December 16, 2022

From: **Paul Kende and Jim Odle**
To: **NRLN DuPont Retirees Chapter Members**
Subject: **Annuity Purchase for Selected Pension Plan Participants**

As you probably know, Corteva has recently purchased an annuity for approximately 12,300 DuPont pensioners from the Prudential Insurance Company. This was disclosed in the recent mailing about benefit material modifications that you should have received. This action is one way that a pension sponsor can legally "de-risk" their pension obligation. If you are affected, you should have received a letter from Corteva in late November. According to the letter there will be a follow-up letter from Prudential. This is the second time that Corteva has done this. Last year, approximately 9,000 Pension Plan Participants, with payments less than $400/month, had their pensions converted to an annuity with the New York Life insurance company. This second group of annuitized Participants is comprised mainly of those without beneficiaries, and survivors of Participants, with exceptions for some individual circumstances.

This is not all bad for pensioners. On the one hand if you are in this group, your pension is now 100% funded as opposed to those remaining in the Plan whose pensions are 80-90% funded, depending on market conditions, and Corteva contributions to the Pension Plan. Payments of 100% of your benefit will continue, but your payment will now come from Prudential instead of State Street Bank.

The disadvantage is the loss of PBGC insurance, covering the risk of Corteva's inability to pay its pension obligations. While insurance companies rarely fail, it is not unheard of. Fortunately, Prudential and New York Life are very strong insurance companies. If they were to fail, the annuity would be backed up by various State Insurance Guaranty Associations. However, their payments have lifetime limits, generally well below PBGC coverage. Depending on your pension amount, how long you live, and your state of residence, your pension income security would vary. In Delaware, the maximum lifetime payout is $250,000; therefore, if you had a $25,000 annual pension, you would be covered only for 10 years, assuming there are no recoverable assets from the failed insurance company. Some states have higher, and some have lower lifetime payment caps. Clearly, if the insurance company providing the annuity fails, your coverage would vary, and it is possible that some benefits would be lost.

For years, we have been urging Corteva management to purchase secondary insurance, for any annuitized pensions, to compensate for increased risk to annuitants. But this did not happen, and we know of no other company that bought such re-insurance. Our NRLN DuPont Chapter and the other NRLN Associations and Chapters are working to get Congress to assure much better protection than states offer. Pension Plan de-risking protection is an NRLN top priority for 2023. In November, the NRLN and the Pension Rights Center (PRC) collaborated to draft and present a proposal to Congress, including a draft of specific federal statute language, that would require Corteva and other plan sponsors to negotiate lifetime re-insurance protection for annuitants, as part of any agreement with a third party, annuitizing a partial or full voluntary termination of defined pension plans.

The recent annuitization apparently did not materially affect the funding level of the remaining DuPont Pension Plan. As the data becomes available, we will review the available SEC filings and update and communicate our financial overview of the Plan. Follow the **www.nrln .org** website and our Chapter web-page for postings on the progress of this important annuitization protection matter.

Your questions and comments are always welcome - **paul.kende@gmail.com** and **odlejk@gmail.com**