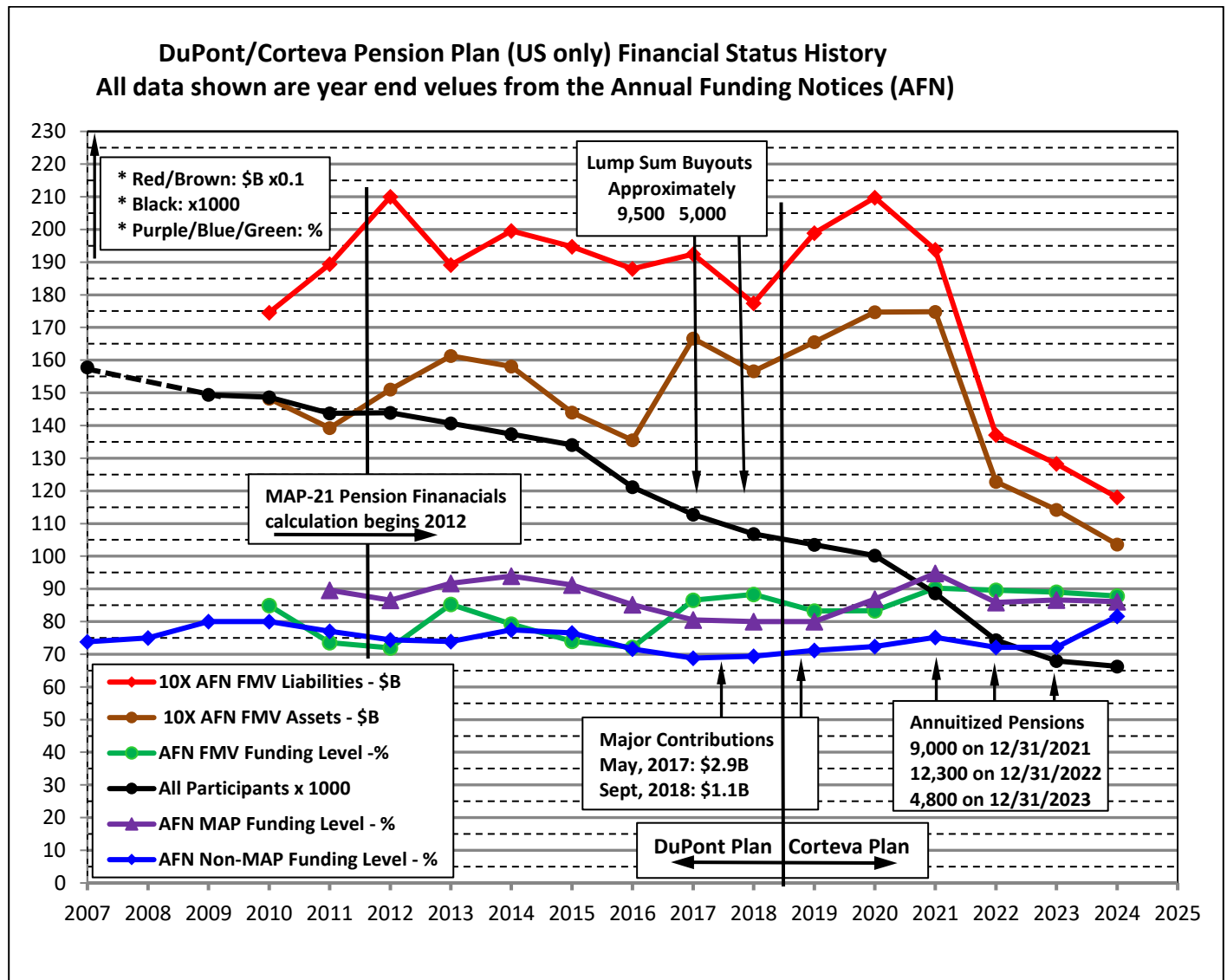


5/31/2025

From: Paul Kende and Jim Odle
To: NRLN DuPont Retirees Chapter
Subject: DuPont/Corteva Pension Plan Historical Financial Overview

This is an update of the financial history of the DuPont Pension Plan, for which Corteva Agriscience assumed sponsorship on June 1, 2019; it is based on the April, 2025 Annual Funding Notice (AFN), which reports the status of the Plan over the previous 3-years. In the graph below, I show Plan Participant population and performance data from the AFNs, dating back to 2007, so we can all see and assess the Plan's financial trends and its current status.



Our NRLN/DuPont Retirees webpage (<https://nrln.org/nrln-dupont-retirees-chapter/>) provides a wealth of information on pension related issues; last year's report is the first item in its Archives section. For a detailed analysis and explanation of the various methods for calculating Funding Levels, MAP-21 adjustment history, Prefunding Credit Balance, Fair Market Value, and other financial factors, refer to my May 3, 2022 note in the Archive.

Below is a brief summary of our Pension Plan's current, updated financial condition and its implications for us.

1. **Demographics** - U.S. Pension Plan Participants (retirees, spouses and former, vested employees) numbered about 158,000 in 2007, which is now down to 66,300, due to attrition, Lump Sum Buyouts and annuitized Plan Participants, mostly without contingent beneficiaries. Approximately 4,800 additional Participants were annuitized in 2023, the 3rd such de-risking move for Corteva. There were no annuitizations in 2024. Mortality rate is roughly 3%/year; therefore, I project a Participant population of about 64,500, at year-end 2025 (less if additional annuitizations occur). Pension Plan Participant demographics is now shown in table form and includes the last 3 years of data – I big improvement in clarity.
2. **Financials** – With new Department of Labor regulations, the Annual Funding Notice (AFN) format is changed, to report financials on a year-end, Fair Market Value (FMV) basis (which I have always used as the best valuation). In Plan Year 2024, liabilities dropped by about \$ 1 billion, mainly due to benefits paid out during the year. Assets also diminished by about \$1 billion, from paid out benefits, as well as by investment market results. The net effect of all this was a year-end Funding Level at 87.81%, a slight drop from 2023 (green line). Prefunding Balance is important in determining required Sponsor contributions, but this is no longer reported on the AFN. Also, from 2012, under the so-called MAP-21 laws, Plan Sponsors were permitted to calculate Pension Trust assets, based on a 25-year average Treasury Note interest rate (vs the 2-year average rate in use until that time). This resulted in higher reported asset values, higher Funded Status, and lower required contributions by Sponsors. The MAP laws have been extended and are still in place. However, AFNs are required to show Pension Trust performance both with and without adjusted interest rates, indicating a recognition, that MAP-based financial reporting is misleading. The 2024 AFN/page 1 FMV values are calculated on a different basis than the values reported on the supplemental page, which are actuarially calculated MAP and Non-MAP values, as of 1/1 of the prior year.
3. **Pension vs Annuity Risk** - Annuitized pensions are no longer protected by federal ERISA rules, nor covered by PBGC insurance, against failure to pay by Prudential. However, insurance companies are highly regulated, rarely fail, and state Insurance Guarantee Associations provide some coverage (varies by state) - but much less than PBGC (which is 100% for most people, except for very highly paid younger pensioners). Loss of ERISA and PGBC protection represents increased risk for annuitized pensioners. I was unsuccessful in persuading Corteva management to purchase secondary re-insurance, for annuitized Participants, against Prudential's potential failure; however, I know of no pension plan sponsors who have purchased re-insurance. Our NRLN organization is actively lobbying Congress for legislation, to make such secondary re-insurance mandatory for sponsors; a consensus seems to be emerging that this is needed. Our task during this Congress, is to continue to educate on the need for a derisking fix, and to line up support, aiming for legislation in the next Congress.
4. **Future Annuitizations** – there were recent major annuitizations by IBM (100,000 pensions with \$16B liability transfer to Prudential and MetLife, effective 1/1/2023 (<https://www.ai-cio.com/news/ibm-de-risks-16-billion-in-pension-obligations/>), and AT&T (96,000 pensions with \$8B liability transfer to Athene), as well as Corteva's three, much smaller de-risking actions. In view of this history, the obvious question is: will Corteva annuitize more or even all our pensions? I do not know Corteva's plans, but I believe they would do this under the right financial conditions of increased discount rates (resulting in Funding Levels approaching 100%), and good investment performance. One factor mitigating against this, is that the easy-to-annuitize, low-value pension obligations and single life/no beneficiary pensions (i.e. the "low hanging fruit"), have mostly been accomplished, and the remaining pensions are more complex and more expensive to transfer. Also, insurance companies want annuitized pensions to be actuarially fully funded; therefore, taking the funds, required for annuitization, from Plan assets, reduces the funding level for remaining Participants.

We will continue to communicate with you via email and our website, when something significant occurs. And you will receive communications directly from NRLN, about actions that affect all retirees, including Medicare and Social Security. NRLN continues to advocate for legislation, for additional pension protections, especially around de-risking.

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