MassMutual® Stable Value Investments

Stable Value General Practice Points

The following checklist intends to help provide some general practice points for financial intermediary consideration, and is not intended to be exhaustive or to be applicable to any particular plan circumstances.

1. Review and validate insurer financial strength

The guarantees are as good as the guarantor that stands behind them. Regularly evaluate the insurance carrier's financial strength and stability, confirm that they continue to meet your qualifying criteria, and ensure that there are no material adverse changes to their financial stability or outlook.

2. Monitor participant cashflows in your client's plan

Is there a sudden uptick in outflows from stable value? If so, consider what factor(s) may be causing it. Are such factors impacting the credited rate for the participants?

3. Monitor the market to book (M/B) ratios regularly

- Ask for periodic reports from the provider in connection with any informational or educational needs you and your client may have. Most established insurers will provide this information readily.
- Understand the components of the M/B ratio, any fluctuations in the M/B ratio for your client's contract, and what factors may have a potential impact. Contact your provider with any questions or for any context you may wish to review/consider regarding the M/B ratio.

4. Review the contract and stay familiar with the terms

The contract may be a few years old or one that has not changed since inception.

- Know the limitations to book value coverage as not all events are covered. For example, plan mergers, terminations, unrestricted transfers to competing options, prohibited communications, etc., may not be covered events in stable value. Read and understand the terms of the coverage.
- Educate your client on the limited circumstances that could prompt a market value adjustment to payouts (such as plan terminations and other employer-initiated events).
- Plan ahead for potential impacts and research alternatives.
- Evaluate the portability of the stable value option if it is part of a bundled arrangement.
- Review exit provisions, especially when market values are significantly below book values.
- Initiate a call with the provider for a walk-through of or refresher on the contract.

5. Review asset portfolios

Where applicable, review the investment guidelines and performance of any underlying investment portfolio. Ensure adequate research, analysis, diversification, and quantitative and qualitative risk management oversight by the manager.

6. Review insurer's stable value experience and product performance in prior market cycles

Periodically review and consider the insurer's commitment to the asset class, their growth, their experience and expertise, and the depth and breadth of their solutions. For example: How did the product perform over prior market cycles such as the global financial crisis? Did the provider remain committed through such periods? What is their current outlook?

7. Stay informed of industry trends and solutions

Leverage your provider's depth of knowledge and expertise on this asset class and leverage other trusted resources. A good provider is willing and eager to partner with you to serve your client. Additional resources such as industry trade organizations (www.stablevalue.org) can also help you stay current on industry trends.

8. Communicate often

This is paramount in times of uncertainty. Engage and communicate often with your provider. Consider addressing any upcoming plan changes or circumstances that may trigger certain contractual provisions ahead of time. Keep your client and the insurer aligned by communicating as appropriate to avoid surprises. Advanced planning and ample lead time for key plan changes can aid in procuring a smooth exit strategy.

A final note

Importantly, your stable value provider is a long-term partner who is ready to help you find solutions with their experience and subject matter expertise. Engage them as appropriate in your plans. With the right partner and solution, stable value can serve as a beacon of stability and safety in unpredictable times.

IS6090 1124

MM202808-309377