



**Re: JCP Pension Athene Annuity Purchase (April 26, 2021)**

Dear JCPenney Pension Plan Participant,

We wanted to provide you with some additional information regarding the upcoming pension plan termination on June 15, 2021, and the corresponding annuity purchase with Athene Annuity and Life Company (Athene). With this transaction, a Pension Benefit Guaranty Corporation (PBGC) “involuntary termination” and takeover of plan administration was avoided. Here are a few of the benefits with this transaction for plan participants:

- If the PBGC had taken over the plan, a significant number of pension plan participants would have had their benefits reduced to PBGC maximums and potentially any benefit enhancement under a Voluntary Early Retirement Program (VERP) removed prospectively.
- The PBGC would have eliminated the option to take your benefit as a lump sum.
- An independent fiduciary selected Athene after a thorough review of their ability to pay with the added protection of assets held in a separate account from the general assets of Athene.
- Protection of benefits, in the event Athene cannot meet the pension obligations in the future, moves to state agencies instead of the PBGC; however, almost all will have 100% of their benefit guaranteed.
- The PBGC reviewed the transaction and raised no concerns.

The overarching goal in pursuing the standard termination was to preserve all pension plan benefits and to move the financial obligation to a top-rated insurer. We have included some talking points and Q&A below to provide some additional information regarding Athene.

If you have questions, please call the JCPenney Benefits Center at 1-888-890-8900, Monday through Friday, from 8:00 a.m. to 8:00 p.m. CDT.

**General Talking Points about Athene:**

- Athene is a leading U.S. retirement services business with an extremely well capitalized balance sheet. They are rated “A” by S&P, AM Best, and Fitch.
- Athene operates a well-capitalized and highly regulated business, which is consistently reviewed by insurance regulators, independent rating agencies, and certified public accountants. There is absolutely no evidence to suggest that any of their subsidiaries are inadequately capitalized when considering the strength and accessibility of capital across their consolidated business.
- Athene is financially strong. As of December 31, 2020, Athene had:
  - o \$202.8 billion in total Generally Accepted Accounting Principles (GAAP) assets;
  - o \$182.6 billion in total GAAP liabilities;
  - o \$20.1 billion in total GAAP equity; and
  - o over 980,000 policyholders.
- Athene is a trusted partner in serving retail annuities, reinsurance, and pension risk transfer.
  - o Athene entered the Pension Risk Transfer (PRT) market in 2017 and has closed 24 PRT transactions involving more than 300,000 plan participants and an aggregate premium amount of approximately \$18.5 billion.
  - o Athene has always paid, and will continue to pay, all required benefit amounts to participants.

- o Pension fiduciaries undertook extensive due diligence, with support of outside experts, before selecting Athene to secure their participants' pension benefits.
- o The life insurers in the PRT market, including Athene, are highly regulated and well capitalized, positioning them very well to provide a lifetime of retirement security to pension annuitants.

## **Frequently Asked Questions:**

### **1. Is Athene experienced enough to handle my pension?**

Yes, Athene is a leader in the PRT industry, responsible for providing income security for more than 300,000 annuitants through March 31, 2021.

Athene has been the chosen pension risk transfer partner for numerous companies, including General Electric, Bristol-Myers Squibb, Weyerhaeuser Company, Lockheed Martin and MillerCoors. Since 2017, Athene has closed on approximately \$18.5 billion in pension risk transfer transactions.

### **2. What can I expect when receiving my pension benefits?**

You should be confident that your income payments will be secure and will continue uninterrupted throughout your retirement. Athene is committed to continued, high-quality service. All of your existing participant benefits remain unchanged, including payment.

Your retirement benefit is one of the most valuable promises your employer makes to you. With an Athene group annuity, you can consider it a promise kept.

### **3. Are Athene's pension risk transfers vetted?**

Athene's selection in each of the 24 pension risk transfer transactions it has completed to date have been vetted and selected by plan fiduciaries and committees whose sole responsibility is to consider the interest of participants and beneficiaries.

### **4. Is my payment safe? How can I be sure Athene will make my payments?**

Athene has deep experience managing annuity obligations and the assets that support them. Providing you with the means to a financially secure retirement is the exclusive focus of their business. Along with their acquired companies, they have been serving customers for over a century. They have a solid financial foundation, a strong credit rating and a longstanding commitment to policyholder protection. The terms of the group annuity contract covering your benefit provide additional protections to help ensure that your income payments are secure and will continue uninterrupted throughout your retirement, as noted in the next question and answer.

### **5. How will my benefit be protected once it is transferred to Athene?**

As an insurance company, Athene is required by law to maintain sufficient reserves to cover our obligations under group annuity contracts they issue. They must also have additional capital set aside to support their guarantees to you. Further, the group annuity contract purchased by the pension plan provides additional protection by holding assets in a separate account dedicated exclusively to the payment of benefits to pension plan participants. In addition, Athene's general account is available to back up the dedicated separate account. In the extremely unlikely event Athene becomes unable to support our guarantee to you, the state Guaranty Association that applies to you would serve as a safety net, providing coverage up to a specified amount. To learn more, visit the National Organization of Life & Health Insurance Guaranty Associations at [www.nolhga.com](http://www.nolhga.com).