



DELTA DISABLED PILOTS AND SURVIVORS ASSOCIATION

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**DDPSA sends its Seasons Greetings.
May your holidays be filled with love and laughter.
May the New Year find you happy and healthy.**

DELTA LTD AUDIT CONTINUES

DDPSA is receiving feedback each month from pilots who have received the details of an audit conducted on their Long Term Disability (LTD) accounts. In most cases the pilots are receiving checks that constitute retroactive payment for errors. Delta apparently is calling pilots to inform them that a package containing the results of the audit (and a check in many cases) is being sent via UPS delivery. The complexity of the audit appears to be limiting the output to about 30 pilots at the end of each payroll period. The audit appears to have been completed on about 250 pilots out of over 700 whose accounts are being reviewed.

Feedback from pilots in recent payroll periods indicated that they received retroactive payments ranging from about \$4,000 to over \$31,000. Additionally pilots are receiving increases to their future monthly LTD benefit payments.

One pilot expressed concern that he eventually would have to repay the amount that he received as a result of the audit. In order to dispel that fear, the following will provide a brief review of basis of the corrections. Generally the corrections relate to two sources.

1. **The Social Security offset error**—LTD benefits are reduced dollar for dollar by the amount of income paid from the Delta Pilots Retirement Plan (now administered by the PBGC). When Delta pilot retirement benefits were reduced by a social security offset (generally applied at age 65), the LTD amount paid to the pilot should have been increased by the amount of that social security offset. Unfortunately, Delta did not administer the D&S Plan in that manner. The DDPSA chairman won a grievance on this issue with the result being that all pilots impacted by the social security offset error are eligible for appropriate corrections to their LTD accounts.
2. **Variable increases to the offset to LTD benefits**---When pilots elected a lump sum distribution from the Delta Pilots Retirement Plan, they surrendered the right to receive variable increases on annuities paid from that Plan. Accordingly,

the amount of the benefit upon which the lump sum was based should have been locked in as the offset to LTD benefits related to that lump sum distribution. Unfortunately, in many cases, Delta applied variable increases to the lump sum related offset to LTD benefits. By working through ALPA, DDPSA was successful in getting Delta to recognize and address this error. For reference, this error generally applies only to pilots who retired before April 2000 or who retired between April 2003 and April 2005.

Other errors have been discovered during the audit. In some cases, these additional errors have resulted in even greater payments to pilots. However, when pilots failed to inform Delta about increases in their PBGC benefits, typically the pilots were overpaid by the D&S Plan and are required to repay those over payments. The corrections for the LTD offset errors relating to the social security offset and variable increases generally **reduce** the amount that the pilot must repay to the D&S Plan.

Survivors of pilots whose LTD benefits were underpaid also should receive any appropriate corrections. However, documentation of the pilot's final PBGC worksheet will be required (unless the pilot deceased prior to termination of the Delta Pilots Retirement Plan in September 2006). At this time, it does not appear that Delta has requested documentation from survivors. DDPSA is working to find a resolution to this issue.

For clarification, the social security offset error in the cases of deceased pilots who were receiving LTD benefits at the time of their death generally is applicable only if the pilot retired **and** reached age 65 before his death. The variable increase error in the cases of deceased pilots who were receiving LTD benefits at the time of their death generally is applicable only if the pilot received a lump sum distribution from the Delta Pilots Retirement Plan **and** retired before April 2000 or between April 2003 and April 2006.

DDPSA will continue to monitor developments relating to the D&S Plan.