NATIONAL CHRYSLER RETIREMENT ORGANIZATION

We Protect, Inform, Educate, Communicate!

Your Chrysler Pension and Corporate "De-risking"

In Stellantis' Long Term Strategic Plan called *Dare Forward 2030*, it projects dramatically increased net revenue and also contains a projection that could potentially be good news for U.S. Chrysler/FCA/Stellantis retirees. The projection is for Stellantis to fully fund the pensions by 2025.

A fully funded U.S. pension plan has long been a goal of the National Chrysler Retirement Organization (NCRO). While not a certainty, it depends on Stellantis meeting its *Dare Forward 2030* goals and following through on its plan to fully fund pensions.

There is also another trend regarding pensions that is projected to continue to increase and could impact on our pensions: **de-risking**

Pension **de-risking** happens when a company sells its fully funded pension plan(s) to an insurance company therefore eliminating its financial responsibility for the pension obligation. When the company sells the plan(s), the insurance company converts the retiree benefit into an annuity. While recipients do not lose their money they do lose federal protection from the Pension Benefit Guaranty Corporation (PBCG) and the Employee Retiree Income Security Act (ERISA). The **de-risking** by the company is really a transfer of risk to the retiree!

Pension plan sponsors are increasingly focused on reducing their company exposure to volatility in pension funding and its negative affect on corporate financial statements. Defined benefit pension annuity buy-outs have exceeded $250 billion since 2012,including a record of nearly $52 billion in 2022.

Although Stellantis has previously annuitized a significant number of retirees, the NCRO does not have a window into the company's plans for the fully funded pension plan. We continue to watch carefully for any developments in this area and when appropriate discuss it with Stellantis leadership. Of particular concern is the reality that annuities do not have ERISA and PBGC protection. Rather are presently protected only by the patchwork of state laws that regulate the insurance industry.

In conjunction with our partners at the National Retiree Legislative Network (NRLN) we have developed a proposal for national safeguard legislation to protect pension recipients in conversions to annuities. Simply, this legislation would require that on any pension to annuity conversion a reinsurance policy with a financially sound third-party insurer would be required that would provide an equal value replacement annuity in the event of bankruptcy by the initial insurance company.

So, what do you do? Help the NCRO protect your pensions as we monitor these developments and work with the NRLN on legislative initiatives by –

- **Joining** the NCRO ($25 annual dues)
- **Renewing** your NCRO membership
- **Contributing** to the NCRO's Contingency Action Fund
- **Encourage** your fellow Chrysler/FCA/Stellantis retiree to join the NCRO

As always, we will keep you informed.