

# Walmart 401(k) Plan

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## 1. What is the Roth 401(k) option?

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The Roth option lets you pay federal income taxes on the contributions you make to your 401(k) today, instead of paying them later when you take the money out in retirement. This is the reverse of traditional, pretax 401(k) contributions, and is designed to create tax-free income in retirement.

## 2. What's "Roth"?

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This option is named for Senator William Roth Jr., who helped make it available for retirement savers.

## 3. What's the difference between pretax and Roth contributions?

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It's all about federal income taxes:

- **Traditional pretax contributions** come out of your paycheck before taxes do. You save on your tax bill today, and your money grows tax-free. You'll only pay taxes when you take your money out in retirement.
- **Roth contributions** work the other way around. You pay the taxes as usual before you put the money away, so you don't have to pay them later—setting up tax-free income when you retire.

## 4. Are there any other differences?

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Just a few. To get tax-free treatment when you take Roth money out, you'll need to take a "qualified distribution." This means you need to wait at least five years from the year you start making Roth contributions, and you must be age 59½ or older. For high earners, there are also no "modified adjusted gross income" (MAGI) limitations like there are on a Roth IRA. There are also special rules that affect rolling your plan account over to another 401(k) or an IRA.

## 5. What should I consider when choosing between pretax and Roth?

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For most people the key thing to think about is your tax rate, today and in the future. Do you expect that you'll pay taxes at a higher rate when you're retired? If so, the tax-free income Roth savings can produce may be an advantage. Or do you think you'll pay taxes at a lower rate in retirement? In that case, you may be better off taking the tax break now, and waiting until retirement to pay the taxes on your money. Retirement and tax planning can get complicated, so it's a good idea to get professional advice before making this important decision.

## 6. Do I have to enroll in a new 401(k) plan to use the Roth option?

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No, it's all part of the Walmart 401(k) Plan. Roth contributions just go into a separate account within your overall Plan account, because they're treated differently for tax purposes.

## 7. Once I choose a type of contribution, can I change my mind?

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Yes. You can start, stop, or change your 401(k) contributions at any time, including your pretax or Roth election and the amount.

## 8. Can I choose both Roth and pretax at once?

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Yes. Many savers hedge their bets by splitting their contributions between the pretax and Roth options.

## 9. How much can I contribute with the Roth option?

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The same IRS limits apply to either pretax or Roth contributions, or to a combination of both.

## 10. Do I still get the company match with the Roth option?

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Yes. Whichever you choose, Walmart will match the first 6% you put in dollar for dollar once you become eligible for the match. Remember that matching contributions are made on a pretax basis and are subject to taxation at withdrawal, including a possible 10% additional federal tax if withdrawn before age 59 ½, unless an exception applies.

## 11. Can I move pretax money I've already saved into the Roth option, and pay the taxes now?

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No. The Walmart 401(k) Plan does not allow a "Roth conversion" at this time.

## 12. How is the company match calculated?

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Walmart will match, dollar for dollar, any contribution an associate makes, up to 6% of their eligible wages for the Plan year (Feb. 1 through Jan. 31). The match is made each pay period they contribute and will continue until the full amount they are eligible for is made each Plan year.

## 13. When are associates vested in the Walmart 401(k) Plan matching contributions?

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They are immediately 100% vested in both the money they contribute to their 401(k) account and their Company Match Account.

## 14. Is the 6% match based on gross pay?

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The dollar-for-dollar match is up to 6% of their pretax-eligible pay, which is:

- Regular salary or wages, including bonuses and incentive dollars
- Overtime, paid time off (used and paid out), bereavement, jury duty, and premium pay
- Differential wage payments you receive from Walmart while you are on a qualified military leave

## 15. Does overtime pay count as eligible wages?

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Yes. Base pay, incentive pay (like My\$hare and Sam\$hare), and overtime pay all count as eligible wages.

## 16. Can associates roll over 401(k) balances from their previous employer?

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Yes. They can call the Merrill Lynch Customer Service Center at [888-968-4015](tel:888-968-4015) to find out how.

## 17. When can associates start saving in the Walmart 401(k) Plan?

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As soon as administratively feasible after their date of hire is entered into the payroll system.

## 18. Is there an age limit to participate in the Walmart 401(k) Plan?

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No.

## 19. How much can associates save in their Walmart 401(k) Plan account?

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They can save 1% to 50% of their eligible wages in their 401(k) account, up to the maximum allowed by the IRS. This annual limit is indexed to inflation and subject to change from time to time; the IRS typically announces increases for the next calendar year in the fourth quarter of the current year. The 2019 maximum is \$19,000. If you are age 50 or older in 2019, you can save an additional catch-up contribution of up to \$6,000.

## 20. How will an associate's incentive (bonus) affect the company-matching contributions?

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Their incentive pay is considered 401(k) eligible and will be treated like any other paycheck.

## 21. When will associates be eligible for the company-matching contributions?

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On the first day of the calendar month following their first anniversary of employment with Walmart if they are credited with at least 1,000 hours of service during their first year and they are contributing to their 401(k) account. (Matching contributions will not be made with respect to contributions they make before they become eligible for matching contributions.)

## 22. What if associates contribute 6% or less during the year?

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They will be matched dollar for dollar up to 6%. If they contribute 3%, the company will contribute 3%.

## 23. What if associates contribute more than 6% during the year?

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If they contribute more than 6% to their Walmart 401(k) Plan account, the company will match them, dollar for dollar, up to 6%. If they contribute 10%, the company will contribute 6% into their Company Match Account.

## 24. What if associates contribute less than 6% during the first part of the year and more than 6% later in the year?

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Their match per pay period is based on their Plan year-to-date average savings rate.

## 25. How can associates calculate their Plan year-to-date average savings rate?

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By dividing their Plan year-to-date contributions by their Plan year-to-date wages. (Please note that the Plan year for the Walmart 401(k) Plan runs Feb. 1 through Jan. 31.) For example, if their Plan year-to-date contributions are \$2,000 and their Plan year-to-date wages are \$20,000, their average savings rate would be 10%. Since the maximum match is 6%, the match would be \$1,200.

## 26. What if associates contribute the IRS maximum contribution? Will they still get the full 6% company match?

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Yes. Their contributions are matched at the rate of 6% each pay period. If they reach the IRS maximum contribution limit before the company match equals 6% of their eligible pay, the company will continue making matching contributions of 6% of their Plan year-to-date wages (even if no contributions are being withheld from their paycheck), until the full eligible company match is contributed.

## 27. How much of the company match will an associate receive if they reach the IRS maximum contribution limit?

The company match is dollar for dollar on each dollar they contribute to their 401(k) account, up to 6% of their eligible wages for the Plan year. Therefore, the amount they will receive is based on their Plan year-to-date wages.

See the chart below for examples, which uses the 2019 maximum contribution of \$19,000.

If your annual pay is:	And you contribute this % of your pay:**	Your maximum contribution*** would be:	Walmart's matching contribution would be:	Total contribution to your 401(k) would be:
\$50,000	36%	\$18,000	\$3,000	\$21,000
\$100,000	18%	\$18,000	\$6,000	\$24,000
\$150,000	12%	\$18,000	\$9,000	\$27,000
\$275,000*	7%	\$19,000	\$16,500	\$35,500

\*The IRS limits the amount of annual compensation that can be taken into account under the Plan for any participant. For 2019, the limit is \$280,000.

\*\*The Plan limits your contributions to 50% of your eligible pay.

\*\*\*The IRS limits the amount you can contribute to the Plan each year. For calendar year 2019, the limit is \$19,000.

## 28. How can associates change their 401(k) savings contributions?

They can go to:

- [One.Walmart.com/401k](https://One.Walmart.com/401k)
- [Benefits.ml.com](https://Benefits.ml.com)

Or, they can call the Merrill Lynch Customer Service Center at [888-968-4015](tel:888-968-4015).

## 29. Do 401(k) contributions automatically increase during Annual Enrollment?

No. When associates complete their online enrollment session, they may notice a suggested 1% increase to their 401(k) contribution for the next pay period. However, they may select “no change” or choose to increase or decrease their contribution amount by using the drop-down menu.

## 30. If associates enroll or make a change to their 401(k) contribution amount, when will the change become effective?

Changes will take effect immediately and will be reflected on their next paycheck, or as soon as administratively possible.

## 31. Is Walmart stock an investment option for the Walmart 401(k) Plan?

No. If associates currently have Walmart stock in their profit-sharing and 401(k) accounts, they are free to continue to hold it. If they want to purchase Walmart stock, they can investigate the opportunities available to them under the Associate Stock Purchase Plan.

## 32. Will deductions automatically stop when an associate reaches the IRS maximum?

Yes. Once they reach the IRS maximum level for contributions, their deductions will automatically stop.

### 33. What is the vesting schedule of the 401(k)?

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Contributions are always 100% vested in the Walmart 401(k) Plan account. Old profit sharing accounts are the only funds subject to a vesting schedule.

### 34. Where can associates see the company-match amount made to their 401(k)?

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[Benefits.ml.com](https://benefits.ml.com). Company match is not shown on the paystub.

### 35. How do associates access their account online?

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If they haven't created an account on [Benefits.ml.com](https://benefits.ml.com), click "Create User ID" at [Benefits.ml.com](https://benefits.ml.com) on the site and follow the directions to open an online account. If they don't have ready access to a computer, call the Customer Service Center at [888-968-4015](tel:888-968-4015). If they've never called the Merrill Lynch Customer Service Center before, they will be prompted to enter a PIN. Their PIN is their birth date (MMDDYY). For example, if their birthday is Feb. 4, 1976, their PIN would be 020476.

### 36. What are the loan provisions under the Walmart 401(k) Plan?

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Associates may apply for a loan from their 401(k) account. Two types of loans are available: one specifically for buying a home and the other for general purposes. Information on the loan provision can be found in their [2020 Associate Benefits Book](#).

### 37. How do associates take a loan from their 401(k)?

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By completing the online form at [Benefits.ml.com](https://benefits.ml.com). If they have questions, call the Merrill Lynch Customer Service Team at [888-968-4015](tel:888-968-4015).

### 38. Can associates request a hardship withdrawal from their 401(k) account without taking a loan first?

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Yes, subject to Plan rules and IRS guidelines. Tax law requires that before they can request a hardship payout they must have already obtained any other payouts available to them under the Plan, including loans.

Loans and hardship withdrawals are significantly different, and both forms have important tax consequences. Please consult a tax advisor when considering options.

### 39. Do associates have to pay a fee for a 401(k) loan?

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The fees for processing a 401(k) loan vary, depending on the type of loan. Please contact the Merrill Lynch Customer Service Team at [888-968-4015](tel:888-968-4015) for more information. Any fees they pay are used to cover the cost of processing their loan, and are not paid back to their account.

### 40. Why is interest charged on a loan if it's just being paid back to an associate's account?

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Because the money they borrow would grow from investment earnings if it remained in their 401(k) account. It's important to fully repay both the principal and the interest when they take a 401(k) loan.

### 41. If an associate takes a loan, can they still contribute to their 401(k) while repaying it?

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Yes.