

12. Employee Benefit Plans

ACI 401(k) Plan

The ACI 401(k) Plan is a defined contribution plan covering all domestic employees of the Company. Participants may contribute up to 75% of their annual eligible compensation up to a maximum of \$19,000 (for employees who are under the age of 50 on December 31, 2019) or a maximum of \$25,000 (for employees aged 50 or older on December 31, 2019). After one year of service, the Company matches 100% of the first 4% of eligible participant contributions and 50% of the next 4% of eligible participant contributions, not to exceed \$5,000 per employee annually. Company contributions charged to expense were \$6.4 million during both the years ended December 31, 2019 and 2018, and \$5.3 million during the year ended December 31, 2017.

ACI Worldwide EMEA Group Personal Pension Scheme

The ACI Worldwide EMEA Group Personal Pension Scheme is a defined contribution plan covering substantially all ACI Worldwide (EMEA) Limited ("ACI-EMEA") employees. For those ACI-EMEA employees who elect to participate in the plan, the Company contributes a minimum of 8.5% of eligible compensation to the plan for employees employed at December 1, 2000 (up to a maximum of 15.5% for employees aged over 55 years on December 1, 2000) or from 6% to 10% of eligible compensation for employees employed subsequent to December 1, 2000. ACI-EMEA contributions charged to expense were \$1.5 million during the year ended December 31, 2019, and \$1.6 million during both the years ended December 31, 2018 and 2017.

13. Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act ("Tax Act") was signed into U.S. Law. As of December 31, 2018, the Company had completed its accounting for the tax effects related to the enactment of the Tax Act.

The Tax Act reduced the U.S. federal corporate income tax rate from 35% to 21%, effective January 1, 2018. During the year ended December 31, 2017, the Company remeasured certain deferred tax assets and liabilities and recorded a \$15.0 million provisional tax charge. During the year ended December 31, 2018, the Company reduced the initial provisional tax charge by recording a \$4.9 million benefit related to accelerated tax deductions claimed on the 2018 U.S. Federal Income Tax Return.

The Tax Act required U.S. companies to pay a one-time transition tax on certain unremitted foreign earnings. During the year ended December 31, 2017, the Company recorded a \$20.9 million provisional tax charge based on post-1986 earnings and profits of foreign subsidiaries that were previously deferred from U.S. income taxes. Upon further analysis, the Company reduced the initial provisional tax charge by recording an \$8.1 million benefit during the year ended December 31, 2018.

During the year ended December 31, 2018, the Company recorded a \$15.5 million valuation allowance on its deferred tax asset related to U.S. foreign tax credits based upon business conditions and tax laws in effect at that time.

During the year ended December 31, 2019, following the acquisition of Speedpay, the Company determined it will more likely than not be able to utilize foreign tax credits in future years due to additional income generated by Speedpay; therefore, the Company released the \$15.5 million valuation allowance that had been established on this deferred tax asset.

The Tax Act subjects a U.S. shareholder to tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The Company has elected to account for GILTI in the year the tax is incurred.

Prior to 2018, the Company considered all earnings in foreign subsidiaries to be indefinitely reinvested, and accordingly, recorded no deferred income taxes related to unremitted earnings. As of December 31, 2019 and 2018, the Company considered only the earnings in its Indian subsidiaries to be indefinitely reinvested. The earnings of all other foreign subsidiaries are no longer considered indefinitely reinvested. The Company is also permanently reinvested for outside book/tax basis differences related to foreign subsidiaries.

For financial reporting purposes, income before income taxes includes the following components (in thousands):

	Years Ended December 31,		
	2019	2018	2017
United States	\$ (16,317)	\$ 16,312	\$ (42,863)
Foreign	88,527	75,487	86,435
Total	\$ 72,210	\$ 91,799	\$ 43,572