. Although the information contained herein is believed to be accurate, no warranties are made or implied as to the accuracy of such information.

Understanding the Variable Benefit in the Delta Pilots Disability and Survivorship (D&S) Plan

The D&S Plan specifies a variable benefit feature on one-half of the benefit. This variable feature may be significant for eligible survivors of normally retired pilots because the initial variable index is based upon the pilot's date of retirement. There can be a sizable increase in that variable index between the date of retirement and the date of death.

How is the variable benefit calculated?

When benefit payments (Survivor or Long Term Disability) commence, the variable benefit is converted to benefit units. The variable benefit (one half of the benefit) is divided by the benefit unit value on that date to determine a number of benefit units. . The number of benefit units is multiplied by the newly calculated benefit unit value each April 1st to determine the current Variable Benefit. Accordingly, the variable portion of D&S Plan benefits may increase each year on April 1st depending upon the investment performance of the assets in the D&S Trust; however, the Variable Benefit can never decrease below one-half of the initial benefit.

The formula for determining the magnitude of variable increases uses a 5 year weighted average of actual investment performance minus 6.5%. The investment performance in the most recent calendar year is counted 5 times; the yield in the previous year, 4 times; the yield 2 years previously, 3 times; the yield 3 years previously, 2 times; and the yield 4 years previously, 1 time. The sum of this calculation is divided by 15 to produce a weighted average of the investment performance. The weighted average of investment performance is reduced by 6.5% to produce the annual change in the benefit unit value.

Historical values of the variable unit values are listed on the DDPSA website at www.ddpsa.org . An example of the benefit calculation is shown on the following page.

EXAMPLE OF SURVIVOR BENEFIT CALCULATIONS

Let us consider the case of a pilot who retired in May 1998, at age 60, with more than 25 years of Delta service and final average earnings (FAE) monthly of $12,000. If that pilot died in April 2021, his or her eligible surviving spouse would have a monthly income survivor benefit calculated as follows:

30% of FAE ($12,000) = $3,600
Fixed Benefit = $1,800
Variable Benefit = $1,800 adjusted for variable increases

The initial Variable Benefit is divided by the variable unit value for May 1998.
$1,800 divided by $28.51 = 63.1357 Variable Benefit Units (VBU)

The current Variable Benefit is calculated by multiplying by the number of VBU by the April 2021 unit value
63.1357 X $39.35 = $2,484

Therefore, the current monthly income survivor benefit is
Fixed benefit =$1,800
Variable benefit = 2,484
Total =$4,284

*NOTES: *There may be small rounding errors in the example above. There are adjustments to the survivor benefit for pilots who retired with less than 25 years of Delta service or before age 60. The survivor benefit for pilots on long term disability (LTD) is based upon 50% of the amount of the LTD benefit being paid at the time of the pilot's death. Eligible surviving spouses must have been married to the pilot at least 12 months prior to the pilot's event date (retirement or disability whichever occurred first), unless the pilot was in a good state of health between the marriage and the event date, and remained married to the pilot continuously until the date of the pilot's death. The monthly income survivor benefit is not payable for pilots who retired on or after January 1, 2008.*