

Understanding the impact of withdrawals

with an Index Summit 6 registered index-linked annuity

When your clients purchase an Index Summit 6 registered index-linked annuity, they will have access to a portion of their money each year without charges. However, withdrawals taken prior to the end of a term will affect their investment base. The following examples show what happens if your clients decide to take a withdrawal in the middle of a term.

Hypothetical examples

What happens if my client takes a withdrawal when the index is rising?

The following example assumes:

- \$100,000 is allocated to a 1-year term with participation rate indexed strategy that offers a 75% upside participation rate and a 50% downside participation rate
- The client takes a penalty-free \$10,000 withdrawal in month four
- At the time of the withdrawal, the daily value percentage* is 2.33%
- At the end of the term, the index increase is 15%

Step 1: Determine the strategy value

$$\begin{array}{rcl} \$100,000 & + & \$2,330 \text{ gain} \\ \text{investment base} & & (\$100k \text{ purchase payment} \times 2.33\% \text{ daily value percentage}) \end{array} = \$102,330 \text{ strategy value}$$

Step 2: Determine the strategy value reduction

$$\begin{array}{rcl} \$10,000 & \div & \$102,330 \\ \text{withdrawal} & & \text{strategy value} \end{array} = 9.77\% \text{ reduction}$$

Step 3: Determine the investment base proportional reduction

$$\begin{array}{rcl} \$100,000 & \times & 9.77\% \\ \text{starting investment base} & & \text{reduction} \end{array} = \$9,770 \text{ investment base reduction}$$

Step 4: Determine the strategy value at the end of the term

$$\begin{array}{rcl} \$90,230 & - & +11.25\% \text{ increase} \\ \text{investment base after withdrawal} & & (15\% \text{ index change} \times 75\% \text{ upside participation rate}) \end{array} = \$100,380 \text{ ending strategy value}$$

What happens if my client takes a withdrawal when the index is falling?

The following example assumes:

- \$100,000 is allocated to a 1-year term with participation rate indexed strategy that offers a 75% upside participation rate and 50% downside participation rate
- The client takes a penalty-free \$10,000 withdrawal in month four
- At the time of the withdrawal, the daily value percentage* is -2.10%
- At the end of the term, the index decrease is -15%

Step 1: Determine the strategy value

$$\begin{array}{rcl} \$100,000 & + & \$2,100 \text{ loss} \\ \text{investment base} & & (\$100k \text{ purchase payment} \times 2.10\% \text{ daily value percentage}) \\ & = & \$97,900 \\ & & \text{strategy value} \end{array}$$

Step 2: Determine the strategy value reduction

$$\begin{array}{rcl} \$10,000 & \div & \$97,900 \\ \text{withdrawal} & & \text{strategy value} \\ & = & 10.21\% \\ & & \text{reduction} \end{array}$$

Step 3: Determine the investment base proportional reduction

$$\begin{array}{rcl} \$100,000 & \times & 10.21\% \\ \text{starting investment base} & & \text{reduction} \\ & = & \$10,210 \\ & & \text{investment base reduction} \end{array}$$

Step 4: Determine the strategy value at the end of the term

$$\begin{array}{rcl} \$89,790 & - & -7.5\% \text{ decrease} \\ \text{investment base} & & (-15\% \text{ index change} \times 75\% \text{ upside participation rate}) \\ \text{after withdrawal} & = & \$83,056 \\ & & \text{ending strategy value} \end{array}$$

*The Daily Value Percentage is a complex calculation involving multiple factors. Please see the Special Terms Related To Daily Value Percentage section of the prospectus for more information. To obtain a copy of the prospectus, please visit MassMutualAscend.com/RILArates.

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