

## **PayPal 401(k) Savings Plan 401(k) Safe Harbor and Qualified Default Investment Alternative Notice**

For the Plan year beginning January 1, 2023 and ending December 31, 2023, your employer's Plan has been designed to take advantage of the "safe harbor" contribution rules under the Internal Revenue Code. This notice gives you important information about some provisions with respect to the PayPal 401(k) Savings Plan (the Plan). The notice covers these points:

- What amounts you may contribute to the Plan;
- What amounts your employer will contribute as a "safe harbor" contribution;
- What other amounts your employer will contribute to your Plan account;
- How your Plan account will be invested; and
- When your Plan account will be vested (that is, not forfeited when you leave your job), and when you can get your Plan account.

You can find out more about the Plan in another document, the Plan's Summary Plan Description (SPD). If you would like a copy of the Plan's SPD or other Plan documents, please contact Schwab at **800-724-7526 (en español 1-877-905-2553)**.

### **1. How much will be taken from my pay and contributed to my Plan account?**

You decide how much to contribute to the Plan each pay period. You may elect to defer up to the Plan's maximum rate of your eligible compensation into the Plan for each employee contribution source. In general, the current maximum rate is:

<u>Source Name</u>	<u>Maximum Rate</u>
Base Pay: Pre-Tax Deferral	50%
Bonus: Pre-Tax Deferral	50%
Bonus: Roth 401(k) Deferral	50%
Base Pay: After-Tax Deferral	50%
Bonus Pay: After-Tax Deferral	50%
AIP: Pre-Tax Deferral	100%
AIP: Roth 401(k) Deferral	100%
AIP: After-Tax Deferral	100%
Base Pay: Roth 401(k) Deferral	50%

Employee 401(k) contributions are subject to an IRS-imposed limit. If you are age 50 or older during the calendar year, you may also make catch-up contributions to the Plan up to the IRS imposed limit. These limits are described in the section of the Plan's Summary Plan Description (SPD) related to contributions.

To make 401(k) contributions, you must select a deferral rate. You can select a deferral rate or change your current rate anytime on [workplace.schwab.com](https://workplace.schwab.com) or by calling us at **800-724-7526 (en español 1-877-905-2553)**. We're here Monday - Friday from 8 a.m. to 10 p.m. Eastern Time.

### **2. In addition to the contributions taken out of my pay, what amounts will my employer contribute to my Plan account?**

Besides contributing the amounts taken from your pay, your employer will make other contributions to your Plan account.

Your employer will match 100% of the first 4% of your eligible pay you contribute. These matching contributions are the Plan's "safe harbor" contribution and will be made if you choose your own contribution level.

To learn more about employer contributions you can review the section of the Plan's SPD related to contributions. The employer contribution is paid on a pre-tax basis and may be taxable at withdrawal.

### **3. What compensation is used to determine my contributions in the Plan?**

Plan compensation is generally your total taxable wages paid during the Plan year while you are eligible for the Plan. However, compensation in excess of the IRS-imposed limit will be disregarded. To learn more about the Plan's definition of compensation and eligible pay, you can review the Plan's SPD.

### **4. How will my Plan account be invested?**

The Plan lets you allocate your contributions in a number of different options. Unless you choose differently, your Plan contributions may be automatically allocated as outlined below:

Please note, the default investment alternative in place at the time of this communication, listed below, is scheduled to change. Prior to this happening you will receive information from the Plan Sponsor with full details on the fund change and what this means to you.

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An option will be selected for you based upon your birth date in the chart below, as determined by the Plan. Each option is designed to provide different degrees of long-term appreciation and income through a mix of stock, bond and capital preservation alternatives based on the target retirement date. The models range from more aggressive, for a participant with a longer investment horizon, to more conservative, for those near and in retirement. The more aggressive models will likely have a greater chance of having a short term loss versus the more conservative models. There is no guarantee a fund will accomplish its objective and the investments can lose money. The underlying options have expenses for investment management and administration of the options. This is shown below as Operating Expense. For more detailed information about the investment objectives, risks, expenses, fees or other restrictions, please see the fact sheet available on [workplace.schwab.com](http://workplace.schwab.com) or refer to the information previously sent to you in your Plan Enrollment guide.

Date of Birth	Default Position	Election Percent	Operating Expense
1998 & after	Schwab Mngd Ret Trust 2065 CI VI	100%	0.30%
1993 - 1997	Schwab Mngd Ret Trust 2060 CI VI	100%	0.30%
1988 - 1992	Schwab Mngd Ret Trust 2055 CI VI	100%	0.30%
1983 - 1987	Schwab Mngd Ret Trust 2050 CI VI	100%	0.30%
1978 - 1982	Schwab Mngd Ret Trust 2045 CI VI	100%	0.30%
1973 - 1977	Schwab Mngd Ret Trust 2040 CI VI	100%	0.30%
1968 - 1972	Schwab Mngd Ret Trust 2035 CI VI	100%	0.30%
1963 - 1967	Schwab Mngd Ret Trust 2030 CI VI	100%	0.30%
1958 - 1962	Schwab Mngd Ret Trust 2025 CI VI	100%	0.30%
1953 - 1957	Schwab Mngd Ret Trust 2020 CI VI	100%	0.30%
1948 - 1952	Schwab Mngd Ret Trust 2015 CI VI	100%	0.30%
1947 and Prior	Schwab Mngd Ret Trust Income CI VI	100%	0.30%
Undetermined*	Schwab Mngd Ret Trust Income CI VI	100%	0.30%

\* Undetermined is used if SRPS does not know your date of birth when contributions are made.

Data provided by Morningstar, Inc. at [www.morningstar.com](http://www.morningstar.com) or by your plan administrator.

**Schwab Mngd Ret Trust Income CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2015 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2020 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2025 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2030 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2035 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging

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markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2040 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2045 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2050 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2055 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2060 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

**Schwab Mngd Ret Trust 2065 CI VI.** To pursue its investment objective, the Fund is designed as a single investment portfolio that adjusts asset allocation over time to better match the anticipated changing risk tolerances and return objectives of investors over their expected investment horizon. The Fund may diversify holdings by investing in assets across a variety of asset classes, including, but not limited to, domestic equity, international equity, emerging markets equity, global real estate, short-term bond, intermediate-term bond, inflation-protected bond (U.S. TIPS), world bond, and cash equivalents. The Fund uses a blend of actively and passively managed sub-advised strategies to gain exposure to various market capitalizations and asset classes. The Operating Expense for the fund is 0.30%.

The Plan may change from time to time which alternative is used for investing your contributions that are deposited before you make your own investment election (the "default fund"). Any previous contributions may remain invested in the Plan's default fund in place at the time contributions were made. Your current balances are illustrated on [workplace.schwab.com](http://workplace.schwab.com) along with more detailed information which is available for all positions currently held in the Plan, including investment alternatives which may have previously been the Plan's default fund.

If some or all of your account in the Plan is automatically invested, you still have the opportunity to choose the allocation in your account in any combination of the investment options offered by the Plan by requesting a transfer or rebalance (subject to prospectus requirements and trading restrictions placed by your plan sponsor).

To learn more about the Plan's investment alternatives and to change how your Plan account is invested you can visit [workplace.schwab.com](http://workplace.schwab.com) anytime or call **800-724-7526 (en español 1-877-905-2553)**. We're here Monday - Friday from 8 a.m. to 10 p.m. Eastern Time.

### **5. When will my Plan account be vested and available to me?**

You will always be fully vested in your contributions to the Plan.

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To be fully vested in Plan contributions means that the contributions (together with any investment gain or loss) will always belong to you, and you will not lose them when you leave your job. Your beneficiary is entitled to any vested amount remaining in your account when you die. For more information about years of service and vesting, you can review the section of the Plan's SPD related to vesting.

Even if you are vested in your Plan account, there are limits on when you may withdraw your funds. These limits may be important to you in deciding how much, if any, to contribute to the Plan. Generally you may only withdraw vested money after you leave your job, reach age 59 ½, or become disabled. Also, there is generally an extra 10% tax on distributions before age 59 ½.

You may be able to borrow certain amounts from your vested Plan account, and may be able to take out certain vested money if you have a hardship. Hardship distributions are permitted from those accounts as provided for under the Plan. Hardship distributions must be for a specified reason as provided by the Plan. Before you can take a hardship distribution, you must have taken other permitted withdrawals from qualifying employer plans.

A portion of your account may also be available for other withdrawals while you are still employed with the employer. You may withdraw your voluntary employee after-tax contributions and rollover contributions at any time. After age 59 ½, you may be able to withdraw certain 401(k), matching contribution, rollover, QNEC-QMAC, after-tax, and employer profit sharing contributions.

You can learn more about the Plan's withdrawal and loan rules in the Plan's SPD. You can also learn more about the extra 10% tax in IRS Publication 575, Pension and Annuity Income.

### **6. Suspension or Reduction of Safe Harbor Contribution**

The Employer retains the right to reduce or suspend the safe harbor contribution under the Plan. If the Employer chooses to do so, you will receive a supplemental notice explaining the reduction or suspension of the safe harbor contribution at least 30 days before the change is effective. The Employer will contribute any safe harbor contribution you have earned up to that point. At this time, the Employer has no such intention to suspend or reduce the safe harbor contribution.

### **7. Contact Us**

You can contact us or make changes to your account on [workplace.schwab.com](http://workplace.schwab.com) anytime or by calling **800-724-7526 (en español 1-877-905-2553)**. We're here Monday - Friday from 8 a.m. to 10 p.m. Eastern Time.

You may contact us if you would like to change your contribution level or opt out, make changes to your elections, have any questions about how the Plan works or your rights and obligations under the Plan, or if you would like a copy of the Plan's SPD or other Plan documents.

Access to Electronic Services may be limited or unavailable during periods of peak demand, market volatility, systems upgrade, maintenance, or for other reasons.

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This notice is intended to comply with notification requirements applicable to safe harbor, automatic enrollment, and automatic investment programs. The contribution percentage and investments listed do not constitute recommendations by your employer or SRPS. You are responsible for determining an investment strategy to meet the needs of your retirement.

You should consult the Plan Document and Summary Plan Description for further information regarding your rights under the Plan. This notice is not intended to, nor should you construe it as, modifying any aspect of the Plan Document or SPD. Subject to certain conditions, your employer retains the right to amend the Plan, including the right to change or discontinue Safe Harbor contributions. Your employer also has the right to terminate the Plan at any time, which will result in the discontinuance of all contributions to the Plan, including any Safe Harbor contributions accrued after the date of Plan termination.

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This information is 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 advisor, CPA, Financial Planner or Investment Manager.

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.

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