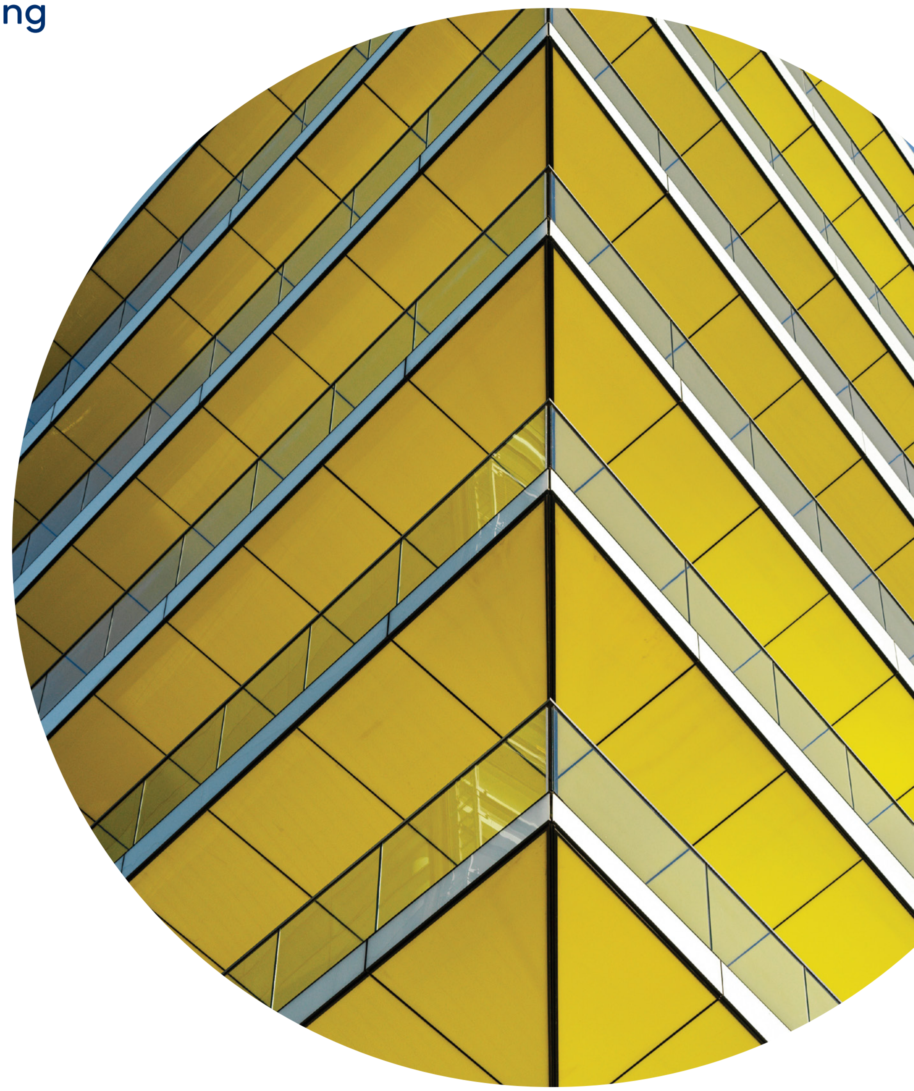
MassMutual
Stable Value Investments

Tools

Key Questions

to explore when evaluating a Guaranteed Interest Account (GIA) offering



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Here's a list of some key questions to consider when choosing — or monitoring — a GIA:

Insurer review

Insurer corporate structure. What is the corporate structure of the offering firm, and its history of delivering on its commitments during various economic cycles? Is it a mutual company or publicly traded?

Issuer financial strength. What are the ratings of the insurance company's financial strength as reported by: A.M. Best, Fitch Ratings, Moody's Investor Services, and Standard & Poor's? How long that opinion has been held and its record of success delivering on its commitments? What are the goals and the investment strategy of the insurer for its general account? Is the account well diversified? How has the account performed over multiple economic cycles?

Experience. What is the insurer's experience in both the insurance and the stable value areas of the business? How many years has the insurer been in the insurance business? Stable value? How big is the stable value team? What is the tenure of the team?

What is the insurer's assets under management and cash flows of the general account? As a stable value provider? How much market share do they have? Is the business growing, maintaining, or contracting? What, if any, resources and services are offered to support financial advisors? Does the provider offer consultative and educational support?

GIA product evaluation

Product terms. Is a sample contract available for review?

Crediting rate. How are the rates set? What is the timing of when they change? How competitive are the current rates and the track-record of competitiveness of the rates over time? What are the guaranteed minimums?

Liquidity. What restrictions and exit provisions are described in the contract? Are the product benefits responsive — meaning will a participant-initiated withdrawal required to support a benefit payment such as a distribution, loan, or rebalance be processed at book value in most situations? Regarding asset reallocations, are there restrictions on transfers directly to competing funds (funds with similar objectives) including an equity wash provision that will restrict transfers among competing for a specified time period such as sixty days?

Book value termination option. Does the contract include a book value termination clause? If it does, what are the terms related to number and frequency of payments and intervals? Does the provision call for six payments over five years? Does the contract remain benefit responsive during the termination period? Will the credited rate go to the guaranteed minimum floor?

Partial or full lump sum payment option. Is a lump sum payment option available to settle the contract at termination? And, if so, does it involve a potential market value adjustment or liquidation value adjustment?

Book-value corridor in defined benefit plan offerings. Are there any liquidity restrictions when rebalancing the pension fund? Is there a book value corridor or an equivalent — meaning a defined limit to how much can be withdrawn at book value when reallocating the pension's portfolio?

Portability. Once the contract is liquid, how does the life insurer facilitate transfer of funds from terminating contracts? Is the GIA only available as part of a bundled arrangement with recordkeeping services?

Book Up Provisions. In adverse market conditions that can cause negative market value adjustments upon contract termination, is a "book-up" provision available?

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

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