



# KNOW YOUR 2023 PLAN CONTRIBUTION LIMITS.

**The Frontier Airlines, Inc. 401(k) Retirement Plan (the “Plan”) is an important component of your financial future. By combining your contributions with the company’s,<sup>1</sup> you will be taking steps toward your retirement savings goals. This savings vehicle is designed to help you properly plan for—and invest in—your future.**

## Employee contributions.

The Internal Revenue Service (IRS) announces the maximum dollar amounts that can be contributed to a Plan account each year. For 2023, there is a combined limit of \$22,500 for employee pre-tax and Roth 401(k) contributions (402(g) limit). If you will be age 50 or older at any time during 2023 and have reached the \$22,500 limit, you may make additional “catch-up” contributions of up to \$7,500 in 2023 (414(v) limit).

## Employer non-elective contribution.

Frontier will make a non-elective contribution equal to 15% of your base pay on a bi-weekly basis in 2023.<sup>2</sup> The compensation limit (401(a)(17) limit) for calculating employer contributions is \$330,000 for 2023. The employer contribution on the base compensation is paid to your Plan account and the excess employer contribution on compensation above \$330,000 is paid by payroll.

Another limit determines the combined maximum employee and employer contributions that can be made to your Plan account each year; in 2023, that limit is \$66,000 (or 100% of your compensation if less) (415 limit).

The 415 limit applies to your combined pre-tax contributions, Roth 401(k) contributions and any company contributions made on your behalf to the Plan. Any “catch-up” contributions you make do not count toward the 415 limit.

Rollover contributions made into the Plan are not subject to any of these limits.

## Important notes.

Because each pilot’s situation is unique, he or she should be aware if they are approaching IRS plan limits. Payroll systems are in place to try to prevent excess contributions. However, these systems have broad parameters so they do not prematurely prevent employees from contributing the maximum possible.

If it is determined that your combined employee and employer non-elective contributions to your Plan account exceed the 415 limit, one or more of the following may occur:

- Any excess employee contributions (adjusted for any earnings) will be refunded to you and may be taxable income.
- Any excess company contributions (adjusted for any earnings) and future company contributions for the remainder of the calendar year will be paid to you and may be taxable income.

## Hypothetical example.

Bill contributes \$22,500 to his Plan account at a 10% combined pre-tax and Roth 401(k) contribution rate. Frontier's non-elective contribution is paid as \$49,500 to his Plan account and \$3,000 by payroll. Because Bill's contributions along with the non-elective contribution exceed \$66,000, he is paid \$6,000 in excess contributions by payroll. Bill has \$66,000 contributed to his Plan account and \$9,000 paid by payroll (\$6,000 + \$3,000).

Bill's contributions	Employer non-elective	Total contributions
<b>Age 40</b> <b>Annual compensation =</b> <b>\$350,000</b>  10% compensation in pre-tax and Roth 401(k):  <b>\$22,500<sup>3</sup></b>	<b>15% of eligible compensation:</b>  \$49,500 paid to Plan account on base compensation  + \$3,000 paid by payroll on excess compensation  <hr style="width: 20%; margin-left: 0;"/> <b>\$52,500 total contribution</b>	<b>Bill's + Frontier's contributions                      to his Plan account</b>  \$22,500 from Bill + \$49,500 from Frontier <hr style="width: 20%; margin-left: 0;"/> <b>\$72,000 total contribution</b> (exceeds \$66,000 <sup>4</sup> limit)  <b>\$6,000 excess paid by payroll</b>

Hypothetical example for illustrative purposes only.

### For participants who ARE NOT eligible for catch-up contributions:

- If the participant (age < 50) does not contribute any employee contributions during the year, the system will calculate employer contributions up to the annual additions limit (for 2023—\$66,000).
- If the participant (age < 50) does contribute any employee contributions during the year, the system will calculate employer contributions up to the annual additions limit (for 2023—\$66,000), less any employee contributions. This employer contribution will be paid to the Plan. Any additional employer contribution (amounts up to 15% of eligible compensation) will be paid to you through payroll and may be taxable income. Refer to the Collective Bargaining Agreement for timing of any payments.

### For participants who ARE eligible for catch-up contributions:

- If the participant (age ≥ 50) does not contribute any employee contributions during the year, the system will calculate employer contributions up to \$66,000.
- If the participant contributes less than \$7,500 in employee contributions during the year, the system will calculate employer contributions up to \$66,000. If the participant reaches the annual additions limit (for 2023—\$66,000), the employee contributions would be considered catch-up and the system will calculate contributions up to \$73,500.
- If the participant contributes at least \$7,500 in employee contributions during the year, the system will calculate contributions up to \$73,500 across all sources, limiting employer contributions to \$66,000.

To make changes to your Plan account, go to [workplace.schwab.com](https://workplace.schwab.com) or call **1-800-724-7526**.

<sup>1</sup>Employer contributions are paid on a pre-tax basis and may be taxable at withdrawal.

<sup>2</sup>Refer to your Collective Bargaining Agreement (CBA) for plan details.

<sup>3</sup>2023 IRS limit. The limit for those 50+ in 2023 is \$30,000.

<sup>4</sup>2023 IRS limit. The limit for those 50+ in 2023 is \$73,500.

This information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. Where specific advice is necessary or appropriate, you should consult with a qualified tax advisor, CPA, financial planner, or investment manager.

Schwab Retirement Plan Services, Inc. provides recordkeeping and related services with respect to retirement plans and has provided this communication as part of the recordkeeping services it provides to the Plan.