

Reference Document

Preparing for Retirement



Congratulations on your upcoming retirement!

We are committed to making your transition into retirement as smooth as possible. This information will help you understand the impact of retirement on your benefit plan coverage. We've also included some helpful retirement contacts.

The Workday code for "Retirement" is used when the following criteria applies:

| Years of Service | Age at Termination of Employment |
|------------------|----------------------------------|
| 5 | 65 |
| 7 | 62 |
| 10 | 55 |

For purposes of determining your years of service for eligibility, years of service you incur before a five-year break in service will not be counted towards total years of service. Please refer to the Retiree Discount Policy for more information.

"Retirement"

Retirement ages and eligibility are defined differently, depending on if you are referring to Medicare, Social Security, certain CarMax Benefit Plans, certain tax advantages, etc.

Here are certain age & service milestones, and references to potential qualifications within each.

| Age | CarMax Benefits to Review | Other Considerations |
|--------------------|---|---|
| 55 | <u>WITH 10 YEARS OF SERVICE</u> <ul style="list-style-type: none"> E*Trade Stock (RSU, MSU, Options) vesting Retiree Discount Policy Pension Plan early retirement | |
| 59 ½ | <ul style="list-style-type: none"> 401(k) Plan | <ul style="list-style-type: none"> IRA retirement age Qualified Roth 401(k) withdrawals without tax penalty 401(k) distributions without 10% penalty |
| 62 | <u>WITH 7 YEARS OF SERVICE</u> <ul style="list-style-type: none"> E*Trade Stock (RSU, MSU, Options) vesting Retiree Discount Policy Pension Plan early retirement | <ul style="list-style-type: none"> Social Security early commencement |
| 65 | <u>WITH 5 YEARS OF SERVICE</u> <ul style="list-style-type: none"> E*Trade Stock (RSU, MSU, Options) vesting Retiree Discount Policy Pension Plan | <ul style="list-style-type: none"> Medicare eligibility Social Security benefits depending on birth year Withdrawal without penalty from HSA |
| 65 - 67 | | <ul style="list-style-type: none"> Social Security full benefits depending on birth year |
| 73 (75 by 2033) | <ul style="list-style-type: none"> Required minimum distributions- 401(k), Pension (if your benefit has not been paid out from the plans) | <ul style="list-style-type: none"> Required minimum distributions- IRAs, 401(k)s, and Pensions (if your benefits have not been paid out from the plans) |

Please note that references to certain Benefit Plans within each age/service section do not guarantee benefits. Each plan document must be consulted for individual eligibility and plan rules.

Your To-Do's:

Before your last day with CarMax:

- Complete the CarMax Exit Survey at <https://app.glintinc.com/carmax/attribute-login/2859027c-6916->

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[43b0-af8c-a03a3fd38942 https://app.us1.glint.cloud.microsoft/session/carmax/attribute-based-survey-access/2859027c-6916-43b0-af8c-a03a3fd38942](https://app.us1.glint.cloud.microsoft/session/carmax/attribute-based-survey-access/2859027c-6916-43b0-af8c-a03a3fd38942)

Within 31 days:

- Deadline with Prudential to port/convert Life Insurance policy(ies).
- Update your contact or profile information with each individual benefit plan website where you participate (remove CarMax email address).

Within 60 days:

- Deadline for COBRA enrollment and first payment for continuation of Health coverage.
- Review any 401(k) or Pension distribution notices you receive for action required.

Next 3-5 years:

- Notify CarMax when your home address changes so we may contact you with important benefits information.

Benefit Plan and COBRA information is available at benefits.carmax.com. Contact information for our providers and other resources is also included throughout this document. If you need additional information or assistance, please contact the CarMax Benefits Center at (888) 695-6947. A specialist can help you get the personalized information you need.

The following information summarizes how benefits are handled upon an Associate's retirement from active employment. If this information conflicts with Plan documents, Company policies, and/or contracts, the Plan documents, policies, and/or contracts will prevail. If you have any questions, please call the CarMax Benefits Center at (888) 695-6947.

CarMax wishes you and your family all the best for the future. Thank you for your contributions to the success of our Company.

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| Contact Information: | Telephone: | Website or Email: |
|---|----------------|---|
| CarMax Benefits Center | (888) 695-6947 | |
| Future Address Changes | | HR_Payroll_Processing_Center@carmax.com |
| Employment Verification - The Work Number (CarMax Company Code 70117) | (800) 367-5690 | theworknumber.com |
| ADP- Garnishments | (866) 324-5191 | |
| ADP- View W-2, Payslips | | My.ADP.Com |
| Anthem Employee Assistance Program (through February 28, 2025) | 855-873-4932 | https://www.anthem.com/employer/employee-benefits-programs/services EAP Member login: carmax |
| Spring Health – Employee Assistance Program (beginning March 1, 2025) | (855) 629-0554 | carmax.springhealth.com |
| Social Security | (800) 772-1213 | ssa.gov |
| aarp | | aarp.org |
| Anthem Medical | (833) 290-2480 | Anthem.com |
| Kaiser Medical/Prescriptions | (800) 464-4000 | Kp.org |
| CVS Caremark - Prescriptions | (855) 361-8564 | Caremark.com |
| Aetna Dental | (877) 238-6200 | Aetna.com |
| EyeMed - Vision | (866) 723-0514 | eyemedvisioncare.com |
| COBRA Administrator | (888) 695-6947 | |
| Health Insurance Marketplace | (800) 318-2596 | Healthcare.gov |
| Medicare | (800) MEDICARE | Medicare.gov |
| Anthem Flex Spending | (877) 290-2480 | |
| Prudential Life Insurance - Conversion | (877) 889-2070 | |
| Prudential Life Insurance - Portability | (800) 778-3827 | |
| CarMax Pension “Your Pension Resources” | (877) 846-1042 | https://ypr.aon.com/carmax pension@carmax.com |
| T. Rowe Price - 401(k) | (800) 922-9945 | rps.troweprice.com 401k@carmax.com |
| Computershare - ESPP | (866) 322-7629 | www-us.computershare.com/employee |
| E*TRADE - Stock Grants | (800) 838-0908 | etrade.com carmaxstock@carmax.com |
| Retiree Discount Assistance | | Email pension@carmax.com or benefits@carmax.com |

Last update: 12/18/2024
Effective: 3/1/2025

CarMax Exit Survey

- CarMax wants to know more about your experiences while you were employed with us so that we can continue to improve the experiences of current and future associates. We encourage you to complete a short survey using the link below.
- CarMax is partnering with Glint to collect responses, which will be kept confidential.
- Your Employee ID and birth month will be required for authentication purposes.
- The survey is available for Associates while they are in active status at CarMax.

<https://app.us1.glint.cloud.microsoft/session/carmax/attribute-based-survey-access/2859027c-6916-43b0-af8c-a03a3fd38942>

Verification of Employment and References (“The Work Number”)

- To provide consistency and fairness, to protect an individual’s privacy rights, and to maintain security and confidentiality, all employment verification and reference requests are handled through a third-party vendor, The Work Number.
- If you need an employment verification from CarMax, please have the person verifying employment contact The Work Number.

Final Payment of Wages

Any pay you are entitled to at the time you separate from service will be processed based on the final payment requirements of your state.

- If payment must be made prior to your normally scheduled pay date, a live check will be sent to your work location for distribution.
- If payment is made on your normally scheduled pay date, you will receive your final payment in accordance with the current payment method you have elected (direct deposit or live check).
- If you would like to view prior paystips, W-2s or Garnishment Orders, you can do so by registering at My.ADP.Com using a one-time registration code (CXM1-KMX-W2).
- If you have questions related to Garnishments, please reach out to ADP's Solution Center.
- For other inquiries, please call (888) 695-6947 to leave a message for the Payroll team.
- If you have a formal legal request for any prior pay, please reach out to your former Manager and HR.

Additional Retirement Financial Guidance

- Consulting with a financial advisor to discuss your retirement needs may help you decide how to best utilize your retirement savings.
- Our Employee Assistance Program (EAP) is available as an independent and confidential resource for any legal or financial questions or concerns you may have regarding retirement. If you do not already have a financial advisor, the EAP can provide some recommendations.

Social Security Benefits

You may file for benefits with the Social Security Administration (SSA) in the January before you retire, but not sooner than three months before you turn 62. Your SSA benefits will not start until you file an application.

[aarp.org](https://www.aarp.org)

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The AARP website includes a wealth of information for retirees.

- Insurance (private insurance and Medicare)
- Prescription medicines
- Health conditions
- Suggestions for staying healthy

Medical, Dental, and Vision Plans

- If you are enrolled in the CarMax Medical, Dental, and/or Vision Plans, your coverage will end on your last day of CarMax employment.
- In most instances, you will be eligible to continue your coverage under a federal act known as COBRA (Consolidated Omnibus Budget Reconciliation Act of 1986) for up to 18 months. You or your beneficiaries COBRA coverage for medical will terminate automatically if after electing COBRA, you or your beneficiaries becomes entitled to Medicare benefits. Approximately 14 days after you retire, detailed information (including the cost and length of coverage) will be mailed to your home address.
- If you wish to continue coverage under COBRA, you must make an election within 60 days of the COBRA notice. Once you make your election to enroll and send your first payment, your coverage will be reinstated effective retroactively back to the date your coverage ended. You may cancel coverage at any time.
- If elected, you will receive new ID cards for the Medical and Dental Plans once Anthem/Kaiser and Aetna receive your COBRA elections. Your Vision cards will not change.
- If you need services before you receive your new ID cards, you will need to pay out of pocket. Once your coverage is reinstated and you receive your new ID cards, you will need to file a claim with the applicable doctor's office or pharmacy for reimbursement. It's recommended to check your prescription refills prior to retirement to hopefully avoid needing to pay out of pocket unnecessarily. You can also call Anthem or CVS Caremark before receiving services to see if they can send your COBRA information to the provider ahead of time.

Health Insurance Marketplaces

- You may also wish to consider purchasing health coverage on the Health Insurance Marketplace applicable to your state of residence. Each Marketplace has a variety of health plan options available, and you may be able to find a plan more tailored to your needs. Visit their website or call for assistance.

Medicare

Medicare is a federal health insurance program for people aged 65 and over and for some disabled people. You must apply for Medicare three months before your 65th birthday unless you are actively employed and participating in active employer-sponsored health insurance, in which case you can delay enrollment in Medicare until you lose your active coverage. If you do not sign up for Medicare when first eligible, your monthly premium may be increased as a penalty for late sign-up and you may have to wait months before signing up again resulting in a gap in coverage. Even if you are covered under COBRA on the CarMax medical plan you should still be enrolled in Medicare Part A and Part B

to avoid the potential for penalties. When you access CarMax's medical plan through COBRA, and you are eligible for Medicare, the CarMax medical plans pay secondary, with Medicare Part A and

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Part B being the primary payer, even if you are not enrolled in Medicare. For more information about Medicare, Medicare Advantage and Medicare Supplement policies, call or visit their website. A helpful “Medicare & You” Guide is available online and as a PDF you can download and print.

Spending/Saving Accounts

Health Care Flexible Spending Account (HCFSAs) or Limited Purpose Flexible Spending Account (LPFSA)

- If applicable, participation in the HCFSAs or LPFSA, ends on your last day of employment. You will have 90 days following the end of the Plan Year (until May 29) to submit any expenses for reimbursement that were incurred while you were an active Associate and a participant. After this period, any remaining balance in your account will be forfeited according to IRS regulations.
- You may have the right to continue participation in this program under COBRA for the remainder of the current Plan Year (through February 28/29). If you elect to do so, you will be required to pay the full after-tax monthly contribution plus a 2% COBRA administration fee. You will be billed each month you participate.

Health Reimbursement Account (HRA Medical Plan option)

- If applicable, your Health Reimbursement Account will continue for as long as you remain enrolled in the HRA Medical Plan option, including through COBRA continuation. Any remaining balance in your account at the time your coverage in the HRA Medical plan option ends will be forfeited.

Health Savings Account (HSA Medical Plan option)

- If applicable, your Health Savings Account belongs to you regardless of whether you terminate your coverage in the Medical Plan or your employment with CarMax ends. Your HSA will remain accessible to you through Anthem. Contact Anthem member services at (877) 290-2480 for more information.

Daycare Savings Account (DCSA)

- If applicable, participation in the DCSA ends on the day your employment ends. You will have 90 days following the end of the Plan Year (until May 29) to submit any expenses for reimbursement that were incurred while you were a participant during that Plan Year. After this period, any remaining balance in your account will be forfeited according to IRS regulations.

Life Insurance

Basic Life, Supplemental Life, Spouse or Domestic Partner Life, or Child Life Insurance

- All Life Insurance coverage will end on your last day of CarMax employment. You or any of your covered dependents may be eligible to convert any lost coverage to an individual policy with Prudential without having to provide evidence of good health. This is an easy way to maintain additional life insurance coverage in retirement.

Accidental Death & Dismemberment Insurance (AD&D)

- If applicable, your AD&D Insurance coverage will end on your last day of CarMax employment. This coverage is not eligible for conversion, but is eligible for portability.

Portability means you continue the same policy by paying premiums directly to the insurer, rather than

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through payroll. Rates may be different than the premiums you paid as an active Associate.

Conversion means that you may transfer your coverage under the Plan to an individual whole life policy with the insurer, which may be at different rates than the premiums paid when you were an active Associate.

| | Portability available | Conversion available |
|------------|---|--|
| Retirement | <ul style="list-style-type: none">• Basic Life• Associate Supplemental Life• Spousal or Domestic Partner Life• Child Life• AD&D | <ul style="list-style-type: none">• Basic Life• Associate Supplemental Life• Spousal or Domestic Partner Life• Child Life |

If you wish to port or convert any lost life insurance coverage, you must call Prudential and apply no later than 31 days after coverage ends.

Pension Plan

- On December 31, 2008, the Pension Plan was frozen. For Associates hired in 2007 or earlier, your Pension benefit is calculated based on your benefit service and pay accruals as of December 31, 2008. Associates hired in 2008 or later are not eligible for a Pension benefit.
- If you are vested in the Pension Plan when you leave the company, the Benefits department will mail information about your benefits to your home address 30 to 60 days after your employment ends.
- If you are eligible to begin receiving benefits, you must submit the required forms before benefits can begin.
 - If you are eligible for Early Retirement (age 55 and 10 years of vesting service or 62 and seven (7) years of vesting service), or Normal Retirement (age 65 and five (5) years of vesting service), your benefits may begin as early as the first day of the month after your employment ends.
 - Benefits cannot begin until your employment termination is complete in Workday, and you have submitted the required forms.
 - Pension benefits are payable on the first of each month thereafter.
- Information regarding your Pension benefits can be accessed online using the “Your Pension Resources” website. You can perform unlimited pension estimates at any time, based on the dates and assumptions you provide.
- You will receive periodic updates about your Pension benefit from CarMax, so be sure to keep your address up to date in our records. Email is the best method to reach out.

Retirement Savings Plan: 401(k) & Retirement Contribution Accounts

- If you are participating in the Retirement Savings Plan, your active participation in the Plan will cease when you retire. You are vested in your own contributions, the Company Matching Contributions, and the Retirement Contribution Account (if applicable). After your retirement, you will no longer be eligible to contribute to your plan account.
- If you have a 401(k) loan, the outstanding unpaid portion of your loan will become taxable to you. You should contact T. Rowe Price to determine the payoff options available to you; partial

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payments are allowed directly to T. Rowe Price after termination, which will decrease the taxable income to you.

- Your account will continue to be credited with any gains or losses associated with your investments. You will receive a letter from T. Rowe Price regarding your distribution options about 45 days after your retirement date. Following is an overview of those options:

Option 1: Direct rollover to a traditional IRA or future employer's plan (if rollovers permitted)

- Directly roll over all or part of your Pre-tax 401(k) vested account balance to a traditional IRA at the financial institution you choose, or to a future employer's eligible retirement plan (if that plan permits). This option allows you to retain the tax-deferred status of all amounts that you roll over.
- If you have an account balance of less than \$7,000 at the time your employment ends, you will receive information from T. Rowe Price regarding your distribution options. If you do not take any action to select a distribution method from your account, your account balance will be rolled over automatically to an individual IRA account.

Option 2: Direct rollover of Roth 401(k) to a Roth IRA or future employer's plan (if Roth rollovers permitted)

- Directly roll over all or part of your Roth 401(k) vested account balance to a Roth IRA at the financial institution you choose, or to a future employer's eligible retirement plan (if that plan permits). This option allows you to retain the Roth status of all amounts that you roll over.

Option 3: Direct rollover of Pre-tax 401(k) to a Roth IRA

- You may directly roll over all or part of your vested Pre-tax 401(k) account balance to a Roth IRA, which is called a "conversion." However, the amount rolled from a Pre-tax 401(k) to the Roth IRA is taxable income to you in the year of the rollover.

Option 4: Cash payments

You may have all of your vested account balance paid to you in cash or, subject to minimum balance requirements (more than \$7,000 in your vested account), you may elect to receive your vested account balance in partial payments or in installments over regular intervals (monthly, quarterly, semi-annually, or annually). There are limits to the length of the installment payment schedule. T. Rowe Price can help you calculate the amount of your installment payments and set up your distribution schedule. Certain installment payments are not eligible for rollover.

- Federal law requires a mandatory 20% withholding on the taxable portion of your distributions that you could otherwise roll over. State taxes may also be withheld. All or part of your distribution will be taxable (unless it is a "qualified" Roth distribution) and, depending on your age, you may also be subject to a penalty for early withdrawal, unless you roll over your distribution within 60 days.
- If all or a portion of your distribution is from your Roth 401(k) account, please note the following: a "qualified" Roth distribution is tax-free only if taken at least five years after the year of your first Roth contribution and you have reached age 59-1/2, become totally disabled, or died. If your distribution is not "qualified," any withdrawal from your account that is not rolled over will be partially taxable. You must include the taxable portion of your distribution in your annual taxable income.

Option 5: Leave your account balance in the Plan

- Subject to minimum balance requirements (more than \$7,000 in your vested account), you are not required to take a distribution from the Plan until the April 1 following the later of (1) the year in which your employment with CarMax ends, or (2) the year you reach age 73. Please note that you still have the other distribution options available to you at any time.

Please consult your tax advisor for information regarding these options.

Employee Stock Purchase Plan (ESPP)

- If applicable, your active participation in the ESPP ends when you retire. You may contact Computershare for more information about selling your stock or transferring your account to an individual account. Your account will continue to be credited with any gains or losses. You will be responsible for the fees associated with maintaining your account after your retirement.

Stock Options or Awards

- If you have received a stock award/grant, please refer to your Stock Award Agreement(s) for important information. Generally, unvested RSUs are accelerated to vest on your retirement date and are cashed out in one lump sum as of your retirement date. We recommend you consult a tax or financial advisor regarding any outstanding stock options or awards.
- If applicable, the overall accelerated vesting process (from termination to payout) for retirees generally takes about a month, as many processes are manual.

Once the retirement is entered in Workday, the following to happen:

- A file will automatically be sent to E*TRADE which will initially cancel your awards due to your separation from CarMax.
 - If you log in to E*TRADE during this time frame (2-3 weeks post-termination), you may see your awards reflecting as cancelled, uncancelled or releasable depending on where we are in the process.
- Once the retirement process has been finalized, we will reinstate your stock balances of your vested awards at E*TRADE, and they will reappear in your account.

You do not need to notify CarMax once you have retired to begin the RSU payout process, as this will begin automatically once your retirement has been processed in Workday.

Retiree Discount Policy

- Once you retire, you will no longer be eligible for the Associate Discount Policy. You may, however, become eligible for discounts under the Retiree Discount Policy, provided you meet certain age, service, and separation requirements.
- If you are determined to be eligible, you will receive a Retiree Discount card in the mail approximately 90 days following the date eligibility requirements are met.
- The Policy is available on the Benefits Website, even after retirement.
- If you need to purchase a vehicle prior to receiving your Retiree Discount card, the Benefits Team can assist you and the store with the transaction. Please allow up to two (2) business days for a response; email the addresses listed in the contact information grid.

Vacation and Sick Time (Hourly and Commissioned Associates Only)

- CarMax does not pay out unused Vacation or Sick Time that has been accrued but not taken at retirement, except as required by law. If required, pay will be included in your final paycheck.

Time Away (Salaried Associates Only)

- In accordance with the "Time Away" policy, no Vacation or Sick time is accrued; therefore, no payment is due when you retire.

Employee Assistance Program

- Our Employee Assistance Program (EAP) is available to you and your family for 30 days after your retirement unless you elect COBRA in which case it remains available to you for up to 18 months. You are eligible to take advantage of counseling sessions after your employment ends if you initiate those sessions within the first 31 days after termination.

Disability Programs (Short-Term Disability Pay, Long-Term Disability Insurance)

- Eligibility for future new claims of Short-Term Disability Pay and Long-Term Disability Insurance end on your last day of employment. They are not eligible for conversion into individual policies.
- If you are already on an approved Long-Term Disability, you do not necessarily need to remain employed with CarMax in order to continue receiving your previously approved LTD benefits.

Other Benefits Programs

Participation in all other benefit programs ends when you retire.