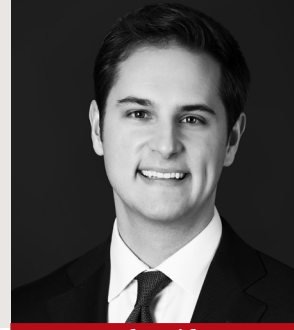




Weston Pollock  
Partner and Wealth Advisor

## SOUTHWEST PILOT AGREEMENT

# Highlights of the 2024 Agreement



Jack Snider  
Wealth Advisor

**D**o you have questions about the new 2024 agreement and how it will affect your retirement flight path? We have gathered a summary of key data about the new agreement. Please note that this is not an exhaustive summary of the provisions in the agreement, nor is it intended as advice. We recommend you speak to a Smith Anglin advisor for further advice.

## Primary Updates to Your 2024 Contract:

1. The Market-Based Cash Balance Plan (MBCBP) is established.
2. Profit sharing rollover options and changes to your profit sharing deferral options.
3. Increased company retirement contributions into your 401(k) plan.
4. Ratification of bonus/retro pay.
5. Increase in pilot compensation.

## Market Based Cash Balance Plan (MBCBP):

- Southwest will establish a new Market Based Cash Balance Plan.
- Wages below the IRS 401(a)(17) limit of \$345,000 will be eligible for qualified MBCBP credits.
- Southwest will contribute 1% of your 2024 wages to your MBCBP in 2024 and 2% per year starting in 2026.
- The MBCBP will be invested by a trust with a target allocation of 40% stocks / 60% box mix.
- The MBCBP will offer in-service distributions beginning at age 59.5 if the account balance exceeds the accumulated pay credits. You will be allowed one in-service distribution per plan year.



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## Southwest Profit Sharing Plan:

- Southwest pilots with five years of service or more are eligible to transfer their profit sharing from Empower to their Schwab 401(k). This is a one-time transfer.
- When a pilot reaches age 59.5, Southwest will allow, once per calendar year, a pilot who is 100% vested to transfer some or all of the pilot's Profit Sharing Plan account balance to their 401(k) account.
- Southwest has adjusted the profit sharing deferral rate options to 3.5%, 7%, or the

## Southwest NEC (Non-Elective Contribution) 401(k):

The company NEC will be 15% at the date of ratification. The NEC will then increase to 17% at the second paycheck advance, but no later than 60 days after the date of ratification. It will then increase to 18% on January 1, 2026.

EFFECTIVE DATE	Percentage	NEC Maximum 401(a)(17) Contribution (per year)	MBCBP/Non-Qualified Contribution
Current	15%	\$51,750	Spill-over
Within 60 days of Ratification	17%	\$58,650	Spill-over
January 1, 2026	18%	\$62,100	Spill-over

*\*Please note that the NEC contribution is based on your annual pay and could be less than the maximum contribution listed above.*

## Ratification Bonus/Retro Pay:

- Southwest will pay 1.5% of pilot's 2020 year earnings, 5.6% of pilot's 2021 year earnings, and 14% of pilot's 2022 year earnings.
- Southwest pilots are eligible to direct their bonus pay as a contribution to their 401(k) plan.



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## Pilot Compensation:

- Southwest pilots will receive a 29.15% pay increase at the date of ratification, followed by 4% pay increases in 2025, 2026, and 2027. They will receive a 3.25% pay increase in 2028.
- See pay tables below:

Captain Pay Table					
YOS	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
12+	\$317.25	\$329.94	\$343.14	\$356.87	\$368.47
11	\$314.80	\$327.39	\$340.49	\$354.11	\$365.62
10	\$312.35	\$324.85	\$337.84	\$351.36	\$362.78
9	\$310.04	\$322.44	\$335.34	\$348.76	\$360.10
8	\$307.60	\$319.90	\$332.70	\$346.01	\$357.26
7	\$305.21	\$317.42	\$330.12	\$343.33	\$354.49
6	\$302.82	\$314.94	\$327.54	\$340.64	\$351.71
5	\$300.42	\$312.44	\$324.94	\$337.94	\$348.93
4	\$298.00	\$309.92	\$322.31	\$335.21	\$346.11
3	\$295.60	\$307.43	\$319.73	\$332.52	\$343.33
2	\$293.30	\$305.03	\$317.24	\$329.93	\$340.65
1	\$291.02	\$302.66	\$314.76	\$327.36	\$338.00

First Officer Pay Table					
YOS	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
12+	\$222.08	\$230.96	\$240.20	\$249.81	\$257.93
11	\$220.36	\$229.17	\$238.34	\$247.88	\$255.93
10	\$218.65	\$227.40	\$236.49	\$245.95	\$253.95
9	\$217.03	\$225.71	\$234.74	\$244.13	\$252.07
8	\$212.24	\$220.73	\$229.56	\$238.75	\$246.51
7	\$207.54	\$215.85	\$224.48	\$233.46	\$241.05
6	\$205.92	\$214.16	\$222.73	\$231.64	\$239.16
5	\$201.28	\$209.33	\$217.71	\$226.42	\$233.78
4	\$196.68	\$204.55	\$212.72	\$221.24	\$228.43
3	\$192.14	\$199.83	\$207.82	\$216.14	\$223.16
2	\$161.32	\$167.77	\$174.48	\$181.46	\$187.36
1	\$116.41	\$121.06	\$125.90	\$130.94	\$135.20

**YOUR SMITH ANGLIN ADVISOR WILL PROVIDE YOU WITH FUTURE INFORMATION.**



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**Weston Pollock** brings over 30 years of sales and business development expertise to Smith Anglin. He received his Bachelor of Business Administration degree in Finance and Real Estate from Baylor University, and is a licensed securities and life insurance representative. Weston's primary role is leading the firm's marketing and business development efforts with a focus on Southwest Airlines.

**Jack Snider** is an Arkansas native from Little Rock who received his bachelor's degree in finance and accounting at The University of Arkansas. He is a licensed investment advisor and has been a valued member of our advisor team for seven years. He specializes in working with the Southwest pilot community and is well-versed in its retirement benefits. This expertise enables him to assess our clients' specific needs when planning for their retirement. He is passionate about helping others whether in or out of the office and strives to provide first-class service daily.

**Smith Anglin Financial** is a full service wealth management firm with clients across the country. Founded in 1967, the firm has been meeting the investment, tax and estate planning needs of pilots and other clients for over 50 years.

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