



## United Pilot Agreement Financial Highlights of the 2023 Contract

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United Airlines Pilots negotiated a much-improved compensation and benefits package that took effect October 2023. This contract improved your retirement outlook from the previous contract.

### Five Major Financial Topics:

1. Increase pilot compensation by 13.8% – 18.7% immediately and 35.3% – 37.1% cumulative through 2027.
2. The Company profit sharing plan shall be funded with 10% on pre-tax profit up to \$2.5 billion of pre-tax profit, plus 20% on pre-tax profit in excess of \$2.5 billion of pre-tax profit.
3. Increased Company Retirement Contributions into the PRAP. Increasing to 17% in 2024 and to 18% in 2026, including Profit Sharing pay.
4. Establish a Market Based Cash Balance Plan (MBCBP). Contributions to the 401(k) plan that exceed the yearly IRS limit may be directed to spill-over into the MBCBP and/or the RHA.
5. Retroactive pay, taxable in 2023. 4% of 2020 & 2021 pay; 14% of 2022 and 2023 (up to DOS).

The effect of these improvements allow you to increase your retirement savings through proper and increased contributions to your PRAP, Market Based Cash Balance Pan, and Retiree Heath Account. Management of your contribution elections, pre-tax vs after-tax, the allocation and growth of your accounts, the spill-over into your MBCBP and RHA, all can result in a much superior retirement outlook.



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## Compensation - Top Pay Scale Proposed:

- Immediate (Oct 2023) pay rate increase of 13.8% – 18.7%. Pay will increase a total of 33% - 38.8%, compounded over the next 4 years.
- Pay rate increases for years of service span over 12 years. (Excluding A380.)

PILOT TYPE	Oct 2023 Top Pay	Increase	Jan 2027 Top Pay	Increase
Widebody Captain	\$421.72 / hour	14.1%	\$493.31 / hour	33.5%
Widebody First Officer	\$288.07 / hour	14.1%	\$336.97 / hour	33.5%
Narrowbody Captain	\$353.00 / hour	18.7%	\$412.92 / hour	38.8%
Narrowbody First Officer	\$241.10 / hour	18.7%	\$282.03 / hour	38.8%

## Company PRAP Contributions (401k):

- The Company Contributions will increase to 17% in 2024 (2025) and to 18% in 2026.
- Company Contributions that flow over the IRS 415(c) limit will spill over to the RHA or MBCBP.
- Company Contributions do not max out. (Estimated 2026 IRS limit increase of 3% annually.)

EFFECTIVE DATE	%	PRAP Contribution	MBCBP/RHA Contribution
Current	16%	\$52,800	Spill-over
Jan 2024	17%	\$57,800	Spill-over
<b>Jan 2025</b>	<b>17%</b>	<b>\$59,500</b>	<b>Spill-over</b>
Jan 2026	18%	\$64,900	Spill-over

## Pilot PRAP Contribution Strategy:

- Pilots now can save and invest much more for retirement.
- The proper Pilot deferral election is more important than ever.
- Yearly Retirement savings may be well over \$100,000 if planned correctly.

## Market Based Cash Balance Plan (MBCBP): Proposed New Pension Offer

- United will establish a new Market Based Cash Balance Plan.
- Company Contribution in excess of the PRAP limit will now spill-over to the MBCBP/RHA.
- The MBCBP will be invested by a trust with a target stock allocation of 30%.
- The MBCBP can be paid out as a lump sum or as an annuity.

## Retiree Health Account (RHA):

Pilots with spillover can contribute to the HRA for current year health expenses and ultimate spill-over in the RHA for long-term Health Savings in VEBA Trust. RHA savings are triple tax free.

- Tax free contributions
- Tax free growth
- Tax free distributions if used for approved expenses.
- The RHA can be used for the lifetime of the pilot and spouse.
- At the last to die (pilot and spouse), all remaining balance is forfeited back to the VEBA Trust.



We understand each situation is unique. To discuss this information in detail, please contact Wayne Worthington (319) 573-3079 or [WWorthington@smithanglin.com](mailto:WWorthington@smithanglin.com)

**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 United benefits and retirement planning. We would like an opportunity to discuss our recommendations for your potential United retirement decision and to construct a retirement plan for you.

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