

January 16, 2019

Dear Pension Recipient,

The purpose of this letter is to share important information regarding payment of your FCA pension benefit. FCA US LLC (FCA) has purchased a group annuity contract from Prudential Insurance Company of America (Prudential), an insurance company, with respect to certain pension benefits paid from the FCA US LLC Pension Plan (FCAPP) and FCA US LLC Consolidated Plan (FCON) (Plans). Accordingly, **beginning February 1, 2019**, you will receive your monthly FCAPP payment from Prudential.

FCAPP benefits were earned under one or more of the following plans:

- FCA US LLC Pension Plan (f/k/a Chrysler Pension Plan (CPP))
- American Motors Corporation Salaried Employees Retirement Plan (AMC Sal)
- Jeep Corporation Salaried Employees' Retirement Plan (Jeep Sal)
- Salaried Employees' Retirement Plan (SERP)
- Executive Salaried Employees' Retirement Plan (ESERP)
- New Venture Gear, Inc. Retirement Program for Salaried Colleagues (RPSC)
- Chrysler Group LLC Subsidiaries' Pension Plan (SUBS)

Generally, FCON benefits were earned under the following plans:

- IUE Pension Agreement
- SPFPA Pension Agreement

### **What You Need to Know**

- **There will be no change to the gross amount of your monthly pension payment.**
- **There will be no change to the timing of your monthly pension payment.**
- There is no immediate action you need to take as a result of this change.
- In general, benefits eligible for transfer to Prudential are monthly pension benefits of less than \$2,000 (FCAPP) or \$1,000 (FCON), which commenced on or before June 1, 2018.
- You can find more details in the enclosed "Pension Payment Transfer Highlights" document which covers:
  - What Is Happening
  - What You Can Expect
  - Why FCA Is Taking This Action
  - About Prudential

### **More Information**

Frequently Asked Questions (FAQs) regarding the transfer of your benefit to Prudential are included in this packet, in addition to a *Notice of State Guaranty Association Coverage of Annuities*. Prudential will mail a Welcome Kit to you in late January 2019. The kit will include additional information about the group annuity contract and how to view your transferred benefit amounts.

If you have any questions, please call Benefit Connect at 1-888-409-3300. For international callers, call 1-858-314-5172. Representatives are available Monday through Friday, 8 a.m. until 4 p.m. Eastern Time, excluding holidays.

Sincerely,



James J. Bante  
Director Retirement & Savings  
FCA US LLC

## SUMMARY OF MATERIAL MODIFICATIONS

The information contained in this letter and the accompanying Frequently Asked Questions is a Summary of Material Modification (the "SMM") for the FCA US LLC Pension Plan and the FCA US LLC Consolidated Plan (the "Plans"). This SMM is being distributed to all affected Plans' participants to reflect a recent amendment to the Plans relating to the purchase of the group annuity contract. Please keep this SMM with your summary plan description and other important Plans' documents.

If any conflict should arise between this SMM and the legal Plans' documents, or if any point is not discussed in this SMM or is only partially discussed, the terms of the legal Plans' documents (as interpreted by the Plans' administrators) will govern in all cases. As always, FCA reserves the right to amend and/or terminate the Plans in its sole discretion.

## Pension Payment Transfer Highlights

### What Is Happening

**FCA purchased a group annuity contract from Prudential Insurance Company of America (Prudential), which will make future payments to you and certain other individuals receiving pension benefit payments under FCAPP (less than \$2,000) beginning February 1, 2019.** FCAPP will have no further responsibility for payment of this pension benefit after that date.

Prudential is assuming full and complete responsibility for the payment of your pension benefit under FCAPP. This includes an irrevocable commitment by Prudential to make annuity benefit payments to affected participants and beneficiaries covered under the group annuity contract going forward.

### What You Can Expect

- Beginning February 1, 2019, your monthly FCAPP pension benefit payment will be paid by Prudential via check or direct deposit based on your current election with Benefit Connect.
- Your monthly benefit payment dates will not change.
- If you currently have deductions for retiree medical and/or other FCA benefit programs, those deductions will continue.
- Your gross monthly pension benefit amount will not change.
- Your transferred monthly benefit will continue to be protected. Before your benefit was transferred to Prudential, it was protected by the Pension Benefit Guaranty Corporation. With the transfer to Prudential, your benefit will be protected by the State Guaranty Association in the state where you live. Please see the enclosed *Notice of State Guaranty Association Coverage of Annuities*, which provides more information about this coverage.
- Prudential will mail you a Welcome Kit in late January 2019, which will provide information on how to contact Prudential:
  - If you have questions about your monthly benefit payment; or
  - If you would like to make a change to your address, federal or state tax withholding, personal or banking information.

You will need to contact Prudential for all information related to your transferred benefit. Prudential's contact information will be included in the Welcome Kit.

- Later this year, Prudential will send you an annuity certificate. This certificate will describe your benefit and Prudential's obligations under the group annuity contract.

### Why FCA Is Taking This Action

FCA continually seeks to streamline costs and manage financial risk throughout the enterprise, including its employee benefit programs. This action entrusts certain monthly pension benefits to a secure institution whose core business is managing retirement assets and administering retirement benefits. After a thorough review, FCA selected Prudential.

## About Prudential

Prudential Retirement delivers retirement plan services and solutions for public, private and non-profit organizations. Prudential Retirement is a business unit of The Prudential Insurance Company of America (PICA), Newark, NJ, a Prudential Financial company. Prudential Financial, Inc. is one of the world's largest financial institutions with \$1.41 trillion in assets under management as of September 30, 2018.

With more than 90 years of retirement experience, Prudential Retirement helps meet the needs of 4.4 million participants and annuitants. Each year they pay more than \$11.2 billion in gross pension benefit payments to annuitants. For more information, please visit [www.prudential.com](http://www.prudential.com). More information about the financial strength of PICA can be found at [www.investor.prudential.com](http://www.investor.prudential.com).

FCA will be working with Prudential over the next several weeks to ensure a smooth transition of your benefit payment.

Please be sure to review any correspondence you receive from Prudential. Once you receive your Welcome Kit, you can contact Prudential if you have questions or need to make changes to your address, tax withholding, personal or banking information.

# Frequently Asked Questions (FAQs)

## 1. Who is affected by the group annuity contract purchase?

This action generally affects pension recipients:

- in the FCA US LLC Pension Plan (FCAPP) and the FCA US LLC Consolidated Plan (FCON),
- who commenced monthly pension payments on or before June 1, 2018, and
- whose monthly gross payment is less than \$2,000 and \$1,000 under FCAPP and FCON respectively.

This action generally does not impact:

- Pension recipients who commenced pension payments from FCAPP and/or FCON after June 1, 2018.
- Terminated vested participants who have not commenced pension payments.
- Active FCA employees, whether or not pension-eligible.
- Pension recipients with monthly gross payments of more than \$2,000 and \$1,000 under FCAPP and FCON respectively.
- Pension recipients receiving only a UAW pension benefit.
- Pre-age 65 permanent and total disability (PTD) retirees, pre-age 62 retirees, and pre-age 65 retirees in Jeep Sal and AMC Sal.
- Pension recipients with qualified domestic relations orders (QDROs), alternate payees and other individuals with data complexities.

## 2. Why is the group annuity contract being purchased to pay our pension benefits?

This change allows FCA to streamline cost and manage financial risk while maintaining the security of ongoing benefits for our pension recipients. FCA is transferring responsibility for payments to an insurance company that specializes in paying annuities.

## 3. Why is FCA doing this now?

FCA is continuously reviewing ways to support its business strategy, which includes streamlining cost and managing financial risk across the Company.

## 4. How was Prudential chosen?

FCA received bids from insurance companies that provide group annuity contracts to pension plan sponsors. To make the selection, FCA considered many factors, including the financial strength and rating of the insurance company, their ability to administer plan payments and their customer service capabilities. Based on a thorough process, FCA determined that Prudential is best suited to meet the needs of affected pension recipients under the Plans.

## 5. How can I be sure that my pension benefit is secure?

When making the insurance company selection, FCA followed a diligent process to evaluate and select a financially strong insurance company to provide continued benefits to you in the future. This process seeks to ensure that your pension benefit will be placed with a secure insurance company, which will be able to pay your benefit as prescribed under FCAPP.

With Prudential taking over payment of your monthly benefit, the Pension Benefit Guaranty Corporation's (PBGC) insurance coverage of your benefit will end. Instead, your benefit will be backed by the state guaranty association in the state where you live. You can learn more about this on the website of the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) at [www.nolhga.com](http://www.nolhga.com). A *Notice of State Guaranty Association Coverage of Annuities* with more information on State Guaranty Associations is enclosed in this packet.

**6. Is there anything that I need to do right away to prepare for this change?**

No. You do not have to take any action. In late-January 2019, Prudential will mail you a Welcome Kit with more information.

**7. When will the administrative transfer happen?**

Prudential will be responsible for making monthly payments beginning on February 1, 2019.

**8. How is the transition to Prudential being managed?**

FCA will continue to work with Prudential to ensure a smooth transition of your pension benefit.

- In late January, Prudential will send you a Welcome Kit via U.S. mail with more information, including a new customer support phone number for questions.
- Prudential will take over responsibility for making your benefit payment beginning February 1, 2019.
- After the transition is complete, you will receive an individual annuity certificate describing your benefit and Prudential's obligations under the group annuity contract. The annuity certificate will be sent in late 2019.

**9. Can I transfer my pension benefit to a different insurance company that provides annuities?**

No. Your pension benefit is transferring to Prudential because it is part of a group annuity contract that FCA has purchased on behalf of certain pension recipients.

**10. Can I get a lump sum payment of my pension benefit instead of having my benefit administered by an insurance company?**

No. The form of payment you chose when you commenced your pension benefit is the form of payment that will continue with Prudential. The IRS prohibits lump sum payments to individuals who currently are receiving monthly pension payments.

**11. If Prudential took over my monthly payments starting February 1, 2019, will my annuity certificate have the same date?**

No. Your annuity certificate will be effective January 1, 2019, the date Prudential assumed financial responsibility for benefit payments. However, Prudential will begin administering payments on February 1, 2019.

**12. Will there be any change to my federal or state tax withholdings on my monthly benefits?**

There could be a minor difference in the amount of your federal tax withholding due to calculation variances once your benefit is paid by Prudential. In most cases, any differences should be minor and primarily due to rounding. Consult your tax advisor to determine the appropriate tax withholding election.

**13. What if I want to change state or federal tax withholding, or have the check from Prudential sent to a different address or have my payment deposited to a different bank account?**

In late January 2019, Prudential will mail you a Welcome Kit that will provide details regarding whom to call if changes are needed to your address, banking or tax withholding information.

**14. How will the transfer of my monthly pension payment to Prudential affect my IRS Form 1099-R?**

You will receive two IRS Forms 1099-R for calendar year 2019. One will be from State Street Bank for January 2019, and one from Prudential for February through December 2019. Prudential will provide your IRS Form 1099-R for payments each year thereafter.

**15. What if I have deductions taken from my monthly pension benefit?**

Deductions from your pension benefit payments will now be taken from your annuity paid by Prudential.

**16. Whom should I contact if I have FCA retiree medical and have a question about my healthcare benefits?**

Benefit Connect will remain the administrator for your FCA healthcare benefits. You can contact them at 1-888-409-3300.

**17. I am receiving benefits as both a retiree and a beneficiary of another participant. How does this impact me?**

Any benefit that you are receiving (either as a retiree or a beneficiary of another participant) that meets the applicable conditions will be transferred to Prudential. You will receive a copy of this letter for each benefit being transferred. Prudential will send a Welcome Kit regarding your transferred benefits in late January 2019. If you have questions, please call Benefit Connect at 1-888-409-3300. Representatives are available Monday through Friday, 8 a.m. until 4 p.m. Eastern Time, excluding holidays.

**18. Am I still eligible for car discounts and other programs?**

Your current eligibility for FCA programs will not change because of the transfer of your benefit payment to Prudential.

**19. How will the transfer of my monthly pension payment to Prudential affect the Annual Funding Notice I receive each year?**

Once Prudential takes over your monthly pension payments, your benefit will not be paid from FCAPP, so you will no longer receive Annual Funding Notices for FCAPP.

**20. Where can I get more information about the amount of coverage provided by State Guaranty Associations?**

You can go to the website of the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) at [www.nolhga.com](http://www.nolhga.com). NOLHGA's members include the 52 life and health insurance guaranty associations representing the 50 states, Washington, D.C. and Puerto Rico. The website provides information on how State Guaranty Associations work and the coverage provided by each state. Keep in mind that rules are complex and may vary by state. In addition, the overall benefit cap will vary by state. See the attached *Notice of State Guaranty Association Coverage of Annuities* for more information on State Guaranty Associations.

**21. Whom should I notify if I have personal changes such as marriage, divorce or death?**

For any pension related changes, you should contact Prudential. If you have a pension benefit that did not transfer to Prudential, you will additionally need to contact Benefit Connect.

If you are eligible for FCA healthcare benefits, Benefit Connect remains the administrator for your FCA healthcare benefits and should be notified of changes. You can contact Benefit Connect at 1-888-409-3300.

## **NOTICE OF STATE GUARANTY ASSOCIATION COVERAGE OF ANNUITIES**

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Your pension plan may pay you your pension benefit in the form of an annuity purchased from a licensed insurance company. Once the plan purchases an annuity for you, the insurance company will be responsible for paying your benefit.

All states, Puerto Rico and the District of Columbia have “guaranty associations.” The purpose of a guaranty association is to protect policyholders, up to specified limits, in the event the insurance company is financially unable to meet its obligations.

If you receive your pension benefits in the form of an annuity and the insurance company becomes unable to pay, a guaranty association may be responsible for all, part or none of your annuity. Generally, where you live at the time the insurance company is unable to pay determines which guaranty association is responsible. In certain circumstances, other factors, such as where the insurance company is licensed to do business, determine which guaranty association may be responsible.

Each guaranty association has dollar limits on the extent of its coverage. In most states, guaranty association coverage limits are \$250,000 for individual annuities with an overall benefit “cap” for an individual life of \$300,000, though some states have maximums that are higher. However, state laws vary and can change over time, and different states may calculate the value of annuities differently.

This notice is to help you understand the general nature of the guaranty association protection of the annuity you may receive. It is only a summary. If you need information now or in the event the insurance company fails, a list of the addresses and telephone numbers of guaranty association offices is available by contacting PBGC’s Customer Contact Center, PO Box 151750, Alexandria, VA 22315-1750, telephone: 1-800-400-7242 or go to PBGC’s Web site at [www.pbgc.gov](http://www.pbgc.gov) (at the “Workers & Retirees” page, click on “Benefits” in the middle of the page and select “State Life and Health Insurance Guaranty Association Offices” under “Benefits”).