

Key-Person Insurance Plan

A Key-Person Protection Plan for Your Company



Prepared For
Valued Client

Presented By:
Mass Mutual Strategic Distributors
1295 State St.
Springfield, MA 01111

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Many of the figures used in the following presentation are based upon both assumptions and data provided by you, including assumed growth rates on your existing assets. A summary of those assumptions can be found at the end of the presentation. Your furnishing of accurate data will help enhance the value of the analysis contained in this presentation.

The decision to purchase life insurance should be based on long-term financial goals and the need for a death benefit. Life insurance is not an appropriate vehicle for short-term savings or short-term investment strategies. While the policy allows for loans, you should know that there may be little to no cash value available for loans in the policy's early years.

This supplemental life insurance illustration summary is not valid unless accompanied by or preceded by a MassMutual Whole Life 10 Pay Basic Illustration dated November 08, 2023. **Refer to the [Basic Illustration](#) for guaranteed elements and other important information.**

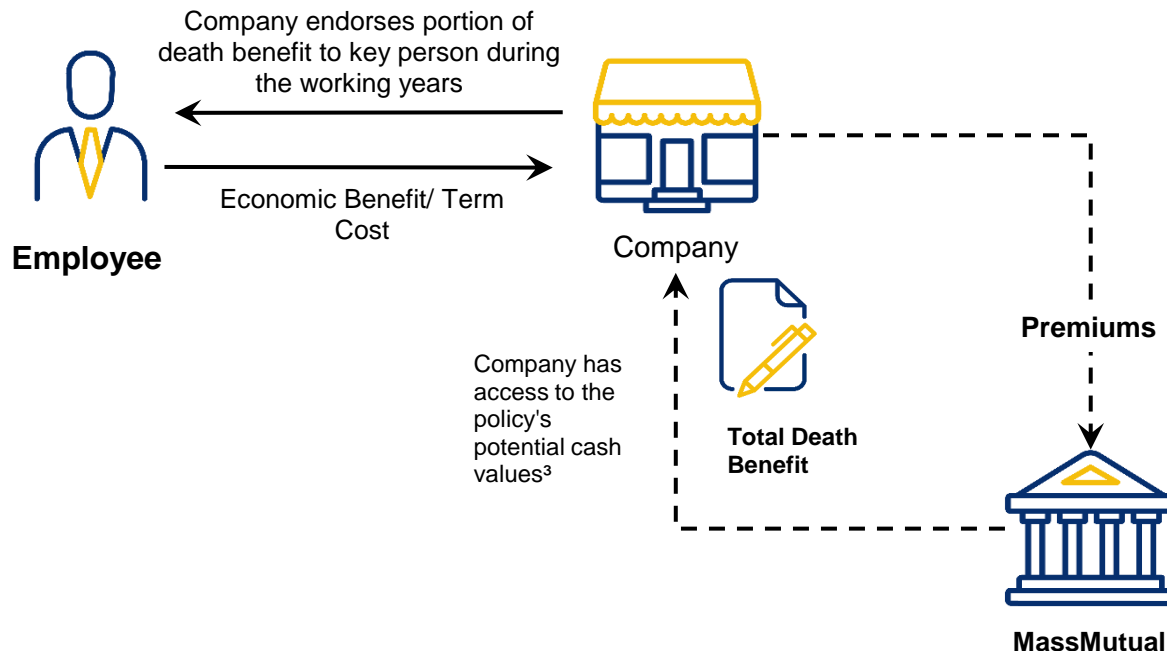
Key-Person Insurance Plan

How it works before retirement or at separation of service

There are a few ways a business owned life insurance policy on the life of a key person can serve as an executive benefit plan. The company owns the policy and can later choose to transfer it to the executive. A business owned life insurance policy can be used in the following ways as a Key Person Plan:

- When the company owns a policy on the life of a key employee, the policy becomes an asset on the company's balance sheet. As such, the policy's cash values can be used for business purposes. If the employee leaves the company, the accumulated cash value can be accessed to account for the costs associated with the replacement of the key employee.
- Your business may opt to endorse a portion of the death benefit proceeds to the key employee while retaining the balance of the death benefit to indemnify the company from the loss of a key person.
- The employee pays tax on the annual term cost of the amount of the death benefit endorsed to them. The policy is a valuable benefit to the key employee since the cost to them of the life insurance coverage is a fraction of the premium. The term cost (also referred to as the economic benefit) is derived from a government published rate table, or the insurer's rate table if it qualifies under the regulations. The term cost is based on the amount of the death benefit coverage and the insured employee's age each year. The company may decide to make a bonus in the amount of the term cost each year so there is no out of pocket cost to the key-employee. Typically, the annual term cost is imputed income to the employee since the employer pays that portion of the premium. In this case, the imputed income is taxable annually to the employee during the term of the endorsement.
- As employer, you may decide to bonus the policy to the key employee at some point, such as at retirement, as an added employee incentive to stay with the company. When making a bonus of the policy, the key employee must pay taxes on its value at the time of the transfer. It is possible to bonus the taxes as well, known as a double bonus. The company will receive a tax deduction for the transfer.

HOW A KEY-PERSON INSURANCE PLAN WORKS



³ It is also possible for the company to decide later to use the policy's cash values to offer a supplemental retirement benefit to the employee. Distributions under the policy (including cash dividends and partial/full surrenders) are not subject to taxation up to the amount paid into the policy (cost basis). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and are subject to a 10 percent tax penalty if the policyowner is under age 59½.

Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

Key-Person Insurance Plan

Summary of Benefits and Considerations

Benefits

- **Protects business from loss of key-person.** Provides the cash necessary to keep the business operating smoothly:
 - Assures creditors that the company can continue to succeed after the loss of a key person.
 - Assures customers that the company is stable and running as usual.
 - Covers the expense of finding and training a replacement.
- **Policy is corporate asset.** The potential policy cash value is an asset on the company's balance sheet that is not subject to market volatility and can be used for unexpected corporate expenses.
- **Flexibility.** The policy can be transferred to the employee or used by the company to supplement the key person's retirement income.
- The premiums on a formal key-person insurance plan can be funded with a corporation's retained earnings since retained earnings used to pay premiums in accordance with a formal key-person insurance plan are not subject to the 20% excise tax applicable to retained earnings. The cash values, as an asset on the balance sheet, are also exempt from the excise tax.

Considerations

- **Non-deductible Premiums.** The premiums paid are not tax-deductible by your company.
- **Distribution of the policy to employee is taxable.** If you transfer the policy to the employee at retirement, the employee will pay taxes on the value of the policy. However, your company receives a tax deduction on the value of the transfer. The value of the policy is determined by a valuation specialist. The valuation of the policy takes into account premiums paid, as well as the policy's accumulated cash values.
- **Life insurance costs and qualifications.** The purchase of life insurance has costs and risks, including the cost of insurance. The key employee must qualify financially and medically for coverage.
- **Notice and Consent.** When a company owns a policy on the life of one of its employees, notice and consent rules governed by IRC Section 101(j) and 409A must be followed or the death benefit proceeds will be taxed when paid.

Key-Person Insurance for Business Continuation

A Key-Person Insurance Plan (also considered a Stock Redemption Plan when an owner is the key person) can go a long way in addressing the continuation of your business. With corporate tax rates currently at 21%, there is an opportunity to use low tax corporate dollars to fund a business continuation plan in which the company owns a life insurance policy on a key-person or owner of the business. Should the key person or owner die prematurely, the company can use the proceeds to fund a buy -sell or stock redemption plan, find a replacement for the key person, or to keep the business running.

Corporate Accumulated Earnings

A C-Corporation that accumulates earnings — instead of distributing them as dividends to shareholders — is subject to a 20% excise tax on the annual retained earnings above \$250,000 or \$150,000 in the case of professional service businesses, unless one of a limited set of exceptions applies.¹ One such exception is when a corporation uses accumulated earnings to fund life insurance for a business continuation plan. Generally, the exceptions are related to the reasonable needs of the business, as outlined under IRC §531.²

What is considered an exception for the reasonable needs of the business?

The IRS includes the following to be reasonable needs of a business:

- Specific, definite, and feasible plans for using accumulated earnings in the business.
- Business expansion, constructing new facilities, and investing in newer equipment.
- Accumulating an amount necessary to:
 - Redeem the corporation's stock that is included in a deceased shareholder's gross estate, provided the amount does not exceed the reasonably anticipated total estate and inheritance taxes, and funeral and administration expenses incurred by the shareholder's estate.
 - Fund a board-approved key-person insurance policy to indemnify the company for losses connected to the departure of a key owner or executive.

¹ Taxation of accumulated earnings is governed by IRC Section 531-537. See also Publication 542.

² If the company is structured as a personal service corporation (PSC), the amount of earnings that may be accumulated inside the company is \$150,000 before the tax applies. S-Corporations are not subject to the tax since they are pass-through entities.

At retirement or at separation of service

In general, there are three ways to end the Key-Person Insurance Plan

1. The employer retains the policy.
2. The employee can purchase the policy by paying the employer an amount equal to the policy's cash value; or
3. The employer may transfer ownership of the policy to the employee as a taxable bonus, resulting in a tax- deduction for the employer.⁴

Under 2 & 3, the employee then has unrestricted ownership of the policy.

About the policy illustrated

The MassMutual life insurance product used in this presentation is Whole Life 10 Pay. It is a level premium, participating policy that provides permanent life insurance coverage and builds cash value over time. Premiums are guaranteed and payable for 10 years, at which time it is paid-up.

Plan information:

Employee:	Valued Client
Issue Age:	42
Underwriting Class:	Select Preferred Non-Tobacco
Dividend Option:	Paid Up Additions
Initial Death Benefit:	\$1,481,262
Initial Annualized Policy Premium:	\$100,000
Employee Tax Bracket:	25.00%
Employer Tax Bracket	21.00%

Transfer method illustrated

Transferred Amount Type:	Policy
Transfer Year	23

Transfer Death Benefit Share

Death Benefit Employee Share	Specific Amount
Specified Death Benefit Share	\$500,000

Important tax and regulatory considerations

Under certain circumstances, a Key-Person Insurance Plan can be considered a form of deferred compensation and subject to Internal Revenue Code Section 409A. If the requirements of Section 409A are not met, the participant may be subject to less favorable tax treatment. The rules under Section 409A are complex. The employee and employer are encouraged to consult with their own independent tax counsel or advisor.

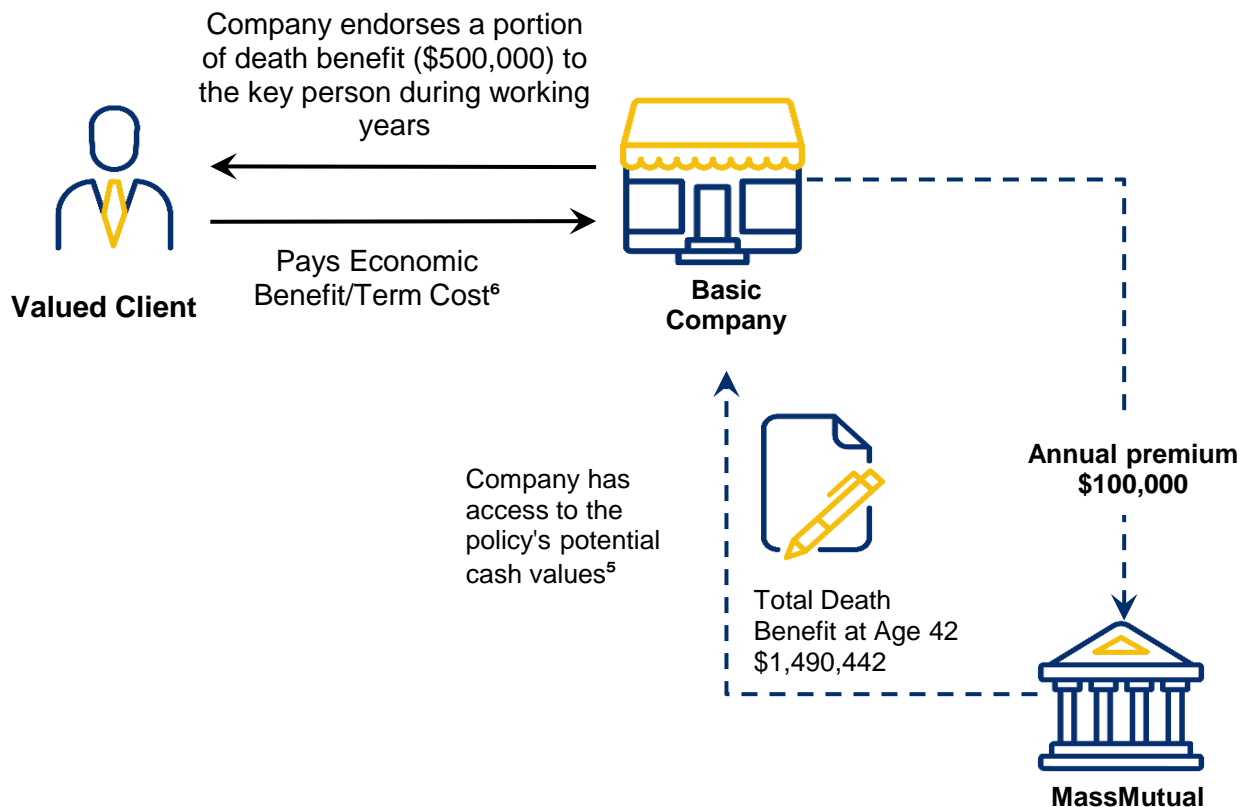
⁴⁴ If a taxable bonus of the policy is illustrated, an expressed or implied agreement to pay a bonus at that time could create significant adverse tax consequences, including a change in the fundamental taxation of the plan. Please take note of the **Important tax considerations and regulatory considerations** section on this page.

Valued Client, Male 42, Select Preferred Non-Tobacco

Whole Life 10 Pay
Initial Death Benefit: \$1,481,262
Initial Premium: \$100,000
Dividend: Current Dividend Option: Paid Up Additions
Riders: ABR, TIR

KEY-PERSON INSURANCE PLAN - YEAR 1

How Does it Work?



⁵ Distributions under the policy (including cash dividends and partial/full surrenders) are not subject to taxation up to the amount paid into the policy (cost basis). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and are subject to a 10 percent tax penalty if the policyowner is under age 59½.

Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

⁶ The imputed income is the amount of the economic benefit which is based on MassMutual's Non-Convertible Term Rates, which may not qualify to be used in the future. If not, the government Table 2001 must be used.

These illustrated amounts are not guaranteed. They include dividends, which are neither estimates nor guarantees, but are based on the 2024 dividend schedule. Dividends in future years may be lower or higher, depending on the company's actual experience. Due to this fact, we strongly recommend you look at a lower schedule illustration.

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DEFINITION OF COLUMNS

Key-Person Insurance Plan

- **Employer's After-Tax Outlay Begin Year** – This is the amount the company is paying toward annual premium on a life insurance policy it owns on the life of a key employee or owner.
- **Employer's Net Cash Value End Year** – This is the policy's net cash surrender value that the company includes on its balance sheet during the term of the endorsement. On the employee side of the ledger, it reflects the cash values of the policy, if and when the policy is transferred to the employee, at which point the employee becomes owner of the policy. If the company does not transfer the policy to the key-person, then there are no cash values allocated to the key-person.
- **Employer's Net Death Benefit End Year** – This is the policy's death benefit that is payable to the company in the event of the death of the key employee. On the employee side of the ledger, the column reflects the portion of the death benefit, if any, that is endorsed to the key-person during the endorsement period. It will also show the entire death benefit if the policy is transferred (either sold or bonused) to the key-person after the endorsement period, at which point the key-person will own the policy outright.
- **Cash Value Distributed to Key Person** – This reflects the taxable amount of the policy's value for which the employee is responsible if the employer transfers the policy to the employee in assumed year of retirement.
- **Employee Premium** – If the policy is transferred while annual premium is still required, this column illustrates what premium the key-person will be responsible to pay on an ongoing basis after the transfer.
- **Annual Policy Distributions** – This refers to annual distributions taken from the policy to pay taxes when the policy is transferred by the company as a bonus to the key-person, or to pay the company for the value of the policy when transferred, if and when transferred to the employee.
- **Economic Benefit** – The economic benefit is the term cost of the death benefit amount that is endorsed to the key-person. The economic benefit is based off of the per \$1,000 cost of term coverage from the government published Table 2001, or from the insurer's term rates if they qualify under the IRS rules. ⁶
- **Employee Net Outlay** – This column refers to the net out-of-pocket cost of the arrangement to the employee, which is the economic benefit cost (or term cost) of the death benefit endorsed to the employee, or the tax on the economic benefit, and/or any future premiums due once the policy has been transferred.
- **Employee's Net Cash Value End Year** – This column reflects the policy's net cash value owned by the key executive, if and when the policy is transferred to the key employee – at retirement or before.
- **Employee's Net Death Benefit End Year** – This column reflects the policy's net death benefit provided to the key executive, before retirement and after, if any.

***Transfer Year** – This reference in the title of the ledger page is the year to illustrate a hypothetical transfer of the policy to the employee.

⁶ See IRS Notice 2001-10

Key-Person Insurance Plan

Transfer Year 23

Valued Client, Male 42, Select Preferred Non-Tobacco

Whole Life 10 Pay

Initial Death Benefit: \$1,481,262

Initial Premium: \$100,000

Dividend: Current

Dividend Option: Paid Up Additions

Riders: ABR, TIR

Yr Age		COMPANY			EMPLOYEE								
		Employer's After-Tax Outlay Begin Year	Non-guaranteed Policy Values		POLICY TRANSFER							Non-guaranteed Policy Values	
			Employer's Net Cash Value End Year	Employer's Net Death Benefit End Year	Cash Value Distributed to Employee	Tax On Distribution (25.00%)	Policy Distribution to Pay Taxes					Employee's Net Cash Value End Year	Employee's Net Death Benefit End Year
1	43	100,000	37,091	990,442	0	0	0	0	0	195	49	0	500,000
2	44	100,000	102,683	1,007,484	0	0	0	0	0	210	53	0	500,000
3	45	100,000	201,035	1,032,710	0	0	0	0	0	230	58	0	500,000
4	46	100,000	305,928	1,066,325	0	0	0	0	0	250	63	0	500,000
5	47	100,000	417,673	1,108,451	0	0	0	0	0	270	68	0	500,000
6	48	100,000	534,729	1,155,527	0	0	0	0	0	290	73	0	500,000
7	49	100,000	657,425	1,207,737	0	0	0	0	0	310	78	0	500,000
8	50	100,000	785,996	1,265,202	0	0	0	0	0	330	83	0	500,000
9	51	100,000	920,790	1,328,110	0	0	0	0	0	350	88	0	500,000
10	52	100,000	1,062,196	1,396,778	0	0	0	0	0	370	93	0	500,000
11	53	0	1,121,547	1,468,489	0	0	0	0	0	390	98	0	500,000
12	54	0	1,184,093	1,542,808	0	0	0	0	0	420	105	0	500,000
13	55	0	1,250,003	1,619,871	0	0	0	0	0	455	114	0	500,000
14	56	0	1,319,434	1,699,826	0	0	0	0	0	490	123	0	500,000
15	57	0	1,392,569	1,782,788	0	0	0	0	0	525	131	0	500,000
16	58	0	1,469,554	1,868,834	0	0	0	0	0	565	141	0	500,000
17	59	0	1,550,562	1,958,088	0	0	0	0	0	595	149	0	500,000
18	60	0	1,635,775	2,050,717	0	0	0	0	0	625	156	0	500,000
19	61	0	1,725,411	2,146,905	0	0	0	0	0	655	164	0	500,000
20	62	0	1,819,732	2,246,973	0	0	0	0	0	690	173	0	500,000
Total		1,000,000			0	0	0	0	0	8,215	2,054		

⁷ The imputed income is the amount of the economic benefit which is based on MassMutual's Non-Convertible Term Rates, which may not qualify to be used in the future. If not, the government Table 2001 must be used. ⁸ The Economic Benefit cost in this example is assumed to be paid by the employer. This payment is considered imputed income to the executive, who is then taxed on this amount.

These illustrated amounts are not guaranteed. They include dividends, which are neither estimates nor guarantees, but are based on the 2024 dividend schedule. Dividends in future years may be lower or higher, depending on the company's actual experience. Due to this fact, we strongly recommend you look at a lower schedule illustration.

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Key-Person Insurance Plan

Transfer Year 23

Valued Client, Male 42, Select Preferred Non-Tobacco

Whole Life 10 Pay

Initial Death Benefit: \$1,481,262

Initial Premium: \$100,000

Dividend: Current

Dividend Option: Paid Up Additions

Riders: ABR, TIR

Yr Age		COMPANY			EMPLOYEE								
		Employer's After-Tax Outlay Begin Year	Non-guaranteed Policy Values		POLICY TRANSFER							Non-guaranteed Policy Values	
			Employer's Net Cash Value End Year	Employer's Net Death Benefit End Year	Cash Value Distributed to Employee	Tax On Distribution (25.00%)	Policy Distribution to Pay Taxes	Employee Premium	Annual Policy Distributions	Economic Benefit ⁷	Employee Net Outlay ⁸	Employee's Net Cash Value End Year	Employee's Net Death Benefit End Year
21	63	0	1,919,122	2,351,254	0	0	0	0	0	720	180	0	500,000
22	64	0	2,023,697	2,459,833	0	0	0	0	0	790	198	0	500,000
23	65	0	0	0	2,023,697	505,924	505,924	0	0	0	0	1,600,915	2,305,631
24	66	0	0	0	0	0	0	0	90,000	0	(90,000)	1,593,571	2,260,384
25	67	0	0	0	0	0	0	0	90,000	0	(90,000)	1,585,642	2,215,698
26	68	0	0	0	0	0	0	0	90,000	0	(90,000)	1,577,123	2,171,448
27	69	0	0	0	0	0	0	0	90,000	0	(90,000)	1,568,016	2,127,652
28	70	0	0	0	0	0	0	0	90,000	0	(90,000)	1,558,291	2,084,280
29	71	0	0	0	0	0	0	0	90,000	0	(90,000)	1,547,697	2,056,547
30	72	0	0	0	0	0	0	0	90,000	0	(90,000)	1,535,987	2,041,788
31	73	0	0	0	0	0	0	0	90,000	0	(90,000)	1,523,005	2,024,983
32	74	0	0	0	0	0	0	0	90,000	0	(90,000)	1,508,549	2,006,006
33	75	0	0	0	0	0	0	0	90,000	0	(90,000)	1,492,439	1,984,685
34	76	0	0	0	0	0	0	0	90,000	0	(90,000)	1,474,527	1,960,804
35	77	0	0	0	0	0	0	0	90,000	0	(90,000)	1,454,551	1,934,072
36	78	0	0	0	0	0	0	0	90,000	0	(90,000)	1,432,335	1,904,210
37	79	0	0	0	0	0	0	0	90,000	0	(90,000)	1,407,614	1,870,862
38	80	0	0	0	0	0	0	0	90,000	0	(90,000)	1,380,111	1,833,729
39	81	0	0	0	0	0	0	0	90,000	0	(90,000)	1,349,450	1,792,515
40	82	0	0	0	0	0	0	0	90,000	0	(90,000)	1,315,282	1,746,866
Total		1,000,000			2,023,697	505,924	505,924	0	1,530,000	9,725	(1,527,569)		

⁷ The imputed income is the amount of the economic benefit which is based on MassMutual's Non-Convertible Term Rates, which may not qualify to be used in the future. If not, the government Table 2001 must be used. ⁸ The Economic Benefit cost in this example is assumed to be paid by the employer. This payment is considered imputed income to the executive, who is then taxed on this amount.

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Key-Person Insurance Plan

Transfer Year 23

Valued Client, Male 42, Select Preferred Non-Tobacco

Whole Life 10 Pay

Initial Death Benefit: \$1,481,262

Initial Premium: \$100,000

Dividend: Current

Dividend Option: Paid Up Additions

Riders: ABR, TIR

Yr		Age		COMPANY			EMPLOYEE								
				Non-guaranteed Policy Values			POLICY TRANSFER							Non-guaranteed Policy Values	
														Employee's Net Cash Value End Year	Employee's Net Death Benefit End Year
Employer's After-Tax Outlay Begin Year	Employer's Net Cash Value End Year	Employer's Net Death Benefit End Year	Cash Value Distributed to Employee	Tax On Distribution (25.00%)	Policy Distribution to Pay Taxes	Employee Premium	Annual Policy Distributions	Economic Benefit ⁷	Employee Net Outlay ⁸	Employee's Net Cash Value End Year	Employee's Net Death Benefit End Year				
41	83	0	0	0	0	0	0	90,000	0	(90,000)	1,277,035	1,696,146			
42	84	0	0	0	0	0	0	90,000	0	(90,000)	1,234,460	1,640,533			
43	85	0	0	0	0	0	0	90,000	0	(90,000)	1,187,055	1,579,650			
44	86	0	0	0	0	0	0	0	0	0	1,229,225	1,608,118			
45	87	0	0	0	0	0	0	0	0	0	1,270,491	1,635,753			
46	88	0	0	0	0	0	0	0	0	0	1,310,359	1,662,220			
47	89	0	0	0	0	0	0	0	0	0	1,348,224	1,687,145			
48	90	0	0	0	0	0	0	0	0	0	1,383,475	1,709,996			
49	91	0	0	0	0	0	0	0	0	0	1,415,844	1,730,381			
50	92	0	0	0	0	0	0	0	0	0	1,444,970	1,747,679			
51	93	0	0	0	0	0	0	0	0	0	1,471,120	1,761,427			
52	94	0	0	0	0	0	0	0	0	0	1,494,657	1,771,194			
53	95	0	0	0	0	0	0	0	0	0	1,516,747	1,776,439			
54	96	0	0	0	0	0	0	0	0	0	1,539,522	1,776,574			
55	97	0	0	0	0	0	0	0	0	0	1,564,570	1,771,245			
56	98	0	0	0	0	0	0	0	0	0	1,595,533	1,759,417			
57	99	0	0	0	0	0	0	0	0	0	1,639,155	1,739,328			
58	100	0	0	0	0	0	0	0	0	0	1,708,071	1,708,071			
Total		1,000,000			2,023,697505,924505,924			01,800,0009,725(1,797,569)							

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DEFINITION OF COLUMNS

Key-Person Insurance Plan (IRR - Key Executive)

- **Employee Net Outlay** – This is the cost to the employee for the portion of the life insurance coverage the employer is endorsing to him or her while employed.
- **Employee's Net Cash Value End Year** – This column reflects the policy's net cash value owned by the key executive, if and when the policy is transferred to the key employee – at retirement or before.
- **Net IRR on Cash Value** – This column reflects the rate of return at which net out-of-pocket outlays must be compounded annually to generate the policy cash value net of policy loans.
- **Employee's Net Death Benefit End Year** – This column reflects the policy's net death benefit provided to the key executive, before retirement and after, if any.
- **Net IRR on Death Benefit** - This column reflects the rate of return at which net out-of-pocket outlays must be compounded annually to generate the policy death benefit net of policy loans.

Key-Person Insurance plan Internal Rates of Return - To Employee

Valued Client, Male 42, Select Preferred Non-Tobacco

Whole Life 10 Pay

Initial Death Benefit: \$1,481,262

Initial Premium: \$100,000

Dividend: Current

Dividend Option: Paid Up Additions

Riders: ABR, TIR

PROJECTED NON-GUARANTEED VALUES						
		Employee's				
Yr.	Age	Employee Net Outlay	Net Cash Value End Year	IRR On Cash Value	Employee's Net Death Benefit	Net IRR On Death Benefit
1	43	(49)	0	0.00%	500,000	1025541%
2	44	(53)	0	0.00%	500,000	9974%
3	45	(58)	0	0.00%	500,000	2036%
4	46	(63)	0	0.00%	500,000	877.39%
5	47	(68)	0	0.00%	500,000	509.94%
6	48	(73)	0	0.00%	500,000	345.02%
7	49	(78)	0	0.00%	500,000	255.21%
8	50	(83)	0	0.00%	500,000	199.99%
9	51	(88)	0	0.00%	500,000	163.09%
10	52	(93)	0	0.00%	500,000	136.92%
11	53	(98)	0	0.00%	500,000	117.50%
12	54	(105)	0	0.00%	500,000	102.59%
13	55	(114)	0	0.00%	500,000	90.80%
14	56	(123)	0	0.00%	500,000	81.27%
15	57	(131)	0	0.00%	500,000	73.43%
16	58	(141)	0	0.00%	500,000	66.86%
17	59	(149)	0	0.00%	500,000	61.30%
18	60	(156)	0	0.00%	500,000	56.52%
19	61	(164)	0	0.00%	500,000	52.38%
20	62	(173)	0	0.00%	500,000	48.75%
21	63	(180)	0	0.00%	500,000	45.56%
22	64	(198)	0	0.00%	500,000	42.73%
23	65	(0)	1,600,915	48.55%	2,305,631	51.22%
24	66	90,000	1,593,571	46.33%	2,260,384	48.60%
25	67	90,000	1,585,642	44.48%	2,215,698	46.37%
26	68	90,000	1,577,123	42.95%	2,171,448	44.51%
27	69	90,000	1,568,016	41.71%	2,127,652	42.96%
28	70	90,000	1,558,291	40.71%	2,084,280	41.69%
29	71	90,000	1,547,697	39.91%	2,056,547	40.69%
30	72	90,000	1,535,987	39.27%	2,041,788	39.91%
31	73	90,000	1,523,005	38.78%	2,024,983	39.29%
32	74	90,000	1,508,549	38.40%	2,006,006	38.80%
33	75	90,000	1,492,439	38.11%	1,984,685	38.42%
34	76	90,000	1,474,527	37.90%	1,960,804	38.13%
35	77	90,000	1,454,551	37.73%	1,934,072	37.90%

Total: 1,077,569

PROJECTED NON-GUARANTEED VALUES						
		Employee's				
Yr.	Age	Employee Net Outlay	Net Cash Value End Year	IRR On Cash Value	Employee's Net Death Benefit	Net IRR On Death Benefit
36	78	90,000	1,432,335	37.61%	1,904,210	37.74%
37	79	90,000	1,407,614	37.52%	1,870,862	37.62%
38	80	90,000	1,380,111	37.46%	1,833,729	37.53%
39	81	90,000	1,349,450	37.41%	1,792,515	37.46%
40	82	90,000	1,315,282	37.38%	1,746,866	37.41%
41	83	90,000	1,277,035	37.35%	1,696,146	37.38%
42	84	90,000	1,234,460	37.33%	1,640,533	37.35%
43	85	90,000	1,187,055	37.32%	1,579,650	37.33%
44	86	0	1,229,225	37.31%	1,608,118	37.32%
45	87	0	1,270,491	37.30%	1,635,753	37.31%
46	88	0	1,310,359	37.30%	1,662,220	37.30%
47	89	0	1,348,224	37.30%	1,687,145	37.30%
48	90	0	1,383,475	37.29%	1,709,996	37.29%
49	91	0	1,415,844	37.29%	1,730,381	37.29%
50	92	0	1,444,970	37.29%	1,747,679	37.29%
51	93	0	1,471,120	37.29%	1,761,427	37.29%
52	94	0	1,494,657	37.29%	1,771,194	37.29%
53	95	0	1,516,747	37.28%	1,776,439	37.28%
54	96	0	1,539,522	37.28%	1,776,574	37.28%
55	97	0	1,564,570	37.28%	1,771,245	37.28%

The Internal Rates of Return are a measure that can be used to evaluate performance and is based on the current dividend schedule. They are an amount at which outlays (out-of-pocket costs) up to that year must be compounded each year to generate the Net Death Benefit or Net Cash Value. For example, you would have to earn 37.28% on your investment (49.71% on a taxable asset taxed at 25.00%) in order to equal the proposed Whole Life 10 Pay death benefit policy over 58 years.

Total: 1,797,569

The assumed executive tax rate is 25.00%

These illustrated amounts are not guaranteed. They include dividends, which are neither estimates nor guarantees, but are based on the 2024 dividend schedule. Dividends in future years may be lower or higher, depending on the company's actual experience. Due to this fact, we strongly recommend you look at a lower schedule illustration.

This illustration is not valid unless accompanied by or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 10 Pay Basic Illustration dated November 08, 2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations, and other important information.

Key-Person Insurance plan Internal Rates of Return - To Employee

Valued Client, Male 42, Select Preferred Non-Tobacco

Whole Life 10 Pay

Initial Death Benefit: \$1,481,262

Initial Premium: \$100,000

Dividend: Current

Dividend Option: Paid Up Additions

Riders: ABR, TIR

PROJECTED NON-GUARANTEED VALUES						
Yr.	Age	Employee Net Outlay	Employee's Net Cash Value End Year	IRR On Cash Value	Employee's Net Death Benefit	Net IRR On Death Benefit
56	98	0	1,595,533	37.28%	1,759,417	37.28%
57	99	0	1,639,155	37.28%	1,739,328	37.28%
58	100	0	1,708,071	37.28%	1,708,071	37.28%

The Internal Rates of Return are a measure that can be used to evaluate performance and is based on the current dividend schedule. They are an amount at which outlays (out-of-pocket costs) up to that year must be compounded each year to generate the Net Death Benefit or Net Cash Value. For example, you would have to earn 37.28% on your investment (49.71% on a taxable asset taxed at 25.00%) in order to equal the proposed Whole Life 10 Pay death benefit policy over 58 years.

Total: 1,797,569

The assumed executive tax rate is 25.00%

These illustrated amounts are not guaranteed. They include dividends, which are neither estimates nor guarantees, but are based on the 2024 dividend schedule. Dividends in future years may be lower or higher, depending on the company's actual experience. Due to this fact, we strongly recommend you look at a lower schedule illustration.

This illustration is not valid unless accompanied by or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 10 Pay Basic Illustration dated November 08, 2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations, and other important information.

[illegible]

November 08, 2023

Assumptions Used to Prepare the Concept Illustration

	Value	Explanation
PRODUCT INFORMATION		
Policy Name	Whole Life 10 Pay	
State	Iowa	
Initial Policy Death Benefit	\$1,481,262.00	
LISR Death Benefit	\$0.00	
RTR Death Benefit	\$0.00	
Policy Premium	\$100,000.00	
Years for Premiums	10	
Dividend Rate	Current	
Riders:	ABR, TIR	

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.