Regions 401(k) Plan

Roth 401(k) Contributions

2018

REGIONS

Most people have a picture of their ideal retirement. Your picture is unique to you, and making it a reality takes planning. As you plan, you may want to consider which savings strategy works best for you: pre-tax or after-tax contributions or a combination of both. While pre-tax 401(k) programs have become common for retirement planning, they may not necessarily be the most appropriate savings tool for everyone. This guide is designed to answer some basic questions about the Roth 401(k) feature to help you determine if it might be right for you.

Save With After-tax Dollars

The Roth 401(k) feature allows Plan participants to make contributions on an after-tax basis to the Regions 401(k) Plan. The key difference between a Roth contribution account and a pre-tax contribution account is WHEN you pay taxes: now or later. Withdrawals from pre-tax contributions (and any earnings) are subject to ordinary income tax because your contributions were not taxed at the time of your contribution. Because Roth 401(k) contributions have already been taxed, these contributions and any investment earnings taken during retirement are not subject to federal income tax if taken as a qualified distribution. However, to be a qualified distribution and avoid paying federal taxes on any earnings, your Roth 401(k) account must be held for at least five years and you must be at least age 59½, or the distribution must be due to disability or death.

WHO SHOULD PARTICIPATE?

Because qualified distributions are tax-free, a Roth 401(k) may be a good option if you:

- **Are currently in a lower tax bracket and expect to be taxed at a higher rate in retirement.** For instance, this may be the case if you're younger and just starting your career and expect your income — and associated taxes — to increase over time.
- **Prefer to pay taxes now, rather than later.** By paying taxes up front, you gain a clearer understanding of exactly how much money you'll have for retirement. Because you've already paid taxes on Roth 401(k) contributions, more of your 401(k) balance will be available at retirement to withdraw and spend.
- **Can afford to do with less money now to have a potentially bigger nest egg later.** If you're in your highest earning years — typically workers who are age 35-55 — 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.

Roth 401(k) vs. Pre-tax 401(k)

IT DOESN'T HAVE TO BE ONE OR THE OTHER.

You have three options: You can contribute to the pre-tax 401(k) and pay taxes later; you can contribute to the Roth 401(k), which will have an impact on your take-home pay now in lieu of paying federal taxes in the future; or you can choose to participate in both up to the 2018 maximum pre-tax and Roth 401(k) contribution limit of $18,500 ($24,500 for age 50 and above). Regions will match Roth after-tax contributions and pre-tax contributions $1 for $1 up to a combined 4% of your eligible benefits compensation. It's your choice, so take some time to understand your options so you can determine what's best for you.

Know the Facts	Pre-tax 401(k) Contributions	Roth 401(k) Contributions
Contributions	Before income taxes are computed	After income taxes are computed
Contribution Limits	$18,500 in 2018 for pre-tax and Roth 401(k) combined ($24,500 if age 50+ during 2018)	$18,500 in 2018 for pre-tax and Roth 401(k) combined ($24,500 if age 50+ during 2018)
Investment Earnings	Taxes deferred until distributed	Tax free if distribution is a qualified distribution* due to death, disability or attainment of age 59½
Distribution Restrictions	Death, disability, termination of employment, attainment of age 59½, and financial hardship	Death, disability, termination of employment, attainment of age 59½, and financial hardship
Minimum Distribution Requirements	Age 70½	Age 70½
Rollover Considerations	Pre-tax 401(k) to another pre-tax 401(k) or traditional IRA	Roth 401(k) to a Roth IRA or a 401(k) plan with a Roth 401(k) feature
Qualified Distribution Requirements	Not applicable	Distributions must occur no sooner than five years following the first Roth contribution, and attainment of age 59½ or due to death or disability

*Federal and state tax rates are unpredictable and may be higher or lower when you take a distribution than they were at the time of contribution. Please consult with your tax advisor for advice concerning a Roth 401(k) contribution. If you choose to make a Roth 401(k) contribution, the funds can be invested in any of the investment options available in the Regions 401(k) Plan. However, the investment options you choose will apply to both pre-tax and Roth after-tax contributions. Before investing, you should carefully consider the investment objectives, risks, charges and expenses of the various investment options. You should carefully read the prospectuses for the investment options you are considering. They can be obtained at 401k.regions.com.

ROTH 401(K) FEATURES

1. Your Roth 401(k) balance is kept in the same 401(k) plan, but is separated from your pre-tax 401(k) contributions. Roth 401(k) contributions may not be transferred to, or reclassified as, 401(k) pre-tax or after-tax contributions.

2. Company matching contributions will be applied to both pre-tax 401(k) contributions and to Roth 401(k) contributions. Matching contributions will be made in pre-tax dollars and will accumulate in a separate account that will be taxed as ordinary income upon withdrawal. Pre-tax contributions will be matched first, and then Roth 401(k) contributions, up to a total match of 4% of eligible compensation.

3. Roth 401(k) contributions are subject to the IRS's maximum annual contribution limit(s). Your combined Roth and pre-tax contributions cannot exceed the stated IRS limit for any given year. However, if you are over age 50 and qualify for catch-up contributions, these may be made to your Roth 401(k) account.

4. There are no adjusted gross income limits for designated Roth 401(k) contributions, as there are for Roth IRA contributions.

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

6. To avoid early withdrawal penalties, money in a Roth 401(k) account must be held for at least five years from first contribution, and you must be at least age 59½.*

7. Qualified distributions from a Roth 401(k) account are exempt from federal taxation.**

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

HOW DO I PARTICIPATE? As soon as you join the Plan, you can start making after-tax Roth contributions. Deductions may be initiated via the Retirement Access website at http://401k.regions.com or via the Service Center at 1-800-701-8892.

*Withdrawals made prior to the end of the five year period and attainment of age 59½ generally subject the earnings to federal taxation. Please consult a tax advisor for advice.

**Although qualified Roth distributions are not subject to federal taxation, certain states may tax the portion of the distribution that exceeds your Roth contributions. Please contact your tax advisor to determine the applicability of state tax, if any, on qualified Roth distributions.

These materials are not intended to provide tax, accounting or legal advice. As with all matters of a tax or legal nature, you should consult your own tax or legal counsel for advice.

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For more detailed benefit information, please refer to the appropriate Summary Plan Descriptions. Every attempt was made to make this communication as accurate as possible. If a discrepancy exists between this communication and the official plan documents, the plan documents will govern. In addition, while Regions intends that these Plans be continued indefinitely, it reserves the right to amend or terminate them at any time.

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