



June 1, 2012

12-09

Contract 2012 – Retirement and Insurance

This *Negotiators' Notepad* will discuss the numerous Retirement & Insurance- related improvements and modifications that are part of the Tentative Agreement recently approved for membership ratification by the MEC. This *Notepad* should be read in conjunction with the entire series of *Notepads* as you educate yourself in preparation to make an informed decision when the membership ratification window opens.

Retirement:

DC Contribution Improved

Effective January 1, 2014, the Company will contribute an additional 1% of earnings to each pilot's individual account under the Delta Pilots DC Plan (DC Plan).

Simultaneously, targeting for former NW pilots under the current PWA will cease. At that time, *all* pilots will receive total Company contributions of 15% of earnings, with 2% of earnings being contributed to the Delta Pilots Savings Plan (DPSP) and 13% of earnings being contributed to the DC Plan.

Option for Participants to Hire Own Financial Advisor Added

Effective no later than January 1, 2013, each pilot will have the option of designating a third-party financial advisor of his own choosing, who will have the authority to direct the investment of assets in his DPSP and DC Plan accounts, via the individual brokerage sleeve. This will provide pilots with an additional tool in managing their retirement plan assets.

Definition of Earnings Expanded

Effective for pilots retiring after July 1, 2012, a pilot's earnings under the DC Plan and DPSP (which forms the basis for the Company's contributions to the plans) will include amounts paid *after* retirement or termination for earned and accrued vacation and the pilot's full-service bank.

Medical/Dental Benefits:

Delta Pilots Medical Plan (DPMP) Redesigned

Effective January 1, 2013, the previous DPMP and DPMP Out-of-Area (OOA) medical/dental options will be eliminated, and the previous DPMP Option N and DPMP Option N OOA, with minor modifications, will become the new DPMP and DPMP OOA medical/dental options. These modifications will align the new DPMP/DPMP OOA benefits to conform to the benefits in place under the Gold Health

Reimbursement Account (HRA) as of January 1, 2012 for chiropractic care, emergency room visits, hospice care, therapies, and weight loss treatment. Non-network prescription drug coverage will be eliminated from the DPMP (but not from the DPMP OOA), and Tier 4 drugs will no longer count against the annual out-of-pocket maximum applicable to prescription drug coverage under the new DPMP or DPMP OOA.

The redesigned DPMP/DPMP OOA will apply to active and disabled pilots, as well as current and future retirees. Pilots will still be able to select from among the DPMP/DPMP OOA medical/dental options and the other medical and dental options the Company makes available to all employees.

New DPMP/DPMP OOA Pilot Premium Reduced

Effective January 1, 2013, the premium that active and disabled pilots will pay for coverage under the new DPMP/DPMP OOA medical/dental option will be reduced from 27% to 22% of the total premium. This results in an 18.5% reduction in the dollar amount of the premium paid by the pilot (e.g., approximately \$900 in savings for DPMP family coverage in 2013, based on 2012 premiums). No change was made in the premium that retirees pay for the DPMP/DPMP OOA medical/dental option (100% of the total premium until age 60 and 51% of the total premium from age 60 until age 65).

Option to Accelerate HSA Contributions Added

Effective January 1, 2013, pilots participating in the Diamond Health Savings Account (HAS) or Ruby HSA medical option will be able to “frontload” the contributions they make to their HSA by payroll deduction by electing the amount they wish to contribute, up to the applicable limit (in 2013 - \$3,250 individual/\$6,450 family, plus \$1,000 if age 55 or older by year end). Before 2013, HSA payroll deduction contributions were required to be made evenly over 24 pay periods.

DPMP Orthodontia Lifetime Maximum Improved

The lifetime maximum for orthodontia benefits under the new DPMP/DPMP OOA will increase from \$2,500 to \$3,000 per covered individual. The higher maximum will apply to orthodontia treatment that is in progress on, or treatment that begins after, July 1, 2012.

DPMP and Delta Health Plan Claims Review Process Enhanced

The claims review process under all of the DPMP/DPMP OOA and Delta Health Plan options will be enhanced. If a claim has been denied under the plan’s internal claim review process conducted by United Healthcare or United Behavioral Health (UHC/UBH), a pilot may seek further review of the denied claim by an entity that is *completely independent* of UHC/UBH, and may present evidence that was not presented or considered in the internal claims review process. In addition, if the pilot was assisted by a UHC/UBH-provided health advocate in pursuing his claim in the internal claims review process, then the Company will provide the pilot, at his request, an *independent*

health advocate to assist him in pursuing his claim in the voluntary, independent, external review.

A pilot must exhaust the voluntary, independent, external review process before he may seek further review of a denied claim by the Benefit Review Board under *Letter of Agreement (LOA) #5*.

UHC/UBH Medical and Behavioral Health Guidelines Posted

The Company will provide a pilot with electronic access to the medical guidelines that provide information regarding medical coverage and that apply when determining claims under the medical and behavioral health options. The guidelines for medical issues can be found at www.MyHealthCareView.com => Learn More About => Medical and Reimbursement Policies => Medical and Drug Policies and Coverage Determination Guidelines => I Agree. The guidelines for behavioral health issues can be found at www.ubhonline.com =>Level of Care Guidelines.

Option to Make Pre-Tax Health Contributions Extended to Disabled Pilots

Effective January 1, 2013, while he receives disability benefits from the Disability & Survivorship (D&S) Plan, a pilot (including a pilot who has been disabled for ten years and been removed from the seniority list) will have the option to make pre-tax contributions to a Flexible Spending Account or Health Savings Account, by deduction from his disability benefit payment.

DPMP Post-Medicare Retiree Medical/Dental Option Eliminated

The DPMP Post-Medicare OOA medical/dental option will be eliminated for pilots retiring after January 1, 2013 (other than for pilots retiring in 2013 under the RMA Program). The number of more cost-effective plans available on the open market has resulted in this option rarely being used by pilots.

Disability and Survivorship Plan:

LTD Benefit Formula Improved

For pilots with disability Event Dates on or after July 1, 2012, long-term disability (LTD) benefits will be equal to 50% of final average earnings (highest 12 of last 36 months of earnings), subject to applicable offsets. Previously, long-term disability benefits were equal to the *lesser* of 50% of final average earnings or 40 hours multiplied by the composite hourly rate of the position the pilot held on his Event Date, subject to applicable offsets.

Gap in Coverage under D&S Plan Eliminated

After July 1, 2012, a pilot who has been on leave will resume coverage under the D&S Plan, for disability benefits and Company-paid life insurance benefits, upon return to active payroll status. Previously, the pilot was covered only upon return to active work.

Company's Ability to Pay Sick Leave and Vacation from D&S Plan Eliminated

Effective January 1, 2013, the Company will no longer be permitted to pay \$60 million of sick leave and vacation from the D&S Trust.

Maximum Duration of LTD Benefit for Psychiatric/Alcoholism/Drug Abuse Lengthened

The maximum duration of LTD benefits paid for psychiatric conditions, alcoholism, and/or drug abuse will be increased. Effective for pilots with a disability Event Date on or after July 1, 2012 and for pilots receiving LTD benefits for such causes whose Event Date occurred on or after January 1, 2010, the maximum duration of LTD benefits for such causes will be 30 months per event and 54 months total. For a pilot receiving LTD benefits for these causes, the running of the 30-month and 54-month limits will be suspended during any period the pilot is also disabled for a physical cause. Previously, the limit was 24 months total.

Pilots on Military Leave Remain Covered under D&S Plan for 60 Days

A pilot on military leave will remain covered under the D&S Plan for disability benefits and Company-paid life insurance benefits during the first 60 days of *any* period of military leave. Previously, a pilot on military leave remained covered only for the first 60 days of military leave in any year.

Disability Benefits Paid While FAA Reviews Application

After July 1, 2012, a pilot may continue receiving disability benefits even though he is not under the care of a Qualified Health Professional, if he is unable to return to active payroll status due to the FAA's pending review of his application for a First Class Medical Certificate and he has made timely and good faith disclosures to the FAA and/or Director – Health Services and/or his AME of an illness or injury. Previously, disability benefits could be paid only to a pilot who was under the care of a Qualified Health Professional. The most common situation in which this issue might arise is if the pilot has an illness or injury (other than a routine cold/flu) which causes him to be ineligible to fly, but he subsequently recovers prior to reporting for his next regularly scheduled FAA physical, *and* at his next physical, his AME is unwilling to issue a First Class Medical Certificate absent additional testing/review by the FAA.

If you incur an illness or injury, and are unsure as to whether this could potentially be an issue during your next FAA physical, you should contact ALPA Aeromedical (303-341-4435) and consider their advice with respect to your particular situation. Under this provision of the PWA, you are also strongly encouraged to comply with the requirement to make "timely and good faith disclosures" to ensure that you will be eligible for disability benefits should an issue later arise with your AME. For more information about this area of the PWA, you can always access the MEC's R&I benefits specialist at 800-USA-ALPA.

Life Insurance and AD&D Insurance:

Company-Paid Life Insurance Increased

With the increases in pay rates under the TA, the level of Company-paid life insurance under the existing formula will increase from \$564,375 to \$637,000 in 2013, \$656,000 in 2014 and \$676,000 in 2015. In addition, beginning in 2013, the level of Company-paid life insurance will be rounded to the nearest \$1,000.

Scope of Company-Paid AD&D Insurance Coverage for MAC Flying Narrowed

The \$1,000,000 in Accidental Death & Dismemberment insurance for Military Airlift Charter (MAC) flying will no longer apply to MAC flights on which both the scheduled departure and destination airports are within the United States, its territories and possessions, and Canada. Previously, all MAC flights were covered.

Options to Reduce Amount of Company-Paid Life Insurance Expanded

Beginning in 2013, a pilot will have the option of electing to reduce the amount of his Company-paid life insurance coverage (for the purpose of reducing taxable imputed income on the coverage) to \$500,000 (in addition to the current options to reduce the coverage to \$50,000, \$200,000, \$300,000, or \$400,000). At retirement, a pilot may elect to reduce his Company-paid retiree life insurance to \$50,000, and such amount will remain in effect for five years before being reduced to \$10,000 for the rest of his life.

Conclusion

Please take the time to read the entire series of *Notepads* that will be provided to you in the days and weeks ahead, share the material with your families, attend one of the road shows, and ask as many questions as you need to ask.

The Delta Pilot Network call center will be manned throughout the pilot ratification process and DPN volunteers will have direct access to members of the Negotiating Committee to provide answers to all your questions in a timely manner.

Your Negotiating Committee believes that this is a significant agreement for Delta pilots and our families. As such, we strongly endorse this agreement and recommend that when the voting window opens, **you vote in favor of ratifying C2012.**

Delta MEC Negotiating Committee

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