



DELTA DISABLED PILOTS AND SURVIVORS ASSOCIATION

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www.ddpsa.org

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NOTICE TO DISABLED PILOTS

13 MONTHS OF LTD PAYMENTS FOR 2013 TAX PURPOSES

As a result of a contractual change for active pilots who are receiving LTD benefits, Delta has shifted the payment of LTD benefits forward by one day. The LTD payment for the pay period 12/1/13 through 12/31/13 was paid on December 31st instead of January 1st as in previous years. Consequently, pilots receiving LTD benefits will have received 13 months of benefit payments in calendar year 2013 and the amount of those 13 payments will be reflected in the W-2 for 2013. In future years there will be payment of 12 months of benefits up until the year that you die. In that year, there will one less monthly LTD payment. The bottom line is that you are not receiving more money. You simply are receiving the benefit a day earlier.

The D&S Plan does not appear to include any reference to the date that the monthly LTD benefit is paid. Accordingly, it appears that Delta has discretion to adjust the date of payment forward by one day. Unfortunately, Delta did not provide retired disabled pilots with advanced notification about this change to allow for tax planning related to the additional 2013 income.

DDPSA will contact both Delta and ALPA to see if the Dec 31st payment can be restated as being paid on Jan 1st. If so, pilots will be able to do advanced income tax planning for 13 monthly LTD payments in 2014. If not, the extra monthly payment may complicate income tax calculations for 2013 and potentially could result in an increase in the Medicare Part B premiums for some pilots in 2015.

If the additional payment increases your 2013 Modified Adjusted Gross Income into the next income bracket for determining Medicare Part B premiums for 2015, you may want to contact Medicare to see if an adjustment can be made. Typically Medicare sends a notification of the amount of the Medicare Part B premium for the following year. That notification usually explains how you can file an appeal for an adjustment. Perhaps the administrators at Medicare will be willing to make an adjustment for this unusual 13th monthly payment in one calendar year. For reference, at least one pilot was successful in getting an adjustment to his Medicare Part B premiums for 2009 when he requested that the bankruptcy settlement for medical benefits be removed from his 2007 Modified Adjusted Gross Income.

