SUCCESS STRATEGIES
Advanced Sales

Replacing the Post-Retirement Income Gap

For high-income earners

High-income earners are limited in how much they can contribute to qualified retirement accounts. As a result, there is a significant gap in their income at retirement — a gap that can range from 45% to 75% for earners with annual incomes over $200,000 per year.

Consider the projected figures in Chart A below based on hypothetical annual pre-retirement compensation just before retirement.

CHART A: REPLACEMENT OF ANNUAL COMPENSATION WITH SOCIAL SECURITY AND 401(k) INCOME SOURCES AT RETIREMENT AGE 67 (CURRENT AGE 45, FEMALE)

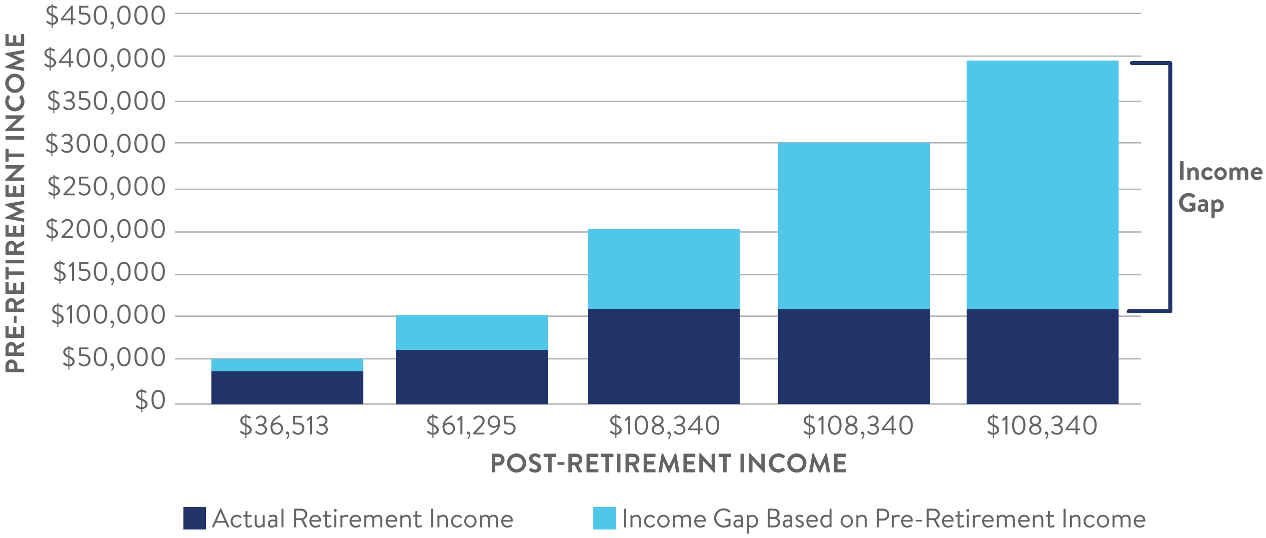
			High-Income Range		
Gross Social Security benefits beginning at age 67	$22,513	$22,513	$38,340	$38,340	$38,340
Total annual retirement income beginning at age 67	$36,513	$61,295	$108,340	$108,340	$108,340
Income Gap	($13,487)	($38,705)	($91,660)	($191,660)	($291,660)
Replacement ratio: % of compensation replaced by Social Security and 401(k)	**73.03%**	**61.30%**	54.17%	36.11%	27.09%

Benefits from the 401(k) assume a female retiree, age 45 today, makes maximum contributions allowable to her 401(k) annually for 22 years, until age 66. It is assumed that contributions grow at an average annual rate of 6% and that the retiree purchases a hypothetical single-life immediate annuity at age 67. Note that no specific rate of return can be assured. It is also assumed that contributions at the $200,000-and-over income range are maximized after age 50 based on today's catch-up contribution cap of $26,000. Lower income levels assume a 10% contribution rate. Social Security benefits are projected based on the Quick Benefits Calculator at ssa.gov.

Life Insurance

What the gap looks like based on income level

CHART B: INCOME GAP AT RETIREMENT BASED ON PRE-RETIREMENT INCOME



Where life insurance fits in

One solution for high-income earners is to consider the purchase of a whole life insurance policy today.

MassMutual's new Whole Life 10-Pay policy offers not only cost-efficient death benefit protection during the working years, but also potential high cash values that can help fill the income gap at retirement.

A whole life policy also offers retirees a way to diversify taxes at retirement because the cash values grow tax deferred. But unlike many employer-sponsored retirement plans, the withdrawals and loans are tax–favored, that is, withdrawals up to basis (cumulative premiums paid) are tax-free, after which tax-free loans can be taken.[1]

[1] Loans and withdrawals will reduce the death benefit and cash surrender value and may cause the policy to lapse. Lapse or surrender of a policy with a loan may cause the recognition of taxable income. Policies classified as Modified Endowment Contracts (MEC) may be subject to tax when a loan or withdrawal is taken. A federal tax penalty of 10% may also apply to a MEC policy if the loan or withdrawal is taken prior to age 59½.

Life Insurance

Hypothetical example: Assume Joanna, age 45 today, contributes the maximum allowable to her employer's 401(k). To address her family's $1,000,000 life insurance need today, she contributes $67,330 annually for ten years to her Whole Life 10-Pay insurance policy that may also offer her a source of funds to help fill in her income gap at retirement (assume that her final income just prior to retirement is $200,000). Consider Chart C below in which her annual income of $91,660 is taken from the policy age 67 through age 91 to fill in her income gap at retirement:

CHART C

Pre-Retirement Income to replace	Post-Retirement Income from 401(k) and Social Security beginning at age 67	**Shortfall**	Potential **Annual Distributions** from a whole life insurance policy age 67-91[1]	**Potential Post-Retirement Income** from planning
$200,000	**$108,340**	**$91,660**	**$91,660**	**$200,000**

The Chart C example above assumes the purchase of a Whole Life 10-Pay policy and taking loans and withdrawals from the policy to fill the gap in income based on a final pre-retirement income of $200,000. The example also assumes that the policy's cash values have not been accessed prior to retirement.

Chart C is a supplemental illustration that is not valid unless accompanied by the **basic illustration**. Refer to the basic illustration for assumptions, explanations, guaranteed elements and additional information. The values shown here are taken from the current assumption of non-guaranteed values.

These illustrated amounts are not guaranteed. They include dividends, which are neither estimates nor guarantees, that have been applied to purchase paid-up additions based on the 2021 dividend schedule. The dividend schedule is reviewed annually, and it is likely that dividends in future years will be lower or higher depending on the Company's actual experience. For this reason, we strongly recommend that you look at a lower dividend schedule illustration. Refer to the Basic Illustrations for guaranteed elements, assumptions, explanations and other important information.

MassMutual Whole Life 10-Pay in Action, Age 45 Female, Ultra Preferred Non-Tobacco — Initial Death Benefit: $1,000,000

CHART D

Year	Age	L10 Annual Premium	Cumulative Premium	Annual Policy Distributions to fund the shortfall	Cumulative Income taken	Non-guaranteed Net Death Benefit End Year	IRR on Net Cash Value [2]
1	46	$67,330	$67,330	–	–	$1,005,940	–
10	55	$67,330	$673,300	–	–	$1,271,052	1.26%
22	67	–	$673,300	$91,660	$91,660	$1,827,809	4.07%
45	90	–	$673,300	$91,660	$2,199,840	$522,422	4.74%
46	91	–	$673,300	$91,660	$2,199,840	$550,549	4.76%

Chart D is a supplemental illustration that is not valid unless accompanied by the basic illustration. Refer to the basic illustration for assumptions, explanations, guaranteed elements and additional information. The values shown here are taken from the current assumption of non-guaranteed values.

These illustrated amounts are not guaranteed. They include dividends, which are neither estimates nor guarantees, that have been applied to purchase paid-up additions based on the 2021 dividend schedule. The dividend schedule is reviewed annually, and it is likely that dividends in future years will be lower or higher depending on the Company's actual experience. For this reason, we strongly recommend that you look at a lower dividend schedule illustration. Refer to the Basic Illustrations for guaranteed elements, assumptions, explanations and other important information.

Contact Advanced Sales at **1-800-601-9983 Option #2**
or email **MMSDAdvancedSales@MassMutual.com**

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[2] The Internal Rate of Return is a measure that can be used to evaluate performance and is based on the current dividend schedule. It is the amount at which outlays (out-of-pocket costs) up to that year must be compounded each year to generate the Net Cash Value.

Whole Life Legacy Series policies ((MMWL-2018 and ICC18-MMWL in certain states, including North Carolina)/(MMWLA-2018 and ICC18-MMWLA in certain states, including North Carolina)), and MassMutual Whole Life series policies on the Coverpath platform (Policy Forms: WL-2018 and ICC18WL in certain states, including North Carolina) are level-premium, participating, permanent life insurance policies issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001.