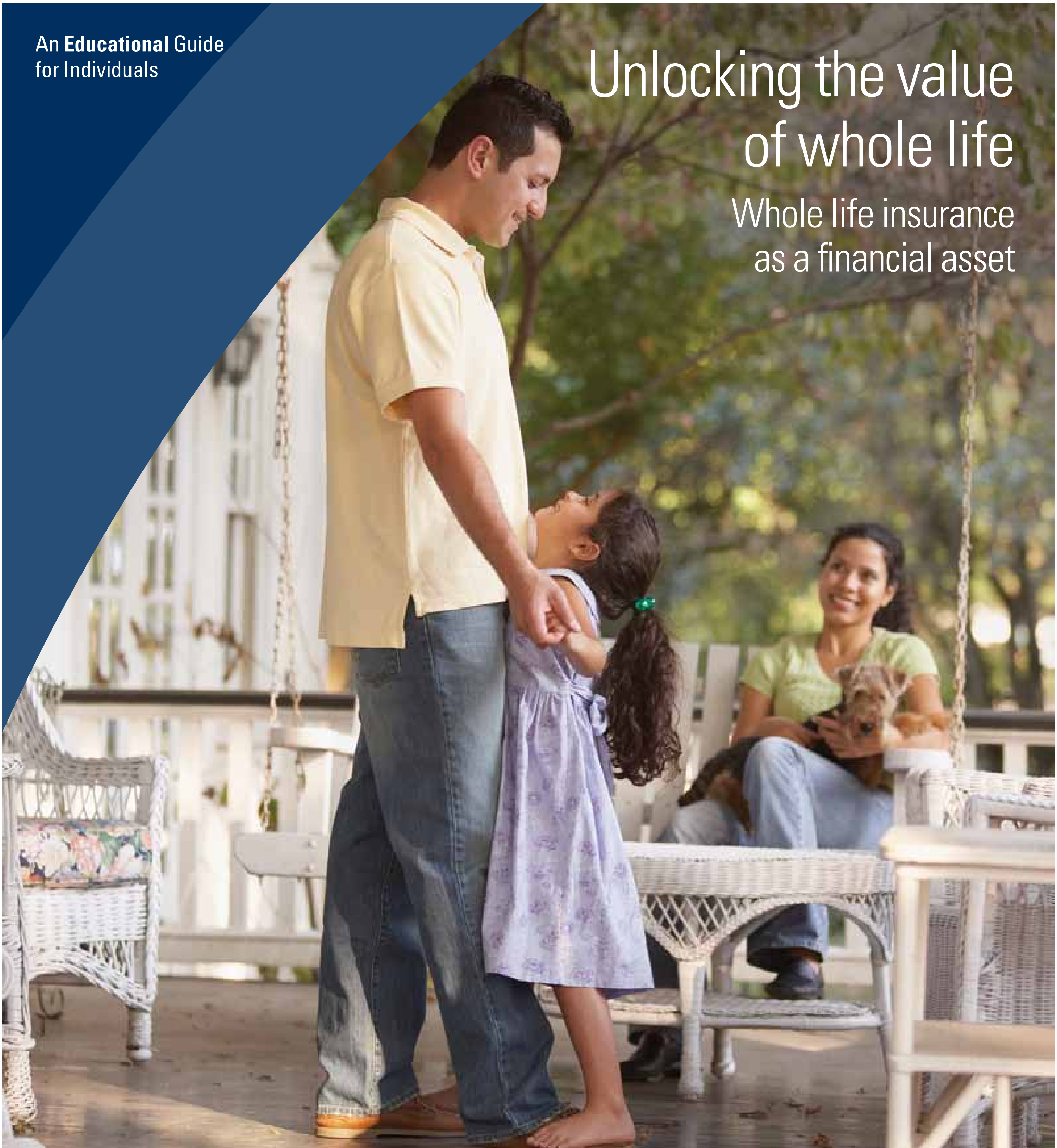
An **Educational** Guide
for Individuals

Unlocking the value of whole life

Whole life insurance as a financial asset



Insurance Strategies

MassMutual
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We'll help you get there.®

The value of asset diversification

We build our financial lives over time by acquiring various types of assets. These include property such as homes and cars, and financial assets such as bank accounts, investments and retirement accounts.

Owning different types of financial assets can help reduce the risk of owning too much of any one type that could be adversely affected by factors such as market downturns or changes in the tax laws. Asset diversification is a fundamental part of any sound financial strategy.

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The decision to purchase life insurance should be based upon long-term financial goals and the need for 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.

Whole life insurance: A versatile financial asset

It is important to consider how the different types of assets that you own will help you address your financial needs today and as they evolve over time. As an example, most people purchase their home because they need a place to live. However, during a latter part of their lives they may use the equity in their home for other purposes such as helping to pay for their children's education or provide for their retirement.

Similarly, people often buy life insurance to help protect the financial security of their family or business during their working years. However, they may not consider how their life insurance could help them address other financial concerns such as providing cash for emergencies, preparing for retirement or ensuring that they leave a financial legacy for the next generation.

This guide examines the different roles that whole life insurance may play as part of your overall financial strategy. Whole life insurance offers a unique combination of death benefit protection, cash value accumulation, guarantees and tax advantages that differentiate it from most other types of financial products. A whole life policy can be a versatile financial asset that may help you effectively address different financial needs during various stages of your life.

Consider whole life insurance as part of your overall financial strategy

Providing long-term value to policy owners

People buy different types of insurance policies to help protect themselves against the financial loss or liability that may result from an unexpected event. Home owners and auto insurance are good examples. These types of policies provide financial protection against losses due to certain risks. However, their value is limited to the coverage that they provide over a specific period of time.

Massachusetts Mutual Life Insurance Company (MassMutual) whole life insurance helps protect against the financial loss that may result from the death of the insured. However, it also has value beyond the current death benefit protection that it provides. This value is derived from several different features that include:

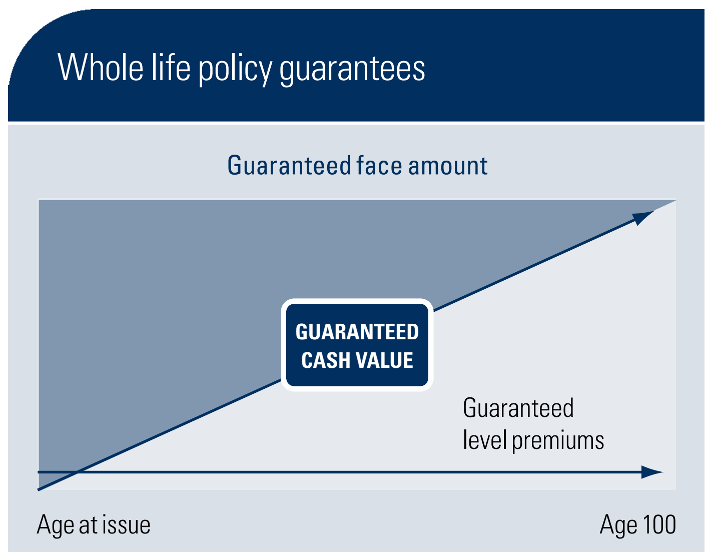
Guarantees – Whole life insurance provides three fundamental guarantees:

- A guaranteed level death benefit (guaranteed face amount);
- A guaranteed level annual premium and premium payment period; and
- Guaranteed increases in cash value.

Permanent life insurance protection – Whole life is designed to provide permanent life insurance protection. As long as the premiums are paid, the beneficiary is guaranteed to receive the policy face amount at the death of the insured.

Cash value – Your policy builds guaranteed cash value over time which increases each year and will never decline in value due to changes in market conditions. The cash value that your whole life policy builds over time is an integral part of the product design, which provides lifetime coverage with guaranteed level premiums.

The following diagram illustrates how the basic guaranteed elements fit together for a typical whole life policy, where the level annual premiums are payable to age 100, and the guaranteed cash value grows to equal the policy face amount at age 100:

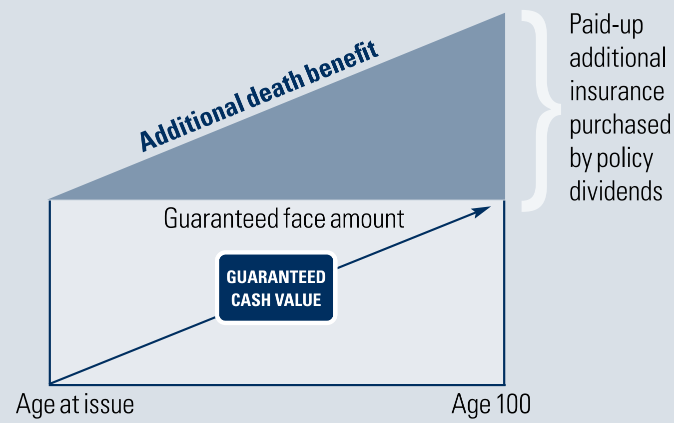


Policy dividends – As a mutual life insurance company, MassMutual does not have shareholders. Instead, the company operates for the benefit of its members and participating policy owners. As a result, MassMutual's whole life policy owners are eligible to receive policy dividends that are paid annually. Dividend payments are not guaranteed. However, MassMutual has paid policy owner dividends consistently since the late 1860s.

Policy owners may use their dividend payments in different ways to reduce or eliminate their out-of-pocket premiums, or provide additional life insurance protection and cash value. The majority of MassMutual's policy owners use their dividend payments to purchase paid-up additional whole life insurance, also called paid-up additions. These paid-up additions increase both the total death benefit and total cash value of their policies. Paid-up additions have a guaranteed cash value that increases each year and are also eligible to earn dividends. In addition, they may be surrendered, in whole or in part, at any time for their cash value or used to secure a policy loan.

Overall, these benefits and guarantees mean that a MassMutual whole life policy is both an insurance product and a financial asset that provides dependable, long-term value to policy owners.

Whole life policy with paid-up additions



In many states[1], personally owned life insurance policy cash values are fully or partially exempt from the claims of creditors. This may be an important feature for professionals or business owners who live in these states and are involved in activities where personal liability is a concern.

MassMutual whole life insurance helps protect against the financial loss that may result from the death of the insured. However, it also has value beyond the immediate protection that it provides.

[1] You should consult with your own legal counsel to determine whether the laws in your state exempt personal and/or business assets from the claims of creditors.

Policy cash values

The cash value that your whole life policy builds over time is an essential part of the product and the permanent life insurance protection that it provides. Your whole life policy cash value may also be an effective way to accumulate funds for other purposes, and can be used to supplement your overall accumulation strategy.

A whole life policy is generally not a good way to accumulate funds to meet short-term needs. However, MassMutual's whole life policy cash values, including the cash value of paid-up additions purchased with policy dividends[2], have provided long-term returns that are comparable to conservative fixed income assets.

The following table illustrates the actual pre-tax rates of return on premiums based on the total policy cash value for a hypothetical MassMutual whole life insurance policy issued in 1980. It assumes that a 35 year old, non-smoking male purchased a MassMutual Life Paid-up at 65 policy and paid premiums each year until the policy was paid-up in 2010, prior to his turning age 65.

It further assumes that all policy dividends were used to purchase paid-up additions, and no paid-up additions were surrendered.

These results are based on MassMutual's actual experience over this 31 year period with respect to investment results, death claims and expenses. Dividends paid in the future will be higher or lower than originally illustrated, depending upon MassMutual's actual experience.

Also keep in mind that the dividend and cash value results will vary based on the type of whole life policy you purchase, as well as your issue age and underwriting class. You should review a whole life illustration based on your specific situation.

Actual historical whole life policy results*
Hypothetical MassMutual Life Paid-up at 65 policy issued in 1980

- Male Age 35 – Non-smoker
- $250,000 Policy face amount
- Annual premium: $4,427.50
- Dividends applied to purchase paid-up additions

Year	Cumulative Premiums	Total Cash Value End of Year#	Pre-tax Rate of Return on Cash Value	Total Death Benefit End of Year#
1990 (Year 10)	$44,275	$55,467	4.06%	$297,236
2000 (Year 20)	$88,550	$168,819	5.81%	$402,328
2011 (Year 31)	$132,825	$370,091	5.69%	$571,061

* Policy issued by Massachusetts Mutual Life Insurance Company prior to the merger with the former Connecticut Mutual Life Insurance Company in 1996, and is no longer available for sale. Assumes policy originally issued with fixed loan rate updated to adjustable loan rate in 1983.

Total cash value and total death benefit include termination dividends beginning in policy year 15.

[2] Dividends are not guaranteed.

Income tax advantages

Whole life insurance policies offer a combination of valuable income tax advantages, including:

An income tax-free death benefit – The death proceeds of a whole life policy are generally received income tax-free by the beneficiary.

Tax-deferred cash value growth – Policy cash values, including the cash value of any paid-up additions, accumulate on a tax-deferred basis.

Tax-advantaged distributions[3] **–** Policy dividends[2] and any partial surrenders of cash value are received as a return of cost basis first and gain last. This means that the policy owner will not pay taxes on these distributions until they exceed the total out-of-pocket premiums paid by the policy owner.

In addition, borrowing from your policy will not result in taxable income, as long as you repay the loan with out-of-pocket payments while your policy is in force, or it is repaid from the policy death benefit.

A whole life policy is a tax-efficient way to provide death benefit protection for your family. In addition, the policy cash value accumulates tax-deferred and may be accessed on a tax-advantaged basis.

Important considerations when purchasing whole life insurance

The sections that follow discuss some of the different ways that whole life insurance may help you address different financial needs over the course of your lifetime. However, you should keep in mind that your ability to use your whole life policy to help meet multiple financial needs will depend upon a number of different factors that include:

- How much and what type of whole life policy you purchase;
- How long you pay premiums out-of-pocket;
- The amount of future dividends[2] and how they are applied; and
- The amount of any distributions that you take from the policy, such as partial surrenders or policy loans.[3]

Using your policy dividend[2] payments to purchase additional paid-up whole life insurance is a tax-efficient way to buy additional life insurance coverage without any medical underwriting and accumulate additional cash value.

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[3] 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% tax penalty.

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.

Protecting your value as a provider

People buy different types of insurance to help protect the value of their property such as homes and automobiles. However, they often fail to recognize and fully protect their value as a breadwinner for their family. In fact, the value of the income and benefits you will provide for your household over your working life may be your single most valuable asset.

Life insurance is one of the most effective ways to help protect your family or business against the economic loss that could result in the event of your death. That is why it is important to have both the right amount and the right type of life insurance coverage.

MassMutual developed the Lifetime Economic Value℠ (LEV) model to help our clients estimate the financial value that they will provide for their family during their working lives. Your financial professional can help you estimate your LEV. It is a good starting point in determining how much life insurance protection you need.

Buying the right type of life insurance is equally important. Many people buy term life insurance because it is an affordable way for them to address their immediate protection needs. However, term life insurance is designed to provide coverage for only a limited period of time. As a result, it may expire or become cost prohibitive at a time when you still need life insurance. In this regard, term life insurance is a temporary solution to what is often a permanent problem – your need for life insurance protection.

An effective life insurance strategy often combines different types of coverage that provide the protection you will need during the different stages of your life. In determining how much and what type of life insurance you need, it is important to consider both your current protection needs as well the value that permanent life insurance may have in helping you meet your long-term financial goals.

A MassMutual whole life policy can be a good foundation upon which to build your life insurance portfolio. While your policy is in force, it provides permanent life insurance with guaranteed level premiums, so your coverage will never expire and your premiums will never increase.

Combining a MassMutual whole life policy with term insurance and/or additional life insurance coverage provided through policy riders can give you the flexibility to tailor your life insurance protection to meet your needs both today, and throughout your lifetime.

Term life insurance is designed to provide coverage for only a limited period of time. As a result, it may expire or become cost prohibitive at a time when you still need life insurance.

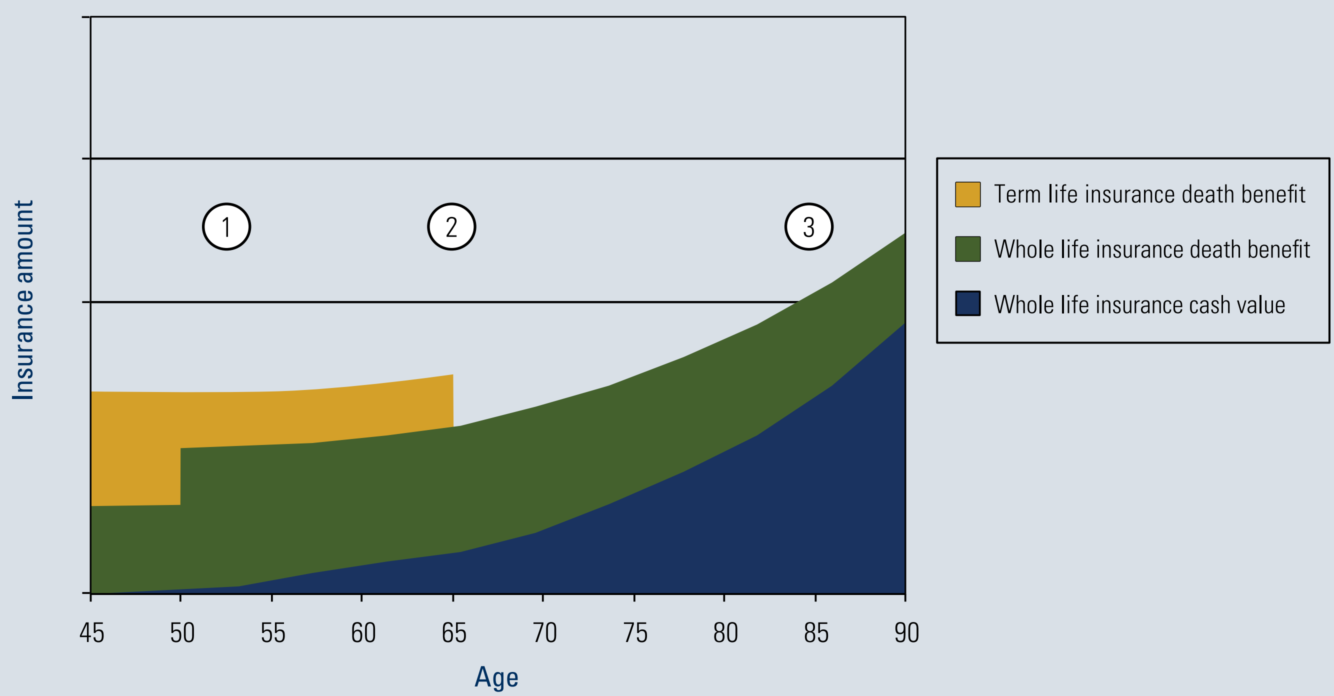
The chart below illustrates how combining whole life and term life insurance can help meet your life insurance coverage needs as they change over your lifetime:

1 | During your working years, when your life insurance coverage needs are typically the greatest, the term and whole life combination can offer an affordable way to help ensure that you have enough coverage to protect your family. Depending upon the conversion options available, you may also choose to convert portions of your term to whole life insurance over time.

2 | At retirement, and after your term life insurance is no longer in force, your whole life policy death benefit and cash value can be used in a variety of ways to help you live a more secure and comfortable retirement.[3]

3 | During the latter part of your life, your whole life insurance policy can help ensure your legacy to your family.

Combining whole life and term life insurance to meet your changing coverage needs.



This chart represents hypothetical whole life coverage and cash value pattern. It is not intended to represent any particular product. It assumes that a 20 year term life insurance policy and a participating whole life policy are purchased at age 45, and that a portion of the term life insurance is converted to whole life insurance at age 50. All whole life policy dividends are used to purchase paid-up additional insurance.

Whole life insurance as a source of cash or credit[3]

Financial experts often advise people to keep six to eight months of normal living expenses in liquid assets as a financial safety net in the event of illness, disability, job loss or other financial emergency. However, with competing demands on your income, it may be difficult to maintain this level of cash reserves and still meet your retirement and other long-term savings goals.

The cash value that a whole life policy builds over time is much like the equity that you build in a home, and it can be a source of funds for emergencies. If your policy has accumulated paid-up additions, they may be surrendered for their cash value as needed. In addition, you may borrow against your policy cash value at any time. Your whole life policy should not be your only source of funds for emergencies. However, it may be an additional financial reserve during times of need.

Your whole life policy may also be a source of cash or credit for other purposes. There may be times when you need additional financial resources to help fund major expenses such as college tuition. Your whole life policy may be a source of funds to help you meet these and other financial obligations.

If you are in business for yourself, you know how important it is to have flexible sources of cash or credit to help meet short-term expenses or take advantage of opportunities. A policy loan may offer better terms than conventional sources of business credit, and does not require a fixed repayment schedule.

It is important to understand that taking partial surrenders or loans from your whole life policy will reduce both your cash value and death benefit, and that accruing policy loan interest will increase your policy loan and could cause your policy to lapse. However, using your whole life policy as a source of funds in certain situations may be a better alternative than borrowing against the equity in your home or from your retirement accounts.

In 1929, J.C. Penney borrowed from his life insurance policy to help meet his company's payroll.

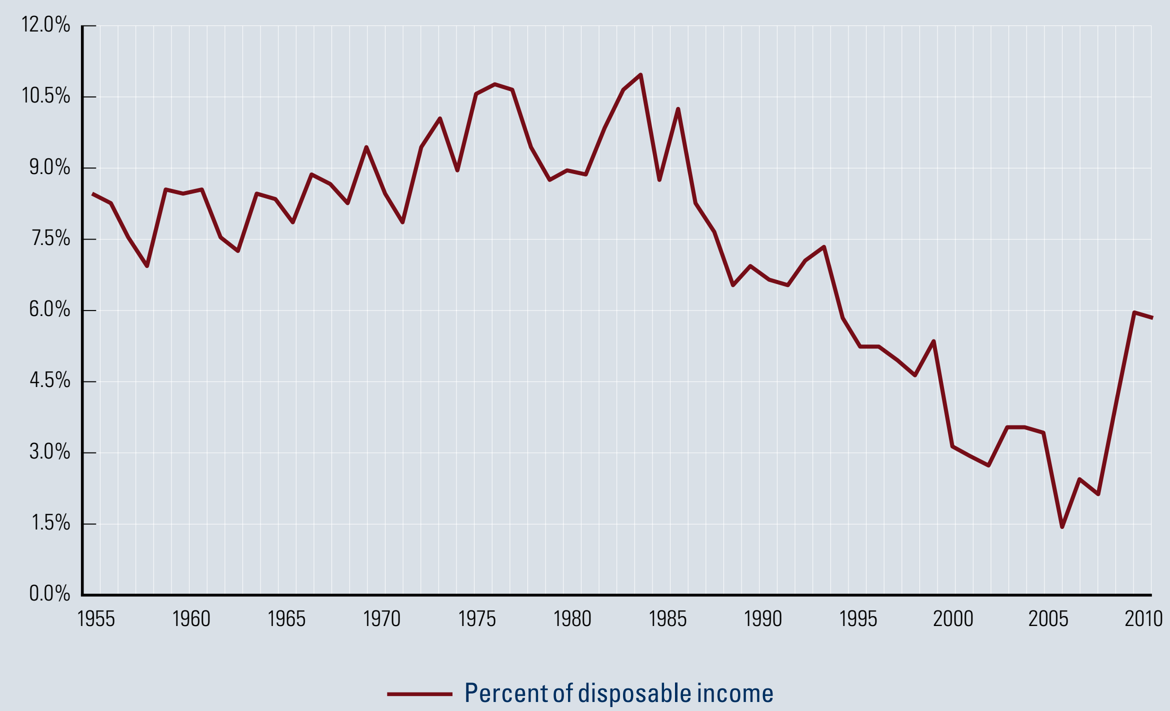
Walt Disney borrowed from his life insurance policy in 1953 to help fund his first theme park.

The Facts of Life and Annuities, LIMRA 2009.

Americans have been saving less

The personal savings rate has declined dramatically, from an average rate around 9-10% in the 1970s and 1980s to less than 1% in the mid-2000s. It rebounded in 2008 following the global financial crisis.

Personal savings rate[4]



[4] Source: U.S. Department of Commerce - Bureau of Economic Analysis, January 2011

Whole life insurance as part of your retirement income strategy

Increasing life expectancies, volatile financial markets and rising health care costs have all contributed to the uncertainty that many people are feeling about their retirement. Many individuals approaching retirement today recognize that they may need to utilize all of their assets to live comfortably in retirement. Some worry that they will not be able to leave a legacy for their family, or that they will become financially dependent upon their children.

One of the most common issues facing retired couples is that the retirement benefits they receive from Social Security, pension plans and annuities may be reduced after the death of the primary recipient.

A MassMutual whole life policy can help you take some of the uncertainty out of retirement, and may be an important part of your overall retirement income strategy. Consider some of the ways that MassMutual whole life insurance might help you enjoy a more secure and comfortable retirement.

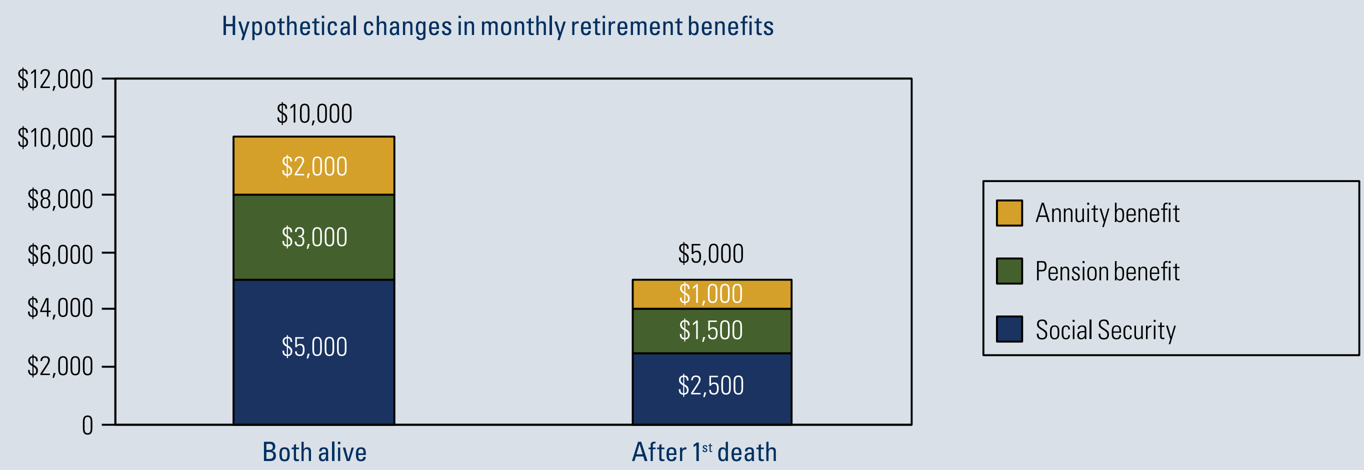
The value of life insurance during retirement

People often assume that their need for life insurance protection ends when they stop working. In fact, post-retirement life insurance can be a valuable financial asset. If you purchase a whole life policy that is fully paid-up (no more premiums due) by the time you retire, the policy cash value, dividends and death benefit may be used in different ways to enhance your family's financial security and standard of living in retirement.[3]

Replacing income reductions at death

One of the most common issues facing retired couples is that the retirement benefits they receive from Social Security, pension plans and annuities may be reduced after the death of the primary recipient. Unfortunately, this may occur at a time when the surviving spouse still needs the additional income. A whole life policy death benefit can help make up for benefit reductions at death by providing an income tax-free benefit to the survivor. This can be an important financial resource for a surviving spouse during a time of great uncertainty and change.

Retirement benefit reductions at death



Assumptions:

- Spouse A and Spouse B have equal monthly Social Security benefits of $2,500.
- Spouse A receives monthly pension and annuity income benefits of $3,000 and $2,000 respectively that are "joint and 50% to survivor" form.
- Spouse A dies first.

The confidence to live a more comfortable retirement

Many of the couples retiring today are concerned that they may out-live their financial resources in retirement. This worry may prompt them to limit their spending during retirement to what their retirement accounts earn each year, while preserving the principal to ensure they will never run out of money.

Whole life policies on both you and your spouse may help you address this concern by providing an additional financial resource that you can depend upon during the latter part of your retirement. As an example, if you predecease your spouse, your policy death benefit will provide additional financial support for him or her. The policy on your spouse may then help ensure a minimum bequest to children or grandchildren after his or her death.

Knowing that additional financial resources will become available after your death can help reduce the concern that you will not leave enough for your family. This may give you and your spouse the confidence to spend more of your other assets during retirement.

Whole life as a source of supplemental retirement income[3]

Today, many people are realizing that the traditional sources of retirement income, such as Social Security and employer provided retirement plans, may not provide enough income to maintain their standard of living when they retire. They recognize the need to supplement these plans.

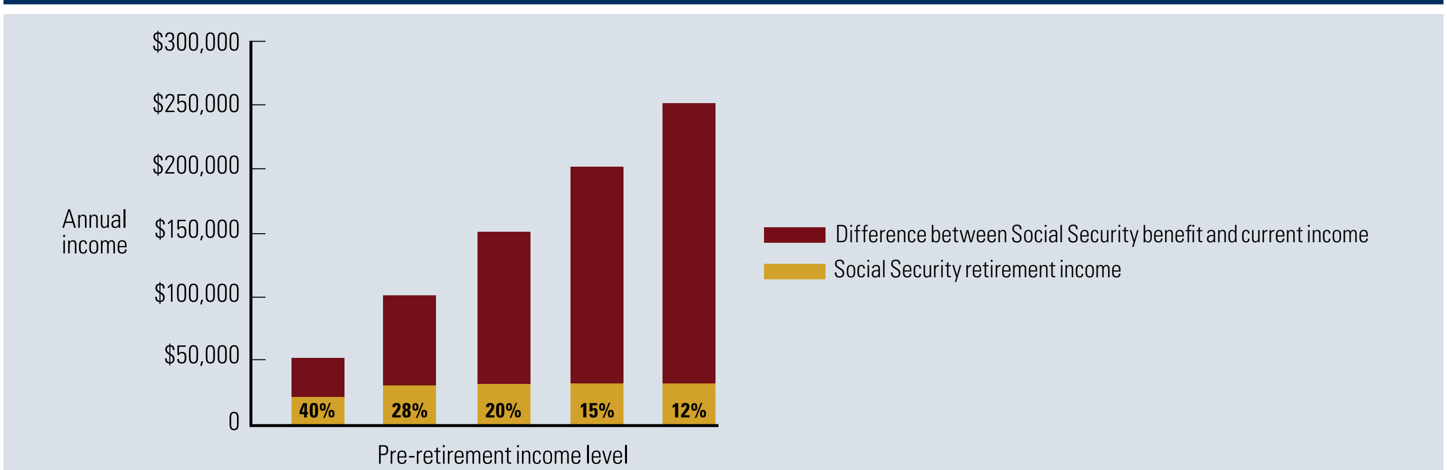
A MassMutual whole life insurance policy can be an effective way to accumulate additional funds for retirement because it offers:

- A systematic and disciplined approach to setting aside funds;
- Stable and consistent tax-deferred growth in cash values; and
- The ability to provide tax-favored income during retirement.

There are several different ways that you can use your whole life policy to provide supplemental income during retirement including:

- Policy dividends paid in cash
  - You may elect to have dividends paid to you in cash each year. This is the simplest way to receive cash from your whole life policy during retirement. However, it is more commonly used with whole life policies that are guaranteed paid-up before retirement. Since no additional premiums are due, the entire dividend will be available as income each year.
  - Dividends are not guaranteed and will vary over time. As a result, the income payments that you receive may be more or less than the dividends that were illustrated when you bought your policy.

Projected Social Security retirement benefits based on pre-retirement income level



Estimated Social Security retirement income benefit calculated on 4/1/2011 using the Social Security Quick Calculator at www.ssa.gov. Percentages are based on projected benefits for an individual currently age 45 retiring at age 67.

- Partial surrenders of paid-up additions[3]
  - If you have accumulated paid-up whole life additions, you may surrender these additions for their cash value as needed to provide supplemental retirement income. Surrendering paid-up additions will reduce both your policy cash value and death benefit.
- Policy loans[3]
  - In situations where all available paid-up additions have been surrendered and/or the cost basis of the policy has been reduced to zero, it may make sense to use borrowing as an additional source of tax-favored supplemental retirement income.
  - The cost of borrowing will be based on the loan provision chosen at issue. The loan provision cannot be changed once your policy has been issued. If the fixed loan rate[5] provision was elected, borrowing may also impact policy dividends.

Balancing lifetime distributions and your policy death benefit

Taking lifetime distributions from your whole life policy in the form of surrenders and/or loans will reduce your policy cash value and the death benefit that will ultimately be paid to your beneficiary. In addition, excessive borrowing or accruing loan interest may cause your policy to lapse. You should carefully consider the value of taking income from your policy during retirement versus the long-term impact on your policy death benefit.

Adding the Waiver of Premium Rider to your policy can provide additional protection during your working years. If you become totally disabled and cannot work, your premiums will be waived, your coverage will continue and your policy's cash value will continue to grow at the same rate as if you were paying the premiums. The Waiver of Premium Rider is available at an additional cost.

Whole life as a stable source of income during market downturns

Over the last several decades, many of the traditional defined benefit pensions that employers once provided for their workers have been replaced by defined contribution and 401(k) retirement plans. As a result, more employees have become responsible for funding their own retirement accounts and investing these assets to provide a secure retirement.

Today's retirees often need to make difficult decisions concerning the investment of their retirement assets. They may want to invest these assets so that they will be protected from losses. However, they need to generate a return that will provide enough income to live on during their retirement.

The long-term investment strategy for many retirees will include exposure to the securities markets and one of the greatest risks facing these investors is market volatility. Retirees who take income from their retirement accounts during a period of negative returns may put the adequacy of their retirement savings in jeopardy.

[5] Only the fixed loan rate is available in Arkansas.

The concept of diversification that we apply when investing may be equally important in developing a sound retirement income strategy. It is essential to have different sources of retirement income that will give you flexibility to effectively manage your income needs during varying economic conditions.

A whole life policy can add a conservative element to your retirement income strategy that may help you weather the inevitable market downturns that occur over time.

Because whole life policy cash values do not fluctuate based on market conditions, they may offer an alternative source of tax-advantaged supplemental retirement income at a time when your other retirement assets have declined in value.

The following chart illustrates the long-term variability in the Standard and Poor's 500 (S&P 500®) price index, a commonly used measure of U.S. large company common stock prices:

S&P 500® stock price index

The S&P 500® price index is a measure of common stock market performance in the U.S. This market index has been provided for informational purposes only; it is unmanaged and does not reflect investment fees or expenses. Individuals cannot invest directly in an index.

Whole life insurance as part of your wealth transfer strategy

If leaving a financial legacy for your family is important to you, there are steps you can take to help ensure that what you leave behind after your death will pass to your loved ones in an orderly and efficient manner.

A sound wealth transfer strategy focuses on two important goals:

1 | Ensuring that your assets will pass to your heirs according to your wishes.

2 | Minimizing the reduction in value, expenses and delays in the disposition of your estate.

It is important to consider the types of assets you will leave and how they will impact your wealth transfer objectives. For example, the value of assets such as real estate and securities may vary based on market conditions. There are also some types of financial assets, such as annuities and retirement accounts that may have deferred taxable earnings. These assets pass to heirs with an income tax liability that reduces their value. In addition, property such as business interests, vacation homes or family heirlooms may not be easily divided among family members.

Life insurance is one of the most effective ways to transfer wealth at death because it provides an income tax-free death benefit that is paid directly to the policy beneficiaries in cash. The death benefit of a life insurance policy can be used to help meet a variety of estate planning objectives and a whole life policy may be an integral part of your overall wealth transfer strategy.

Some types of financial assets, such as annuities and retirement accounts, may have deferred taxable earnings. These will pass to heirs with an income tax liability that reduces their value.

The following are some of the important advantages that a whole life insurance policy offers to help you realize your wealth transfer goals:

Income tax-free death benefit – The death proceeds will generally be paid income tax-free to your beneficiaries.

A ready source of cash – The proceeds of a whole life policy can provide cash, exactly when it is needed, to help pay income or estate taxes that are due at death.

May avoid estate inclusion – The ownership of the policy may be structured in such a way so that the death proceeds will not be included in your estate for estate tax purposes.

Avoids probate – The death proceeds of a whole life policy that are paid directly to your named beneficiaries will not be subject to the probate process. Since the death benefit is not a probate asset, it avoids all probate costs and will not be part of any public record.

Easily divisible – The death benefit is paid in cash directly to your beneficiaries based on your wishes. This may help you to equalize distributions among family members, especially if there are certain other assets such as business interests, family heirlooms or real estate that you want to leave to specific family members.

Value not subject to market conditions – Unlike other assets such as securities or real estate, the value of your policy death benefit will not vary based on changes in the financial markets. It has a predictable value and can help assure a minimum bequest to your family.

Life insurance is one of the most effective ways to transfer wealth at death because it provides an income tax-free death benefit that is paid directly to the policy beneficiaries in cash.

Helping you prepare for life's challenges

You and your family may face different financial challenges over the course of your lifetime. It is important to have financial resources that will help you to be prepared for whatever life brings.

A whole life policy from MassMutual can be a valuable financial asset that may help you meet your changing financial needs during different times in your life.

A whole life insurance policy from MassMutual may help you:

- Protect your value as a provider for your family
- Accumulate cash value that may be used in a variety of ways
- Live a more secure and comfortable retirement
- Leave a financial legacy for your family

MassMutual. We'll help you get there.®

There are many reasons to choose a life insurance company to help meet your financial needs: protection for your family or business, products to provide supplemental income and the confidence of knowing you will be prepared for the future.

At Massachusetts Mutual Life Insurance Company (MassMutual), we operate for the benefit of our participating policy owners. We stand strong in the fundamental belief that every secure future begins with a good decision. And when choosing a life insurance company – ownership, strength and stability matter.

Learn more at www.massmutual.com/mutuality

The Whole Life Legacy Series (WL-2007 and WL-NC-2007) are level-premium, participating, permanent life insurance policies issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001.

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