

**MODERNIZE WHAT MATTERS**

**Annuity modernization: a case study**



As clients near retirement, it’s natural for their financial goals to evolve – and it’s possible they have outdated annuity contracts that no longer align with their needs. For example, a variable annuity issued years ago may lack modern features designed to mitigate risk, leaving clients vulnerable to market volatility. In addition, clients may be paying upwards of 2% - 4% in contract fees, which can hinder their ability to grow wealth efficiently. In this case study, we’ll examine how annuity modernization can help meet clients’ evolving needs and strengthen their overall investment strategy.

**Modernization in action:  
Meet Matthew and Margaret**



Matthew and Margaret purchased a variable annuity (VA) in 2015 while they were both working and saving for retirement. Their financial focus was long-term growth – and because they were still years away from retirement, they had an appetite for risk and were comfortable weathering any bouts of market volatility. Additionally, they found comfort in knowing that they could turn their annuity into a stream of guaranteed lifetime income, and felt the option to do so was worth the costs associated with their VA.

Today, as Matthew and Margaret plan to retire within the next six months, they meet with their financial advisor to re-evaluate their portfolio. After thoughtful conversations about their waning risk tolerance and aversion to high fees, it’s determined that their VA no longer aligns with their needs. Because Matthew and Margaret still want the opportunity for growth and guaranteed lifetime income, their advisor recommends a more modern solution – a registered index-linked annuity.

Registered index-linked annuities – or RILAs – are a newer type of annuity, offering modern features like partial downside protection – but still allow clients to participate in positive market performance. Let’s take a look at some of the key differences between a VA and a RILA:

	<b>VARIABLE ANNUITY (VA)</b>	<b>REGISTERED INDEX-LINKED ANNUITY (RILA)</b>
<b>Annual fees</b>	2%-4% <sup>1</sup> (mortality & expense, subaccount and administrative fees)	0% - 1% <sup>2</sup> (varies by product, may include contract fees or advisory fees)
<b>Downside exposure</b>	Unlimited downside exposure, no protection against loss	<b>Partial protection against loss</b> – downside exposure is reduced by downside protection factors such as floors, buffers and downside participation rates
<b>Upside potential</b>	Unlimited upside potential	<b>Partial upside potential</b> – market-linked growth is subject to upside potential factors such as caps, triggers and upside participation rates
<b>Guaranteed Lifetime Income</b>	Available	Available

See next page for more information regarding differences between a VA and a RILA.

Between the reduced fees, partial protection against loss, continued growth opportunity and option for guaranteed lifetime income, Matthew and Margaret agreed that a RILA better suited their needs going into retirement.

**When you help clients refresh outdated annuity contracts no longer serving their needs, you’re demonstrating innovation, foresight and a commitment to protecting what matters most. Contact the MassMutual Ascend sales team today to discuss annuity modernization and our available solutions.**

<sup>1</sup> The Annuity Expert, 7 Annuity Fees You Must Know Before Buying, 2025

<sup>2</sup> Possible fee range for MassMutual Ascend's registered index-linked annuities, including contract fees and advisory fees.

MassMutual Ascend's registered index-linked annuities can only be sold through a Broker/Dealer that is contracted with MassMutual Ascend. Any sales solicitation must be accompanied or preceded by a prospectus. To obtain a copy of the prospectus, please visit [MassMutualAscend.com/RILArates](https://MassMutualAscend.com/RILArates).

MassMutual Ascend<sup>SM</sup> is not an investment adviser and the information provided in this document is not investment advice. It was written solely to provide general information and support the sale of annuity products. Any decision to purchase a RILA or replace a VA with a RILA should involve careful consideration of actual costs and constraints and be made with the client's best interest in mind. In addition to the information presented on this piece, there are other differences between VAs and RILAs, including:

**Subaccounts vs. indexed strategies:** For VAs, funds are allocated to subaccounts, representing ownership in the underlying investment. For RILAs, funds are allocated to indexed strategies, which experience gains or losses based, in part, on the performance of the index to which the indexed strategy is linked. An investment in an indexed strategy is not an investment in the index or any index fund.

**How gains and losses are credited:** For VAs, accumulation unit values for each subaccount are calculated after the close of business each business day and are reflected in the contract value. For RILAs, the gain or loss for each indexed strategy is credited at the end of a term. The amount of upside potential may vary from term to term, and terms on MassMutual Ascend's available RILAs range from one to six years in length.

**Flexibility of reallocating funds:** For VAs, transfers between subaccounts are permitted at any time, though may be subject to restrictions. For RILAs, reallocations from one indexed strategy to another can only be executed at the end of a term. Unless a reallocation is initiated at the end of a term, funds are automatically applied to the same strategy (if available) for the next term.

**Liquidity:** For VAs, withdrawals may be subject to the daily valuation of the underlying subaccount. For RILAs, withdrawals are subject to an interim strategy value and point-to-point terms. For both VAs and RILAs, contracts can be surrendered or a withdrawal made at any time before annuitization or death of the owner. Withdrawals from a VA may be subject to early withdrawal charges, and withdrawals from a RILA may be subject to early withdrawal charges or a market value adjustment. Additionally, surrenders or withdrawals before the end of a term will have the value calculated using the daily value percentage which could be negative and could result in significant loss.

Both VAs and RILAs grow on a tax-deferred basis.

For RILAs, there is an implicit ongoing fee on indexed strategies to the extent that a client's participation in index gains is limited by the company through the use of upside potential factors such as caps, upside participation rates and trigger rates. This means clients' returns may be lower than the index's returns. In return for accepting this limit on index gains, clients will receive some protection from index losses.

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