

Retirement: A Step – by – Step Guide to the Process #5

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Our last article gave you the high and low points of GATT and its impact on your defined benefit pension plan. This article will address the actual mechanics of retirement.

Early Retirement

The earliest retirement age under the Retirement Income Plan for Pilots of USAirways, Inc. is 50. Prior to the enactment of REA (the Retirement Equity Act of 1984), the plan allowed for retirement as early as age 45 with Company consent. However, REA made discretionary provisions such as this invalid. Thus, it was negotiated that the earliest retirement age would be 50. This is in keeping with the ten-year early retirement window in the other employee groups' plans. These groups retire at 65 and early retirement is available at 55.

For a pilot wishing to retire at 50, there are some financial considerations. The normal retirement benefit is reduced for each year prior to age 60. Retiring between age 55 and 60 carries a reduction factor of three percent for each year. This means a pilot retiring at 55 would have a 15 percent reduction in benefits. Retiring between 50 and 55 carries a heavier penalty of six percent per year, making the total reduction 45 percent for a pilot retiring at 50. If you are a Former-PSA pilot, the benefit that you accrued while at PSA carries a reduction factor of six percent for each year prior to 60, while your US Airways accrued benefit is reduced by the three percent and six percent schedule mentioned above.

If you wish to retire early, you only need to communicate this in writing to your chief pilot's office and send a copy to the Pension Department. Normally, they prefer 90 days notice to

allow them ample time to prepare your retirement packet and to process it once received. Providing less notice will delay receipt of your benefits.

If you are retiring prior to age 60, you should be aware of the fact that the Lump Sum option may or may not be available to you when you commence benefits. The Lump Sum is only available to retirements at less than age 60 if the 30-Year Treasury Bill rate is above 7.4 percent. If it is below 7.4 percent, it is considered to be a 'closed year' and lump sum is available only to those pilots retiring at age 60. It is also subject to an annual cap of \$120,000,000 on a first-come, first-served basis. However, that cap does have unused amounts from prior years carried forward along with the annual addition of \$120,000,000 indexed for inflation. Since the last four or so years have been closed years, there is approximately \$456,000,000 available for lump sum payout. This will be impacted somewhat by the pilots retiring under the Early Retirement Incentive Program. Their lump sums will be deducted from this pool at the first of:

1. their 60th birthday, or
2. the next 'open year'.

The forms of payment available to you were detailed in the second article of the retirement series. They are: Single Life Annuity, Ten Year Certain Annuity, 50 Percent Joint & Survivor Annuity, 50 Percent Contingent Annuity, 66 2/3 Percent Contingent Annuity, 100 Percent Contingent Annuity, and if it's an 'open year', the 50 Percent Lump Sum with a 50 Percent Annuity or the 100 Percent Lump Sum. Remember that you must have a letter from your doctor within the 90 day period prior to your

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retirement date stating that you have “no known terminal illnesses or conditions” in order to qualify for the lump sum payment.

Normal Retirement

Normal retirement occurs at age 60. Shortly after your 59th birthday, you will probably receive preliminary communications from the Pension Department. At the latest, you will receive a calculation and forms 90 days prior to your 60th birthday. If you don’t see them, call the Human Resources National Service Center and let them know you have not yet received your retirement packet. Delaying beyond that 90-day mark may not give you ample time to make your decision and return the forms, thus delaying your payments. You should have a minimum of 30 days to review and complete the forms, but the more time the better off you are.

What’s included in the retirement packet?

When you are completing your packet for retirement, you may find forms that you feel don’t pertain to your situation. For example, you have a lump sum amount that does not have any non-qualified portion. Therefore, the “Non-Qualified Lump Sum Tax Withholding Election Form” would seem to be irrelevant. PLEASE SIGN AND DATE the form anyway, putting a line through it or marking it N/A if you so desire. The processing center on the other end checks for the presence of EACH form in the packet. If one is missing, your packet could be held up, thus delaying your payment. The packet should contain the following forms:

- Retirement Forms Checklist (*by the way, this form is missing a box for the Lump Sum Doctor’s Letter – you might want to pencil it in.*) This one does not have to be returned but completing it is a good idea for your own peace of mind.
- Retirement Income Plan for Pilots of USAirways, Inc. Retirement Election and Income Options. This is the one where you choose your form of payment. Be sure to have your spouse sign it, have it notarized and complete the beneficiary designation at the bottom.
- Monthly Pension Payments Authorization Agreement for Automatic Deposits and Withdrawals. If you want your annuity direct deposited, you must complete this form. Be sure to attach a voided check or

deposit slip. This form will cause both your qualified annuity from Wachovia and your non-qualified annuity from USAirways payroll to be direct deposited.

- Qualified Periodic (Monthly) Pension Payment Tax Withholding Election Form. This form allows Wachovia (the pension trustee) to withhold taxes from your qualified monthly annuity. You may change this withholding at a later date if you find that you are out-of-balance at tax time. Just call the Company for a new form.
- Non-Qualified Periodic (Monthly) Pension Payment Tax Withholding Election Form. This form tells the USAirways Payroll Department how much to withhold from your monthly annuity check.
- Qualified Lump Sum Tax Withholding Election Form, Part A. This form tells the Company how much of your qualified lump sum you wish to roll over into another qualified plan and how much you wish to withdraw for immediate use. The part that is withdrawn for immediate use is subject to a 20 percent tax. If you elect to roll over your entire qualified lump sum, simply write ALL in the line where it states “I elect to make a direct rollover of \$_____ or the remainder...” and enter the complete name of the financial institution who will receive the money on the “payable to” line. Be sure to sign and date the form.
- Non-Qualified Lump Sum Tax Withholding Election Form – this was the one we mentioned previously. It is used only if you have non-qualified monies in your lump sum. Refer to the middle column of your calculation to see if you do. Check with your tax advisor to see if you need to have more than the standard 28 percent withheld. Again, needed or not, please complete the signature line and date the form.
- Benefits Enrollment or Change Form (CF/22). This form is necessary even if you are not changing the coverage you currently carry. When completing the box for “Work Status”, you are either Active or Other Disabled. Under “Reason:” you should enter your retirement date as the effective date and check the box for Retirement. Complete Item 2 for Medical AND Dental coverage but disregard the Voluntary Group Accident Insurance and the Flexible Spending accounts. Fill in all the dependent

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information on the back of the form and sign and date the form.

- Application for Travel Privileges – complete your data, your spouse’s data and any dependents you may have. If you have less than 25 years, place a check in either the term pass or the service charge box depending on which way you want your travel handled. You will be billed later for the annual fee if you have not already paid it. If you have greater than 25 years, simply put a zero in both the term pass and the service charge boxes. Sign and date the form at the bottom.
- If you carry Optional Life Insurance, you will also have a personalized form. You may continue to carry this insurance until age 60, if you are retiring prior to 60. Your Wachovia check will have a deduction made for any optional insurance carried.

Other items included in your package from the Company are: a calculation of your benefit, an explanation of the types of payments you can receive, an explanation of the medical/dental/life insurance benefits available in retirement, and a description of each of the forms.

Make copies of all executed forms for your records, and send the packet to the address provided via certified, return-receipt or Fed-

eral Express. The envelope provided is a bit small but everything will fit, if you want to use it. If you choose not to use it, be sure to use the address noted on it or you may send your paperwork directly to the US Airways National Human Resource Service Center, Pension Department, 2345 Crystal Drive, Crystal Park Four, Arlington, VA 22227.

If you need help completing your forms, you may schedule a personal meeting with Karen Browne, MEC Benefits Specialist or she can help you through them over the phone. Remember, to avoid delaying your check, you must have your forms in to the Company by the fifth of the month **BEFORE** your retirement date. If you send them late and there’s a problem with a form, you’ll lose valuable time, which could result in delayed payments.

Watch for the next installment in the next issue of *US AIRWAVES*. If there are topics regarding retirement that you would like to see addressed in these upcoming articles or you have a comment about this series, call a member of your Retirement & Insurance Committee as listed in the gray pages, or your Benefits Specialist, Karen Browne, at the MEC office at 800-872-4763 or ASPEN 2146. We look forward to hearing from you.



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**Permission Granted To Publish
Retirement Date Prior To Retirement**

BY Retirement Date

<u>Name</u>	<u>Retirement Date</u>	<u>Council</u>
Richard Bunting	April 1, 1999	90 CLT
Jon Ludlam	April 1, 1999	41 PHL
Paul Marschalk	April 1, 1999	41 PHL
Bill Sherman	April 1, 1999	94 PIT
Jerry Borchin	May 1, 1999	90 CLT
Norman Long	May 1, 1999	94 PIT
Lanny Money	May 1, 1999	90 CLT
Michael Roche	May 1, 1999	94 PIT
Louis Roth	May 1, 1999	90 CLT
Victor R. Allen	June 1, 1999	41 PHL
James Baker	June 1, 1999	41 PHL
C. Bennett Chamberlain	June 1, 1999	41 PHL
Vincent LoPrinzi	June 1, 1999	41 PHL
J.D. "Jud" Powell	June 1, 1999	138 DCA
Terry Scott	June 1, 1999	94 PIT
Richard Curtis	July 1, 1999	90 CLT
George W. Knebel	July 1, 1999	90 CLT
Dan Simmons	July 1, 1999	94 PIT
Jim Cox	August 1, 1999	41 PHL
John W. Farr, IV	August 1, 1999	41 PHL
John McBee	August 1, 1999	94 PIT
James J. Dean	September 1, 1999	90 CLT
Larry Drury	September 1, 1999	94 PIT
David A. Bowers	September 1, 1999	41 PHL
Edwin C. Hill	September 1, 1999	41 PHL
David Holmes	September 1, 1999	41 PHL
Dewey McCravy, Jr.	September 1, 1999	90 CLT
Stan Patrie	September 1, 1999	90 CLT
Owen (Dick) Vining	September 1, 1999	90 CLT
Barry Massion	October 1, 1999	41 PHL
Mike Vaughan	October 1, 1999	94 PIT
Jack Turok	November 1, 1999	94 PIT
George S. Yurt	November 1, 1999	94 PIT
George Bends	December 1, 1999	94 PIT
Woody Ormsby	December 1, 1999	94 PIT
Mike Bedzik	January 1, 2000	94 PIT