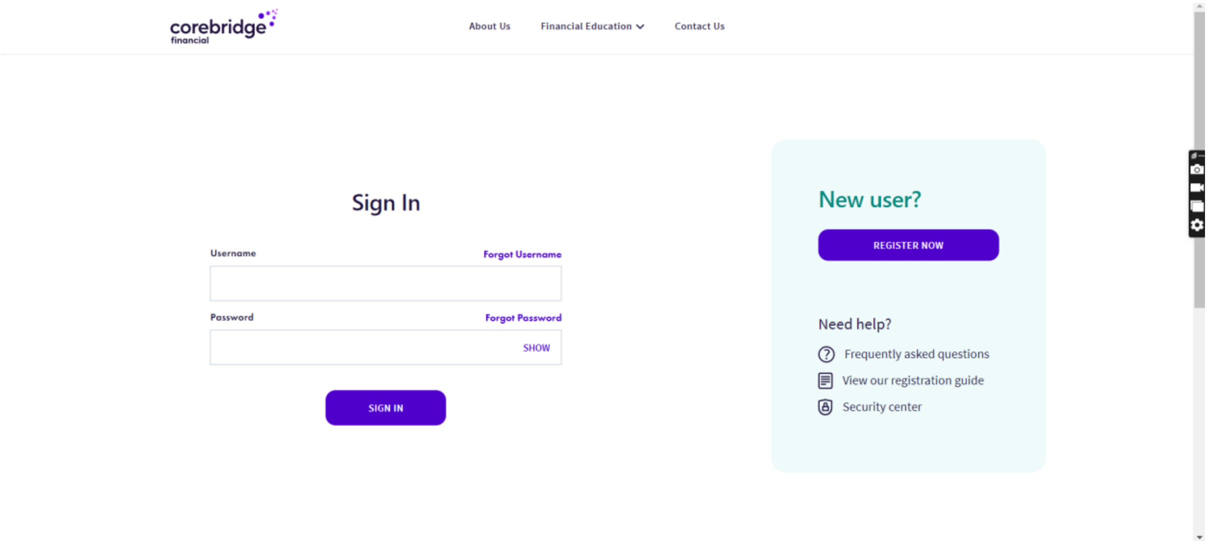
VALIC ONLINE

Overview:

VALIC Online (VOL) is a popular online platform in the United States, primarily used for managing retirement savings accounts. It's a tool designed to provide individuals and businesses with easy access to their retirement plans, allowing them to track investments, make changes, and access important information.

It is a client facing system used by clients and VALIC employees to manage their accounts. A participant having an active Annuity or Mutual fund account can login to VALIC Online to view their account details. The Valic Digital project will enable VALIC to digitally transform its business by providing its customers such as participants, CSPs, financial advisors to engage and benefit from a more efficient and digitally enabled fashion.



Business Purpose:

VALIC Online (VOL) is an internet-based application. VOL has a high business criticality because of the level of usage of this application. VALIC has a large number of clients and a significant number of them are using this application for account checking and online transactions.

Key Features and Benefits

- **Account Access and Management:** Users can log in to view their account balance, investment performance, and contribution history.
- **Investment Options:** Valic Online typically offers a variety of investment options, including stocks, bonds, mutual funds, and annuities.
- **Contribution and Withdrawal:** Users can make contributions to their retirement accounts and request withdrawals, subject to applicable rules and regulations.
- **Loan Options:** In some cases, users may be able to take loans from their retirement accounts, though this is generally subject to restrictions and may have tax implications.
- **Online Enrollment:** For employers offering Valic retirement plans, employees may be able to enroll or make changes to their accounts online.
- **Educational Resources:** Valic Online often provides educational resources, such as articles, videos, and calculators, to help users understand retirement planning concepts.

VOL helps the customer by making their account related activities easier, and hence, lots of transactions goes on online.

Independent Systems:

- Valic Online
- V-system
- AGILEnet
- Online Enrollment
- Guided Portfolio Services (GPS)
- Financial Soundings
- Seminar Manager

A user should have access to the respective tools to perform end to end actions for AGILEnet.

Employer and Non-employer plans:

Retirement savings plans can generally be categorized into employer-sponsored plans and non-employer (individual) plans. Here's an overview of each:

Employer-Sponsored Plans

These are retirement savings plans offered by employers to their employees as a benefit. Contributions are often made through payroll deductions, and employers may match contributions up to a certain amount. These plans offer tax advantages, such as tax-deferred growth or tax-free withdrawals, depending on the type of plan.

1. 401(k) Plans:
    - Definition: A 401(k) plan is a tax-advantaged retirement savings plan offered by private-sector employers.
    - How It Works: Employees contribute a portion of their salary to the plan, often with a pre-tax contribution, which grows tax-deferred until withdrawal. Employers may offer matching contributions.
    - Example: A company might match 50% of an employee's contributions up to 6% of their salary.
2. 403(b) Plans:
    - Definition: Similar to a 401(k), a 403(b) plan is designed for employees of public schools, certain non-profit organizations, and some ministers.
    - How It Works: Employees make pre-tax contributions, and employers may also contribute. The funds grow tax-deferred until retirement.
    - Example: A public-school teacher contributes to a 403(b) plan, with the school district matching a portion of the contributions.
3. 457 Plans:
    - Definition: A 457 plan is a non-qualified, tax-advantaged deferred compensation retirement plan available to state and local public employees and some non-profit employees.
    - How It Works: Contributions are made on a pre-tax basis, and the funds grow tax-deferred. There is no early withdrawal penalty for these plans.
    - Example: A city employee might contribute to a 457 plan to save for retirement.

Non-Employer (Individual) Plans

These plans are not tied to employment and can be set up independently by individuals. They are useful for self-employed individuals, those without access to employer-sponsored plans, or individuals who want to save additional funds for retirement.

1. Traditional Individual Retirement Accounts (IRAs):
    - Definition: An IRA is a tax-advantaged account that individuals can use to save for retirement independently of their employer.
    - How It Works: Contributions may be tax-deductible, and investment earnings grow tax-deferred. Taxes are paid upon withdrawal during retirement.
    - Example: An individual contributes to a traditional IRA each year, and the contributions reduce their taxable income for that year.
2. Roth IRAs:
    - Definition: A Roth IRA is another type of individual retirement account with different tax treatment compared to traditional IRAs.
    - How It Works: Contributions are made with after-tax dollars, so they are not tax-deductible. However, withdrawals during retirement are tax-free, provided certain conditions are met.
    - Example: A person contributes to a Roth IRA, and the investment grows tax-free. During retirement, they can withdraw funds without paying taxes on the earnings.
3. Simplified Employee Pension (SEP) IRAs:
    - Definition: SEP IRAs are designed for self-employed individuals and small business owners to save for retirement.
    - How It Works: The employer (including self-employed individuals) can make tax-deductible contributions to the SEP IRA for themselves and their employees. Contributions grow tax-deferred.
    - Example: A self-employed consultant sets up a SEP IRA and contributes a percentage of their earnings each year.
4. Solo 401(k):
    - Definition: A Solo 401(k) plan is designed for self-employed individuals or business owners with no employees (other than a spouse).
    - How It Works: It allows for both employer and employee contributions, providing a higher contribution limit compared to traditional IRAs. Contributions grow tax-deferred.
    - Example: A freelance writer sets up a Solo 401(k) and contributes as both the employer and employee.

Summary

- Employer-Sponsored Plans: 401(k), 403(b), and 457 plans, where contributions may be matched by the employer and offer tax-deferred growth.
- Non-Employer Plans: Traditional IRAs, Roth IRAs, SEP IRAs, and Solo 401(k), offering flexible options for individuals to save independently for retirement with various tax advantages.

A user can perform different types of transaction in Valic Online such as

- One Time Withdrawal
- Loan transactions
- Get updates of messages/notifications through message centre
- Update Beneficiary details
- Get email alerts for any transactions

A one-time withdrawal in the U.S. refers to a single lump-sum distribution of funds from a retirement account or other investment vehicle, rather than taking regular, periodic distributions. It is typically used when an individual needs access to a substantial amount of money at once. Here are some key points about one-time withdrawals:

Contexts for One-Time Withdrawals

1. Retirement Accounts: Individuals can take one-time withdrawals from retirement accounts such as 401(k) plans, IRAs, or Roth IRAs. This might happen when someone retires, changes jobs, or faces an emergency requiring significant funds.

2. Emergency Situations: One-time withdrawals may be made to cover unexpected medical expenses, home repairs, education costs, or other urgent financial needs.

3. Payout Events: For some pension plans or life insurance policies, one-time withdrawals may be an option upon retirement or at a specific age.

Tax Implications

- Traditional 401(k) and IRA: Withdrawals from traditional retirement accounts are generally subject to ordinary income tax. If the account holder is under age 59½, an additional 10% early withdrawal penalty may apply unless an exception (such as hardship or first-time home purchase) is met.

- Roth IRA: Qualified one-time withdrawals from a Roth IRA (those made after age 59½ and the account has been open for at least five years) are tax-free. Non-qualified withdrawals may incur taxes and penalties.

- Tax Penalty Exceptions: There are exceptions to the early withdrawal penalty for situations like disability, medical expenses exceeding a certain percentage of adjusted gross income, and higher education expenses, among others.

An user can perform one time withdrawal in Valic Online in the following ways:

- Navigate to VALIC Online url: https://myaccount.valic.com/auth/public/login
- Login using demo username and password
  Username – ID123-456-789
  Password: DemoP@ssword
- Enter Security question and proceed to login to the Overview page
- On Overview page click on One Time Withdrawal button
- Then User lands on Request Withdrawal page. User should click on Request Withdrawal button to proceed with one time withdrawal
- The user gets the option to select plan from where he can perform the withdrawal
- The user will be presented with a questionnaire which needs to be filled to proceed with the flow.
- Questions based on hardship withdrawal, withdrawal reasons, employment status with employer needs to be filled by the participant
- Once the user completes the questionnaire then the user should be able to enter withdrawal amount. The minimum amount for withdrawal should be $100.

- Enter banking information – account type, routing number and bank account number. User should be able to select existing account or provide a new account for getting withdrawal amount.
- Once the user submits the request, the user should receive an email confirmation for withdrawal.