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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 benefit unit value are listed on the DDPSA website at www.ddpsa.org.