MassMutual
Strategic Distributors

SUCCESS STRATEGIES
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Taming a Bear Market in Retirement

MassMutual whole life insurance never declines in value due to market conditions

When accumulating savings, the order of returns does not much matter. But at retirement, when withdrawals are taken, the **sequence of returns** does matter.

Consider a hypothetical $1,000,000 invested for 25 years, in **Chart A**. The only difference between the two scenarios in **Chart A** is that the order of returns are reversed. However, the average rate of return (ROR) is the same.

Chart A: Accumulation Phase Before Retirement — No Income Taken

		SCENARIO 1		SCENARIO 2	
Year	Age	ROR 1	Balance	ROR 2	Balance
1	45	10%	$1,100,000	-7%	$930,000
2	46	9%	$1,199,000	-12%	$818,400
3	47	-6%	$1,127,060	5%	$859,320
4	48	12%	$1,262,307	-2%	$842,134
5	49	25%	$1,577,884	5%	$884,240
6	50	7%	$1,688,336	12%	$990,349
7	51	-3%	$1,637,686	9%	$1,079,481
8	52	9%	$1,785,078	17%	$1,262,992
9	53	10%	$1,963,585	12%	$1,414,551
10	54	-7%	$1,826,134	9%	$1,541,861
11	55	6%	$1,935,702	-5%	$1,464,768
12	56	23%	$2,380,914	7%	$1,567,302
13	57	12%	$2,666,624	12%	$1,755,378
14	58	7%	$2,853,287	23%	$2,159,115
15	59	-5%	$2,710,623	6%	$2,288,662
16	60	9%	$2,954,579	-7%	$2,128,455
17	61	12%	$3,309,128	10%	$2,341,301
18	62	17%	$3,871,680	9%	$2,552,018
19	63	9%	$4,220,131	-3%	$2,475,457
20	64	12%	$4,726,547	7%	$2,648,739
21	65	5%	$4,962,875	25%	$3,310,924
22	66	-2%	$4,863,617	12%	$3,708,235
23	67	5%	$5,106,798	-6%	$3,485,741
24	68	-12%	$4,493,982	9%	$3,799,458
25	69	-7%	$4,179,403	10%	$4,179,403
Average ROR		6.85%		6.85%	

CHART A — TAKEAWAY #1

The returns in the two scenarios in Chart A are the same except that they go in the reverse direction. **Funds have time to recover when income is not withdrawn.**

Taming a Bear Market

Now take a look at how withdrawals impact a $1,000,000 starting retirement balance in **Chart B** on both hypothetical sequence of returns, assuming $65,000 annual withdrawals begin at retirement age 66.

Chart B: Decumulation Phase At Retirement — Income Taken

SCENARIO 1				SCENARIO 2		
Age	**ROR 1**	**Income**	**Balance**	**ROR 2**	**Income**	**Balance**
66	10%	$65,000	$1,028,500	-7%	$65,000	$869,550
67	9%	$65,000	$1,050,215	-12%	$65,000	$708,004
68	-6%	$65,000	$926,102	5%	$65,000	$675,154
69	12%	$65,000	$964,434	-2%	$65,000	$597,951
70	25%	$65,000	$1,124,293	5%	$65,000	$559,599
71	7%	$65,000	$1,133,443	12%	$65,000	$553,951
72	-3%	$65,000	$1,036,390	9%	$65,000	$532,956
73	9%	$65,000	$1,058,815	17%	$65,000	$547,509
74	10%	$65,000	$1,093,197	12%	$65,000	$540,410
75	-7%	$65,000	$956,223	9%	$65,000	$518,196
76	6%	$65,000	$944,696	-5%	$65,000	$430,537
77	23%	$65,000	$1,082,027	7%	$65,000	$391,124
78	12%	$65,000	$1,139,070	12%	$65,000	$365,259
79	7%	$65,000	$1,149,255	23%	$65,000	$369,319
80	-5%	$65,000	$1,030,042	6%	$65,000	$322,578
81	9%	$65,000	$1,051,896	-7%	$65,000	$239,547
82	12%	$65,000	$1,105,323	10%	$65,000	$192,002
83	17%	$65,000	$1,217,178	9%	$65,000	$138,432
84	9%	$65,000	$1,255,874	-3%	$65,000	$71,229
85	12%	$65,000	$1,333,779	7%	$65,000	$6,665
86	5%	$65,000	$1,332,218	25%	$0	$0
87	-2%	$65,000	$1,241,874	12%	$0	$0
88	5%	$65,000	$1,235,717	-6%	$0	$0
89	-12%	$65,000	$1,030,231	9%	$0	$0
90	-7%	$65,000	$897,665	10%	$0	$0

CHART B — TAKEAWAY #2

Chart B illustrates that based on the assumed returns and annual income withdrawn of $65,000 beginning at age 66, funds run out in Scenario 2 at age 85 because **the sequence of returns matters when withdrawals are taken**. Although the average return over 25 years is the same in both scenarios, withdrawals impact the account balance based on the order of those returns.

Life Insurance

MassMutual whole life insurance cash values do not fluctuate as a result of events in the financial markets. **Chart C** below illustrates how a whole life insurance policy's cash values can be accessed in retirement during market dips to help the portfolio recover. The whole life insurance policy protects $957,714 of the portfolio by age 90. Consider the combined portfolio value at age 90, which includes either the retirement portfolio and the policy cash value (during lifetime), or the retirement portfolio and the death benefit (at death).

Chart C

Hypothetical Retirement Portfolio: No Income Taken During Market Dips				Existing Whole Life Insurance: Flexibility to Take Distributions During Market Dips		
Age	ROR2[1]	Income Withdrawn	Balance	Income from Policy	Net Cash Surrender Value	Net Death Benefit
66	-7%	$0	$930,000	$65,000	$1,239,075	$1,814,643
67	-12%	$0	$818,400	$65,000	$1,238,407	$1,785,605
68	5%	$65,000	$791,070	-	$ 1,306,094	$1,854,483
69	-2%	$0	$775,249	$65,000	$1,308,804	$1,830,470
70	5%	$65,000	$745,761	-	$1,379,983	$1,901,562
71	12%	$65,000	$762,452	-	$1,454,784	$1,975,588
72	9%	$65,000	$760,223	-	$1,533,368	$2,052,646
73	17%	$65,000	$813,411	-	$1,615,891	$2,132,823
74	12%	$65,000	$838,220	-	$1,702,513	$2,216,237
75	9%	$65,000	$842,810	-	$1,793,323	$2,302,940
76	-5%	$0	$800,670	$65,000	$1,820,133	$2,306,447
77	7%	$65,000	$787,166	-	$1,916,275	$2,396,842
78	12%	$65,000	$808,826	-	$2,016,876	$2,490,769
79	23%	$65,000	$914,907	-	$2,122,060	$2,588,319
80	6%	$65,000	$900,901	-	$2,231,857	$2,689,535
81	-7%	$0	$837,838	$65,000	$2,278,066	$2,713,178
82	10%	$65,000	$850,122	-	$2,393,907	$2,818,981
83	9%	$65,000	$855,783	-	$2,514,599	$2,928,959
84	-3%	$0	$830,109	$65,000	$2,572,148	$2,964,739
85	7%	$65,000	$818,667	-	$2,699,587	$3,080,630
86	25%	$65,000	$942,083	-	$2,831,299	$3,200,292
87	12%	$65,000	$982,334	-	$2,967,817	$3,324,577
88	-6%	$0	$923,394	$65,000	$3,041,183	$3,377,891
89	9%	$65,000	$935,649	-	$3,184,289	$3,508,472
90	10%	$65,000	**$957,714**	-	$3,332,253	$3,643,678
Combined Values @ Age 90			**Retirement account & policy cash values: $4,289,967**		**Retirement account & death benefit: $4,601,392**	

Chart C is a supplemental illustration that is not valid unless accompanied by the **basic illustration**. Refer to it for assumptions, explanations, guaranteed elements and additional information. The example assumes a Whole Life 10 Pay life insurance policy, with an annual premium of $67,330 for 10 years, which buys $1M of life insurance protection on a Female age 45, Ultra-Preferred Non-Tobacco risk class. **By year 10, the policy cash value is greater than cumulative premiums paid. By age 90, the net internal rate of return (IRR) on cash value from cumulative premiums paid is 4.66%. Aside from the ability to access the policy's cash value at retirement, the insured maintained life insurance coverage that increased every year.**

CHART C — TAKEAWAY #3

During a market downturn, instead of taking distributions from a retirement account that has been affected by a dip in the market, tax-preferred distributions can be made from an existing whole life insurance policy, **giving the portfolio time to recover**.

The illustrated amounts are not guaranteed. They include dividends, which are neither estimates nor guarantees, that have been applied to purchase paid-up additions based on the 2024 dividend schedule. The dividend schedule is reviewed annually, and it is likely that dividends in the future years will be lower or higher depending on the Company's actual experience. For this reason, we strongly recommend that you look at a lower dividend schedule illustration. **Refer to the basic illustration for guaranteed elements, assumptions, explanations and other important information.**

Life Insurance

BENEFITS OF WHOLE LIFE INSURANCE IN RETIREMENT

The whole life policy offers the life insurance coverage needed during the working years, while providing a cushion in a down market during retirement.

Unlike some other permanent life insurance policies, a whole life policy is not tied to the financial markets. In this way, whole life can help tame the effects of a bear market on retirement income.

The distributions from the whole life policy can be structured so that tax-advantaged withdrawals are taken, up to total premiums paid, after which tax-favored policy loans can be taken.[2]

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[1] Chart C is intended to be a hypothetical illustration of what fluctuations may look like based on hypothetical investment returns over a period of time. Past performance is no indication of future results. Actual portfolio performance will be different than illustrated.

[2] Distributions under the policy (including cash dividends and partial/full surrenders) are not subject to taxation up to the amount paid into the policy (cost basis). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and are subject to a 10% tax penalty if the policyowner is under age 59½.

Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

The products and/or certain features may not be available in all states. State variations will apply.

All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. Policy guarantees and benefits are not obligations of, nor backed by, the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

Whole Life Legacy series policies (Policy Forms: MMWL-2018 and ICC18-MMWL in certain states, including North Carolina)/(MMWLA-2018 and ICC18-MMWLA in certain states, Including North Carolina)) and MassMutual Whole Life series policies on the digital platform (Policy Forms: WL-2018 and ICC18WL in certain states, including North Carolina are level premium, participating, permanent life insurance policies issued by Massachusetts Mutual Life Insurance Company (MassMutual), Springfield, MA 01111-0001.

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