

## FAQ – 401(k) and your 2023 PayPal Annual Incentive Plan (AIP) bonus

Question	Answer
When will the AIP bonus be paid?	AIP cash bonus payments are scheduled to occur on the <b>February 23, 2024</b> pay date for US employees. AIP shares are scheduled to vest on February 15, 2024.
Where can I learn more about AIP?	Read the <a href="#">2023 PayPal Annual Incentive Plan</a> document or visit the page on HR Hub. You must be connected to the PayPal Network to access the site.
Can I contribute my AIP bonus to my PayPal 401(k) Savings Plan (the “401(k) Plan”) account?	You can contribute the cash portion of your AIP bonus to your 401(k) Plan account, up to applicable IRS limits.
What is the deadline to make an election change in the Schwab system with respect to my AIP bonus?	If you want all or a portion of your AIP cash bonus deferred to your 401(k) Plan account, you must have your AIP bonus election on file with Charles <a href="#">Schwab</a> by 8:59 p.m. Pacific Standard Time (PST) on <b>February 15, 2024</b> .
How much of my AIP cash bonus can I defer to the 401(k) Plan?	You may elect to defer up to 100% of your AIP cash bonus on a pre-tax, post-tax, or after-tax basis, up to applicable IRS limits.
I want to change my 401(k) Plan deferral election for my AIP cash bonus. How do I do that?	<ol style="list-style-type: none"> <li>1. Access your PayPal 401(k) Savings Plan account with Charles Schwab <a href="#">here</a> (while on the network) or <a href="#">here</a> (if off the network).</li> <li>2. In your profile, click on “<b>Manage Account,</b>” then “<b>Contributions.</b>” Click “<b>Change Contribution Rates</b>”.</li> <li>3. Under Bonus Pay category, look for the contribution types starting with “<b>AIP</b>” (ex: “<b>AIP: Pre-Tax Deferral</b>”). NOTE: The contribution types starting with “<b>Bonus</b>” (ex: “<b>Bonus: Pre-Tax Deferral</b>”) <u>would not apply to your AIP bonus</u>, and instead would apply to any other cash bonuses you receive outside of the AIP (e.g., a Spot Award).</li> <li>4. Update and submit your AIP bonus deferral amount.</li> </ol>
How often can I make a 401(k) Plan election change?	You can make changes to your 401(k) Plan elections throughout the year and as often as you would like. The payroll cutoff to make changes to your elections in the Schwab system are Thursdays before 8:59 pm PST <b>the week prior to the pay date</b> . To view the 401(k) Plan payroll cut-off dates for 2024, visit <a href="#">Plan Documents and Forms</a> and scroll down to <b>Financial Security – Retirement</b> .

	<p>Note: Ensure your 401(k) Plan election for your AIP cash bonus is made before <b>February 15, 2024</b> – the payroll cutoff for the AIP pay date. AIP cash bonus payments are scheduled to occur on <b>February 23, 2024</b>.</p>										
<p><b>What are the 2024 contribution limits for the 401(k) Plan?</b></p>	<p>The table below shows the 2024 401(k) Plan contribution options and IRS limits. It's important to note that if you maximize the annual IRS contribution limit for pre-tax and Roth 401(k) contributions, your after-tax contributions cannot exceed \$32,200 in 2024, as shown in the example below.</p> <table border="1"> <thead> <tr> <th>Provision</th><th>2024 amount</th></tr> </thead> <tbody> <tr> <td>IRS annual additions limit (415 limit)</td><td>\$69,000</td></tr> <tr> <td>Maximum pre-tax and Roth 401(k) contribution (402(g) limit)</td><td>- \$23,000</td></tr> <tr> <td>Maximum possible PayPal matching contribution</td><td>- \$13,800</td></tr> <tr> <td><b>Maximum after-tax contribution amount</b></td><td><b>\$32,200</b></td></tr> </tbody> </table> <p><i>Example is for illustrative purposes only. PayPal and Schwab Retirement Plan Services, Inc. does not provide tax or legal advice.</i></p>	Provision	2024 amount	IRS annual additions limit (415 limit)	\$69,000	Maximum pre-tax and Roth 401(k) contribution (402(g) limit)	- \$23,000	Maximum possible PayPal matching contribution	- \$13,800	<b>Maximum after-tax contribution amount</b>	<b>\$32,200</b>
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<b>Maximum after-tax contribution amount</b>	<b>\$32,200</b>										
<p><b>What if I exceed the IRS limits?</b></p>	<p>It is your responsibility to monitor your contributions to ensure you do not exceed the IRS limits. In the first quarter of each year, Schwab Retirement Plan Services reviews participant total contributions against this limit. If it is determined that you have exceeded the IRS limits, any excess employee contributions (adjusted for any earnings) will be refunded to you along with an IRS 1099-R in Q1 of the following year (typically in March). Refunds of after-tax contributions may be included in your taxable income.</p>										
<p><b>What if I don't want to make any changes from last year?</b></p>	<p>If you previously elected to defer your AIP cash bonus and are satisfied with your deferral election percentage(s), you don't need to take any action as your current AIP bonus election(s) will be applied to your AIP bonus payment on <b>February 23, 2024</b>. Please review your elections that are currently on file to ensure that they are consistent with your intentions.</p> <p>While you may not want to make any changes to your AIP-related 401(k) Plan elections, it is important that you regularly review your personal information and make updates accordingly, including your <b>beneficiary designation</b>. You can do this at any time by logging into your <a href="#">Schwab account</a>, and choosing <b>My Profile</b> and <b>Beneficiaries</b> on the top menu.</p>										

<p><b>Does PayPal match my AIP cash bonus contribution?</b></p>	<p>If you make an election to defer your AIP cash bonus under the 401(k) Plan, you will be eligible to receive a company match of up to 4% of eligible compensation, up to a maximum of \$13,800 in 2024, subject to the terms of the <a href="#">PayPal 401(k) Savings Plan</a>.</p>
<p><b>Will there be a separate check for the AIP cash bonus payment this year?</b></p>	<p>No, your AIP cash bonus is scheduled to be paid as part of your regular <b>February 23, 2024</b> paycheck. It will not be a separate check. Your salary-related 401(k) Plan elections will be deducted from your base pay as regularly scheduled (if currently enrolled), while your AIP-related 401(k) Plan elections will be deducted from your AIP cash payment, up to the 2024 IRS contribution limits (and subject to the terms of the 401(k) Plan).</p>
<p><b>Where do I go if I have 401(k) Plan questions?</b></p>	<p>For any questions relating to the PayPal 401(k) Savings Plan, please contact the Schwab Participant line at 800-724-7526 Monday – Friday from 5 a.m. to 7 p.m. PST. When reaching out to Schwab, please specify you are inquiring about your PayPal 401(k) Savings Plan account.</p> <p><b><i>You can schedule a personal consultation with a Schwab Education Specialist by accessing your PayPal 401(k) Savings Plan account with Charles Schwab <a href="#">here</a> (while on the network) or <a href="#">here</a> (if off the network).</i></b></p> <p>Navigate to <b>Advice</b> on the top menu and choose <b>Retirement Plan Advice</b> or <b>Personal Consultation</b> and schedule your appointment.</p> <p>Additionally, you can access unlimited Financial Wellness Coaching through <a href="#">Ayco</a>, provided to all US employees at no cost.</p>
<p><b>What should I know if I choose to contribute 100% of my AIP cash bonus to the 401(k) Plan?</b></p>	<p>If you choose to contribute 100% of your AIP cash bonus to your 401(k) Plan account, any additional elections that could relate to your bonus (such as elections under PayPal's Employee Stock Purchase Plan (ESPP), if you're a current participant), may not be withheld.</p> <p>Please see the examples in the following pages of how an election of 100% of your AIP cash bonus towards AIP Pre-tax and Roth would be calculated from your paycheck (after-tax would be similar to Roth). An additional example is provided with an example of an election of 75% towards AIP Pre-tax contributions.</p>

The rights, if any, of employees to participate in the plans, programs and policies discussed in this communication (the "Plans") and to receive benefits under Plans are governed by the terms and conditions of the applicable Plan, rather than any summary or other communication. In the event of any conflict between any summary or other communication and the Plans, the Plans 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 (except as may be provided by applicable law or an employee's employment agreement, if applicable). PayPal reserves the right to make changes, cancel or eliminate any benefit, plan, program and/or policy at any time, in PayPal's sole discretion.

## Example #1: California exempt employee contributing 100% to the 401(k) Plan Pre-tax AIP Election

Earnings	Rate	Hours/Units	Amount
Salary Exempt	80.00		9,180.65
AIP Payout			5,000.00
<b>Gross Pay</b>			<b>14,180.65</b>
<b>Tax Deductions: Federal</b>			
Withholding Tax			1,253.80-
EE Social Security Tax			857.06-
EE Medicare Tax			200.45-
<b>Tax Deductions: California</b>			
Withholding Tax			517.04-
EE Voluntary Disabilit			151.85-
<b>Additional Deductions</b>			
*Medical Pre-tax			257.00-
*Dental Pre-tax			11.00-
*Vision Pre-tax			3.00-
*401(k)			367.23-
*FSA Health Care			105.77-
*401(k) AIP			5,000.00-
ESPP			1,418.07-
<b>Total Net Pay</b>			<b>4,038.38</b>

### Note the following:

100% of the AIP cash payout is being contributed towards the 401(k) Plan AIP Pre-tax election.

The AIP amount is taxable under Social Security and Medicare. These statutory taxes are essentially in arrears due to the 100% election and will be deducted from the regular paycheck.

In addition, in this example, the individual also has ESPP elected. The full earnings of the paycheck are eligible (including AIP), which may result in ESPP deductions coming out of the regular pay if there's nothing remaining from AIP Payout.

In this example, the net (take home) pay is reduced since there is:

- 1) AIP amount going towards 401(k) Plan
- 2) Taxes coming from regular pay
- 3) ESPP deduction

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## Example #2: California exempt employee contributing 100% to the Roth AIP Election

Earnings	Rate	Hours/Units	Amount
Salary Exempt	80.00		9,180.65
AIP Payout			5,000.00
<b>Gross Pay</b>			<b>14,180.65</b>
<b>Tax Deductions: Federal</b>			
Withholding Tax			2,353.80-
EE Social Security Tax			857.06-
EE Medicare Tax			200.45-
<b>Tax Deductions: California</b>			
Withholding Tax			1,028.54-
EE Voluntary Disabilit			151.85-
<b>Additional Deductions</b>			
*Medical Pre-tax			257.00-
*Dental Pre-tax			11.00-
*Vision Pre-tax			3.00-
*401(k)			367.23-
*FSA Health Care			105.77-
ESPP			1,418.07-
401(k) Roth AIP			5,000.00-
<b>Total Net Pay</b>			<b>2,426.88</b>

### Note the following:

100% AIP cash payout is being contributed towards 401(k) Plan AIP Roth election. (After-tax election would be similar).

The entire gross amount is taxable, including AIP Payout since the election is a post-tax election.

The payroll system lumps all earnings into gross pay and deducts taxes from total gross pay.

Whatever remains, up to 100% of the AIP Payout will go towards the 401(k) Plan Roth AIP election.

This means an individual electing 100% to Roth or After-tax could end up with a \$0 net check.

In addition, if ESPP is elected, the priority of ESPP is at the end, so ESPP could possibly not be withheld and will not be caught up.

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### Example #3: California exempt employee contributing 75% to AIP Pre-tax

Earnings	Rate	Hours/Units	Amount
Salary Exempt	80.00		9,180.65
AIP Payout			5,000.00
<b>Gross Pay</b>			<b>14,180.65</b>
<b>Tax Deductions: Federal</b>			
Withholding Tax			1,528.80-
EE Social Security Tax			857.06-
EE Medicare Tax			200.45-
<b>Tax Deductions: California</b>			
Withholding Tax			644.92-
EE Voluntary Disabilit			151.85-
<b>Additional Deductions</b>			
*Medical Pre-tax			257.00-
*Dental Pre-tax			11.00-
*Vision Pre-tax			3.00-
*401(k)			367.23-
*FSA Health Care			105.77-
*401(k) AIP			3,750.00-
ESPP			1,418.07-
<b>Total Net Pay</b>			<b>4,885.50</b>

#### Note the following:

In this example, the individual received \$847.12 more in net than if the individual had elected to contribute 100% of their AIP cash bonus to their 401(k) Plan account.

The 75% election resulted in sufficient funds for the participant to contribute a portion of their AIP cash bonus to the 401(k) Plan, pay taxes, and contribute to ESPP without impacting disposable income.

More questions? Visit the [Ask HR Portal](#) or ask the Employee Virtual Assistant [on the Bridge](#).

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