

REGIONS 401(K) PLAN

Roth 401(k) Frequently Asked Questions



What is a Roth 401(k) Contribution?

A Roth 401(k) contribution allows you to contribute after-tax dollars from your paycheck to the 401(k) Plan. Any earnings on your investment will be tax deferred, and withdrawals from your Roth account are generally free from income taxes. To avoid paying taxes on your Roth 401(k) withdrawals, your account must be held for at least five tax years and you must be at least age 59½ or the distribution must be due to disability or death.

Who is eligible for the Roth 401(k)?

As soon as you join the Plan, you can start making after-tax Roth contributions.

HOW DO I PARTICIPATE IN THE ROTH 401(K)? Roth 401(k) deductions may be initiated via the Retirement Access website at <http://401k.regions.com> or via the Service Center at 1-800-701-8892.

Is the Roth 401(k) a separate plan from our 401(k) plan?

No. The Roth 401(k) is a type of contribution being offered within the Plan.

What are the differences between the pre-tax 401(k) contribution and the Roth 401(k) contribution?

The key difference between a Roth contribution and a pre-tax contribution is WHEN you pay taxes: now or later; and WHAT you pay taxes on: contributions and earnings or just your contributions. 401(k) pre-tax contributions are deferred from a participant's pay on a before-tax basis while Roth 401(k) contributions are made on an after-tax basis. Earnings on both types of accounts are tax-deferred. However, withdrawals from 401(k) pre-tax contributions are subject to ordinary income tax while qualified Roth 401(k) withdrawals are generally tax free.

Why is it called a Roth 401(k)?

Both the Roth IRA and the Roth 401(k) are named after the late Senator Roth who sponsored the original legislation creating the Roth IRA. A key difference between a Roth 401(k) and a Roth IRA is the income restrictions. The Roth 401(k) combines features of the pre-tax 401(k) with those of a Roth IRA. It's offered by employers under a qualified retirement plan and contributions are automatically deducted from your paycheck just like a pre-tax 401(k). However, since you are contributing with after-tax dollars (and hence may later benefit from tax-free withdrawals), it also shares the features of a Roth IRA. Unlike a Roth IRA, the Roth 401(k) is not restricted to individuals earning less than a stated adjusted gross income threshold.

Can I designate my contributions as pre-tax or Roth after-tax after the contribution has already been made?

No. A Roth 401(k) designation must be made prior to the date it is contributed.

DO I HAVE TO CHOOSE ONE TYPE OF CONTRIBUTION OR THE OTHER? No. You can choose to contribute Roth 401(k) contributions, you can stay with the pre-tax 401(k) contributions, or you can choose to participate in both, as long as you don't exceed the annual IRS limit for your total contributions. You should take some time to understand your options so that you can choose which type of contribution is best for you.

Can I obtain a loan from my Roth 401(k) account?

Roth contributions are available for participant loans according to the Plan's loan policy.

Are Roth 401(k) contributions the same as Roth IRA contributions?

Roth 401(k) contributions and Roth IRA contributions are separate and distinct long-term retirement savings options that offer similar tax benefits. The main difference is that the Roth 401(k) is part of an employer-sponsored retirement plan while the Roth IRA is an individual retirement account. In addition, the salary caps for a Roth IRA do not apply to a Roth 401(k).

Is the Roth 401(k) plan feature right for me?

Because withdrawals are tax free (if Qualified), the Roth 401(k) may be a good option for you:

- **Expect to be taxed at a higher rate in retirement.** This may be the case if you are a younger worker and expect your income — and associated taxes — to increase over time.
- **Prefer to pay taxes now, rather than later.** Because you've already paid taxes on your contributions, more of your 401(k) account balance will be available at retirement to withdraw and spend.
- **Have a potentially bigger nest egg later.** If you're in your highest earning years, you may want to reduce your take-home pay by a few dollars now to have more after-tax dollars in retirement, when your income has either stopped or been reduced.

Can I choose to invest my Roth 401(k) contributions differently than my pre-tax 401(k) contributions?

No. The investment elections you make in your 401(k) account also apply to your Roth 401(k) contributions.

What are the qualified distribution requirements?

To avoid paying taxes on Roth 401(k) withdrawals, distributions must occur no sooner than five years following the first Roth contribution and attainment of age 59½ or due to death or disability.

Are there penalties for withdrawing money early?

Yes. Federal income tax generally applies to withdrawals that do not meet the qualified distribution requirements.

Is there a limit to how much money I can defer?

Yes. The IRS set an annual combined limit (pre-tax 401(k) and Roth 401(k)). See benefits.regions.com for the amount.

Will Regions provide a company matching contribution for Roth 401(k) contributions?

Yes. Regions will match \$1 for \$1 of both pre-tax and Roth after-tax for up to a combined 5% of eligible pay.

Are there restrictions on when I can obtain a distribution?

You may only request a distribution due to death, disability, termination of employment, attainment of age 59½ or financial hardship. Additional rules may apply regarding taxation.

If I leave Regions, will the Roth 401(k) account be eligible for rollover into another account?

If you leave Regions, you can transfer (rollover) your Roth 401(k) account into another Roth 401(k) account (if offered by your new employer) or a Roth IRA. Both options will allow you to make tax-free withdrawals upon retirement.

WHERE CAN I GO FOR HELP? If you have questions please contact the Service Center at 1-800-701-8892. Representatives are available every business day from 7 a.m. to 8 p.m., Central time. You may also review your account online by visiting <http://401k.regions.com>.



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(Rev. 1/20)