

The Tale of Bonds and Rates

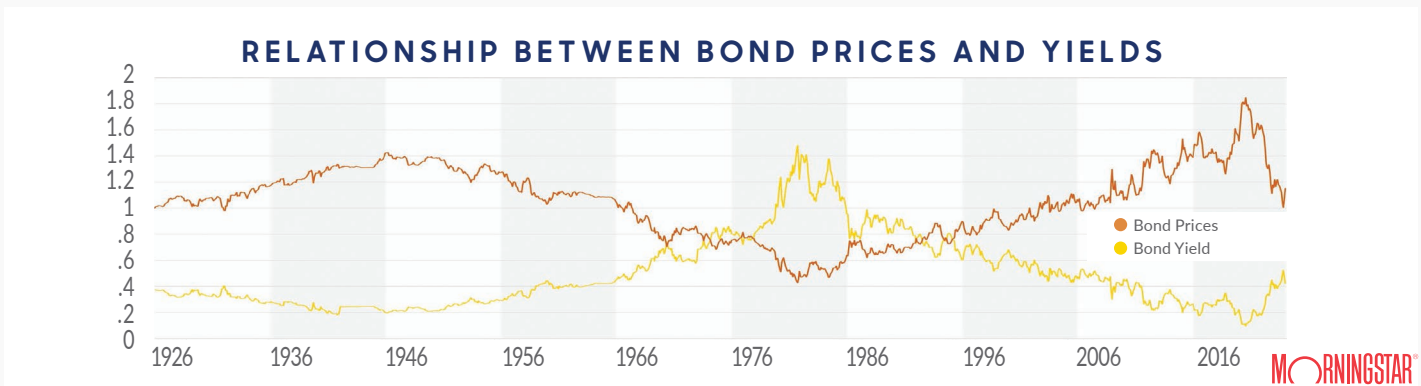


Bonds are fixed securities that provide a loan to a bond issuer (a corporation or government entity) who agrees to pay you interest and return your money on a specific date. You can buy or sell bonds and the price will vary depending on what the market dictates. Interest rates are a factor when it comes to bond prices and yields.



Although the bond market is less volatile than the stock market, bonds can fluctuate in terms of price.

The following displays the fluctuation of the two market types from 1926 to 2023.



Past performance is no guarantee of future results. This chart is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. About the data sourced by Morningstar: Government bonds in this example are represented by the Ibbotson U.S. Long-Term (20-Year) Government Bond Index. Bond price is the capital appreciation (price return) of the index. Bond yield is the yield to maturity of the index. iGrad, LLC, 2024. All Rights Reserved.

The Inverse Relationship

When interest rates (and bond yields) start to rise, bond prices will usually drop. When rates drop, bond prices tend to go up.

How It Works When Rates Change

Here's an example: If you purchase a bond with a yield of 8% and interest rates rise to 10% a year later, you could only sell the bond on the secondary market by offering it with a 2% discount ($10\% - 8\% = 2\%$ less per year interest) which would create a capital loss for you. However, if interest rates fall ($8\% - 6\% = 2\%$ more per year of interest) it would create a capital gain for you.

How Fixed Annuities Are Different

Unlike bonds, fixed annuities provide protection from fluctuating values by offering a guaranteed rate of interest for fixed terms coupled with tax-deferred growth.¹ Taxes for bonds can not be deferred like an annuity. Annuities also have the unique ability to provide you with an income for your life — no matter how long that may be.

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FINANCIAL STRENGTH RATINGS²

RATING AGENCY	RATING	OUTLOOK
AM Best Company	A++ (Superior)	Stable
Fitch Ratings	AA+ (Very Strong)	Stable
Moody's Investors Services	Aa3 (High Quality)	Stable
Standard & Poor's	AA+ (Very Strong)	Stable

Contact your Financial Professional to discuss the best ways to manage your assets during periods of market volatility.

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¹ Tax deferral is automatically provided by tax-qualified retirement plans, including IRAs. There is no additional tax-deferral benefit provided when an annuity contract is used to fund a tax-qualified retirement plan or an IRA. Investors should only consider buying this contract in conjunction with a tax-qualified retirement plan or an IRA for the annuity's insurance features such as lifetime income payments.

² Ratings are as of 4/1/2024 and apply to Massachusetts Mutual Life Insurance Company and its subsidiaries, C.M. Life Insurance Company and MML Bay State Life Insurance Company. Ratings are subject to change.

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