MetLife | Stable Value

Guide to recommending stable value

Navigating life together

We recognize that stable value may not be a core competency for every financial advisor, and that there are challenges to working with plan sponsors to place it in their investment lineups. This guide is designed as a resource to help explain the importance of stable value and how to position it as the capital preservation option of choice for plan sponsors.

For most of the last decade, we have engaged in a focused approach to providing, both directly and working with trustees, stable value solutions to the Defined Contribution (DC) plan marketplace. Partnering with MetLife to offer your plan sponsor customers access to industry-leading stable value solutions may be a way to help you grow your overall retirement practice:

- Expand your practice's strategic relationships with recordkeepers, third-party administrators and other financial advisors specializing in retirement through our existing network of partnerships.
- Access institutionally priced stable value solutions and accommodate plans of all sizes.

Understanding stable value solutions

Since the introduction of the first modern stable value product in the late 1970s, the industry has worked to offer stable value as the ideal "income-producing, low-risk, liquid investment" to the entire spectrum of defined contribution plan sponsors. These products look to provide plan sponsors with an investment specifically designed to maximize the returns of a low-risk option by factoring the legal and tax requirements shared by all qualified individual account retirement plans into the investment design. When working with your plan sponsor customer to select a stable value solution, be sure to conduct the appropriate provider due diligence.

Traditional guaranteed investment contracts (GICs)

General account ("Traditional") GICs are issued and guaranteed by insurance companies and are backed by the insurer's general account. The investor's assets become part of the overall "pool" of the insurer's liabilities, and are invested with all of the insurance company's general account assets as part of its investment strategy.

- Guaranteed[1] rate of return for the life of the contract backed by the claims-paying ability of the issuer.
- Investment in the issuer's general account.
- Book value accounting (contributions made, plus interest earned, minus previous withdrawals or transfers) for participant-directed DC plans.

Separate account GICs

Stable Value separate account GICs, such as MetLife's Met Managed GIC, were first introduced by MetLife in 1989 and are group annuity contracts where the contract liabilities are supported by insurance company separate accounts. Separate Account GICs are not held in the insurer's general account, but instead are invested in one or more individually managed or commingled (pooled with other assets) separate accounts, adding investment flexibility, control and security in one comprehensive package.

- Enable plans to participate more directly in the market with funds invested in a variety of fixed income strategies.
- May offer the opportunity to access a broad array of investment managers and various investment mandates and strategies.

Collective investment trusts

Traditional and Separate Account GIC solutions may not be a viable way for all plan sponsors to offer their participants access to the benefits of investing in stable value. For such plans, Collective Investment Trusts (CITs) may be a more appropriate solution. CITs allow smaller plans to "pool" their assets together in order to achieve the same basic objectives as larger, individually managed accounts.

- Fee structures that better fit a range of plan sponsor situations.
- Smaller plans gain access to advantages typically only available to larger investors, including more efficient trading and administration, as well as the principal protection and guaranteed interest benefits of stable value contracts.
- Efficient trading and administration.
- Defined exit provisions for participating plan sponsors.

We provide access to industry-leading collective investment trust partners that offer separate account commingled solutions that may best fit plan sponsor needs. These flexible arrangements are designed to fit any situation and to provide the benefits of a stable value solution to plan participants — regardless of overall plan size. CITs combine the best features of Traditional GICs — guarantee[1] of principal and interest, book value accounting and benefit responsiveness — with added investment flexibility in one comprehensive package.

Additional benefits to the plan sponsor include:

- Book value accounting
- Guarantee[1] of principal plus accrued interest for participant-initiated withdrawals
- Responsive credited rate
- Assortment of funds available from leading investment managers
- True performance measurement
- Custody and valuation integrated in product
- No termination fees

Why recommend stable value?

A stable value solution may be a good way to demonstrate commitment to a plan sponsor's plan and its participants. After all, stable value is a vehicle that offers a competitive total return with protection of principal and low volatility.

A chance to minimize the risk

For more than 35 years, stable value has demonstrated steady, predictable returns and is an ideal investment for those looking for a conservative investment option.[2] As plan participants approach their retirement age, stable value may serve as a good way for them to grow and protect potential retirement income while minimizing risk.

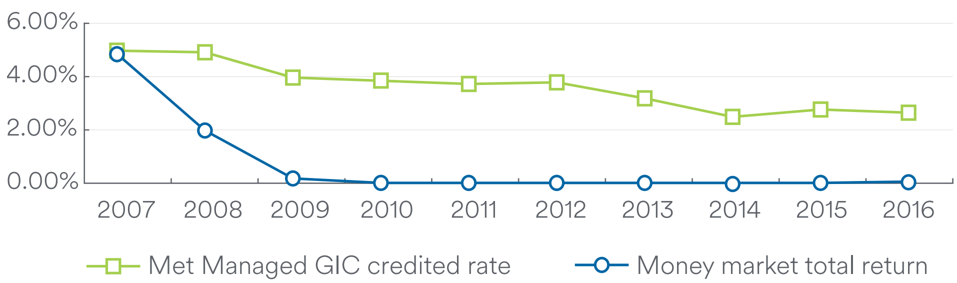
Support plan sponsor's responsibilities

Plan sponsors generally offer participants an investment option that has low volatility and high capital preservation. Stable value serves as a potential "safe haven" by preserving principal with the opportunity for greater returns than those offered by money market funds.

Positioning stable value vs. money market funds

Stable value investments can be an appropriate investment option for a wide range of defined contribution plan participants and can complement a variety of investment strategies. However, oftentimes stable value is overlooked by plan sponsors. While money market funds offer principal protection, they may not be the best solution for a defined contribution lineup. Money market returns, which are typically lower than stable value credited rates, can change daily and are subject to wide fluctuation. Most stable value portfolios are built around intermediate or core duration bonds, which have historically offered higher total returns over time than shorter duration instruments. Money market funds must invest in portfolios of securities with very short durations that are frequently lower yielding.

Stable value vs. money market return comparison[3]



When working with plan sponsor customers, it is important to determine which solution is better for their specific plan. In fact, many stable value providers will not offer a stable value vehicle when the plan also offers a money market option. It's important to understand those implications prior to helping determine the investment menu.

For over 140 years, MetLife has been one of the country's most trusted financial institutions. We are well known for providing innovative stable value solutions supported by an unprecedented commitment to customers and the stable value industry. We have over a 35-year track record with $57 billion in stable value business.[4]

Supporting your practice

Utilize the vast resources of MetLife to best understand stable value. MetLife's sales and client relationship team will provide support every step of the way.

We are available to:

- Meet to discuss various trust company solutions.
- Serve as the intermediary on interacting with the trust company.
- Provide assistance in the Request for Proposal process.[5]
- Provide contacts with partners that can answer compensation questions.
- Provide introductions to third-party administrators/recordkeepers.

Thought leadership

MetLife is fully engaged in industry activities and has a significant presence in industry associations such as the Stable Value Investment Association. As a result, we are in a position to offer our partners and customers in-depth insight and analysis of current events and timely topics through our news briefs, webcasts and industry studies.

Stable value update newsletter

The *MetLife Stable Value Update* is an electronic newsletter that provides a periodic glimpse into MetLife's stable value product offering. Through this quarterly publication, we offer tools to help stay up-to-date with MetLife and the stable value industry. To subscribe to the newsletter, please contact your MetLife representative.

Events

Throughout the year, MetLife hosts and attends various events that are focused specifically on the financial advisor community. Look for us at events and find out where we will be throughout the year via the *MetLife Stable Value Update* and monthly communications, or contact your MetLife representative to inquire about events.

Web

Visit our website at **www.metlife.com/stablevalue** for complete details about our offerings.

Getting started with MetLife Stable Value

To learn more about offering a MetLife stable value solution to plan sponsor customers, please contact:

Alesha McAdams
Sales Director, West
415-957-4120

Matt Curtin
Sales Director, East
212-817-6048

Michael Seibert
Sales Director, Midwest
312-425-3432

Jason Graf
Director, Client Relations
212-578-2970

Jaime Porras
Sr. Client Relations Rep.
212-578-3039

MetLife Stable Value — working together to build strategic partnerships

MetLife's leadership position in stable value and the recognition of our strong brand within the retirement planning community can help your retirement business grow. We have relationships with over 200 national and regional third-party administrators, recordkeepers and trading platforms. Let us help you build your practice's strategic relationships.

1. Guarantees are subject to the financial strength and claims-paying ability of Metropolitan Life Insurance Company.
2. http://www.dol.gov/ebsa/publications/2009ACreport3.html.
3. As of December 31, 2016 — Assumptions: Returns are net of fees (a flat 50 basis points). Yield to maturity for rate reset purpose is the annualized yield to worst of the Barclays U.S. Intermediate Gov/Credit Bond Index. The duration assumption for rate reset purposes is the Barclays U.S. Intermediate Gov/Credit Bond Index modified adjusted duration. The money market return is the iMoneyNet All Taxable Money Fund average historical return and is not reflective of expenses, the deduction of which would reduce returns. Past performance is not an indication of future results.
4. As of December 31, 2017
5. Based upon prospect size.

MetLife

Metropolitan Life Insurance Company | 200 Park Avenue | New York, NY 10166

1711 934181A L0319512970[exp0819][All States]