



FEDEX MEC NEGOTIATING COMMITTEE Highlights of the 2023 Tentative Agreement

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Do you have questions about the tentative 2023 agreement and how it will affect your retirement flight path? We have gathered a summary of financial key data about the new agreement. Please note that this is not an exhaustive summary of the provisions in the tentative agreement, nor is it intended as advice. We recommend you speak to your Smith Anglin advisor for further advice.

Timeline:

- The Pilot on-line ratification voting timeframe: July 5th – July 24th, 2023.
- The Pension decision between the Market Based Cash Balance Plan (MBCBP) and the Legacy Defined Benefit Pension Plan will not occur until late 2024. The pilot does NOT need to make this decision during the ratification process.
- The next contract will open to begin negotiation in November 2027.

Three Major Changes:

1. Increase pilot compensation by 14% immediately and 30% over the next 3 ½ years.
2. Increase the Legacy Defined Benefit Pension Plan maximum from \$130,000/year to \$169,000/year, gradually over 4 years.
3. FedEx gives the pilot a retirement plan choice (late 2024) to either take the legacy increased pension, -or- a reduced pension plus a retirement savings plan (MBCBP) that the company contributes up to \$36,300 annually.



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Compensation - Top Pay Scale Proposed (Hourly):

- Immediate pay rate increase of 14%. Pay will increase a total of 30% compounded over the next 3 ½ years.
- Pay rate increases will be compressed from 15 years to 12 years. This applies to pilots hired in 2009 or later.

PILOT TYPE	Aug 2023 Top Pay	Increase	Feb 2027 Top Pay	Increase
Widebody Captain	\$382.53 / hour	14%	\$434.71 / hour	30%
Widebody First Officer	\$271.19 / hour	14%	\$308.17 / hour	30%
Narrowbody Captain	\$329.75 / hour	14%	\$374.72 / hour	30%
Narrowbody First Officer	\$238.60 / hour	14%	\$271.13 / hour	30%

Maximum Legacy Pension Proposed (Plan A):

1. The Pension will increase 30% from the current \$130,000 per year to \$169,000 per year.
2. Current Pension: Final Average Earnings (FAE) max is \$260,000.
3. The Legacy Pension will freeze at the years of service earned when the MBCBP is elected.
4. Proposed: FAE will increase as follows:

EFFECTIVE DATE	FAE	%	Max Pension
Current	\$260,000	50%	\$130,000
Aug 2023	\$325,000	50%	\$162,500
Jan 2025	\$330,000	50%	\$165,000
Jan 2027	\$338,000	50%	\$169,000

Market Based Cash Balance Plan (MBCBP)

PROPOSED NEW PENSION OFFER

- FedEx will start a New Cash Balance Retirement savings account for the pilot.
- FedEx will contribute 11% of the pilot's compensation annually (Up to a max \$330,000 pay, indexed for inflation.)
- The pilot will receive \$36,300 per year, growing at an estimated rate of 6.5%.
- The MBCBP can be paid out as a lump sum or as an annuity.

Pension Election Decision

THE PILOT WILL NEED TO MAKE HIS/HER PENSION ELECTION IN LATE 2024

THE PILOT WILL CHOOSE TO EITHER:

Elect the new, increased Pension Plan, increasing the max pension from \$130,000 to \$169,000 per year,

OR

Elect to lock in the pension at years of service (max \$145,000 per year), plus add the Market Based Cash Balance Plan. The MBCBP is the Fed Ex contribution of \$36,300 into a savings account (11% of pay/\$330,000 annual max, indexed for inflation).

The trade-off between the two choices boils down to: Would the pilot rather have an increased pension or lock in a lower pension and be given a retirement savings account?



We understand each situation is unique. To discuss this information in detail, please contact Wayne Worthington.

Wayne Worthington brings over 30 years of experience to Smith Anglin Financial. He regularly meets with prospective clients and counsels existing clients, with a primary focus working with FedEx and United pilots. Wayne earned the Chartered Financial Analyst (CFA) designation and is a CERTIFIED FINANCIAL PLANNER™ professional. He holds an MBA from Boston University and an engineering degree from Iowa State University. Wayne has also enjoyed being an adjunct professor of Corporate Finance at the university level.

Smith Anglin Financial specializes in Fed Ex benefits and retirement planning. We would like an opportunity to discuss our recommendations for your potential FedEx retirement decision and to construct a retirement plan for you.

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