eligible employees to invest, on a tax deferred basis, in one or more of the sub-accounts, which are variable investment options, and the Guaranteed Interest Account, a fixed investment option. Each of the sub-accounts invests in a corresponding eligible portfolio.

The AFMaxx® 457(b) Group Variable Annuity is designated for participants seeking long term earnings generally for retirement or other long-term purposes. Participation in the AFMaxx® 457(b) Group Variable Annuity should not be considered for those looking for a short-term investment or those that cannot afford to lose some or all of the money invested.

Like all deferred annuities, the AFMaxx® 457(b) Group Variable Annuity has two phases: the accumulation phase and the annuity phase. During the accumulation phase, participants invest money in the annuity, at which point earnings accumulate on a tax deferred basis and are taxed as income only upon distribution. Similarly, during the annuity phase, earnings are taxed as income only upon distribution. Annuity payments under the policy will be paid on a fixed basis only. A qualified plan provides tax-deferral; therefore, there should be other reasons for purchasing the policy pursuant to a qualified plan aside from the tax deferral feature.

The annuity phase begins when the participant starts receiving regular payments under the annuity income options from his or her participant account. Although annuity payments are paid on a fixed basis only, the amount of the payments a participant receives during the annuity phase will depend on the amount of money invested and the performance of the selected investment options during the accumulation phase. Annuity payments and options are discussed elsewhere in this document.

When purchase payments are made to a participant account, the payments will be allocated according to the instructions we receive from the participant or policyholder, as applicable. A participant may allocate some or all of a purchase payment to one or more of the sub-accounts listed below, each of which is a variable investment option, or the Guaranteed Interest Account, which is a fixed investment option. We reserve the right to add or remove sub-accounts as investment options:

American Funds Insurance Series® – Blue Chip Income and Growth Fund  
American Funds Insurance Series® – International Fund  
BlackRock Variable Series Funds, Inc. – Basic Value V.I. Fund  
BlackRock Variable Series Funds, Inc. – Advantage U.S. Total Market V.I. Fund  
Dreyfus Stock Index Fund, Inc.  
Dreyfus Variable Investment Fund – Opportunistic Small Cap Portfolio  
The Dreyfus Sustainable U.S. Equity Portfolio, Inc.  
Vanguard® Variable Insurance Fund – Balanced Portfolio  
Vanguard® Variable Insurance Fund – Capital Growth Portfolio  
Vanguard® Variable Insurance Fund – Mid-Cap Index Portfolio  
Vanguard® Variable Insurance Fund – Total Bond Market Index Portfolio  
Vanguard® Variable Insurance Fund – Total Stock Market Index Portfolio



Each of the foregoing sub-accounts invests in a corresponding portfolio. The portfolios offer professionally managed investment choices. Participants can make or lose money by investing in the variable investment options, depending on market conditions and the performance of the portfolio(s) that correspond with the sub-account(s) to which purchase payments are allocated. ***Please see the information under “Investment Options”, describing how you can obtain a copy of the portfolios’ prospectuses.***

The earnings accumulated as a result of investments in the AFMaxx<sup>®</sup> 457(b) Group Variable Annuity are not taxed until received as a distribution. Because all of the contributions to the annuity are made, pursuant to the plan, on a pre-tax basis, all distributions will be subject to state and federal income tax unless the distribution is rolled over to an “eligible employer plan” or to an IRA in a direct rollover. The participant will receive a special tax notice explaining the tax consequences of the distribution options available before receiving an eligible rollover distribution.

A participant may withdraw money from his or her participant account at any time during the accumulation phase if eligible for withdrawal under the terms of the 457(b) plan; however, a withdrawal charge may apply. The minimum partial withdrawal is \$250, but a withdrawal must not reduce the value of the participant account to less than \$100. Withdrawals and charges that may apply to withdrawals are discussed under “Withdrawals” below.

The policyholder may return the policy to us or to our agent within 30 calendar days after it is delivered. If returned, the policy will be void from the beginning and we will refund the greater of: (i) the purchase payments paid or (ii) the account value as of the earlier of the date we receive the policy in our home office or the date our agent receives the returned policy.

***Questions.*** If you have any questions about the AFMaxx<sup>®</sup> 457(b) Group Variable Annuity or need more information, please contact us at:

American Fidelity Assurance Company  
Annuity Services Department  
P.O. Box 25520  
Oklahoma City, Oklahoma 73125-0520  
Telephone: 1.800.662.1113  
E-mail: [va.help@americanfidelity.com](mailto:va.help@americanfidelity.com)

## FEE TABLE

The following tables describe the fees and expenses participants will pay when buying, owning, and surrendering a policy. The first table describes the withdrawal charge that applies when a withdrawal is made from a participant account or when a policy is surrendered. State premium taxes may also be deducted.

### Transaction Expenses

Withdrawal Charge (as a percentage of the amount withdrawn)

Policy Year	Withdrawal Charge
1	8%
2	8%
3	8%
4	8%
5	8%
6	4%
7	4%
8	4%
9	4%
10	4%
11+	0%

The next table describes the fees and expenses that apply periodically during the life of a policy, not including the portfolio fees and expenses.

Separate Account Annual Expenses (as a percentage of average account value)	Current Fee <sup>1</sup>	Maximum Fee
Mortality and Expense Risk Charge .....	1.25%	1.25%
Account Fees and Expenses		
Administrative Charge .....	0.15%	0.25%
Distribution Expense Charge .....	0.10%	0.25%
Total Separate Account Annual Expenses .....	1.50%	1.75%

The next table shows the minimum and maximum total operating expenses charged by the portfolio companies that you may pay periodically while you own the policy. Additional details about each portfolio's fees and expenses are contained in the prospectus for each portfolio.

Total Annual Portfolio Operating Expenses (expenses that are deducted from portfolio assets, including management fees, 12b-1 fees, and other expenses)	<u>MINIMUM</u> 0.15%	<u>MAXIMUM</u> 1.05%
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### Annual Portfolio Operating Expenses (expenses that are deducted from portfolio assets)

#### American Funds Insurance Series<sup>® 2</sup>

##### Blue Chip Income and Growth Fund

Management Fee	0.39%
Other Expenses	0.02%
Total Annual Fund Operating Expenses	0.41%

##### International Fund

Management Fee	0.50%
Other Expenses	0.04%
Total Annual Fund Operating Expenses	0.54%

#### BlackRock Variable Series Funds, Inc.<sup>3</sup>

##### Basic Value V.I. Fund

Management Fee	0.60%
Other Expenses	0.25%

<sup>1</sup> We currently charge lower fees than the maximum allowed under the policy. The current and maximum fees we may charge at the separate account level are shown in the Annual Expenses table. We may increase the administrative charge and/or distribution expense charge, but neither will ever be more than 0.25% of the average daily value of a participant account invested in a portfolio.

<sup>2</sup> American Funds Insurance Series: Class 1 Shares

<sup>3</sup> BlackRock Variable Series Funds, Inc.: Share Class 1

Acquired Fund Fees and Expenses	0.01%
Total Annual Operating Expenses <sup>4</sup>	0.86%
Contractual Waivers <sup>5</sup>	0.12%
Net Annual Operating Expenses <sup>6</sup>	0.74%
<b>Advantage U.S. Total Market V.I. Fund</b>	
Management Fee	0.75%
Other Expenses	0.30%
Acquired Fund Fees and Expenses	0.00%
Total Annual Operating Expenses <sup>7</sup>	1.05%
Contractual Waivers <sup>8</sup>	0.50%
Net Annual Operating Expenses <sup>9</sup>	0.55%
<b>Dreyfus Stock Index Fund, Inc. <sup>10</sup></b>	
Management Fee	0.25%
Other Expenses	0.02%
Total Annual Operating Expenses	0.27%
<b>Dreyfus Variable Investment Fund<sup>11</sup></b>	
Opportunistic Small Cap Portfolio	
Management Fee	0.75%
Other Expenses	0.10%

<sup>4</sup> Total Annual Operating Expenses: The Total Annual Operating Expenses do not correlate to the ratio of expenses to average net assets given in the Fund's most recent annual report which does not include the Acquired Fund Fees and Expenses.

<sup>5</sup> Contractual Waivers: As described in the "Management of the Funds" section of the Fund's prospectus, BlackRock has contractually agreed to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements (excluding Dividend Expense, Interest Expense, Acquired Fund Fees and Expenses and certain other Fund expenses) to 1.25% of average daily net assets through April 30, 2019. BlackRock has also contractually agreed to reimburse fees in order to limit certain operational and recordkeeping fees to 0.06% of average daily net assets through April 30, 2019. BlackRock has contractually agreed to waive the management fee with respect to any portion of each Fund's assets (except for with respect to iShares Alternative Strategies V.I. Fund, iShares Dynamic Allocation V.I. Fund, iShares Dynamic Fixed Income V.I. Fund, iShares Equity Appreciation V.I. Fund and Government Money Market V.I. Fund) estimated to be attributable to investments in other equity and fixed-income mutual funds and EFT's managed by BlackRock or its affiliates that have a contractual management fee, through April 30, 2019. Each of these contractual agreements may be terminated upon 90 days' notice by a majority of the non-interested directors of the Fund or by a vote of a majority of the outstanding voting securities of the Fund.

<sup>6</sup> Net Annual Operating Expenses: As described in the "Management of the Funds" section of the Fund's prospectus, BlackRock has contractually agreed to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements (excluding Dividend Expense, Interest Expense, Acquired Fund Fees and Expenses and certain other Fund expenses) to 1.25% of average daily net assets through April 30, 2019. BlackRock has also contractually agreed to reimburse fees in order to limit certain operational and recordkeeping fees to 0.06% of average daily net assets through April 30, 2019. BlackRock has contractually agreed to waive the management fee with respect to any portion of each Fund's assets (except for with respect to iShares Alternative Strategies V.I. Fund, iShares Dynamic Allocation V.I. Fund, iShares Dynamic Fixed Income V.I. Fund, iShares Equity Appreciation V.I. Fund and Government Money Market V.I. Fund) estimated to be attributable to investments in other equity and fixed-income mutual funds and EFT's managed by BlackRock or its affiliates that have a contractual management fee, through April 30, 2019. Each of these contractual agreements may be terminated upon 90 days' notice by a majority of the non-interested directors of the Fund or by a vote of a majority of the outstanding voting securities of the Fund.

<sup>7</sup> Total Annual Operating Expenses: The Total Annual Operating Expenses do not correlate to the ratio of expenses to average net assets given in the Fund's most recent annual report which does not include the Acquired Fund Fees and Expenses.

<sup>8</sup> Contractual Waivers: As described in the "Management of the Funds" section of the Fund's prospectus, BlackRock has contractually agreed to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements (excluding Dividend Expense, Interest Expense, Acquired Fund Fees and Expenses and certain other Fund expenses) to 0.55% of average daily net assets through April 30, 2019. BlackRock has also contractually agreed to reimburse fees in order to limit certain operational and recordkeeping fees to 0.07% of average daily net assets through April 30, 2019. BlackRock has contractually agreed to waive the management fee with respect to any portion of each Fund's assets (except for with respect to iShares Alternative Strategies V.I. Fund, iShares Dynamic Allocation V.I. Fund, iShares Dynamic Fixed Income V.I. Fund, iShares Equity Appreciation V.I. Fund and Government Money Market V.I. Fund) estimated to be attributable to investments in other equity and fixed-income mutual funds and EFT's managed by BlackRock or its affiliates that have a contractual management fee, through April 30, 2019. Each of these contractual agreements may be terminated upon 90 days' notice by a majority of the non-interested directors of the Fund or by a vote of a majority of the outstanding voting securities of the Fund.

<sup>9</sup> Net Annual Operating Expense: As described in the "Management of the Funds" section of the Fund's prospectus, BlackRock has contractually agreed to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements (excluding Dividend Expense, Interest Expense, Acquired Fund Fees and Expenses and certain other Fund expenses) to 0.55% of average daily net assets through April 30, 2019. BlackRock has also contractually agreed to reimburse fees in order to limit certain operational and recordkeeping fees to 0.07% of average daily net assets through April 30, 2019. BlackRock has contractually agreed to waive the management fee with respect to any portion of each Fund's assets (except for with respect to iShares Alternative Strategies V.I. Fund, iShares Dynamic Allocation V.I. Fund, iShares Dynamic Fixed Income V.I. Fund, iShares Equity Appreciation V.I. Fund and Government Money Market V.I. Fund) estimated to be attributable to investments in other equity and fixed-income mutual funds and EFT's managed by BlackRock or its affiliates that have a contractual management fee, through April 30, 2019. Each of these contractual agreements may be terminated upon 90 days' notice by a majority of the non-interested directors of the Fund or by a vote of a majority of the outstanding voting securities of the Fund.

<sup>10</sup> The Dreyfus Sustainable U.S. Equity Portfolio, Inc., Dreyfus Stock Index Fund, Inc. and Dreyfus Variable Investment Fund – Opportunistic Small Cap Portfolio: Initial Share Class.

<sup>11</sup> The Dreyfus Sustainable U.S. Equity Portfolio, Inc., Dreyfus Stock Index Fund, Inc. and Dreyfus Variable Investment Fund – Opportunistic Small Cap Portfolio: Initial Share Class.

Total Annual Operating Expenses	0.85%
<b>The Dreyfus Sustainable U.S. Equity Portfolio, Inc.<sup>12</sup></b>	
Management Fee	0.60%
Other Expenses	0.15%
Total Annual Operating Expenses	0.75%
Fee Waiver and/or Expense Reimbursement <sup>13</sup>	0.05%
Net Total Annual Operating Expenses	0.70%
<b>Vanguard® Variable Insurance Fund</b>	
Balanced Portfolio	
Management Expenses	0.21%
Other Expenses	0.02%
Total Annual Portfolio Operating Expenses	0.23%
Capital Growth Portfolio	
Management Expenses	0.33%
Other Expenses	0.03%
Total Annual Portfolio Operating Expenses	0.36%
Mid-Cap Index Portfolio	
Management Expenses	0.16%
Other Expenses	0.03%
Total Annual Portfolio Operating Expenses	0.19%
Total Bond Market Index Portfolio	
Management Expenses	0.12%
Other Expenses	0.03%
Total Annual Portfolio Operating Expenses	0.15%
Total Stock Market Index Portfolio	
Management Expenses	0.00%
Investment Advisory Fee	0.00%
Acquired Fund Fees and Expenses	0.16%
Total Annual Portfolio Operating Expenses	0.16%

### Examples

These examples are intended to assist in comparing the cost of investing in the policy with the cost of investing in other variable annuity contracts. These costs include (1) contract owner transaction expenses (other than transfer fees and loan fees), (2) annual contract fees, (3) separate account annual expenses, and (4) portfolio fees and expenses.

The examples assume an initial investment of \$10,000 in the policy for the time periods indicated. The examples also assume that the investment has a 5% return each year and assume the maximum fees and expenses of the portfolios. Although the actual costs may be higher or lower, based on these assumptions, the examples show the expenses that would be paid on a \$10,000 investment (a) if policy is surrendered at the end of each time period or (b) if a policy is not surrendered or a policy is annuitized at the end of the applicable time period.

		<u>Time Periods</u>			
		<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
<b>American Funds Insurance Series®</b>					
Blue Chip Income and Growth .....	(a)	994	1,399	1,829	2,762
	(b)	134	599	1,029	2,224
International Fund .....	(a)	1,007	1,439	1,896	2,890
	(b)	207	639	1,096	2,359

<sup>12</sup> The Dreyfus Sustainable U.S. Equity Portfolio, Inc., Dreyfus Stock Index Fund, Inc. and Dreyfus Variable Investment Fund – Opportunistic Small Cap Portfolio: Initial Share Class.

<sup>13</sup> The fund's investment adviser, The Dreyfus Corporation, has contractually agreed, until May 1, 2019, to waive receipt of its fees and/or assume the direct expenses of the fund so that the direct expenses of the Initial Share Class (excluding shareholder services fees, taxes, interest, brokerage commissions, commitment fees on borrowings, and extra ordinary expenses) do not exceed .70%. On or after May 1, 2019, The Dreyfus Corporation may terminate this expense limitation agreement at any time.

**BlackRock Variable Series Funds, Inc.**

Basic Value V.I. Fund .....	(a)	1,027	1,499	1,997	3,084
	(b)	227	699	1,197	2,563

BlackRock Advantage U.S. Total Market V.I. Fund.....	(a)	1,008	1,442	1,901	2,900
	(b)	208	642	1,101	2,369

<b>Dreyfus Stock Index Fund, Inc.</b> .....	(a)	980	1,357	1,757	2,622
	(b)	180	557	957	2,076

**Dreyfus Variable Investment Fund**

Opportunistic Small Cap Portfolio.....	(a)	1,038	1,532	2,052	3,189
	(b)	238	732	1,252	2,674

<b>The Dreyfus Sustainable U.S. Equity Portfolio, Inc.</b> .....	(a)	1,023	1,487	1,977	3,046
	(b)	223	687	1,177	2,523

**Vanguard® Variable Insurance Fund**

Balanced Portfolio.....	(a)	976	1,344	1,737	2,581
	(b)	176	544	937	2,033

Capital Growth Portfolio .....	(a)	989	1,384	1,804	2,712
	(b)	189	584	1,004	2,171

Mid-Cap Index Portfolio .....	(a)	972	1,332	1,716	2,541
	(b)	172	532	916	1,990

Total Bond Market Index Portfolio .....	(a)	968	1,320	1,695	2,500
	(b)	168	520	895	1,947

Total Stock Market Index Portfolio.....	(a)	969	1,323	1,700	2,510
	(b)	169	523	900	1,958

We based annual expenses of the underlying portfolios on data provided by the portfolio companies for the year ended December 31, 2017. We did not independently verify the data provided; however, we did prepare the examples.

*The examples should not be considered a representation of past or future expenses. Actual expenses may be greater or less than those shown. The 5% annual rate of return assumed in the examples is not an estimate or guarantee of future performance.*

\* Vanguard is a trademark of The Vanguard Group, Inc.

## CONDENSED FINANCIAL INFORMATION

During the accumulation phase, we calculate the value of each participant's share of different sub-accounts with a unit of measurement called an accumulation unit. The table below sets forth the accumulation unit values as of January 1 and December 31 for each year since the later of (1) 2008 (the last 10 fiscal years of Separate Account C's operations) and (2) the year that the sub-account began operations. An explanation of how we calculate the value of an accumulation unit is located elsewhere in this document.

	Sub-account Unit Value at January 1	Sub-account Unit Value at December 31	Number of Sub- account Units Outstanding at December 31
<b>American Funds Insurance Series®</b>			
Blue Chip Income and Growth <sup>14</sup>			
International Fund			
2014 .....	\$10.000	\$9.642	16,837
2015 .....	\$ 9.642	\$9.094	55,756
2016 .....	\$ 9.094	\$9.298	77,687
2017 .....	\$ 9.298	\$12.132	96,168
<b>BlackRock Variable Series Funds, Inc.</b>			
Basic Value V.I. Fund			
2008 .....	\$18.272	\$11.381	153,102
2009 .....	\$11.381	\$14.703	200,128
2010 .....	\$14.703	\$16.339	234,937
2011 .....	\$16.339	\$15.701	262,533
2012 .....	\$15.701	\$17.640	279,860
2013 .....	\$17.640	\$23.994	293,398
2014 .....	\$23.994	\$25.984	307,128
2015 .....	\$25.984	\$24.074	306,782
2016 .....	\$24.074	\$28.028	305,338
2017 .....	\$28.028	\$29.886	308,769
BlackRock Advantage U.S. Total Market V.I. Fund			
2008 .....	\$18.888	\$11.156	139,903
2009 .....	\$11.156	\$14.104	189,099
2010 .....	\$14.104	\$17.881	222,635
2011 .....	\$17.881	\$17.187	241,777
2012 .....	\$17.187	\$19.224	249,806
2013 .....	\$19.224	\$26.968	257,534
2014 .....	\$26.968	\$27.954	274,260
2015 .....	\$27.954	\$25.718	288,705
2016 .....	\$25.718	\$31.327	286,216
2017 .....	\$31.327	\$35.198	290,320
<b>Dreyfus Stock Index Fund, Inc.</b>			
2007 .....	\$16.186	\$16.783	186,205
2008 .....	\$16.783	\$10.392	255,047
2009 .....	\$10.392	\$12.934	337,272
2010 .....	\$12.934	\$14.632	399,626
2011 .....	\$14.632	\$14.684	448,963
2012 .....	\$14.684	\$16.743	483,990
2013 .....	\$16.743	\$21.776	511,004
2014 .....	\$21.776	\$24.331	541,370
2015 .....	\$24.331	\$24.235	541,034
2016 .....	\$24.235	\$26.669	535,183
2017 .....	\$26.669	\$31.930	544,962
<b>Dreyfus Variable Investment Fund</b>			
Opportunistic Small Cap Portfolio			
2017 .....	\$10.00	\$10.914	429

<sup>14</sup> The table does not include information for American Funds IS Blue Chip Income and Growth Fund, an investment option available May 1, 2018.

**The Dreyfus Sustainable U.S. Equity Portfolio, Inc.**

2008 .....	\$14.849	\$ 9.592	21,428
2009 .....	\$ 9.592	\$12.639	26,568
2010 .....	\$12.639	\$14.296	32,152
2011 .....	\$14.296	\$14.210	34,966
2012 .....	\$14.210	\$15.674	38,111
2013 .....	\$15.674	\$20.744	40,769
2014 .....	\$20.744	\$23.185	43,155
2015 .....	\$23.185	\$22.110	46,456
2016 .....	\$22.110	\$24.040	49,275
2017 .....	\$24.040	\$27.313	51,079

**Vanguard® Variable Insurance Fund****Balanced Portfolio**

2008 .....	\$12.648	\$ 9.647	146,983
2009 .....	\$ 9.647	\$11.680	199,254
2010 .....	\$11.680	\$12.773	250,570
2011 .....	\$12.773	\$13.049	305,373
2012 .....	\$13.049	\$14.469	354,868
2013 .....	\$14.469	\$17.088	399,513
2014 .....	\$17.088	\$18.491	445,179
2015 .....	\$18.491	\$18.232	493,520
2016 .....	\$18.232	\$19.938	524,393
2017 .....	\$19.938	\$22.533	543,694

**Capital Growth Portfolio**

2010 .....	\$10.000	\$12.114	8,290
2011 .....	\$12.114	\$11.823	13,151
2012 .....	\$11.823	\$13.449	23,334
2013 .....	\$13.449	\$18.348	32,607
2014 .....	\$18.348	\$21.405	47,817
2015 .....	\$21.405	\$21.640	81,179
2016 .....	\$21.640	\$23.629	95,938
2017 .....	\$23.629	\$29.989	120,977

**Mid-Cap Index Portfolio**

2014 .....	\$10.000	\$10.077	10,220
2015 .....	\$10.077	\$ 9.785	74,027
2016 .....	\$ 9.785	\$10.710	100,428
2017 .....	\$10.710	\$12.564	124,576

**Total Bond Market Index Portfolio**

2008 .....	\$10.755	\$11.490	50,796
2009 .....	\$11.490	\$11.636	77,222
2010 .....	\$11.636	\$12.208	112,743
2011 .....	\$12.208	\$12.946	138,595
2012 .....	\$12.946	\$13.267	156,603
2013 .....	\$13.267	\$12.770	168,820
2014 .....	\$12.770	\$13.321	178,017
2015 .....	\$13.321	\$13.167	197,757
2016 .....	\$13.167	\$13.291	212,240
2017 .....	\$13.291	\$13.549	236,579

**Total Stock Market Index Portfolio**

2014 .....	\$10.000	\$ 9.944	267,253
2015 .....	\$ 9.944	\$ 9.832	319,095
2016 .....	\$ 9.832	\$10.902	376,112
2017 .....	\$10.902	\$12.991	400,972

## REVENUE SHARING ARRANGEMENTS

We, or one or more of our affiliates, may receive additional cash payments from one or more of the portfolio companies in exchange for providing certain administrative services. In consideration for these payments, we agree to perform services such as shareholder servicing, sub-administration and record-keeping, as well as various other administrative services. These payments do not constitute payment in any manner for investment advisory services and are not otherwise related to investment advisory or distribution services or expenses. These payments are sometimes referred to as “revenue sharing.” Our sales people do not receive any additional compensation for selling one sub-account over another, and they do not give any special preference to a sub-account just because that fund has a more favorable revenue sharing arrangement with us.

In connection with your fund purchase, we, or one or more of our affiliates, are entitled to receive a percentage of the purchased sub-account’s average daily net assets maintained for our policy holders. These percentages differ based upon the terms of our agreements with the companies as denoted below. We have entered into revenue sharing arrangements with the following companies:

<u>Portfolio Company</u>	<u>Revenue Sharing %</u>
BlackRock Advisors, LLC	0.10%
The Dreyfus Corporation (with regard to Dreyfus Variable Investment Fund – Opportunistic Small Cap Portfolio)	0.10%
The Dreyfus Corporation (with regard to The Dreyfus Sustainable U.S. Equity Portfolio, Inc.)	0.15%

## THE AFMaxx<sup>®</sup> 457(b) GROUP VARIABLE ANNUITY

### Owning a 457(b) Group Variable Annuity Policy

The AFMaxx<sup>®</sup> 457(b) Group Variable Annuity is a group annuity policy that is designed for use in eligible deferred compensation plans adopted by state and local governmental employers pursuant to Section 457(b) of the Internal Revenue Code. American Fidelity Assurance Company issues a single policy that acts as a contract between an employer, who is the policyholder on behalf of the participants, and American Fidelity Assurance Company. Any present or future employee of the policyholder can become a participant by investing in the policy. Under the policy, American Fidelity Assurance Company promises to pay income to the participants in the form of annuity payments beginning on a date chosen by the participant. American Fidelity Assurance Company establishes an account for each participant, and the account contains values and reflects activity for the participant. The person upon whose life the annuity payments are based is called the annuitant. If the annuitant dies during the accumulation phase, American Fidelity Assurance Company will pay a death benefit to the beneficiary.

Assets held under the policy must be held for the exclusive benefit of participants and their beneficiaries under the plan. All liabilities with respect to plan participants and their beneficiaries must be satisfied before any part of the assets and income of the policy will be used for, or diverted to, purposes other than for the exclusive benefit of plan participants and their beneficiaries.

### Naming a Beneficiary

The beneficiary is the person or entity named in accordance with the plan to receive a benefit in the event of a participant’s death. If the beneficiary and the annuitant die at the same time, we will assume that the beneficiary died first for purposes of paying any death benefits.

### Voting Rights

Although American Fidelity Assurance Company legally owns the underlying portfolios’ shares, we believe that we must get instructions from participants or the policyholders about how to vote the shares when an underlying portfolio company solicits proxies in conjunction with a shareholder vote. When we receive appropriate voting instructions, we will vote all of the shares we own in proportion to those instructions. This type of voting may allow a small number of policy owners to control the outcome of the vote. If we determine that we are no longer required to seek voting instructions, we will vote the shares in our own right.



## **ABOUT THE PARTICIPANT ACCOUNT**

### **Purchase Payments**

Money is invested in the policy when purchase payments are made. Purchase payments can only be made during the accumulation phase. Except for the initial purchase payment, purchase payments will be credited within one business day of receipt in our office. Depending on the plan, the amount of a participant's purchase payments may be increased, decreased or changed at any time. All payment allocations must be in whole percentages. Purchase payments made by or on behalf of a participant must be at least \$300 annually, unless we agree to a lesser amount. A participant account will not lapse even if no purchase payments are made during a policy year.

Once we receive a minimum initial purchase payment of \$25 and the proper enrollment forms, we will (1) issue verification of participation in the policy, and (2) allocate the initial purchase payment according to instructions provided within two business days. We will contact the participant if additional information is needed to complete the application process. We reserve the right to reject any application or purchase payment. At the time the policy is purchased, the annuitant cannot be older than 85 years old or the maximum age permitted under state law. American Fidelity Assurance Company allocates purchase payments to each participant's account as instructed by the policyholder, in accordance with the terms of the plan. Subsequent purchase payments will be allocated in the same manner unless we receive other instructions. The policyholder, or the participant, if the plan permits, may change allocations among sub-accounts for future purchase payments.

### **Accumulation Units**

In order to keep track of the value of a participant account during the accumulation period, we use a measurement called an accumulation unit. Every purchase payment increases the number of accumulation units in a participant's account. To determine the number of accumulation units that we should credit to a participant account, we determine the value of the accumulation unit for each sub-account to which the participant allocates purchase payments. Because each sub-account has its own value, the value of the accumulation unit for each of the sub-accounts differs. We calculate the value of accumulation units after the New York Stock Exchange closes and then credit the participant account accordingly. On each day that both the New York Stock Exchange and American Fidelity Assurance Company are open, we determine the value of an accumulation unit for each sub-account by dividing the total value of a sub-account's net assets by the number of the sub-account's outstanding accumulation units.

The value of an accumulation unit relating to any sub-account may go up or down from day to day. If a participant allocates purchase payments to any of the variable investment options, the value of his or her participant account will fluctuate depending upon the investment performance of the portfolio(s) corresponding to the sub-account(s) to which the participant has allocated purchase payments. (This is not true if a participant invests solely in the Guaranteed Interest Account.) The value of a participant account also depends on the expenses of the policy and the underlying portfolio.

When a purchase payment is made, we credit the appropriate participant account with accumulation units using the accumulation unit value next determined after we receive the purchase payment. The number of accumulation units credited is determined by dividing the amount of the purchase payment allocated to a sub-account by the value of the accumulation unit for that sub-account. When a withdrawal is made, the number of accumulation units in the participant account will decrease. For more information about withdrawals, see the "Withdrawals" information that appears elsewhere in this document.

The following example illustrates how we calculate the number of accumulation units that should be credited to a participant account when purchase payments are made.

### **Example**

On Thursday, we receive an additional purchase payment of \$100 designated to a participant account. The participant previously allocated 100% of this amount to The Dreyfus Stock Index Fund sub-account. When the New York Stock Exchange closes on that Thursday, we determine that a sub-account accumulation unit for The Dreyfus Stock Index Fund is valued at \$10.75. To determine the increased value of the participant account, we divide \$100 by \$10.75 and credit the participant account on Thursday night with 9.30 accumulation units of The Dreyfus Stock Index Fund sub-account.

## **RECEIVING PAYMENTS FROM THE ANNUITY**

### **Annuity Date**

In accordance with the plan, an annuity date will be established for each participant, at which time the participant will begin receiving regular monthly income payments (sometimes called distributions) from the annuity. We must be notified of the desired annuity date at least 30 calendar days before annuity payments begin.

The earliest annuity date that may be requested for commencement of a participant's annuity payments is 30 calendar days after a participant's effective date. The annuity date may not be later than the annuitant's 85<sup>th</sup> birthday or the maximum date permitted under state law, whichever is earlier. The annuity date may not be later than the earliest of the distribution date required by (i) federal law, (ii) the contract owner's tax qualified plan, or (iii) if applicable, state law. This annuity date may be changed by written request any time before the original annuity date, and at least 30 calendar days before the new annuity date. Please read the plan for other information related to distributions.

The duration of a participant's annuity phase will impact the amount of the participant's monthly annuity payments. Choosing an early annuity date may increase the duration of a participant's annuity phase, which will decrease the amount of the participant's monthly annuity payments. Other material factors that determine the level of annuity benefits are the age of the annuitant, accumulation value of the annuity contract, and type and duration of the annuity option selected.

### **Selecting an Annuity Option**

Four annuity payment options are available under the policy. In order to receive annuity payments under an annuity option, we must receive notice of the annuity option selected at least 30 calendar days before the annuity date. If an option is based on life expectancy, we will require proof of the payee's date of birth.

## Annuity Payments

Annuity payments are paid in monthly installments unless you elect to receive them quarterly, semi-annually or annually. Electing to receive payments less frequently will increase the individual payment amount. However, the amount of the quarterly, semi-annual or annual installments will be actuarially equivalent (mathematically equivalent) to the monthly installment. The amount of the first monthly payment depends on the annuity option selected and the age of the annuitant at the time the first payment is due. The participant's adjusted account value will be applied to the applicable annuity table based on the annuity option selected. The policy contains tables indicating the dollar amount of the first fixed monthly payment under each annuity payment option for each \$1,000 of value applied. The guaranteed interest rate on all options is 3% compounded annually. We may suspend, defer, or postpone annuity payments as described elsewhere in this document.

As permitted by the plan, one of the following annuity options may be chosen. If no annuity option is selected, we will make monthly annuity payments to you in accordance with Option 2 below. We may make other annuity options available from time to time. After annuity payments begin, the annuity option cannot be changed.

<b>OPTION 1</b>	<b>Lifetime Only Annuity</b>	We will make monthly payments during the life of the annuitant. If this option is elected, payments will stop when the annuitant dies.
<b>OPTION 2</b>	<b>Lifetime Annuity with Guaranteed Periods</b>	We will make monthly payments for the guaranteed period selected and thereafter, during the life of the annuitant. When the annuitant dies, any amounts remaining under the guaranteed period selected will be distributed to the beneficiary at least as rapidly as they were being paid as of the date of the annuitant's death. The guaranteed period may be 10 years or 20 years.
<b>OPTION 3</b>	<b>Joint and Survivor Annuity</b>	<p>We will make monthly payments during the joint lifetime of two people, usually husband and wife. Payments will continue during the lifetime of the survivor of those two people and will be computed on the basis of 100%, 66 2/3%, or 50% of the annuity payment in effect originally.</p> <p>If a reduced payment of 66 2/3% or 50% to the surviving annuitant is selected, fixed annuity payments will be equal to 66 2/3% or 50%, as applicable, of the fixed annuity payment during the period while both annuitants were still living. Generally, when an annuity option is based on two lives instead of one, the amount of the monthly annuity income is less during the joint lifetime of the annuitants than it would be otherwise.</p>
<b>OPTION 4</b>	<b>Period Certain</b>	We will make monthly payments for a specified period. The specified period must be at least five years and cannot be more than 30 years. This option is available as a fixed annuity only. When the annuitant dies, any amounts remaining under the specified period selected will be distributed to the beneficiary at least as rapidly as they were being paid as of the annuitant's death.

## INVESTMENT OPTIONS

When purchase payments are made in connection with the AFMaxx® 457(b) Group Variable Annuity, a participant can allocate his or her purchase payments under the policy to one or more of Separate Account C's sub-accounts and the Guaranteed Interest Account. Each of the sub-accounts is a variable investment option and corresponds with one of the portfolios listed below.

NAME	TYPE OF PORTFOLIO COMPANY	INVESTMENT ADVISOR/ SUB-ADVISOR
<b>American Funds Insurance Series<sup>®</sup></b> <ul style="list-style-type: none"> <li>• Blue Chip Income and Growth Fund</li> <li>• International Fund</li> </ul> <i>Call 1.800.421.9900 ext. 65413 to request portfolio prospectus</i>	Open-end, management investment company.	Advisor: Capital Research and Management Company <sup>SM</sup>  Sub-Advisor: None
<b>BlackRock Variable Series Funds, Inc.</b> <ul style="list-style-type: none"> <li>• Basic Value V.I. Fund</li> <li>• Advantage U.S. Total Market V.I. Fund</li> </ul> <i>Call 1.800.441.7762 to request portfolio prospectus</i>	Open-end, management investment company.	Advisor: BlackRock Advisors, LLC  Sub-Advisor: None
<b>Dreyfus Stock Index Fund, Inc.</b>  <i>Call 1.800.DREYFUS to request portfolio prospectus</i>	Open-end management investment company	Advisor: The Dreyfus Corporation  Index Manager: BNY Mellon Asset Management North America Corporation (affiliate of The Dreyfus Corporation)
<b>Dreyfus Variable Investment Fund</b> <ul style="list-style-type: none"> <li>• Opportunistic Small Cap Portfolio</li> </ul> <i>Call 1.800.DREYFUS to request portfolio prospectus</i>	Open-end management investment company	Advisor: The Dreyfus Corporation  Sub-Advisor: None
<b>The Dreyfus Sustainable U.S. Equity Portfolio, Inc.</b>  <i>Call 1.800.DREYFUS to request portfolio prospectus</i>	Open-end management investment company	Advisor: The Dreyfus Corporation  Sub-Advisor: Newton Investment Management (North America) Limited (affiliate of The Dreyfus Corporation)
<b>Vanguard® Variable Insurance Fund</b> <ul style="list-style-type: none"> <li>• Balanced Portfolio</li> <li>• Capital Growth Portfolio</li> <li>• Mid-Cap Index Portfolio</li> <li>• Total Bond Market Index Portfolio</li> <li>• Total Stock Market Index Portfolio</li> </ul> <i>Call 1.800.522.5555 to request portfolio prospectus</i>	Open-end, management investment company.	Advisor of Vanguard VIF Balanced Portfolio: Wellington Management, LLC  Advisor of Vanguard VIF Capital Growth Portfolio: PRIMECAP Management Company  Advisor of Vanguard VIF Mid-Cap Index Portfolio, Vanguard VIF Total Bond Market Index Portfolio and Vanguard VIF Total Stock Market Index Portfolio: The Vanguard Group, Inc.  None of the available Vanguard portfolios have a sub-advisor.

Shares of each of the portfolio companies are issued and redeemed in connection with investments in and payments under certain variable annuity policies and variable life insurance policies of various life insurance companies which may or may not be affiliated. None of the portfolio companies believe that offering its shares in this manner will be disadvantageous. Nevertheless, the board of trustees or the board of directors, as applicable, of each portfolio company intends to monitor events in order to identify any material irreconcilable conflicts that may possibly arise and in order to determine what action, if any, should be taken. If such a conflict were to occur, one or more of the insurance company separate accounts might withdraw their investments from a portfolio company. An irreconcilable conflict might result in the withdrawal of a substantial amount of a portfolio's assets, which could adversely affect such portfolio's net asset value per share.

***Prospective investors should read the prospectuses for the portfolios carefully before investing. The prospectuses contain detailed information about the eligible portfolios, including information about deductions from and expenses paid out of the assets of the portfolios. Copies of the portfolios' prospectuses may be requested by calling the telephone numbers in the Investment Options table. To request a copy of the Statement of Additional Information of any of the portfolios, call the telephone numbers in the Investment Options table or contact us at the address and phone number on the cover of this prospectus.***

Interests in the Guaranteed Interest Account are not registered under the Securities Act of 1933 because of certain exemptive and exclusionary provisions. The Guaranteed Interest Account also is not registered as an investment company under the Investment Company Act of 1940. Accordingly, neither the Guaranteed Interest Account nor any interests in it are subject to the provisions of these Acts. Disclosures regarding the Guaranteed Interest Account may, however, be subject to certain generally applicable provisions of the federal securities laws relating to the accuracy and completeness of statements made in prospectuses.

#### **Substitution**

At our discretion, we may substitute another eligible investment option for any one of the portfolios available under the AFMaxx<sup>®</sup> 457(b) Group Variable Annuity. If we decide to make a substitution, we will provide notice of our intention.

#### **Transfers**

Upon receipt of proper instructions, and as the plan permits, we will make transfers between any of the investment options to which payments have been allocated. We reserve the right to limit the number of transfers that may be made. All asset transfers made in any one day count as one transfer. We will not be liable for transfers made at a participant's or a policyholder's direction. All transfers must be in whole percentages. Currently, there is no transfer fee; however, we reserve the right, at any time and without prior notice, to end, suspend, or change the transfer privilege, in which case we will provide written notice of any such action.

#### **Automatic Dollar Cost Averaging**

Automatic dollar cost averaging allows a participant to transfer an established amount of money each quarter from one investment option to another. The minimum amount that may be transferred from an investment option in this way is \$500. Only one investment option can be used as the source of a transfer. By transferring the same amount on a regular schedule instead of transferring a larger amount at one time, a participant may be less susceptible to the impact of market fluctuations. Automatic dollar cost averaging is only available during the accumulation phase. Currently, there is no transfer fee; however, we reserve the right to take into account transfers made under the automatic dollar cost averaging program in determining any transfer fee that is applicable in the future.

#### **Asset Rebalancing**

After a participant allocates his or her money to different investment options, the performance of the different investment options may cause the allocation of the total investment to shift. At the participant's direction, we will automatically rebalance a participant account to return the total investment to the original percentage allocations. If a participant requests our asset rebalancing service, we will make any necessary transfers on the first day after the end of the policy year. Asset rebalancing is only available in the accumulation phase.

## **Frequent Purchases and Redemptions**

Market timing policies and procedures are designed to address the excessive short-term trading of investment company securities that may be harmful to the remaining policy owners. Although market timing by participants is generally not illegal, we are aware that successful market timers may, in some circumstances, make profits at the expense of passive participants who engage in various long-term or passive investment strategies.

We have identified the possibility that participants may attempt to use market timing strategies in connection with Separate Account C, which includes variable investment options, as well as a fixed annuity account option. Market timing can be accomplished by switching back and forth between investment options. Market timing can make it very difficult for a portfolio company to manage an underlying portfolio's investments. Frequent transfers may cause a portfolio company to hold more cash than otherwise necessary, disrupt management strategies, increase transaction costs, or affect performance. For these reasons, the policy was not designed for persons who make programmed, large, or frequent transfers.

In light of the risk posed to participants and other portfolio investors by market timing, we reserve the right, at any time and without prior notice, to end, suspend, or change the ability of participants to transfer assets between investment options, as allowed by state law, if we detect suspicious transfer activity. In furtherance of this general authority to restrict transfers as described above, and without limiting other actions we may take in the future, we have adopted the following specific restrictions:

- We may impose specific restrictions on transactions for certain investment options, including, but not limited to, the ability to suspend or terminate the offering of an investment option, based on the transfer restriction policies of the underlying portfolios. We may do so to conform to any present or future restriction that is imposed by any portfolio available under this policy.
- We do not accept telephone transactions.
- We reserve the right to postpone payment from the Guaranteed Interest Account for a period of up to six months.
- We have adopted a policy requiring our personnel to maintain a record of all orders received between 2:45 p.m. and 3:00 p.m. Central Time pursuant to individual wire transfer contributions, walk-in withdrawals, interfund transfer requests received by facsimile, and electronic transfers through our website. This record is reviewed monthly and any suspicious patterns are reported and subjected to additional review.
- If a participant attempts to avoid the restrictions on their ability to transfer among investment options by withdrawing funds and reinvesting, the participant will be assessed a withdrawal charge of up to 8% at the time of each withdrawal. While not designed specifically to discourage market timing activities, these expenses have a tendency to discourage them.

Although we may exercise our discretion on a case-by-case basis, we anticipate applying our policies regarding frequent purchases and redemptions uniformly in all cases, absent exceptional circumstances, including uniform application to trades that occur through omnibus accounts at any intermediaries. However, because we do retain the right to exercise our discretion on a case by case basis, certain policy owners may be able to successfully use market timing strategies in connection with Separate Account C.

Although our transfer restrictions are designed to prevent excessive transfers, the restrictions are not capable of preventing every potential occurrence of excessive transfer activity, particularly with regard to electronic transfers. We continue to believe, however, that our transfer restrictions provide adequate protection to policy owners and other portfolio investors from the risks generally associated with market timing.

## EXPENSES

***Charges and expenses that exist in connection with the AFMaxx® 457(b) Group Variable Annuity will reduce a participant's investment return. You should carefully read this section for information about these expenses.***

### Insurance Charges

We pay all of the operating expenses of Separate Account C, and we deduct insurance charges from each participant account. We deduct the insurance charges when we calculate the value of the accumulation units. The insurance charges include:

- mortality and expense risk;
- administrative expense; and
- distribution expense.

***Mortality and Expense Risk Charge.*** The mortality and expense risk charge is equal, on an annual basis, to 1.25% of the average daily value of the policy invested in a portfolio, after expenses are deducted. This charge compensates us for all the insurance benefits provided by the policy, including the guarantee of annuity rates, the death benefits, and certain other expenses related to the policy, and for assuming the risk that the current charges will not be sufficient in the future to cover the cost of administering the policy.

***Administrative Charge.*** The administrative charge for each participant is equal, on an annual basis, to 0.15% of the average daily value of the participant account invested in a portfolio, after portfolio expenses are deducted. We may increase this charge, but it will never be more than 0.25% of the average daily value of a participant account invested in a portfolio. This charge is for all the expenses associated with the policy's administration. Some examples of these expenses include: preparing the policy, confirmations, annual reports and statements, maintaining policy records, personnel costs, legal and accounting fees, filing fees, and computer and systems costs.

***Distribution Expense Charge.*** The distribution expense charge for each participant is equal, on an annual basis, to 0.10% of the average daily value of the participant account invested in a portfolio, after portfolio expenses are deducted. We may increase this charge, but it will never be more than 0.25% of the average daily value of the participant account invested in a portfolio. This charge compensates us for the costs associated with distributing the policies.

### Withdrawal Charge

Any withdrawals made may be subject to a withdrawal charge that compensates us for expenses associated with selling the AFMaxx® 457(b) Group Variable Annuity. The withdrawal charge is a percentage (up to 8%) of the amount withdrawn, as shown in the Fee Table on page 3. We calculate the withdrawal charge at the time of each withdrawal. No withdrawal charge will be applied when a death benefit is paid.

### Portfolio Expenses

In addition to the charges discussed above, there are deductions from, and expenses paid out of, the assets of the portfolios. The portfolio expenses are described in the prospectuses for the portfolios.

### Taxes

If we have to pay state or other governmental entity (e.g., municipalities) premium taxes or similar taxes relating to the policy, we will deduct the amount of the tax from the policy. Some of these taxes are due when the policy is issued; others are due when your annuity payments begin. We pay any premium taxes when they become payable to the states. Premium taxes generally range from 0% to 3.5%, depending on the state.

We will also deduct from the policy any income taxes that we incur as a result of the policy. Currently, we are not making any such deductions.

## WITHDRAWALS

If a policyholder's plan permits, a participant may be allowed to withdraw cash from his or her participant account by redeeming all or part of the accumulation units in his or her participant account at any time during the

accumulation period, before we begin making annuity payments. After we begin making annuity payments, no withdrawals or redemptions may be made.

Any partial withdrawal must be at least \$250, although we may make exceptions for unforeseen emergencies, as defined by the plan. The redemption value of a participant account is equal to the value of the accumulation units in the account next computed after we receive the request for withdrawal on a form we accept. The withdrawal charge, if applicable, and any taxes due will be deducted from the amount withdrawn before the participant receives it. In the event of a withdrawal, we will deduct the amount withdrawn proportionately from each of the participant's investment options. If a participant does not want the withdrawal to come from each of his or her investment options proportionately, the participant must specify the investment options from which the withdrawals are to be made, using a form we accept. We reserve the right to distribute the full amount of any participant account that, after a withdrawal, has a value of less than \$100. ***Income taxes and certain restrictions may apply to any withdrawals.***

A withdrawal is a redemption of accumulation units. If accumulation units are redeemed, the number of accumulation units in a participant's account will decrease. The reduction in the number of accumulation units will equal the amount withdrawn, divided by the applicable accumulation unit value next computed after we receive the withdrawal request. A participant's request for withdrawal must be submitted to us in writing on a form we accept. In certain instances, we may require additional documents, such as trust instruments, death certificates, appointments as executor or administrator, or certificates of corporate authority. All proper withdrawal requests received before 3:00 p.m., Central Time, will receive same-day pricing.

Withdrawal requests received after 3:00 p.m. Central Time will be processed the next business day. Withdrawal proceeds will be mailed within seven calendar days of the date on which we received your withdrawal request in good order. However, we may delay the mailing of a redemption check for recently purchased accumulation units until such time as the payment check has cleared.

#### **Suspension of Payments or Transfers**

We may be required to suspend or postpone payments or withdrawals or transfers for any period when:

- the New York Stock Exchange is closed (other than customary weekend and holiday closings);
- trading on the New York Stock Exchange is restricted;
- an emergency exists as a result of which disposal of the fund shares is not reasonably practicable or we cannot reasonably value the fund shares; or
- during any other period when, by order, the Securities and Exchange Commission permits such suspension or postponement for the protection of owners.

We reserve the right to defer payment for a withdrawal or transfer from the Guaranteed Interest Account for the period permitted by law but not for more than six months.

#### **DEATH BENEFIT**

The death benefit amount will be paid within seven calendar days of receipt of proof of death and proper written instructions, unless we suspend, defer, or postpone payments as described elsewhere in this document.

#### **Death of Participant Before the Annuity Date**

If a participant dies prior to the annuity date, the death benefit will be the greater of: (1) the participant's purchase payments, less any withdrawals and withdrawal charges, or (2) the participant's account value, adjusted for taxes determined as of the valuation period during which we receive both proof of death and proper written instructions.

#### **Death of Annuitant After the Annuity Date**

If an annuitant dies on or after the annuity date, during the annuity phase, any remaining payments under the annuity option elected will continue at least as rapidly as under the method of distribution in effect at the annuitant's death.

#### **TAXES**

The following general tax discussion is not intended as tax advice. You should consult your own tax advisor about your personal circumstances. American Fidelity Assurance Company does not guarantee the tax



status of the policies. Purchasers bear the complete risk that the policies may not be treated as “Annuity Contracts” under federal income tax laws. It should be further understood that the following discussion is not exhaustive and that special rules not described herein may be applicable in certain situations. Moreover, no attempt has been made to consider any applicable state or other tax laws.

### ***Code Section 457 Plans***

Section 457(b) of the Code allows employees and independent contractors of state and local governments to defer a portion of their salaries or compensation to retirement years without paying current income tax on either the deferrals or the earnings on the deferrals. A plan that satisfies the requirements of Code Section 457(b) is referred to as a “457(b) Plan”.

### **Restriction on Distributions**

The Code limits distributions from a 457(b) Plan. Distributions can only be made:

- beginning with the calendar year in which the participant attains age 70½;
- when a participant has a severance of employment;
- when a participant dies; or
- when a participant is faced with an “unforeseeable emergency” (as defined in the plan, pursuant to the Code and Treasury Regulations).

Benefits under a 457(b) Plan are also subject to the terms and conditions of the Plan regardless of the terms and conditions of the policies issued pursuant to this prospectus. The terms of the Plan may limit the rights otherwise available under the policies.

### **Required Distributions**

A 457(b) Plan must meet certain rules concerning required minimum distributions that are set forth in the Code. These required minimum distributions are required to begin for a participant by the April 1 of the calendar year following the latest to occur of the participant’s attainment of age 70½ or the participant’s retirement. The distributions are calculated based on the value of the participant’s account and the participant’s age. Required Distributions may not be rolled over to another plan.

### **Tax Treatment of Assignments**

Benefits under a 457(b) Plan may not be assigned. However, a 457(b) plan is permitted to provide loans to participants if specific requirements are met.

### **Tax Treatment of Distributions**

Because all of the contributions to the participant accounts are made on a pre-tax basis, all distributions will be subject to federal income tax. Taxation of a distribution may be deferred if the distribution is an Eligible Rollover Distribution and is rolled into an Eligible Retirement Plan. An Eligible Rollover Distribution is a non-periodic distributions that is not: (a) part of a series of substantially equal periodic payments made at least annually for the life or life expectancy of the participant or joint and last survivor expectancy of the participant and a designated beneficiary, or for a specified period of ten years or more; (b) a distribution which are required minimum distributions; or (c) a distribution made in the event of an unforeseeable emergency as defined in regulations issued by the Treasury Department. An Eligible Retirement Plan is a tax qualified plan or IRA including a Code Section 403(b) plan, a 401(k) Plan, a traditional IRA and another governmental Section 457(b) plan.

Taxes will be due on the amount of any distribution as it is paid at ordinary income tax rates.

You should discuss with a tax advisor the tax implications of a distribution before electing to receive a distribution from the Plan.

### **Penalty Tax on Distributions Attributed to Rollovers**

Generally, in addition to ordinary income tax, a penalty equal to 10% of the amount of any payment will apply to any distribution received from the AFMaxx®457(b) Group Variable Annuity to the extent attributable to a rollover from a qualified plan, an IRA, or a 403(b) plan, if received by the participant before the age of 59½, except by reason of death, disability, or as part of a series of payments for life or life expectancy following a separation from service or other exceptions which may apply.

## **Income Tax Withholding**

All distributions from governmental 457(b) plans (except distributions that are rolled over to an Eligible Retirement Plan) are includible in the gross income of the participant when distributed, and will be subject to federal income tax withholding pursuant to Section 3405 of the Code. The participant may elect not to have taxes withheld or to have withholding done at a different rate unless the distribution is an eligible rollover distribution. Participants are liable for payment of any federal income tax payable on a distribution and those who elect not to have withholding made or who elect to have withholding done at a different rate are still required to pay the full amount of any tax owed. Participants who do not provide a social security number or other taxpayer identification number will not be permitted to elect out of withholding. Additionally, United States citizens residing outside of the country, or United States legal residents temporarily residing outside the country, are subject to different withholding rules and cannot elect out of withholding.

There is a mandatory 20% withholding for Eligible Rollover Distributions that are not directly transferred to an Eligible Retirement Plan. An Eligible Rollover Distribution that is distributed to the participant is eligible to be rolled over to an "Eligible Retirement Plan" if the rollover is completed within 60 calendar days of receipt of the eligible rollover distribution by the participant. An Eligible Rollover Distribution other than a direct rollover is subject to the 20% withholding and any withheld amount not rolled over will be recognized as taxable income. Any federal income tax withheld will be applied against the participant's federal income tax liability for the year of distribution and is available for refund. Participants should consult their own tax counsel or other tax advisor regarding withholding requirements.

A distribution may be converted directly to a Roth IRA, subject to certain restrictions in Code Section 408A, but will be subject to federal income tax. You should seek competent advice about the tax consequences of any distributions.

## **Diversification**

The Internal Revenue Code provides that the underlying investments for a variable annuity must satisfy certain diversification requirements in order to be treated as an annuity contract. We believe that all of the portfolios are being managed in such a way that they comply with the requirements.

Neither the Internal Revenue Code nor the Internal Revenue Service Regulations issued to date provide guidance as to the circumstances under which you, because of the degree of control you exercise over the underlying investments, and not American Fidelity Assurance Company, would be considered the owner of the shares of the portfolios. If you are considered the owner of the portfolios' shares, it will result in the loss of the favorable tax treatment for the policy. It is unknown to what extent under federal tax law owners are permitted to select portfolios, to make transfers among the portfolios or the number and type of portfolios for which owners may select. If any guidance is provided that is considered a new position, then the guidance would generally be applied prospectively. However, if such guidance is a position which is not new, it may be applied retroactively and you, as the owner of the policy, could be treated as the owner of the portfolios. See the additional discussion of this issue in the Statement of Additional Information.

Due to the uncertainty in this area, we reserve the right to modify the policy in an attempt to maintain favorable tax treatment.

## **OTHER INFORMATION**

### **American Fidelity Assurance Company**

We are an Oklahoma stock life insurance company organized in 1960. We are licensed to conduct life, annuity, and accident and health insurance business in 49 states, the District of Columbia, Guam and American Samoa. Our office is located at 9000 Cameron Parkway, Oklahoma City, Oklahoma 73114.

We have been a wholly owned subsidiary of American Fidelity Corporation since 1974. The stock of American Fidelity Corporation is controlled by a family investment partnership, Cameron Enterprises A Limited Partnership, an Oklahoma limited partnership. William M. Cameron and Lynda L. Cameron each own 50% of the common stock of Cameron Associates, Inc., the sole general partner of Cameron Enterprises A Limited Partnership. The address of both American Fidelity Corporation and Cameron Enterprises A Limited Partnership, is 9000 Cameron Parkway, Oklahoma City, Oklahoma 73114.

### **Separate Account C**

We established Separate Account C under Oklahoma insurance law in 2002 to hold the assets that underlie the AFMaxx<sup>®</sup> 457(b) Group Variable Annuity. Separate Account C is registered with the SEC as a unit investment trust under the Investment Company Act of 1940; its inception date is June 4, 2002. The Separate Account is divided into multiple sub-accounts.

We hold Separate Account C's assets in our name on behalf of Separate Account C, and those assets legally belong to us. Under Oklahoma law, however, those assets cannot be charged with liabilities that arise out of any other business that we conduct. All of the income, gains, and losses (realized or unrealized) that result from Separate Account C's assets are credited to or charged against Separate Account C without regard to our other income, gains, and losses. We are obligated to pay all benefits and make all payments under the AFMaxx<sup>®</sup> 457(b) Group Variable Annuity.

### **Underwriter**

American Fidelity Securities, Inc., a wholly owned subsidiary of American Fidelity Assurance Company, is the principal underwriter for the annuity policies and acts as the distributor of the policies. The principal business address of American Fidelity Securities, Inc. is 9000 Cameron Parkway, Oklahoma City, Oklahoma 73114.

### **Legal Proceedings**

There are no pending material legal proceedings affecting us, Separate Account C, or American Fidelity Securities, Inc.

### **Financial Statements**

Our financial statements and Separate Account C's financial statements are included in our Statement of Additional Information. For a free copy of the Statement of Additional Information, call us at 1.800.662.1113 or write us at P.O. Box 25520, Oklahoma City, Oklahoma 73125-0520 or e-mail us at [va.help@americanfidelity.com](mailto:va.help@americanfidelity.com).

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Please send me the Statement of Additional Information for the following:

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|--|--|
| <input type="checkbox"/> AFMaxx <sup>®</sup> 457(b) Group Variable Annuity | <input type="checkbox"/> Dreyfus Variable Investment Fund                    |
| <input type="checkbox"/> American Funds Insurance Series <sup>®</sup>      | <input type="checkbox"/> The Dreyfus Sustainable U.S. Equity Portfolio, Inc. |
| <input type="checkbox"/> BlackRock Variable Series Funds, Inc.             | <input type="checkbox"/> Vanguard <sup>®</sup> Variable Insurance Fund       |
| <input type="checkbox"/> Dreyfus Stock Index Fund, Inc.                    |  |

Name Bullitt county Board of Education  
(please print)

Address 1040 Hwy. 44 East  
Shepherdsville, KY 40165

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PLACE  
STAMP  
HERE

American Fidelity Assurance Company  
P.O. Box 25520  
Oklahoma City, OK 73125-0520

Attention: Annuity Services Department