



Long Term Disability

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What is Long Term Disability? How does it work? Are there other facets of my work life that are impacted by it? These are only a few of the questions that we receive from pilots about the Long Term Disability Plan and the processes that lead up to it.

The first item to be addressed is, “*What is Long Term Disability?*” or LTD as it is often called. The Long Term Disability Plan was first instituted at Allegheny Airlines in 1975. The Plan set out to provide a form of compensation to pilots who were unable to work because of illness or injury. It has not changed much since its inception, with the exception of changes due to new laws and a change based on a pilot grievance award in 1997 (Age 57 Grievance).

Who is eligible to participate in the plan? An employee becomes a participant in the plan beginning on the first date upon which s/he is an employee. That means you are covered from day one.

When can you collect a benefit? The LTD Plan provides monthly income to a pilot who is “unable to perform the duties of his occupation or if he fails to pass his FAA physical examination as a result of such injury or sickness.” There are exclusions for disabilities which result from war or any act of war declared or undeclared, a voluntarily accepted medical condition or intentionally self-inflicted injury while sane or insane, or chemical dependency except as specifically provided for below.

A pilot who cannot work due to illness or injury must first exhaust all available sick and vacation time. Once this time is close to being exhausted, the Chief Pilot’s office will notify the pilot and provide an application for LTD benefits. You may also accelerate the process by keeping a watchful eye on your sick time and calling the Chief Pilot’s office before your sick time is exhausted. This form must be completed by the pilot and by the pilot’s attending

physician and returned to the Company for processing before benefits will be paid. If you are collecting LTD for chemical dependency or alcohol abuse, you may only collect these benefits ONCE during your lifetime and only during active employment with the Company as a pilot. If you fail to complete the rehabilitation program, further benefits for this illness are not available ever again.

How much are the benefits? The amount you receive will depend on several qualifiers. The first qualifier is your Average Monthly Earnings. The second is your age. And the third is how many years of service you have at the time you go out sick.

- *Average Monthly Earnings* is defined in the Plan document as earnings for the full twelve (12) consecutive months of Active Service preceding commencement of the Disability benefit, divided by twelve (12). (This includes your sick bank and vacation bank since they are paid at 100 percent). This Gross earnings shall include the Participant’s total monthly earnings as reported on your W-2 for Federal income tax purposes increased by contributions to the US Airways, Inc. 401(k) Savings Plan, the US Airways, Inc. Flexible Benefits Plan or any welfare plan maintained by the Company, reduced by other non-wage compensation (like meal reimbursements and imputed income for life insurance). **See note below for bidding to maximize this.
- During the initial 48-month period of disability after sick and vacation have been exhausted, the pilot will receive 50 percent of Average Monthly Earnings.
- After 48 months of collecting LTD benefits, the following schedule will be used based on age or service:

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Age	or	Years of Service*	Percentage of Average Mo. Earns
40 or over		10 or more	50%
39 but less than 40		9 but less than 10	48%
38 but less than 39		8 but less than 9	46%
37 but less than 38		7 but less than 8	44%
36 but less than 37		6 but less than 7	42%
Less than 36		Less than 6	40%

*On the date the participant is eligible to begin receiving LTD benefits.
 ** If you are using sick leave and you know that you will not be able to return for some time, you should seriously think about bidding for the highest block you can hold to maximize your earnings while receiving sick pay, so that your disability benefit is the most can it be. This also could be important in your pension calculation.

“ The disability benefit has an optional Cost of Living Adjustment factor, which you must apply for and must be considered permanently and totally disabled. ”

The disability benefit has an optional Cost of Living Adjustment factor, which you *must apply for* and must be considered permanently and totally disabled. According to the contract, “Totally and permanently disabled shall mean disability which wholly and continuously disables and prevents such person from engaging in *any* occupation or employment for wage or profit for which he is qualified by reason of education, training or experience for the remainder of his life.” Once granted, your disability benefit is adjusted in March of each year by up to three percent dependent on the Consumer Price Index (CPI). This adjustment can occur for up to 11 years (for a total of 33 percent). The Company can, and will, ask that you re-certify your disability every six to twelve months to ensure that you are entitled to continue to receive benefits.

Also, another VERY important fact to remember is that this particular Long Term Disability plan is considered *fully taxable income*. You will receive a W-2 from Reliastar, the current claims processor, and you must report it on your tax return. When you apply for benefits, a W-4 Withholding form is included. You may select how many exemptions you wish to use for tax withholding, but if you don’t complete the form, 20 percent will automatically be deducted.

What else should I think about when I am facing Long Term Disability? Well, there are several items to be aware of. First, you have the free ALPA-sponsored *Loss of License Insurance* at the basic level of \$600.00 per month, which has a 12-month waiting period. The waiting period begins from the first day you are off work. If you expect to be out for more than 12 months, call ALPA National and

let Wendi Darr know that you want to apply for benefits for this basic level and any supplemental levels you may be carrying. You may also waive premiums on any additional levels you carry, while you are collecting benefits. Her telephone number is 703-689-4163.

Next, you can put your *dues* into abatement while you are on disability as well. You will, however, have to pay dues again for the entire period of disability when you return to work. Wendi can also handle this for you.

What about Company-provided Benefits? Your medical, dental and life insurance benefits will continue while you are on Long Term Disability at the same level as they have been while you were active. The Company will provide you with information on your coverage and costs, if any, at the time your disability is granted. Your life insurance will be held at the level you carried prior to your illness or injury. When you return to work, your life insurance amount will be re-evaluated once you have completed 12 full months of service. You may also continue to pay the premiums on any optional levels of insurance while you are on disability. You also continue to accrue credited service toward your retirement while you are on disability and you can retire directly from Long Term Disability at any age from 50 through 60. Retiring prior to age 60 does, however, carry a reduction for each year prior to 60.

When you are cleared to return to work, you should notify your Chief Pilot’s office so that they can put you back on the active list. Your disability check is received on the first of the month for that month, so prompt notification of the chief pilot could help avoid an overpayment of benefits. If you return to work during a month for which you’ve already received LTD benefits,



the Company could come back and seek reimbursement for any monies you were not entitled to receive because you were earning regular pay.

If there is any assistance we can provide during this often confusing process, please don't hesitate to contact 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.

