



The Social Security Offset

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As our retired pilot population ages, many of us are going to be affected by the Social Security offset of the PWA. Referencing page 9 of the July 2005 Delta MEC Retirement and Insurance Handbook: "**Social Security Offset** - Applies at the earlier of the date of your Social Security benefits or age 65. If you were on the DAL, WAL, or Pan Am seniority lists before February 9, 1982, your monthly offset is \$94 at age 62 or \$117 at age 65. Otherwise, your offset equals \$259 monthly (at age 62) prorated for service less than 25 years. If you receive the Minimum Benefit, no offset applies."

What does all this mean?

If you were hired Pre 72 and receive the minimum benefit, then you have no offset. However, if your 60% FAE was greater than the minimum benefit, you are subject to the offset for hires before 1982. Check your "Delta Pilots Retirement Plan Statement of Estimated Monthly Benefit after Plan termination" (dated January 2007) to determine if you retired only on the minimum benefit. If any portion of your retirement used the 60% FAE you will pay the offset.

If you were already 62 on the date of bankruptcy, or when the PBGC took the plan, then you may be having the offset applied. **If you are not 65, and are not receiving benefits, you should not be paying an offset. Notify the PBGC of this error.** If you were younger than 62 at that time, and do not take social security until 65, then no offset will be applied until you are 65 (this is prorated, if for instance you decide to receive benefits at 64). The 65 provision applies even though you might not be eligible for full social security benefits at age 65 (depending on your birth date) and do not draw the social security benefit at age 65. **At age 65 you will pay the offset whether you receive the SS benefits or not.**

If you were hired after February 9, 1982, your offset at age 62 (after electing to receive social security) is \$259. If you wait until age 65 it is \$323.75. These offset amounts are reduced for years of service less than 25. This is a straight proration that parallels the retirement benefit reduction for less than 25 years of service (months of service divided by 300, or 25 years).

For former Western and Pan Am pilots their date of hire is their original date of hire with Western or Pan Am. However, these pilots' offset will be reduced by the years of service provision. If one of these pilots worked for Delta for 14 years (and was originally hired before February 1982) then this pilot would have the offset reduced by 14/25 (56%). This yields an offset of \$52.64 (56% of \$94), if this pilot receives SS benefits at 62. If the pilot waits until 65 the same reduction applies (56% of \$117 which is an offset of \$65).

There is no offset for pilots on the D&S plan (even if receiving SS benefits) until the pilot retires and leaves the D&S plan. Then the offset is applied as explained above.

Example 1: What happens when your qualified benefit is reduced by the PBGC? **Based on Benefit Worksheets, generated upon request by the PBGC for several of our members, the PBGC is prorating the SS offset.** Let's take my situation as an example (I was hired in January 1973). The PBGC pays me \$698/month and I was receiving \$2200/month before the date of bankruptcy. Since I am receiving 32% of my qualified benefit, my offset should be 32% of \$117 at age 65.

Example 2: Let's assume that you were hired after February 1982 with over 25 years of service. We will assume you are now receiving 40% of your qualified benefit. Your SS offset should be 40% of \$259 (\$103), if you elect to receive SS benefits at age 62. If you wait until age 65 the offset will be 40% of \$323.75 (\$129). If you had 23 years of service your offset would be 92% (23/25) times 40% times \$259 or \$95.

Formulas for determining your Social Security offset

Definitions: **PBGCB** is your current monthly benefit paid by the PBGC
QB is the qualified monthly benefit before bankruptcy

Pre 72 and minimum benefit: No offset

Pre 72 and 60% FAE: Hired before February 1982 offset (see next)

Hired before February 1982 and 25 years service ([see Example 1 above](#)):

Receiving SS Benefits at age 62: $\$94 \times (\text{PBGCB}/\text{QB})$
Receiving SS Benefits at age 65: $\$117 \times (\text{PBGCB}/\text{QB})$

Hired before February 1982 and less than 25 years service (includes former Western and PanAm) ([see Example 2 above](#)):

Receiving SS Benefits at age 62: $\$94 \times (\text{PBGCB}/\text{QB}) \times (\text{months of Delta Service}/300)$
Receiving SS Benefits at age 65: $\$117 \times (\text{PBGCB}/\text{QB}) \times (\text{months of Delta Service}/300)$

Hired after February 1982 and 25 years service:

Receiving SS Benefits at age 62: $\$259 \times (\text{PBGCB}/\text{QB})$
Receiving SS Benefits at age 65: $\$323.75 \times (\text{PBGCB}/\text{QB})$

Hired after February 1982 and less than 25 years service:

Receiving SS Benefits at age 62: $\$259 \times (\text{PBGCB}/\text{QB}) \times (\text{months of Delta} /300)$
Receiving SS Benefits at age 65: $\$323.75 \times (\text{PBGCB}/\text{QB}) \times (\text{months of Delta} /300)$

If you receive SS benefits between 62 and 65 you will have to prorate the offset amounts.

Each retired pilot should review their offset and notify the PBGC if their offset is in error. If you are considering receiving your SS benefits it would be prudent to contact the PBGC and request a SS offset calculation.