

Understanding the Impact of Market Value Adjustments on Fixed Annuities

Some fixed annuities include a market value adjustment (MVA). Understanding how MVAs affect an annuity's surrender or withdrawal value can help you determine if you're on the right path to achieving your retirement goals.

What is an MVA?





A market value adjustment is an **increase** or **decrease** to an annuity's surrender or withdrawal value and is determined by the insurance company who issued the annuity. An MVA reflects changes in interest rates between the time the annuity was purchased and the time of a withdrawal or surrender. It applies during the surrender charge period on withdrawals or surrender in excess of the free withdrawal amount.

FOR EXAMPLE

If you have a free withdrawal amount of \$10,000 and withdraw \$12,000, this withdrawal will trigger an MVA.¹

How does an MVA affect an annuity?

There is an inverse relationship between interest rates and their impact to an annuity's surrender or withdrawal value when a withdrawal or surrender exceeds the free withdrawal amount available.

Interest Rate at Withdrawal or Surrender	Impact on Value	Example
 Higher than interest rate when annuity was issued	 MVA decreases the surrender or withdrawal value (sometimes called a charge)	<ul style="list-style-type: none"> • Interest rate at issue: 2.5% • Interest rate at withdrawal: 3.5% • MVA will be charged, decreasing your surrender or withdrawal value
 Lower than interest rate when annuity was issued	 MVA increases the surrender or withdrawal value (sometimes called a credit)	<ul style="list-style-type: none"> • Interest rate at issue: 4.5% • Interest rate at withdrawal: 3.5% • MVA will be credited, increasing your surrender or withdrawal value

¹Hypothetical example for illustrative purposes only and does not address any other charges, penalties, or tax implications.

Long-term considerations

Annuities are designed for long-term retirement planning. If your annuity includes an MVA, it's important to remember that it can apply each time a new surrender charge period begins. For example, if your annuity has a 5-year guaranteed period, a new surrender charge period may begin at the end of the 5 years if you choose to renew a new guaranteed period. The MVA will continue to be assessed for as long as the surrender charge is applicable.

Talk to your financial professional to find out how Penn Mutual's annuities work, and how they can help you meet your long-term financial needs.

All guarantees are based on the claims-paying ability of the issuer. This flyer is intended to provide a general awareness of certain annuity products and how they may support retirement goals. An annuity is a long-term financial retirement vehicle. Withdrawals are subject to contract provisions and will reduce the contract value, the amount used to calculate income payments and death benefit amounts. Withdrawals may be subject to income taxes and surrender charges and, when taken before age 59 1/2, may be subject to an additional 10 percent penalty tax. Product features and optional benefits vary by product and issuing company, are subject to eligibility requirements and may carry added cost. Product availability, features and options vary by state and company. References to taxation are based on the issuing company's understanding of current tax laws and should not be considered tax or legal advice. Consult your tax advisor regarding your personal situation.