

MassMutual's Dividend Interest Rate Explained

As a mutual life insurance company, MassMutual does not have shareholders. Instead, the company operates for the benefit of its eligible participating policyowners. Participating whole life policies issued by Massachusetts Mutual Life Insurance Company (MassMutual®) are eligible to receive a dividend each year.

Company surplus primarily results when overall actual operating experience is more favorable than what was originally assumed by the company in setting the premiums and guaranteed elements of policies. A portion of this surplus is set aside to be paid or applied as policy dividends in the following year; this is known as divisible surplus. When determining the dividend for an individual policy, the amount paid reflects the portion that each specific policy is considered to have contributed to the surplus. Generally, dividends are declared and paid annually and are subject to change.

Dividend Interest Rate

Dividends are primarily comprised of an investment component, a mortality component, and an expense component.

The Dividend Interest Rate (DIR) is used to calculate the investment component of policy dividends; **it is not the rate of return on the policy**. The DIR primarily represents the net investment

return on the assets supporting the reserves and cash values for a certain block of policies.

The way companies quote and apply Dividend Interest Rates varies. For example, some quote their DIR before investment expenses and some, like MassMutual, quote their DIR net of these expenses. Therefore, Dividend Interest Rates should not be used as the sole basis for comparing one whole life policy to another.

The Portfolio Average Method

MassMutual's DIR is determined using a portfolio average method that reflects the portfolio earnings on all assets that support our participating permanent life insurance and participating annuity blocks. Each portfolio is made up of investments purchased over a number of years, so changes in new money interest rates have a more gradual impact on the DIR. The stabilizing effect of the portfolio average method over time is among the reasons MassMutual and many other insurers use this approach to determine their Dividend Interest Rates.

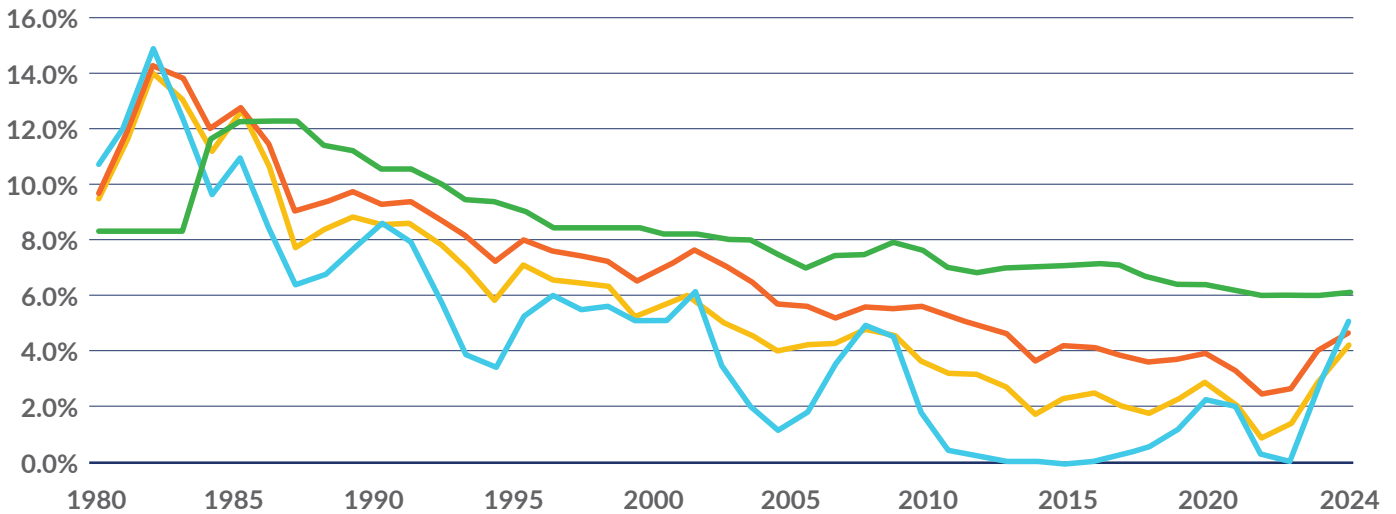
Although dividends are not guaranteed, MassMutual has paid them to eligible participating policyowners every year since 1869.

MASSMUTUAL'S DIR COMPARED TO COMMON FIXED INCOME MEASURES

This graph shows the relative stability of MassMutual's Dividend Interest Rate compared to three common fixed income measures over an extended period of time. The values plotted in the graph are for each year from 1980-2024.

DIVIDEND SCHEDULE

- MM DIR¹
- Moody's Seasoned Aaa Corporate Bond Yield, Percent, Annual, Not Seasonally Adjusted²
- Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Percent, Annual, Not Seasonally Adjusted³
- Market Yield on U.S. Treasury Securities at 1-Year Constant Maturity, Percent, Annual, Not Seasonally Adjusted⁴



¹ Refers to the MM-block of business, which comprises policies issued prior to the merger of Massachusetts Mutual Life Insurance Company and the former Connecticut Mutual Life Insurance Company in 1996. Starting with the 2012 dividend schedule, there is a single Dividend Interest Rate for all blocks.

² Moody's yield on seasoned Aaa corporate bonds for all industries, quoted for the year preceding the Dividend Interest Rate shown; for 2024, the rate is the average monthly rate from January to September for the preceding year. Moody's Aaa rates through December 6, 2001, are averages of Aaa utility and Aaa industrial bond rates. As of December 7, 2001, these rates are averages of Aaa industrial bonds only.

³ Market yield on U.S. Treasury securities at 10-year constant maturity, quoted for the year preceding the Dividend Interest Rate shown; for 2024, the rate is the average monthly rate from January to September for the preceding year.

⁴ Market yield on U.S. Treasury securities at 1-year constant maturity, quoted for the year preceding the Dividend Interest Rate shown; for 2024, the rate is the average monthly rate from January to September for the preceding year.

The products and/or certain features may not be available in all states. State variations will apply.

Whole Life Legacy series policies ((Policy Forms: 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 digital 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 (MassMutual), Springfield, MA 01111-0001.

