MassMutual
Stable Value Investments

Education

Introduction to Stable Value

Massachusetts Mutual Life Insurance Co. (MassMutual®)

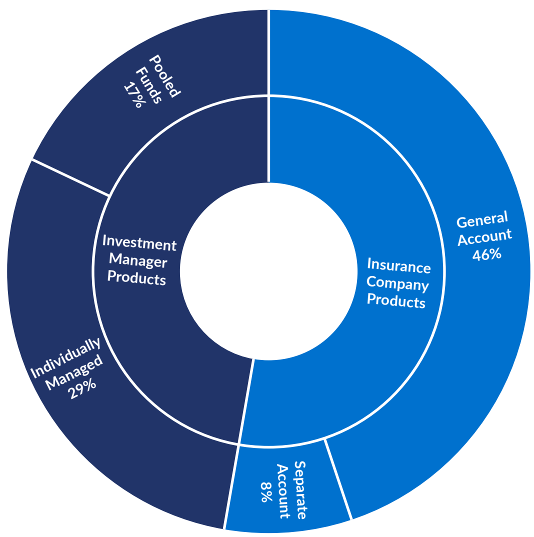
Introduction to Stable Value

Stable value is a popular asset class with participants in defined contribution plans seeking:

- Capital preservation
- Steady returns
- Liquidity

The Stable Value Investment Association (SVIA) reports that as of March 31, 2025, $862 billion was invested in stable value products and that stable value is offered in 75% of defined contribution plans.[1]

$862 Billion[1] Invested in Stable Value as of 3/31/2025



Source: Stable Value Investment Association, "Stable Value at a Glance," March 31, 2025.

Stable value funds offer a time-tested option for conservative investors who want to preserve accumulated capital in volatile markets or in anticipation of retirement. The asset class helped preserve capital during the Great Financial Crisis in 2008 and, more recently, during the global pandemic that resulted in highly uncertain financial markets.[2] It provides the following key benefits:

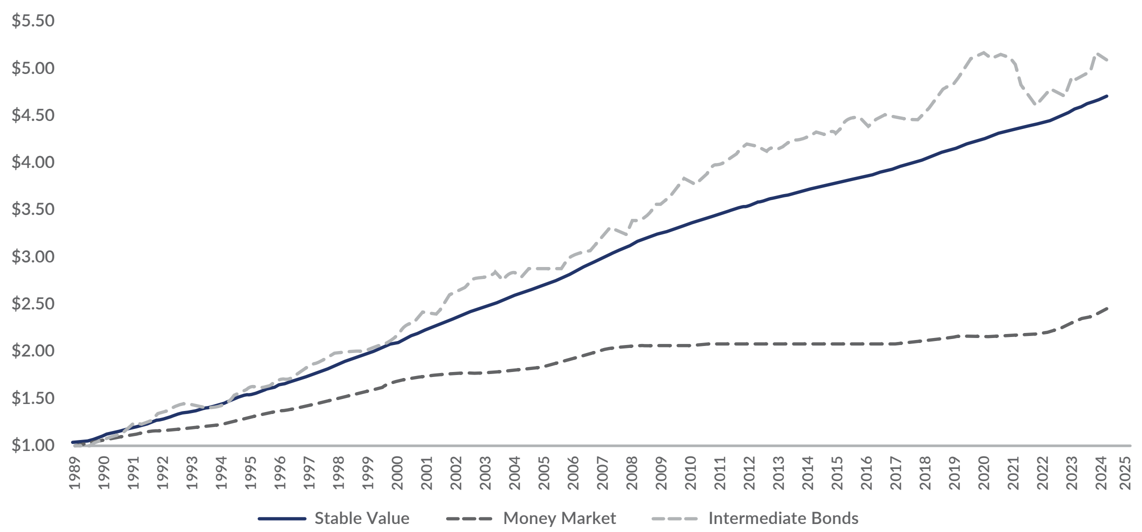
- Steady returns that generally track market interest rates with a lag, and in the long term outperform returns of money market funds.[2]
- Liquidity to support most participant transactions including benefit payments upon retirement at book value (the net value of contributions, accrued interest, withdrawals, and expenses) regardless of market fluctuations.

The chart below illustrates the steady returns offered through stable value products quite well.

Growth of a Dollar

While the volatility is similar to money market funds, the growth of a dollar over the same period is comparable to intermediate bonds.

12/31/1989 – 3/31/2025



Source: Stable Value Investment Association, "Stable Value at a Glance," March 31, 2025[1].
Past performance does not guarantee future results.

There are two primary stable value vehicles that are accessible to plans of all sizes.

- Insurance Company Stable Value: General Account or Separate Account
- Bank Collective Investment Trusts (CITs)

Insurance Company Stable Value: As of March 31, 2025, insurance backed stable value products represented $462 billion, more than half of total stable value balances reported at that time.[1] These are generally structured as group annuity contracts where the assets and guarantees are managed by the insurer. Group annuity contracts issued by a life insurer can be invested in the life insurance company's general account or its separate accounts.

General Account Stable Value (GASV) products represent the oldest form of stable value, and, to this day, the largest with $398 billion invested in them.[1] GASV products are commonly called Guaranteed Interest Accounts, or GIAs. They pool contributions from multiple plans for investment that is guaranteed by the issuer's general account. To learn more about GIA products, please review our question-and-answer guide.

Insurance separate account products represent $64 billion in defined contribution plans.[1] Here the underlying assets are segregated in the plan's name and held separately from the general account assets. These product types offer a stable crediting rate that smooths out the variations in value of the underlying fixed income securities. Effectively, underlying gains and losses are reflected over time in crediting rates.

Stable Value CITs: Stable value pooled CITs represent $148 billion in assets.[1] These are managed and overseen by investment managers while the vehicle itself, the collective investment trust, is established by banks or trust companies. The establishing bank or trust company may or may not be affiliated with the investment manager responsible for management of the fund. To ensure stable value, the investment manager procures wraps, or insurance contracts, from multiple insurers and banks on the underlying asset portfolios. Pooled CITs provide stability of net asset value (NAV).

Like insurance separate account products, stable value CITs provide a stable crediting rate that smooths out the variations in value of the underlying fixed income securities, and, effectively, underlying gains and losses are reflected over time in crediting rates. However, CITs typically do not provide guarantees of rate or guaranteed minimum rates above 0% floor.

There are many stable value products available that offer the benefits of capital preservation, steady income, and sufficient liquidity that may be needed to support certain activities like benefit payments, and stable value has a track record of outperforming its competing categories — notably money market funds and intermediate bonds — over the long-term. Nonetheless, risk is an innate characteristic in investing no matter the financial product or instrument at hand and plan sponsors should evaluate them carefully before making a selection. Risks to consider, and are not limited to, include cash flow risk, contract risk, event risk, credit risk, default risk, interest rate risk, issuer risk, liquidity risk, manager risk, market risk, regulatory risk, and tax and accounting risk. It's worth noting that stable value falls on the conservative side of the spectrum as compared to its equity complements.

As in any asset category, experience and expertise are part and parcel in stable value and some top insurers have over 100 years of insurance experience and decades of stable value product experience specifically. With their experience, expertise, and healthy general accounts, leading insurers offer competitive, stable value products.

To learn more about stable value, please reach out to one of **our team members**.

[1] Stable Value Investment Association, "Stable Value at a Glance," March 31, 2025.

[2] Stable Value Investment Association, "Stable Value and Rising Interest Rates," updated September 18, 2023.

“Stable Value” is represented as a composite of the historical returns derived from data collected by the SVIA for its four stable value market segments (individually managed accounts, pooled funds, insurance company general accounts, and insurance company separate accounts). Historical return data is presented as both a range (with the top and bottom deciles removed) and as an average. Data from 1989 to 2008 was collected from stable value managers to form a composite for use in research conducted by David Babbel and Miguel Herce, and data from 2008 to present is sourced from the SVIA’s Quarterly Characteristics Survey with the period from 2008 to 2015 derived from reported crediting rate data. Returns are gross of stable value management fees but net of fees necessary to deliver the product, such as stable value wrap, third party fixed income management, trust, custody, and fund administrative fees. This composite is composed of varying types of stable value products and, as such, should not be used as a comparison to a specific product.

“Money Market” is a simulation of money market returns from the iMoneyNet MFR Money Funds Index. Returns illustrated are gross before any fees.

”Intermediate Bonds” is a simulation of market value bond fund returns from the Barclays Intermediate Government/Credit Bond Index. Returns illustrated are gross before any fees.

MassMutual® Stable Value Investments is the marketing name of a Massachusetts Mutual Life Insurance Company business unit. The stable value insurance contracts offered are issued by Massachusetts Mutual Life Insurance Company.

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