

Closing the Income Gap

With a MassMutual® RetireEaseSM
Single Premium Immediate Fixed Annuity



Profile

At age 66, Barbara is healthy, active and looking forward to the next phase of her life. She has a long list of interests that she will finally have time to pursue.

Goal

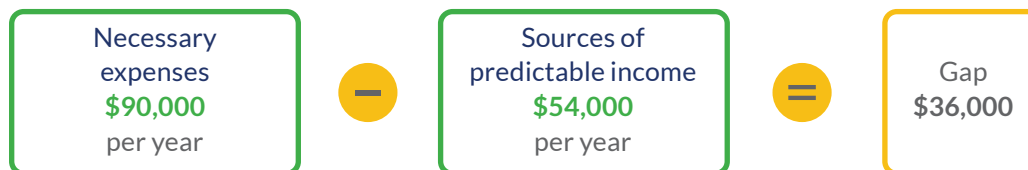
Barbara needs income that will last as long as she lives. She would like to feel reasonably confident that she has enough reliable income to pay for her necessary expenses throughout her retirement, with enough income left over for the activities she enjoys.

BARBARA'S STRATEGY

Barbara's financial information:

		Monthly	Annually
Expenses	Necessary	\$7,500	\$90,000
	Discretionary	\$3,300	\$39,600
Predictable income	Social Security benefit	\$2,400	\$28,800
	Pension benefit	\$2,100	\$25,200
Retirement savings		\$1,800,000	

Barbara and her financial professional use the 4 Box Strategy to determine if there is an income gap between her necessary expenses and her predictable income.



Barbara has an annual predictable income gap for necessary expenses of \$36,000. She must find a way to create at least \$36,000 of additional predictable annual income to cover her necessary expenses.

Closing the necessary income gap

Barbara will have to use a portion of her retirement assets to generate the extra predictable income she needs. Her financial professional helps Barbara compare two ways to generate income. The first is based on taking managed withdrawals from her retirement assets. The second uses a MassMutual RetireEase single premium immediate fixed annuity to create lifetime income. In the following example, we will use a Life with 10-year Period Certain annuity option.

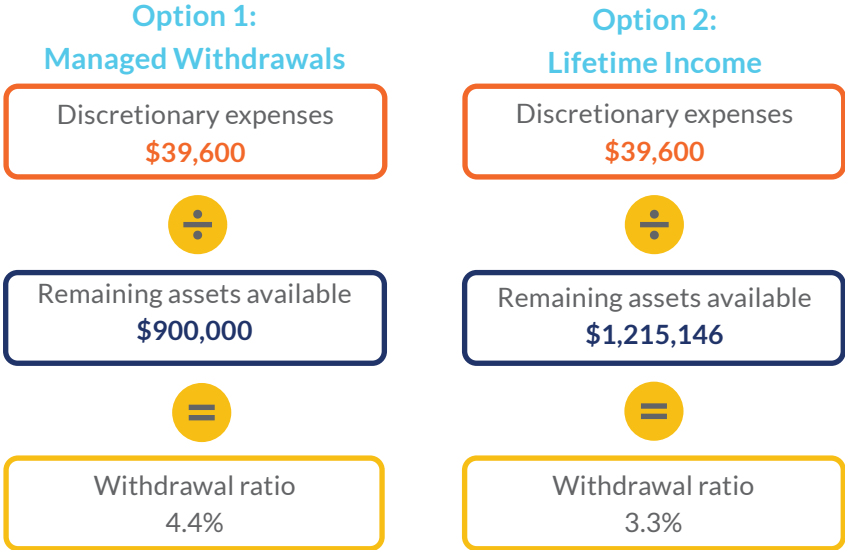
KEY FEATURE COMPARISON

Managed Withdrawals	Lifetime Income ¹
<ul style="list-style-type: none"> • Four percent annual withdrawal rate • Income is not guaranteed • Invested assets are subject to market risk • Assets are liquid • Adjusted for inflation • Fewer assets remain for discretionary spending 	<ul style="list-style-type: none"> • Life with 10-year Period Certain annuity option • Guaranteed lifetime income • Safe from market risk • Limited liquidity • Not adjusted for inflation • More assets remain for discretionary spending

	Option 1: Managed Withdrawals	Option 2: Lifetime Income ²
Total beginning assets available for income	\$1,800,000	\$1,800,000
Assets required to create necessary income	-\$900,000	-\$584,854
Remaining assets available to fund discretionary expenses	\$900,000	\$1,215,146

IMPACT ON DISCRETIONARY INCOME

Assessing Barbara’s withdrawal rate is critical to determining how long her portfolio might last.



¹ Any guarantees explicitly referenced herein are based on the claims-paying ability of the issuing insurance company.

² Amounts are based on RetireEase Life with 10-year Period Certain annuity option, with rates effective July 7, 2022.

The lifetime income advantage³

The RetireEase Life with 10-year Period Certain annuity option closes her annual \$36,000 income gap and provides Barbara with guaranteed income she can't outlive.

In addition, this annuity option guarantees annuity payments for 10 years. If Barbara dies before the 10-year period ends, her designated beneficiary would receive any payments remaining in the 10-year period. When the 10-year guarantee period ends, all annuity payments would stop.

The RetireEase lifetime income option:

- Generates a higher cash flow percentage (not adjusted for inflation) than a four percent managed withdrawal strategy.
- Leaves more money available to cover discretionary expenses because it requires less money to generate the same amount of income (\$584,854 versus \$900,000 for the managed withdrawal strategy).

- Requires a lower withdrawal rate from Barbara's discretionary assets, which could help her maintain the lifestyle she values (3.3 percent versus 4.4 percent).

Consider the trade-offs

The RetireEase Life with 10-year Period Certain annuity option provides Barbara with guaranteed lifetime income; however, liquidity is limited.³

On the other hand, managed withdrawals preserve liquidity, but do not guarantee lifetime income.

When it comes to creating retirement income, consider your personal goals and priorities. The only right choice is the one that works for you.



For more information about creating the income you need in retirement, contact your financial professional today.

³ A RetireEase single premium immediate fixed annuity is designed to provide income that starts within 12 months of the date the contract is issued. Withdrawal provisions are only available with annuity options that include a Period Certain. The Life with 10-year Period Certain annuity option permits limited withdrawals; however, any withdrawals are subject to surrender charges and potentially, tax implications. Just as important, any withdrawals will decrease the amount of income received. It's essential to have a separate source of liquid assets available for emergencies.

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MassMutual RetireEase is not a Medicaid-friendly immediate annuity. Please do not use MassMutual RetireEase in conjunction with Medicaid planning.

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