

Information on Dividends and Capital Gains

When are dividends and capital gains paid to investors?

Each mutual fund has a dividend/capital gains distribution policy that can be found in the fund's prospectus.

Generally, the timing of the dividends and capital gains is dependent on the type of the mutual fund.

Dividend/capital gains distributions from mutual funds are automatically reinvested in qualified accounts. Mutual funds are required to pay capital gains distributions on an annual basis. These capital gains represent any net profits realized by the fund from the sale of securities owned by the fund during the calendar year. In order for a fund to qualify as a regulated investment company for tax purposes, the fund must distribute any realized gains in the form of a dividend. Many stock-oriented mutual funds have capital gains in the month of December.

How is a mutual fund's share price affected when a dividend/capital gains distribution is paid?

You may notice a decline in the net asset value (NAV) or share price of some of the mutual funds you invest in through your retirement account at MassMutual. This decline may reflect a capital gain/dividend distribution. The reason your account balance will temporarily decline is because, in order to provide

you with your share of the dividend, the fund reduces its NAV by the amount of the distribution and uses that money to purchase additional shares of the fund that get reinvested in your account. You now own more shares of the fund, purchased with the proceeds of the distribution.

Example

You own 100 shares of the XYZ mutual fund as follows:

MUTUAL FUND	TOTAL # OF SHARES	NET ASSET VALUE (NAV)	TOTAL ACCOUNT VALUE
XYZ FUND	100.0000	\$10.00	\$1,000

If the fund declares a capital gains distribution of \$1.00 per share, you are eligible for a dividend as follows:

$$100.0000 \text{ shares} \times \$1.00 = \$100.00$$

The fund reduces its NAV to \$9.00 per share on the ex-dividend date and 11.1111 shares are reinvested into your account as follows: $\$100.00 \div \$9.00 = 11.1111$

Mutual Fund Total # of Shares Net:

MUTUAL FUND	TOTAL # OF SHARES	NET ASSET VALUE (NAV)	TOTAL ACCOUNT VALUE
XYZ FUND	111.1111	\$9.00	\$1,000

Assuming no change in market value, you still own \$1,000 of the mutual fund ($\$9.00 \times 11.1111 = \999.99). The result of the capital gains distribution is that you own more shares of the fund, but the value of each share is lower than before the distribution. Remember, this is a temporary decline during the dividend processing activity.

What else do I need to know?

Keep in mind that the example above is for illustrative purposes only. Market activity may also impact a mutual fund's NAV on the ex-dividend date, so the total change in a fund's NAV may be more or less than the dividend depending upon the movements in the market on the ex-dividend date. In addition, the reinvested shares may not be posted to your account on the dividend payable date. This process may take up to three business days to complete, so there may be a temporary drop in account balance until the shares are reallocated to your account. In months with a high volume of dividends, such as December, this process could take longer for the reinvested shares to post. During this time your assets are fully invested in the market.

How are dividends and capital gains reflected in Separate Investment Accounts?

Group Annuity clients are invested in Separate Investment Accounts (SIAs). Participants invest in units of SIAs, which in turn are invested in shares of mutual funds. The distribution of dividends and capital gains are handled at the mutual

fund level, not the SIA level. Therefore, unit values and units of the SIA are not affected by the distribution. For example: if your account balance was \$10,000 and the unit value was \$10 per unit, you would have 1,000 units ($10,000 \div 10 = 1,000$). At the time of distribution, nothing changes at the SIA level since the accounting has been taken care of at the mutual fund level. The unit value for the SIA remains at \$10, the units remain at 1,000 and the SIA account balance remains at \$10,000. Since SIA performance is based on unit values, SIA participants do not see a 1-day drop in performance while the dividend processing activity is being completed.

Please consider an investment option's objectives, risks, fees and expenses carefully before investing. This and other information about the investment option can be found in the applicable prospectuses or summary prospectuses, if any, or fact sheets for the investment options listed, which are available from your plan sponsor, the participant website at www.retiresmart.com, or by contacting our Participant Information Center at 1-877-474-5016 between 8:00 a.m. and :00 p.m. ET, Monday through Friday. Please read them carefully before investing.