



DELTA DISABLED PILOTS AND SURVIVORS ASSOCIATION

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April 26, 2024

VARIABLE BENEFIT DECLINES

Effective on April 1, 2024, the variable benefit unit value declined from \$39.20 to \$38.14. This decline resulted in a 2.7% decrease in the variable portion of benefits paid by the Delta Pilots Disability and Survivorship (D&S) Plan. Because survivor benefits are paid in advance, the payment to survivors on the last business day of March (March 28th) reflected the decrease in their benefit. Disabled pilots can expect a decrease in their benefit payment at the end of April (LTD benefits are paid in arrears).

Delta's letter includes the following statement about the decline.

"As in prior years, to determine the unit value the Plan requires a five-year smoothing method that weights the Plan's fund performance over the past five years. This smoothing avoids large fluctuations in the investment returns year to year. So, even if the market is performing relatively well in the year that the rate changes, the prior five years are used for the unit value calculation."

There are two points that we need to convey about this statement. First, the statement does not address the fact that the calculation used to determine the adjustment in the variable benefit includes a 6.5% reduction to the weighted average of the Plan's fund performance over the last five years. Secondly, even with the 6.5% negative adjustment in the weighted average formula, it was reasonable to expect an increase in the variable benefit in April 2024 given the strong performance of financial markets in 2023, 2021, 2020 and 2019 (the four of the five years used in the 2024 adjustment). A more detailed analysis of the recent investment performance of D&S Plan funds will be posted on the DDPSA website after we complete the review of the form 5500.

The concern going forward is that Delta's decision to convert to a pay-as-you-go method of funding benefits will have a negative impact on future variable benefits. This trend could have a devastating impact over time, especially for

pilots (and survivors) whose event date (retirement or disability, whichever came first) occurred when the variable index was low.

DDPSA has communicated our concerns to ALPA and will continue to explore possible options to improve the current situation. In the meantime, please ensure that we have your up to date contact information (www.DDPSA.org). Thank you for your support.