

**Insurance for Pilot's families from the
Delta Pilot Disability and Survivorship (D & S) Plan (Trust)**

Rev 7/5/2023

PRINT this and keep with Delta Pilot's estate papers for Surviving Spouse:

Fill in for family -Pilot Full Name: _____

Pilot ID #: _____

Hire Date: _____ Retire Date: _____

Delta SURVIVOR BENEFITS Summary:

NOTES - Update as of July 2023

Overview: The benefits of Disability and Survivorship were first negotiated in 1972. Delta has honored paying out these benefits since then, BUT in 2023 they have decided to fund the Trust monthly instead of having a long term balance and continue to use it as a managing vehicle for distribution of benefits. The Trust still pays out monthly benefits but the funding is also monthly out of operating revenues. All notes below, affecting the survivor, are subject to Delta being willing and able to continue paying the benefits as negotiated.

1. **Survivor sign up** to RECEIVE benefits: Upon the death of the Delta pilot, contact the ESC at 800 MyDelta or Retirement and Survivor's Benefits Department at 404-715-2018 and complete the signup by providing them the verification needed. Benefits are paid out monthly.

Important Note on ACTION required by Survivor: Benefits continue as long as Delta receives the "ANNUAL VERIFICATION LETTER" from the beneficiary within 30 days of being sent. Do not overlook this or the benefits will cease.

Note 2: There use to be a loss of eligibility for the survivor eligible to continue to receive benefits if they remarry. But that is no longer the case.

2. **Taxing of Benefits for Survivor** – the principals of funding the D & S Plan for survivor benefits as an insurance have been complied with from Delta as per Section 101(a) of the code..... therefore for years and years benefits paid out of the Section 501(c) (9) Trust have been treated as a NON-TAXABLE insurance benefits negotiated for the deceased pilot's survivor. Delta assumes they are non-taxable as well but in 2022 started backing off any "official position" issuing 1099's with the "Tax Determined Box" check as Not Determined. Check with a tax advisor if you are in question but these benefits should be non-taxable. The overwhelming majority of survivors report it as non-taxable and are not questioned on the matter from the IRS. Important: it is assumed that Delta still funds the Trust (albeit monthly from operating revenues) for a tax benefit for both the company and the beneficiary, since survivors are still receiving insurance characterized funds from a Section 501(c)(9) Trust.
3. **Amount received:** The process for the formulation is now changed since the Trust no longer carries an asset balance. This changed starts as of 2023,

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because Delta is no longer paying out benefits from the Trust long term asset balance. The Trust is being funded monthly instead of long term and continued to be used as a vehicle to distribute the benefits which come from Delta's operating revenues. So the pilot's Final Average Earnings is still the basis for the formulation of benefits but other elements such as the Trust's operating balance are now no longer in the calculation. As of 2023 ALPA is attempting to negotiate an altered formulation, of the fixed and variable amounts that a survivor receives, to mimic what was paid out prior to the monthly funded Trust.

What are the Delta pilot's survivor benefits?

There are TWO types of survivor benefits. The J&S annuity option from the DB Plan, Type 1, is paid for **by you** by receiving a decreased benefit when you retire. You may waive this option if your spouse gives notarized consent. The other type of survivor benefit, Type 2, is automatically paid from the Disability and Survivor (D&S) Plan's trust fund at no cost to you.

Type 1 – If the Post-Retirement Survivor Benefit Option under the Retirement Plan is in effect at your death, a benefit equal to approximately one half of your monthly retirement benefit is paid to your surviving spouse. **(Most didn't do Type 1)**

Type 2 – From a combination of the D&S Plan and the retirement plan, the following benefits are paid upon your death:
(This one is automatic after notification and if the trust is still being funded by Delta)

o A lump sum benefit of \$50,000 if you are still working or disabled (reduced to \$10,000 in 5 equal decrements upon retirement or upon age 60 if disabled); and

o A monthly benefit, based on FAE as explained below. Pre-retirement FAE is based on the highest 12 consecutive months of earnings in the last 36 months. Post-retirement FAE is based on the highest 36 consecutive months of earnings in the last 120 months. One half of the monthly benefit (variable amount) is eligible for an increase/decrease each April.

Death before age 50 while actively employed:

One Eligible Family Member (EFM) – 25% FAE
Two EFM's – 30% FAE
Three EFM's – 35% FAE*

Death after age 50 while actively employed:

One EFM – 30% FAE
Two or more EFM's – 35% FAE*

Death after retirement: (this one applies to retirees situation)

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One EFM – 30% FAE

Two or more EFM's – 35% FAE*

These amounts are reduced by a fraction equal to years of Delta credited service divided by 25, reduced by 3% per year (.25% per month) for retirement before 60.

Death while disabled, but NOT RETIRED:

The greater of 50% of gross disability benefit you were receiving or 25%, 30%, 35%* FAE based on the above EFM schedules.

Death after retirement from disabled status:

50% of the pre-retirement disability benefit.

*Reduced to 30% FAE when you would have reached age 65.

Referencing the full Plan and/or benefit calculators can help you determine your approximate benefit amount better than attempting the math from the summation above.

FAQ's

Are there any offsets to D&S Plan survivor benefits?

No.

How long do D&S Plan monthly survivor benefits last?

They continue for your eligible spouse's life as long as you did not divorce before your death. Benefits for children are never affected by your spouse's marital status.

How do my survivors apply for D&S Plan benefits?

Contact the Retirement and Survivor's Benefits Department at 404-715-2018. (Delta ESC @ 1-800 MyDelta, or whomever is overseeing this trust)

How are the D&S Plan survivor benefits funded?

Through company contributions to the D&S trust fund. The D&S trust fund is for the exclusive benefit of participants. Funding method changed in 2023 from long term with operable Trust balance to monthly with little Trust operable balance. (see NOTES above):

Are the monthly D&S Plan survivor benefits taxable?

For survivor benefits No, (see NOTES above):

What happens if Delta goes out of business?

The Trust may be operable only if funded.....a bankrupt Delta would cease funding for the Trust thereby placing all benefits at risk. (At risk see NOTES above)