

FREQUENTLY ASKED QUESTIONS ABOUT SURVIVOR BENEFIT UNDER THE DELTA PILOTS DISABILITY AND SURVIVORSHIP (D&S) PLAN

There still appears to be a lack of awareness about survivor benefits under the D&S Plan. Survivor benefits under the D&S Plan appear to be the most valuable remaining benefit stemming from Delta to retired Delta pilots. These questions and answers were compiled by the Delta Disabled Pilots and Survivors Association (DDPSA). Although the answers are believed to be accurate, no warranties are made concerning the accuracy of the information contained herein.

1. Will my surviving spouse be eligible for a survivor benefit under the D&S Plan?

Eligible surviving spouses of Delta pilots who retired before January 1, 2008, are eligible to receive a Monthly Income Survivor Benefit from the D&S Plan. This benefit is in addition to any life insurance that is payable to beneficiaries under the D&S Plan and any joint life survivorship benefit that may be payable from the PBGC.

2. How does the D&S Plan define an eligible surviving spouse?

In order to be eligible for monthly income survivor benefits, the spouse must have been married to the pilot at least 12 months prior to the pilot's Event Date (the earlier of the date of retirement or disability) unless the pilot was in good health sometime between the date of marriage and the Event Date. Additionally, for Event Dates after July 1, 1996, the spouse must have been married to the pilot continuously from the Event Date until the pilot's death.

3. How much Monthly Income Survivor Benefit can an eligible surviving spouse expect to receive?

The Monthly Income Survivor Benefit generally is based upon the pilot's final average earnings (FAE), length of Delta service, age at retirement and variable increases that have occurred since the pilot's retirement date. If the pilot retired under the 1996 Special Retirement Program, there may be up to 5 years of additional service or adjustment to his retirement age in calculating the D&S Plan

Monthly Income Survivor Benefit. If the pilot was receiving Long Term Disability (LTD) benefits at the time of his death, the Monthly Income Survivor Benefit is 50% of the LTD benefit (before the reduction for retirement benefits is applied).

4. How about providing some examples?

All of the following examples assume a death between April 1, 2013 and March 31, 2014. On April 1, 2014, there may be another adjustment to the variable portion of the benefit.

A. The majority of Delta pilots retired at age 60 with at least 25 years of Delta service. If a pilot retired in December 1995 with monthly FAE of \$13,000 (average of the highest 36 consecutive months of earnings out of the last 120 months of earnings) and died in October 2013, the Monthly Income Survivor Benefit would be approximately \$5,060.

B. If a pilot retired in December 1996 under the Special Retirement Program in December 1996 at age 54 with at least 25 years of Delta service and monthly FAE \$14,000, the Monthly Income Survivor Benefit would be approximately \$5,045.

C. If a pilot retired in March 2005 at age 54 with at least 25 years of Delta service and monthly FAE of \$18,000, the Monthly Income Survivor Benefit would be approximately \$4,478.

D. If a former Western pilot retired at age 60 in October 1995, his credited Delta service would be 7 years. If his monthly FAE was \$12,000, the Monthly Income Survivor Benefit would be approximately \$1,495.

E. If a former Western pilot retired in December 1996 at age 60 under the Special Retirement Program, his credited Delta service would be 9 years, two month plus 5 years or 14 years and two months. If his FAE was \$13,000, the Monthly Income Survivor Benefit would be approximately \$2,737.

F. If a former Western pilot retired in March 2005 at age 59 with monthly FAE of \$16,000, the Monthly Income Survivor Benefit would be approximately \$3,301.

G. If an acquired Pan Am pilot who was hired on September 1, 1991, retired at age 60 in December 1998 with a monthly FAE of \$13,000, the Monthly Income Survivor Benefit would be approximately \$1,236.

5. Why is it that the above example indicates that the Monthly Income Survivor Benefit may be more than the pilot was receiving in Delta retirement benefits?

The vast majority of Delta pilots who retired after 1989 elected a lump sum distribution on one-half of the retirement benefit. Therefore, only one-half of the retirement benefit remained as annuity payments. The annuity payments were reduced as a result of termination of the Delta Pilots Retirement Plan. D&S Plan benefits of retired pilots were not modified during the Delta bankruptcy. Consequently, the monthly income survivor benefit in many cases exceeds the amount of income the pilot was receiving in Delta retirement benefits.

6. How can I determine the amount that my spouse will be entitled to receive?

You can call 1-800-MY-DELTA and request an estimate of your survivor's benefit. Alternatively, you can visit the DDPSA website at www.ddpsa.org, click on the SURVIVORS section, click on SURVIVORS WORKSHEET and enter the requested information. The feedback on the estimates obtained from the SURVIVORS WORKSHEET is that they are almost identical to the estimates provided by Delta.

7. How will my surviving spouse know that the amount of the Monthly Income Survivor Benefit is accurate?

That is a good question considering the general lack of details in communications from Delta. It would be prudent to keep a record of your retirement paperwork that indicates your FAE, etc. Your executors could use that information to enter into the SURVIVOR WORKSHEET on the DDPSA website as a means of confirming the accuracy of Delta's calculation. Please be aware that there may be small rounding errors when using the SURVIVOR WORKSHEET because available information on the variable index is limited to two digits after the decimal point.

8. How would the survivors of disabled pilots determine the accuracy of their Monthly Income Survivor Benefit?

The Monthly Income Survivor Benefit of eligible survivors of disabled pilots who retired before January 1, 2008 (or were removed from the seniority list on or before June 1, 2006), is 50% of the gross LTD benefit payable immediately prior to the pilot's death. An up to date record of the amount of the gross LTD benefit can be found by reviewing the latest pay stub on the Delta.net website. That pay stub will reflect the fixed and variable portions of the benefit as PLTFXLTD and PLTVRLTD. Adding those two figures together will produce the gross LTD benefit. Fifty percent (50%) of that sum is the Monthly Income Survivor Benefit if the pilot were to die today. It would be a good idea to print out a copy of the pay stub every May 1st to capture the latest change to the variable benefit.

9. What are the differences in survivor benefits for pilots who retired after December 31, 2007?

During the Delta bankruptcy, the D&S Plan was modified to replace monthly income survivor benefits with life insurance for active pilots and those retiring on or after January 1, 2008. Life insurance has several advantages because it is not taxable and does not impose the same eligibility requirements on beneficiaries that exist for the Monthly Income Survivor Benefits. However, the amount of life insurance is cut in half at the date of retirement and diminishes to \$10,000 over the five years following retirement.

10. Is there any life insurance coverage for pilots who retired before January 1, 2008?

For pilots who retired before January 1, 2008, the amount of life insurance is based upon a declining scale starting at \$50,000 and reducing to \$10,000 in the 5 years following retirement.

For more information and additional examples about survivor benefits, you can visit the DDPSA website at www.ddpsa.org. There is a detailed article entitled "Understanding Survivor Benefits" posted on the SURVIVORS section.