The Adjustable Loan Rate on MassMutual® Whole Life Insurance Policies

Frequently Asked Questions

How is the Adjustable Loan Rate (ALR) for a whole life policy determined?

- Policy loan rates are reset on each policy anniversary and remain in effect for the entire policy year.
- The policy loan rate is indexed to the monthly Moody's Long Term Corporate Bond Yield average.
- MassMutual will increase the policy loan rate only if the new rate would be at least 50 basis points greater than the previous loan rate.
- MassMutual must decrease the policy loan rate if the new rate would be at least 50 basis points less than the previous loan rate. However, MassMutual's current practice is to set a lower loan rate even if the new rate is less than a 50 basis point reduction from the previous loan rate.
- The loan rate is subject to any applicable contract minimums and statutory caps.
- The minimum ALR for MassMutual Whole Life series policies is equal to the policy guaranteed cash value rate plus 1%. So the minimum ALR rate for each policy in this series is as follows:

MassMutual Whole Life 100	4.75%
MassMutual Whole Life HECV	4.00%
MassMutual Whole Life 65	4.00%
MassMutual Whole Life 20 Pay	4.00%
MassMutual Whole Life 15 Pay	3.50%
MassMutual Whole Life 10 Pay	3.00%

- The ALR will be the greater of the applicable Moody's rate or the policy's guaranteed cash value rate plus 1%.
- The specific procedure used to determine the ALR is outlined in each policy.

What is the Moody's Long Term Corporate Bond Yield average?

- Moody's Investors Service, Inc. publishes daily Long Term Corporate Bond Yield rates. The average of these daily rates within a given calendar month is used to determine the ALR.
- Moody's Long Term Corporate Bond Yield rates are based on pricing data on a regularly replenished population of nearly 100 seasoned corporate bonds in the U.S. market, each with over $100 million outstanding and maturities as close as possible to 30 years.

Why does MassMutual use the Moody's Long Term Corporate Bond Yield average?

- The use of the Moody's Long Term Corporate Bond Yield rate to help determine the policy loan rate is prescribed by the NAIC Model Policy Loan Rate Bill. With minor variations, this Model Bill has been passed in 49 states, the District of Columbia and Puerto Rico.

Why is the loan rate inconsistent with other observable interest rates?

There are several reasons why this may be the case:

- The Moody's Corporate Bond rate is not comparable to U.S. Treasury rates or personal bank loan rates.
- There is a lag period between the month that the policy loan rate takes effect and the month of the Moody's Long Term Corporate Bond Yield average used in setting the loan rate. The specific lag period is stated in the policy. For the whole life policies we currently offer this period is three months.
- Loan rates are only increased if they are at least 50 basis points greater than the prior anniversary rate.

If there is a loan on a whole life policy with ALR, will the loan impact the calculation of the annual policy dividend?

- No, a loan on a policy with ALR will not impact the annual dividend the policyowner will receive. Dividends are not guaranteed.

Participating, whole life insurance policies issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001.

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