



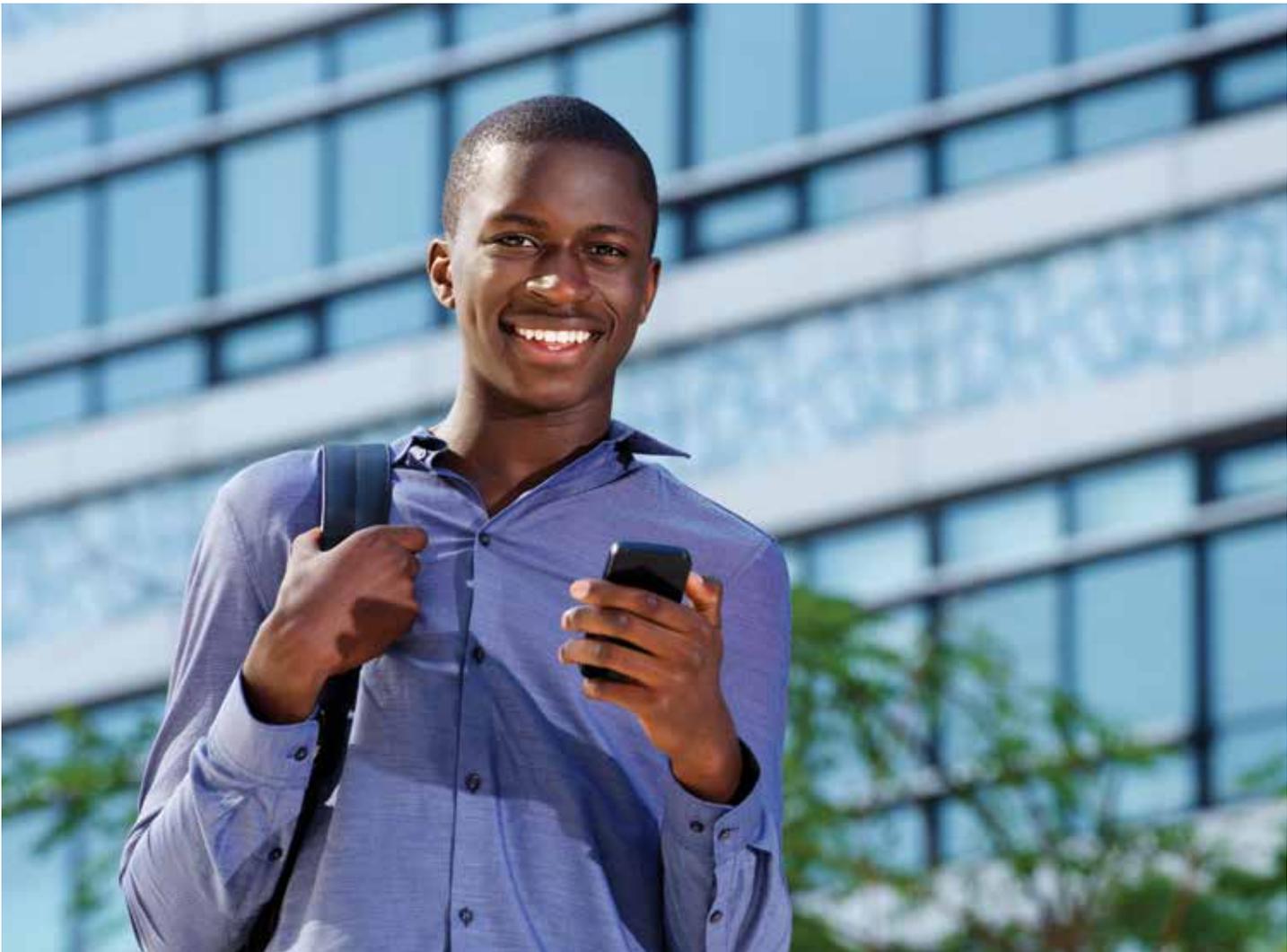
PayPal 401(k) Savings Plan (the “401(k) Plan”)



The 401(k) Plan offers after-tax contributions in addition to pre-tax and Roth 401(k) contributions. Below is more information on these different contribution types.

Questions	Pre-tax 401(k)	Roth 401(k)	After-tax
What type of contributions can I make to the 401(k) Plan?	Made to your account before taxes are deducted from your eligible pay, which may reduce current taxable income	Made to your account on an after-tax basis; special tax treatment on any earnings, if certain conditions are met ²	Made to your account on an after-tax basis; no special tax treatment on any earnings
Are my contributions matched by PayPal?	Yes, your contributions are matched at a rate of 100% on the first 4% of your pay that you contribute to pre-tax and Roth 401(k) combined ¹	Yes, your contributions are matched at a rate of 100% on the first 4% of your pay that you contribute to Roth 401(k) and pre-tax combined ¹	No, after-tax contributions are not matched
What is the Plan's contribution limit?	50% of eligible compensation (combined with Roth 401(k) and after-tax contributions)	50% of eligible compensation (combined with pre-tax 401(k) and after-tax contributions)	Limit depends on your status as a highly compensated employee. See <i>Understanding Your 2021 After-Tax Contribution Limits</i> below for additional details.
What is the IRS contribution limit?	\$19,500 in 2021; additional \$6,500 in catch-up contributions allowed if you are age 50 or older by year-end (combined with Roth 401(k) contributions)	\$19,500 in 2021; additional \$6,500 in catch-up contributions allowed if you are age 50 or older by year-end (combined with pre-tax 401(k) contributions)	Limit depends on your status as a highly compensated employee. See <i>Understanding Your 2021 After-Tax Contribution Limits</i> below for additional details.
Is my contribution taxable in the year contributed?	No	Yes	Yes
Is my contribution taxed when I take a distribution? (does not include a rollover distribution)	Yes	No	No
Are any earnings on my contributions taxed when I take a distribution? (does not include a rollover distribution)	Yes	No, if certain conditions are met ²	Yes
Can I take a distribution while still employed by the company if I have not reached age 59½? (age at which distributions can be taken without tax penalties)	Yes, for financial hardship or a loan ³	Yes, for financial hardship or a loan ³	Yes

Questions	Pre-tax 401(k)	Roth 401(k)	After-tax
What are my rollover options if I leave PayPal?	<p>New employer's tax-qualified plan, if it accepts pre-tax 401(k) sources</p> <p>Traditional IRA</p> <p>Roth IRA^{4,5}</p> <p>Leave in the current Plan (\$5,000 minimum balance required)</p> <p>Cash out (taxes and penalties may apply)</p>	<p>New employer's tax-qualified plan, if it accepts Roth 401(k) sources</p> <p>Roth IRA⁴</p> <p>Leave in the current Plan (\$5,000 minimum balance required)</p> <p>Cash out (taxes and penalties may apply)</p>	<p>New employer's tax-qualified plan, if it accepts after-tax sources</p> <p>Roth IRA^{4,5}</p> <p>Leave in the current Plan (\$5,000 minimum balance required)</p> <p>Cash out (taxes and penalties may apply)</p> <p>Any earnings on after-tax contributions can be rolled over into a traditional IRA</p>
Do I have to begin taking mandatory distributions at age 72?⁶	Generally, distributions must begin no later than April 1 following the year you reach age 72 ⁶ or the year you retire, whichever is later	Generally, distributions must begin no later than April 1 following the year you reach age 72 ⁶ or the year you retire, whichever is later	Generally, distributions must begin no later than April 1 following the year you reach age 72 ⁶ or the year you retire, whichever is later
What are the advantages?	May provide an immediate tax benefit since pre-tax contributions reduce taxable income in the year contributed	May provide a tax benefit at retirement since distributions are tax-free if certain conditions are met ²	<p>May provide a tax benefit at retirement since taxes are owed on any earnings only when they are withdrawn</p> <p>Can be withdrawn while employed at PayPal</p>



Understanding Your 2021 After-Tax Contribution Limits

The 401(k) Plan and its participants are subject to certain Internal Revenue Code rules with regard to contribution limits, as well as certain nondiscrimination testing requirements to help ensure the 401(k) Plan does not benefit PayPal's highly compensated employees (HCEs) more than its non-highly compensated employees (NHCEs).

HCE determination is based on PayPal compensation earned in the **prior** year, as reported on your W-2, and the dollar limit issued by the IRS every calendar year. An employee is considered an HCE in the 401(k) Plan in 2021 if he/she earned more than \$130,000 and was in the top 20% group of most highly paid employees in 2020.

This table shows the 2021 401(k) Plan contribution limits based on your HCE/NHCE status:

	2021	
	Non-highly compensated employee (NHCE)	Highly compensated employee (HCE)
1. Pre-tax and/or Roth 401(k) contributions you may elect	50% of eligible compensation, up to \$19,500 (\$26,000 if 50+ anytime during the year)	
2. Additional after-tax contributions you may elect	\$26,900	\$6,000
3. Maximum 401(k) Plan contribution	\$46,400 (\$52,900 if 50+)	\$25,500 (\$32,000 if 50+)
4. PayPal matching contributions you're eligible to receive each pay period you make contributions	4% of eligible compensation*, up to \$11,600	
5. Potential maximum 401(k) Plan contribution between you and PayPal if you receive the maximum matching contributions	\$58,000 (\$64,500 if 50+)	\$37,100 (\$43,600 if 50+)

*Eligible compensation above \$290,000 does not receive matching contributions.

There are a few reasons why the 401(k) Plan imposes these limits:

- In order to ensure that the 401(k) Plan meets the nondiscrimination testing rules previously described, PayPal imposed a lower limit on after-tax contributions (\$6,000 for 2021) for the HCEs. This limit is reviewed and adjusted by PayPal annually. It may increase or decrease in future years, depending on testing results.
- In addition, the 401(k) Plan must not allow participants to contribute more than the IRS annual additions limit under Internal Revenue Code Section 415(c). This limit is \$58,000 for 2021, and it includes all types of 401(k) Plan contributions—including pre-tax, Roth 401(k), employer match and after-tax.
 - » Excluded from this limit are any "catch-up" 401(k) contributions permitted by participants who are at least 50 years old by the end of the year. (\$6,500 in catch-up contributions are allowed in 2021).
 - » The after-tax contribution limit of \$26,900 takes into account the maximum pre-tax and/or Roth 401(k) contributions and maximum possible match. This limit self-adjusts each year to take into account any changes in the IRS annual additions limit.
 - » It is also important to note that for administrative purposes, the 401(k) Plan's systems are programmed to assume the maximum match could be contributed and will automatically limit your total contribution amount based on this assumption.

Questions?

If you have additional questions about your Plan's contribution choices or would like to change your contribution election, access your Plan account using Single Sign On from the [Bridge](#) > Scroll down to **Take Action > Benefits Tasks > Enroll in 401(k) Savings Plan**; at www.workplace.schwab.com; or call Participant Services at **1-800-724-7526**. Participant Services Representatives are available from 4 a.m. to 9 p.m. PT Monday through Friday.

The rights, if any, of employees to participate in PayPal benefits programs and to receive benefits under such programs are governed by the terms and conditions of the applicable benefit plans and policies (the "Benefit Plans"), rather than any summary or other communication. In the event of any conflict between any summary or other communication and the Benefit Plans, the applicable Benefit Plan shall control. Information contained in this communication does not create a right to employment and will not be interpreted as forming an employment contract or affecting an employee's employment status, which remains at-will. PayPal reserves the right to make changes or cancel any benefits at any time, at PayPal's sole discretion.

¹Employer contributions are paid on a pre-tax basis and may be taxable at withdrawal.

²Earnings on Roth 401(k) contributions are eligible for tax-free treatment as long as the distribution occurs at least five years after the year you made your first Roth 401(k) contribution and you have reached age 59½, have become disabled, or have died.

³If you are under age 59½, withdrawals may be subject to early distribution penalties. Earnings on Roth 401(k) contributions that are withdrawn for financial hardship may be taxable. You should consult a tax advisor for more information on specific implications.

⁴When a participant rolls a Roth 401(k) balance to a new Roth IRA, the five-year qualification period may start over. This may impact the rollover decision. If the participant has an established Roth IRA, then the qualification period is calculated from the initial deposit into the IRA, and the rollover will be eligible for tax-free withdrawals when that five-year period has ended (and the age qualifier has been met).

⁵You will be subject to income taxation (and possible 10% early distribution penalty if under age 59½) on investment earnings (if any) if you roll over a pre-tax and/or after-tax account to a Roth IRA.

⁶You generally have to start taking required minimum distributions no later than April 1 of the year following the calendar year you reach age 72 or retire, whichever is later. If you were born on or before June 30, 1949, the required minimum distribution age is 70½. If you own 5% or more of the business sponsoring the Plan, other provisions may apply. Refer to your Plan document for details.

Tax information provided is for educational purposes only and not intended to be a substitute for specific individualized tax, legal or investment planning advice. Where specific advice is necessary or appropriate, you should consult with a qualified tax professional or financial advisor.

Schwab Retirement Plan Services, Inc. provides recordkeeping and related services with respect to retirement plans and has provided this communication to you as part of the recordkeeping services it provides to the plan.