



A Word About Your 2023 Annuity Payment

The MMBB Board of Managers determined the value of the 2023 annuity unit based on the following factors.

- **Value of the Underlying Assets** – The underlying Annuity Unit Value as of September 30, 2021, was \$78.55. The calculation for the 2023 Annuity Payout Value begins with this number.
- **Investment Performance** – Calculated on a 12-month basis from September 30, 2021, to September 30, 2022, the investment performance of the Annuity Fund was -11.5%.
- **4 Percent Advance Earnings Assumption** – MMBB assumes the investments in the Annuity Fund will earn 4 percent a year during each of your retirement years. MMBB advances you 4 percent more units than you actually purchase when you first create your annuity. As a result, investment results must exceed 4 percent before any increase is passed on to you.
- **Actuarial Adjustments** – In order to secure the Annuity Fund, we must calculate payout obligations based on the expected lifetimes of our annuitants. If the actuarial assumptions change regarding life expectancy, we may have to make adjustments.
- **Adjustment for Inflation** – MMBB uses the Consumer Price Index for All Urban Consumers (CPI-U), a general index developed by the U.S. Bureau of Labor and Statistics that tracks the increase and decrease in prices (or a bundle of goods and services) for all urban consumers. This index also tracks increases or decreases for hourly wage earners and clerical workers for approximately 87% of the U.S. population. The inflation adjustment is not applicable this year. It is only a factor in years when there is a surplus and does not come into the calculation for the 2023 payout value.
- **Adjustment for MMBB Reserve** – In 2015, MMBB's Board of Managers voted to create an Annuity Reserve to address unexpected inflation, increased or unexpected volatility in the markets, potential adjustments based on mortality experience and to support the annuity guarantees. For the 2023 annuity payout, the Board opted not to use the Annuity Reserve which is currently 5 percent of the Annuity Fund. The application of this reserve will not be enough to increase the payout above the 95 percent guarantee.

The Annuity Payout Value is determined on September 30, each year using the higher of:

- The unique or current value of a unit of the Annuity Fund as of September 30, 2022—\$66.70
- The six-month average value of a unit of the Annuity Fund as of September 30, 2022—\$70.82
- The downside guarantee of 95 percent of the 2022 payout value—\$74.63

The MMBB Board announced that the 2023 annuity payout value is \$74.63. This is the result of the downside protection feature limiting the decrease from your 2022 annuity payout to 5 percent. The annuity fund performance decreased 11.5 percent.

The Annuity Payout Analysis Chart (see the image below) shows the relationship between what we are paying you (the payout unit value) and the value of the assets underlying the Annuity Fund (unique unit value). This chart can be found on our web site at MMBB.org. Type “Annuity Payout Chart” in the Search tool to access it.”

- The horizontal axis represents time – beginning September 2008.
- The vertical axis shows price – from \$40 through \$85.
- The navy-blue line shows the actual value of the assets underlying each unit in the Annuity Fund. This includes investment performance adjusted for prior overpayments, mortality experience and the 4 percent advanced earnings assumption. The actual value of a unit in the Annuity Fund ranged from a high of \$84.46 in 2008 to a low of \$57.85 in March 2009.
- The MMBB annuity has a guarantee. You receive downside protection. Your annuity will not drop more than 5 percent in the first year of market underperformance, or more than 10 percent in the second or any subsequent year of underperformance.
- The teal line represents what we have been paying you. It shows the way the guarantee works. If MMBB had a true variable annuity – that is, an annuity without a guarantee – annuitant income would have been at the rate of \$57.85 per unit, not \$80.24 per unit (in 2009). The guarantee shielded annuitants from the immediate and significant impact of the economic downturn.

