

FAQ – 401(k) and your Annual Incentive Plan (AIP) cash bonus

| Question | Answer |
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| When will the 2024 Annual Incentive Plan (AIP) Cash Bonus payment be made? | AIP Cash Bonus payments are scheduled to occur on the February 21, 2025 pay date. |
| Where can I learn more about 2024 AIP? | Read the 2024 Annual Incentive Plan by visiting the Compensation page on HR Hub. You must be connected to the PayPal Network to access the site. |
| What is the deadline to make an election change in the Schwab system? | If you want all or a portion of your upcoming AIP cash bonus deferred to your account under PayPal 401(k) Savings Plan, you must have your AIP bonus election on file with Charles Schwab by 8:59 p.m. Pacific Standard Time on February 13, 2025 . |
| How much of my AIP cash bonus payment can I defer to the PayPal 401(k) Savings Plan? | You may elect to defer up to 100% of your AIP cash bonus on a pre-tax, post-tax, or after-tax basis. |
| I want to change my AIP cash bonus 401(k) election amount. How do I do that? | <ol style="list-style-type: none"> 1. Access your PayPal 401(k) Savings Plan account with Charles Schwab here (while on the network) or here (if off the network). 2. In your profile, click on “Manage Account,” then “Contributions.” Click “Change Contribution Rates”. 3. Under Bonus Pay category, look for the contribution types starting with “AIP” (ex: “AIP: Pre-Tax Deferral”). NOTE: The contribution types starting with “Bonus” (ex: “Bonus: Pre-Tax Deferral”) <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 Patent Award or Commissions). 4. Update and submit your AIP bonus deferral amount. |
| How often can I make a 401(k) election change? | You can make changes to your 401(k) elections throughout the year and as often as you would like. The payroll cut-off to make changes to your elections in the Schwab system are Thursdays before 8:59 pm PST the week prior to the pay date . To view the 401(k) payroll cut-off dates for 2025, visit Plan Documents and Forms and scroll down to Financial Security – Retirement . |

| | Note: You will want to ensure that your AIP bonus election is made before the cut-off for the AIP pay date: February 13, 2025 . Again, the AIP payment will occur on February 21, 2025 | | | | | | | | | | |
|---|--|-----------|-------------|---------------------------------------|----------|--|------------|---|------------|--|-----------------|
| What are the 2025 contribution limits? | <p>The table below shows the 2025 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 \$32,500, as shown in the example below.</p> <table border="1"> <thead> <tr> <th>Provision</th><th>2025 amount</th></tr> </thead> <tbody> <tr> <td>IRS annual additions limit, 415 limit</td><td>\$70,000</td></tr> <tr> <td>Maximum pre-tax and Roth 401(k) contribution, 402(g) limit</td><td>- \$23,500</td></tr> <tr> <td>Maximum possible PayPal matching contribution available</td><td>- \$14,000</td></tr> <tr> <td>Maximum after-tax contribution amount</td><td>\$32,500</td></tr> </tbody> </table> <p>Example is for illustrative purposes only. PayPal and Schwab Retirement Plan Services, Inc. does not provide tax or legal advice.</p> | Provision | 2025 amount | IRS annual additions limit, 415 limit | \$70,000 | Maximum pre-tax and Roth 401(k) contribution, 402(g) limit | - \$23,500 | Maximum possible PayPal matching contribution available | - \$14,000 | Maximum after-tax contribution amount | \$32,500 |
| Provision | 2025 amount | | | | | | | | | | |
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| Maximum pre-tax and Roth 401(k) contribution, 402(g) limit | - \$23,500 | | | | | | | | | | |
| Maximum possible PayPal matching contribution available | - \$14,000 | | | | | | | | | | |
| Maximum after-tax contribution amount | \$32,500 | | | | | | | | | | |
| What if I exceed the IRS limits? | <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> | | | | | | | | | | |
| What if I don't want to make any changes from last year? | <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 being paid on February 21, 2025. 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 401(k) elections, it is important for participants to review their personal information and make updates accordingly, including your</p> | | | | | | | | | | |

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| | <p>beneficiary designation. You can do this at any time by logging into your Schwab account, and choosing My Profile and Beneficiaries on the top menu.</p> |
| <p>Does PayPal match my AIP cash bonus contribution?</p> | <p>Employees who make an election to defer their AIP cash bonus under their PayPal 401(k) Savings Plan account will be eligible to receive a company match of up to 4% of eligible compensation, up to a maximum of \$14,000 in 2025, subject to the terms of the PayPal 401(k) Savings Plan.</p> |
| <p>Will there be a separate check for the AIP cash bonus payment this year?</p> | <p>No, your AIP cash bonus will be paid as part of your February 21 regular paycheck. It will not be a separate check. Your 401(k) Savings Plan elections will be deducted from your base pay as regularly scheduled (if currently enrolled), while your AIP-related 401(k) Savings Plan elections will be deducted from your AIP payment, up to the 2025 IRS contribution limits (and subject to the terms of the plan).</p> |
| <p>Where do I go if I have 401(k) questions?</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. PT. When reaching out to Schwab, please specify you are inquiring about your PayPal 401(k) Savings Plan account.</p> <p><i>You can schedule a personal consultation with a Schwab Education Specialist by accessing your PayPal 401(k) Savings Plan account with Charles Schwab here (while on the network) or here (if off the network).</i></p> <p>Navigate to Advice on the top menu and choose Retirement Plan Advice or Personal Consultation and schedule your appointment.</p> <p>Additionally, you can access unlimited Financial Wellness Coaching through Ayco, provided to all US employees at no cost.</p> |
| <p>What should I know if I choose to contribute 100% of my AIP cash bonus to the 401(k) Savings Plan?</p> | <p>If you choose to contribute 100% of your AIP cash bonus to your 401(k) plan account, any additional elections, such as the Employee Stock Purchase Plan (ESPP), (if you're a current plan participant), may not be withheld.</p> <p>Please see the examples (3 examples provided) in the following pages of how an election of 100% towards AIP Pre-tax and Roth (After-tax would be similar to Roth) would be calculated from your paycheck. An additional example is provided with an example of an election of 75% towards AIP Pre-tax.</p> |

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

Note the following:

100% of the AIP payout is being contributed towards the 401k 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) An amount going towards 401k AIP
- 2) Taxes coming from regular pay
- 3) Has an ESPP deduction

| Earnings | Rate | Hours/Units | Amount |
|-----------------------------------|-------|-------------|------------------|
| Salary Exempt | 80.00 | | 9,180.65 |
| AIP Payout | | | 5,000.00 |
| Gross Pay | | | 14,180.65 |
| Tax Deductions: Federal | | | |
| Withholding Tax | | | 1,253.80- |
| EE Social Security Tax | | | 857.06- |
| EE Medicare Tax | | | 200.45- |
| Tax Deductions: California | | | |
| Withholding Tax | | | 517.04- |
| EE Voluntary Disabilit | | | 151.85- |
| Additional Deductions | | | |
| *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- |
| Total Net Pay | | | 4,038.38 |

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 |
| Gross Pay | | | 14,180.65 |
| Tax Deductions: Federal | | | |
| Withholding Tax | | | 2,353.80- |
| EE Social Security Tax | | | 857.06- |
| EE Medicare Tax | | | 200.45- |
| Tax Deductions: California | | | |
| Withholding Tax | | | 1,028.54- |
| EE Voluntary Disabilit | | | 151.85- |
| Additional Deductions | | | |
| *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- |
| Total Net Pay | | | 2,426.88 |

Note the following:

100% AIP payout is being contributed towards 401(k) AIP Roth election. (After-tax results 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 401k 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 counted

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 |
| Gross Pay | | | 14,180.65 |
| Tax Deductions: Federal | | | |
| Withholding Tax | | | 1,528.80- |
| EE Social Security Tax | | | 857.06- |
| EE Medicare Tax | | | 200.45- |
| Tax Deductions: California | | | |
| Withholding Tax | | | 644.92- |
| EE Voluntary Disabilit | | | 151.85- |
| Additional Deductions | | | |
| *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- |
| Total Net Pay | | | 4,885.50 |

Note the following:

In this example, the individual received \$847.12 more in net than if the individual had elected a 100% towards AIP 401(k).

The 75% election allowed enough room to contribute to 401k AIP, 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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