

# Meet Mary Rogers

## An income now case study

Mary is 70 years old and widowed. She has a variety of conservative investments and savings. She also has \$400,000 in an IRA funded with laddered, fixed income investments that provide her with \$9,800 in interest income each year.

The chart below provides a breakdown of the fixed income components in her IRA.

### MARY'S CURRENT RETIREMENT INCOME SOURCES

IRA Asset	Investment Amount	Hypothetical Interest Rate	Annual Interest Payment
3-year fixed income asset	\$100,000	1.1%	\$1,100
5-year fixed income asset	\$100,000	2.1%	\$2,100
10-year fixed income asset	\$200,000	3.3%	\$6,600
<b>Total:</b>			<b>\$9,800</b>

Note: This example is for illustrative purposes only. Rates of return and actual results will vary over time.

Mary's goal is to increase her income without adding any risk to her portfolio. Her three-year fixed income investment is maturing and she will have \$100,000 to invest conservatively. She meets with her financial professional to discuss her income needs and explore potential solutions.

## One potential solution

Mary's financial professional suggests that she consider using a portion of her IRA assets to purchase a MassMutual® RetireEase (RetireEase) single premium immediate fixed annuity.

## How it works

A single premium immediate fixed annuity is a contract between an individual and an insurance company. In exchange for a single purchase payment, the insurer provides a stream of income that begins immediately and can be guaranteed for life, a specific length of time, or a combination of both.

The money used to purchase an immediate fixed annuity contract is immediately annuitized (converted into income). As a result, the contract has no cash value and generally, no withdrawal provisions.

## Creating an income stream with RetireEase

Mary's financial professional creates a RetireEase illustration based on her available assets and income objectives. After reviewing the illustration with her financial professional, Mary chooses a RetireEase Life with Cash Refund annuity option.<sup>1</sup>

This annuity option will provide Mary with guaranteed income for the rest of her life; if she dies before receiving an income amount equal to her \$100,000 purchase payment, her designated beneficiary will receive a death benefit for the difference.

The chart below shows Mary's new income lineup. RetireEase will provide annual total income of \$6,723 for as long as she lives. When added to her remaining fixed income investments, Mary's income has increased from \$9,800 to \$15,423 – an increase of \$5,623 each year.

### MARY'S ADJUSTED RETIREMENT INCOME SOURCES

Assets	Purchase Amount	Hypothetical Interest Rate	Total Annual Income Payment
Single premium immediate fixed annuity	\$100,000	N/A	\$6,723 <sup>2</sup>
5-year fixed asset	\$100,000	2.1%	\$2,100
10-year fixed asset	\$200,000	3.3%	\$6,600
Total:			\$15,423

Your financial professional can help you determine whether an immediate fixed annuity is right for you.

<sup>1</sup> This annuity option does not include a withdrawal provision. Although some annuity options do permit withdrawals, there are surrender charges and potential tax implications associated with these annuity options. It's essential to have a separate source of liquid assets available to help pay for emergencies. In addition, any withdrawals decrease the amount of income an annuitant receives.

<sup>2</sup> Immediate fixed annuity payments are based on a variety of factors, including the purchase payment amount and the annuity option chosen. A portion of each payment is considered to be a return of principal, which is not taxed. The remaining portion of the payment consists of interest earnings and is taxable. RetireEase rates are effective as of July 18, 2022. Immediate fixed annuities do not provide any additional tax advantage when used to fund a qualified plan.

#### **This material does not constitute a recommendation to engage in or refrain from a particular course of action.**

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

MassMutual RetireEase is not a Medicaid-friendly immediate annuity. The use of MassMutual RetireEase in conjunction with Medicaid planning is prohibited.

The information provided is not written or intended as specific tax or legal advice. MassMutual and its subsidiaries, employees, and representatives, are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

MassMutual RetireEase<sup>SM</sup> (contract form # SPIA05, SPIA05(NC) in North Carolina) is a single premium immediate fixed annuity contract issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111.

