

A Fixed Annuities Guide for Individuals



Growth,
income and
peace of mind



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Not FDIC/NCUA Insured	Not A Bank Deposit	Not Bank Guaranteed
Not Insured By Any Federal Government Agency		

Are you looking for a guaranteed rate of return?

Would you like to defer paying taxes on your retirement savings?

Would you like to receive income for life?

If **YES** is your answer to any of these questions, a fixed annuity may be what you are looking for.

What is a fixed annuity?

A fixed annuity is a conservative retirement vehicle designed to accumulate assets and provide an income stream during retirement.

To help give you a better idea of what a fixed annuity is and if it is right for you, let's compare fixed annuities to another popular conservative savings vehicle, Certificates of Deposit or CDs. Keep in mind that both of the vehicles are high-quality products therefore the "better" choice depends on each individual's own situation and financial goals.

Key benefits of fixed annuities and CDs

	Fixed Annuities	CDs
Guaranteed Returns	Yes	Yes
FDIC Insured	No	Yes
Free Withdrawals	Generally, yes*	Generally, no

*Liquidated earnings are subject to ordinary income tax and may be subject to a surrender charge. If taken prior to age 59½, a 10% federal income tax penalty may apply.

Both fixed annuities and CDs are considered low risk savings vehicles because they guarantee a positive rate of return. Conservative investors enjoy the peace of mind this feature helps bring to their savings.

CDs are generally backed by banks and are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) per depositor.

Fixed annuities (earnings and principal) are guaranteed by the issuing insurance companies, but are not insured by the government. Be sure to ask your financial professional about an insurance company's ratings and financial strength if you plan to purchase a fixed annuity.

Many fixed annuities allow for a contract owner to withdraw a certain percentage of their account value, usually around 10% on an annual basis or accumulated interest, free of any annuity charges (tax penalties may apply). Amounts withdrawn in excess of this percentage are typically subject to surrender charges or adjustments, which cease after a certain amount of time. These charges generally decline year by year and will expire at the end of a certain number of years.

Generally, CDs charge an interest penalty if funds are withdrawn prior to maturity. Therefore an investor will have to wait until the CD matures if he or she would like to avoid early withdrawal charges. Some CDs may offer the ability to take interest.

Key benefits of fixed annuities and CDs

	Fixed Annuities	CDs
Choice of Accumulation Period	Yes	Yes
Provides Income	Yes	Generally, no
Tax Deferral	Yes	No

Compared to fixed annuities, CDs typically offer a choice of shorter accumulation periods, such as 90 or 180 days, but also offer 1 year and multiple year durations.

Fixed annuities typically range between 1 and 10 years. Additionally, some fixed annuities do not limit the accumulation period, which allows the contract owner the flexibility to keep the assets accumulating until needed.

CDs are designed as a savings vehicle and generally do not provide an income stream. However, some CDs may allow the systematic withdrawal of interest and can be used as income upon maturity.

Fixed annuities are designed to provide retirement savings and income. Most fixed annuities offer a choice of methods to receive income, one of which usually guarantees an income stream for life. Payment of lifetime income is contingent upon the claims-paying ability of the issuing company or companies.

Earned interest in CDs are taxable for the current year on an annual basis.

Earnings in a fixed annuity are tax deferred until they are withdrawn, allowing your money to take full advantage of the impact of compounding interest. Liquidated earnings are subject to ordinary income tax and may be subject to a surrender charge. If taken prior to age 59½, a 10% federal income tax penalty may apply. Annuities do not provide any additional tax advantage when used to fund a qualified plan.

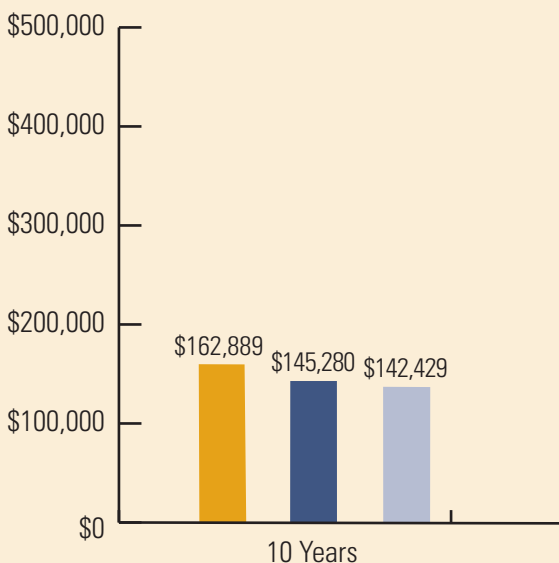
Tax-deferred vs. currently taxable

Assumptions: Tax-deferred and currently taxable comparison

Assumed Initial Purchase Payment: \$100,000

Assumed Annual Rate of Return: 5%

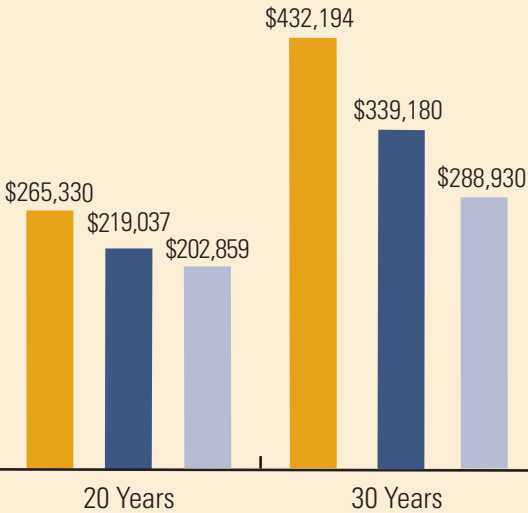
Assumed Tax Rate: 28%



This hypothetical example is intended to illustrate the advantages of tax-deferral. It does not represent the performance of any particular product. Surrender charges are not included and had they been, results would be lower. Please consider your personal retirement income horizon and income tax bracket, both current and anticipated, when making your financial decision as

Not every conservative savings vehicle is the same. Fixed annuities offer many of the same features that make other conservative products so popular. In addition, fixed annuities offer other unique

- Fixed Annuity (before taxes are payable)
- Fixed Annuity (after taxes @ 28%)
- Certificate of Deposit (CD)



they may have an additional impact on the results of the comparison.

Please note that withdrawals from a tax-deferred annuity are subject to taxation and if taken prior to age 59½ may be subject to a 10% federal income tax penalty.

features that may be beneficial to you.

Therefore, it is vital that with the help of your financial professional you choose the vehicle that best suits your needs.

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