

New Retirement Benefit

Information about Southwest's new Non-Elective Contribution (NEC) retirement benefit for all Customer Service Employees.

September XX, 2023



New Company-Funded 4% 401(k) Contribution

Effective January 1, 2024, Southwest will fund all Customer Service Agents' (CSAs), Customer Representatives' (Customer Reps), and Source of Support Representatives' (SOS Reps) retirement with a **4% Non-Elective Contribution (NEC) made to your 401(k)**, based on eligible compensation—regardless of whether you choose to make your own 401(k) contribution.

Southwest's total retirement contribution remains at 9.3%. So, in addition to the NEC, Southwest will contribute \$1.00 for each \$1.00 of a CSA's, Customer Rep's, or SOS Rep's contribution, not to exceed 5.3% of each Employee's compensation.

What is an NEC and its advantages?

Non-Elective Contributions are employer contributions to an Employee's retirement plan, regardless of the Employee's contribution. For Employees currently contributing to their 401(k), this NEC allows you the ability to save more for retirement, or if you choose, save the same amount for retirement but increase your take-home pay.

For Employees not currently contributing to their 401(k), you would receive an automatic contribution of 4% into your 401(k), based on eligible compensation.

Example with 4% NEC + 3% Employee Contribution to 401(k)

Today, if a CSA, Customer Rep, or SOS Rep earns an annual salary of \$50,000 and is currently contributing 3% (\$1,500) to their 401(k), Southwest matches that with a 3% (\$1,500) contribution to the Employee's retirement.

On January 1, 2024, with an NEC, Southwest will still match the Employee's 3% (\$1,500) contribution with a 3% (\$1,500) match contribution (up to 5.3%), but Southwest will also contribute 4% (\$2,000) per year to this same Employee's retirement plan as part of the NEC.

4% NEC + 3% Employee Contribution to 401(k) \$50,000 annual compensation

Current State
(9.3% Match only)

Future State
(4% NEC + up to 5.3% Match)



Total

\$3,000 to retirement plan

\$5,000 to retirement plan

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Example with 4% NEC + Employee Returns 2% Compensation Back to Paycheck

A CSA, Customer Rep, or SOS Rep currently contributing 3% (\$1,500) to their 401(k) could reduce that contribution to 1% (\$500). That would keep their retirement funding the same as today (\$3,000), and give them 2% (\$1,000) in additional take-home pay for the year.

401(k) Plan Changes

In the coming months, you will receive more information from Southwest Total Rewards and Empower about the upcoming changes to your 401(k) plan.

4% NEC + Employee Returns 2% Back to Paycheck

Current State
(9.3% Match only)

Alternative Future State |
Return to Paycheck Focused
(4% NEC + up to 5.3% Match
considering Employee
reduces their contribution
from 3% to 1%)



Total

\$3,000 to retirement plan

\$3,000 to retirement plan

Company NEC Company Match Employee Contribution

Example with 4% NEC, No Employee Contribution to 401(k)

Today, if a CSA, Customer Rep, or SOS Rep earns an annual salary of \$50,000 and is not currently contributing to their 401(k), Southwest does not contribute to their retirement plan.

On January 1, 2024, with an NEC, Southwest will contribute \$2,000 per year to this same Employee's retirement plan.

4% NEC, No Employee Contribution to 401(k)
\$50,000 annual compensation

Current State
(9.3% Match only)

Future State
(4% NEC + up to 5.3% Match)



Total

\$0 to retirement plan

\$2,000 to retirement plan

Changes in Health Benefits Program Eligibility

The 4% NEC for all CSAs, Customer Reps, and SOS Reps is being provided by Southwest in exchange for a change in health benefits participation eligibility for the Regular Plan Program:

- Regular Plan Program enrollment will only be available to CSAs, Customer Reps, and SOS Reps who elect the plan during this year's Annual Enrollment, taking place October 25-November 7, 2023.
- The Regular Plan Program will be closed to new enrollees after this year's Annual Enrollment.
- Any CSA, Customer Rep, or SOS Rep who is enrolled in the Regular Plan Program at the end of Annual Enrollment on November 7, 2023, will remain in the Regular Plan Program until they elect otherwise.

What does this mean for me?

CSAs, Customer Reps, SOS Reps Currently Enrolled in the Regular Plan Program

- If you are currently enrolled in the Regular Plan Program and you don't make any election changes to your health benefits during this year's Annual Enrollment, you will remain in the Regular Plan Program until you elect otherwise. The Regular Plan Program will continue to be available to you, until you decide to elect a different plan in a future Annual Enrollment.
- The Regular Plan Program will be closed to new enrollees after this year's Annual Enrollment period. Therefore, if you decide to elect a different health plan in next year's Annual Enrollment or thereafter, you will no longer be eligible to enroll in the Regular Plan Program.

CSAs, Customer Reps, SOS Reps Not Currently Enrolled in the Regular Plan Program

- If you enroll in the Regular Plan Program during this year's Annual Enrollment, you will remain in the Regular Plan Program until you elect otherwise. The Regular Plan Program will continue to be available to you, until you decide to elect a different plan in a future Annual Enrollment.
- The Regular Plan Program will be closed to new enrollees after this year's Annual Enrollment period. Therefore, if you enroll in the Regular Plan Program during this year's Annual Enrollment but decide to elect a different health plan in next year's Annual Enrollment or thereafter, you will no longer be eligible to enroll in the Regular Plan Program. Alternatively, if you choose not to enroll in the Regular Plan Program during this year's Annual Enrollment, you will no longer be eligible to enroll in the Regular Plan Program moving forward.

Additional Protections

With these changes to Southwest's retirement and health benefits plans, you will receive the following protections:

- Assurances that CSAs, Customer Reps, and SOS Reps will have access to the Alternative Benefits Plans (Choice Plus Plan, Choice Plan C, and the Health Savings Plan, or their replacements) with new caps on monthly Employee contributions, in-network deductibles, in-network annual out-of-pocket maximums, and in-network coinsurance rates.

Annual Enrollment

Usually held in the fall of each year, it gives all Employees an opportunity to make changes to their benefits, to be effective on January 1 of the following year. This year's Annual Enrollment takes place October 25-November 7, 2023.

Questions



- Log in to workperks.swalife.com then begin a Live Chat with an expert or select "Help" to send an email.
- Call (877) 792-4792 and say "benefits" or press option 2, then say "health and wellness" or press option 1.