

A guide to your Plan distribution options





Michaels Stores is committed to helping you prepare for your future—both during and after your employment.

This guide explains your options for your Michaels Stores, Inc. Employees 401(k) Plan vested account balance after your employment ends.

You may be thinking that when you stop working for Michaels Stores you must take all your money out of the Plan.

You have three options, depending on your account balance.

1. LEAVE YOUR BALANCE in the Michaels Stores, Inc. Employees 401(k) Plan.

2. ROLL OVER YOUR BALANCE to another qualified retirement plan or to an individual retirement account (IRA).

3. TAKE A CASH DISTRIBUTION of your savings as a direct payment.

Option 1: Leave your balance in the Plan

If your vested account balance¹ is over \$7,000, you can leave your savings right where it is. In many cases, this may be your easiest and best option.

Here are some reasons why many people like you choose to keep their money in the Plan after they leave Michaels Stores:

1. TAX ADVANTAGES — You will continue to benefit from tax-deferred growth potential until you start taking withdrawals.

2. FAMILIAR INVESTMENT OPTIONS — Your money will remain invested in your current funds, which offer professional oversight and institutional pricing only available to participants of large retirement plans like the Michaels Stores, Inc. Employees 401(k) Plan.

3. VOYA TOOLS AND RESOURCES — You will continue to have full access to your account through michaels401k.voya.com and the **Voya Retire**® mobile app, plus all of Voya's account management tools—including **myOrangeMoney**® — and financial education resources.

4. INVESTMENT ADVICE — Take advantage of personalized savings and investment advice online at no cost, or fee-based **Professional Management** through Voya Retirement Advisors (VRA) powered by Edelman Financial Engines®.

5. FLEXIBLE DISTRIBUTION OPTIONS — You can take withdrawals from your account at any time after you reach age 59½ or you can wait until you reach age 73, at which time you must start taking annual Required Minimum Distributions.

6. FEE STRUCTURE— the \$39/year fee paid by participants for Voya's services does not change for former employees; investment fund management fees can be **lower** due to institutional pricing.

Option 2: Roll over your balance

If you want to move some or all your savings into another employer's qualified retirement plan or into an IRA, you can request a direct rollover². No taxes will be due on the amount rolled over and your savings will maintain their tax-deferred status until you start taking withdrawals from the rollover plan or IRA.

Option 3: Take a cash distribution

You can request that all or part of your vested account balance be paid directly to you as a cash distribution³. Distributions of non-Roth portions and related investment earnings will be subject to ordinary income taxes.

Additional tax withholding and penalties may also apply. Distributions of Roth contributions and any investment earnings from a Roth account that has been open for at least five years will not be taxable if you are age 59½ or older.

Cash distribution payment types

- **PARTIAL DISTRIBUTION** — Receive a portion of your vested account balance as a cash distribution.
- **FULL DISTRIBUTION** — Choose a lump-sum distribution of your vested account balance. There is a \$25 transaction fee to take a full distribution.
- **INSTALLMENT PAYMENTS** — Installments are available to terminated participants with vested account balances of \$7,000 or more. You may select a specific period OR a specific dollar amount. You may receive installment payments for the life expectancy of you and your beneficiary. Installment payments can be made monthly, quarterly, semi-annually, or annually. You can take partial distributions while receiving installments or receive a cash distribution equal to your unpaid account balance at any time.

If you do not request a rollover or cash distribution

If you leave the company, or retire, you will be eligible to receive distributions of your vested account balance.

Your distribution options are based on the value of your account when you separate from service.

- **IF YOUR VESTED ACCOUNT BALANCE IS \$1,000 OR LESS**, it will automatically be paid to you as a cash distribution unless you elect to roll it over. If you choose a rollover, you will have 30 days after the date you become eligible to receive your distribution to roll it into a traditional IRA or another employer's eligible retirement plan or convert it to a Roth IRA.
- **IF YOUR VESTED ACCOUNT BALANCE IS GREATER THAN \$1,000 BUT LESS THAN \$7,000** it will automatically be rolled over into an IRA with Voya unless you elect a cash distribution, a rollover to a traditional IRA or another employer's eligible retirement plan or convert it to a Roth IRA within 30 days after the date you become eligible to receive your distribution.

• IF YOUR VESTED ACCOUNT BALANCE IS MORE THAN \$7,000, YOU CAN CHOOSE TO:

- Leave your money in the Plan.
- Take a lump sum cash distribution.
- Roll over to another eligible retirement account.
- Take a portion of your money in cash and roll over the rest.
- Request a distribution in installment payments.
- Take partial distributions at any time.

Some distribution options may have tax considerations. It is recommended that you consult with a financial or tax advisor before choosing a distribution option.

Required Minimum Distributions

If you still have a balance in the Plan after you have separated from service in the year that you turn age 73 you must take a Required Minimum Distribution (RMD). Your first RMD must be taken no later than April 1st of the year following you turn age 73.

RMDs are paid via direct deposit or check.

For details on RMDs, call **833-39M-401K (833-396-4015)** and speak to a customer service associate.

Special Tax Notice

See the enclosed Special Tax Notice for more information on your distribution options and how they will be taxed.

Many of your distribution requests can be processed through **michaels401k.voya.com**. You may also request a distribution by calling **833-39M-401K (833-396-4015)**. Voya customer service associates are available weekdays from 7 a.m. to 7 p.m. CT, excluding stock market holidays. Spanish-speaking associates are also available.

Distribution choices and rules can be complex. You are encouraged to talk with your tax/financial advisor before deciding what to do with your Michaels Stores, Inc. Employees 401(k) Plan savings.

A note about outstanding loans

If you have an outstanding Plan loan when you leave the company, you can continue repaying your loan, provided your banking information is on file and you establish a loan repayment schedule with Voya.

Personalized savings and investing advice

If you need help making decisions about your Plan account, Voya Retirement Advisors⁴ (VRA), powered by Edelman Financial Engines, offers investment advice through one of the following options:

- **SPEAK TO A VRA INVESTMENT ADVISOR REPRESENTATIVE** — get personalized advice from a licensed representative over the phone weekdays from 7 a.m. to 7 p.m. CT. There are no additional fees for this support.
- **ONLINE ADVICE** — a no-fee service is available through the Plan to all participants not enrolled in Professional Management.
- **PROFESSIONAL MANAGEMENT** — a fee-based service for participants who prefer to have their account managed for them.

Income+ Income Beyond Retirement⁵

Members of the fee-based Professional Management service ages 55 and older and within seven years of their desired retirement age can gradually position all or a part of their portfolio to generate monthly payouts. Members can begin payments at any time, and their account remains fully liquid. There is no additional cost to Professional Management members for this service.

Call a Voya customer service associate to help you make an informed decision about your retirement income options, at no cost.

¹Your vested account balance includes any rollover sources and any outstanding loans.

²A rollover is not taxable to you until you take payment from that institution. Please carefully consider the benefits of existing and potentially new retirement accounts and any differences in features. Rollover assets may be subject to an IRS 10% premature distribution penalty tax. Consult your own legal and tax advisors regarding your situation.

³Distributions from the Plans may be subject to 20% federal tax withholding. If you are under the age of 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plans (including amounts withheld for income tax) that you do not roll over. Ordinary income taxes may apply. State and local taxes and withholding may also apply. Neither Voya® nor its affiliated companies or representatives provide tax or legal advice. Please consult a tax adviser or attorney before making a tax-related investment/insurance decision.

⁴**Advisory Services provided by Voya Retirement Advisors, LLC (VRA).** VRA is a member of the Voya Financial (Voya) family of companies. For more information, please read the Voya Retirement Advisors Disclosure Statement, Advisory Services Agreement, and your plan's Fact Sheet. These documents may be viewed online by accessing the advisory services link(s) through your plan's website. You may also request these from a VRA Investment Advisor Representative by calling your plan's information line. Financial Engines Advisors L.L.C. (FEA) acts as a sub advisor for Voya Retirement Advisors, LLC. Financial Engines Advisors L.L.C. (FEA) is a federally registered investment advisor. Neither VRA nor FEA provides tax or legal advice. If you need tax advice, consult your accountant or if you need legal advice consult your lawyer. Future results are not guaranteed by VRA, FEA or any other party and past performance is no guarantee of future results. Edelman Financial Engines® is a registered trademark of Edelman Financial Engines, LLC. All other marks are the exclusive property of their respective owners. FEA and Edelman Financial Engines, L.L.C. are not members of the Voya family of companies. ©2024 Edelman Financial Engines, LLC. Used with permission.

⁵With Professional Management with Income+/Income Beyond Retirement, payouts begin in retirement at your request. Income Beyond Retirement is an enhancement to the Income+ program that allows you to allocate all, none, or a portion of your account to the Income+ program. Professional Management with Income+ seeks to manage your investments to create payouts that can last into your early 90s. If you think you'll want payouts longer than that and want a lifetime guarantee, consider an optional out-of-plan annuity purchase. Guarantees of lifetime income are based on the claims-paying ability of the issuing company. However, annuities are not guaranteed to be available and are generally unavailable to those over age 85 or for balances less than \$10,000. Annuities are not right for everyone and you should decide if they are appropriate for you. Voya Retirement Advisors, LLC and Edelman Financial Engines, LLC do not guarantee payout amounts or payouts for life.

This guide is a brief, non-technical description of certain provisions of the Plan. It is not intended to be a complete statement of Plan provisions. If a description in this summary differs from the Plan documents, the Plan documents prevail. For additional information regarding the Plan, please refer to the Summary Plan Description (SPD).

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