

March, 29, 2022

To: NRLN DuPont Retirees Chapter and fellow Retirees

From: Jim Odle and Paul Kende

Subject: Retiree Benefit Status

As you know, Corteva cancelled all contributory and non-contributory retiree life insurance effective 01/01/2022. Understandably this has upset many people. We have heard from many retirees asking if anything can be done about the cancellation of these benefits. We have tried to convince Corteva management that this caused serious financial damage for some people and suggested some alternatives. They did not reverse their basic decision, although they added some insurance options, and negotiated with Securian to permit people to continue their life insurance for retirees, without medical proof of insurability – a major consideration for older people and those with serious medical conditions. But the premiums are very high.

Some have asked about or suggested that a class action lawsuit might result in reversal of Corteva's action. Unfortunately, unlike our pension benefit, there are no Federal laws that protect welfare benefits such as health care, life insurance and dental assistance. According to the Employee Benefits Security Administration (EBSA) Plan Sponsors are free to set the rules determining what benefits are offered, and these rules are stated in the Summary Plan Documents (SPD). All of our welfare benefits contain a "Reservation of Rights (ROR)" clause which gives the Plan Sponsor the right to terminate or change the benefit at will. NRLN top management advises that the courts have always ruled in favor of Plan Sponsors when the ROR clauses have been challenged.

There may be some confusion about the difference between our NRLN DuPont Retirees Chapter (DRC) and the Association of DuPont Retirees (ADR). We are two separate retiree groups with the same basic goal: protection of our retiree benefits. ADR seeks to take legal actions, while NRLN advocates for better federal legislation to protect retiree benefits, including Medicare and Social Security. Both approaches face uphill battles, and while they may have influenced management in some ways, so far have they have not produced definitive results. A Class Action Complaint claiming the Pension Plan's allocation to Corteva violated ERISA law, was rejected by the courts, and EBSA stated they have no power to force Corteva to reverse the life insurance cancellation decision. But lobbying Congress for new legislation to protect retiree financial security is also difficult and frustratingly slow.

Pension Plan

Pension payments are, of course, a major Corteva financial obligation, for about 100,000 current Plan Participants. However, annuitizing pensions, through transferring the Pension Plan to an insurance company, is an accelerating trend among Plan Sponsors, and we would be surprised if Corteva were not at least evaluating this option, although we have no information that they are. (For information, another company with Delaware ties, Astra Zeneca, has recently announced that they will turn their pension into an insurance company annuity). While it would cost several billion dollars to bring the Plan to full funding, in order to be able to transfer/sell it to an insurance company, Corteva would off-load a major financial obligation for pension payments,

as well as for the premiums to insure the Pension Plan through the Federal Government's Pension Benefit Guaranty Corporation (PBGC).

If an insurance company were to take over the Pension Plan's obligations from Corteva, PBGC would no longer insure the plan against bankruptcy failure; instead, various state insurance associations would cover each other's obligations, but at a much lower level than the PBGC does now. This would represent a significantly and unfairly increased risk for Plan Participants. However, we believe such annuitization would be a reasonable proposition for Plan Participants, provided that Corteva 1) selected a top-ranked insurance company to take over the Pension Plan, and 2) also purchased secondary insurance, to cover the increased risk from the loss of PBGC insurance. Since top insurance companies don't often fail, we think such re-insurance is likely to cost less than the current PGBC premiums. We have already communicated this view to Corteva top management.

Health Reimbursement Arrangement (HRA)

Corteva shaved \$200 from our \$1400 annual Health Reimbursement Arrangement, nominally for dental coverage. Many retirees think the remaining \$1200/year allowance will be cancelled, although we have no specific information that this is under consideration.

We hope this helps your understanding of our situation. Let us know if you have any comments or questions. Regards to all.

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