



# How MetLife funding agreements work

Funding agreements are general account investment contracts that provide a guarantee of principal and accumulated interest. Contracts can be individually negotiated with specific terms tailored for each institutional investor's needs.<sup>1,2</sup>

## Flexibility offered by funding agreements

Plan sponsors have a range of options with funding agreements.

- Guarantee of principal and interest<sup>1</sup>
- May be funded by the purchaser with either a lump sum payment or installment payments
- Minimum contract size = \$1,000,000
- Choice of maturities:
  - Rolling maturities — floating rate, reset quarterly and typically against a pre-determined index
  - Fixed maturities 1 to 10 years
- Payout at maturity — either a single lump sum or scheduled installment payments

## Benefits to plan sponsors and participants

- Strong financial strength ratings
- Guarantee of principal and interest<sup>3</sup>
- Attractive yields
- Predictable returns
- Customization
- Can be matched to specific liabilities

## Typical funding agreement uses

- Health Savings Accounts (HSA)
- 529 Plans
- Construction financing
- Fund expenses
- Money market funds
- Securities lending cash collateral portfolios
- Municipalities, government pools
- Short-term investment funds
- Corporate cash pools
- Nuclear decommissioning trusts
- Foundations and endowments
- Financial institutions



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1. Funding agreements are generally pre-approved in the state of issue. They generally require filing and approval by the relevant state insurance regulator before a contract can be issued.
2. Funding agreements may not be available in all jurisdictions. In addition, they are backed solely by the financial strength of the issuing company.
3. Guarantees are subject to the financial strength and claims-paying ability of the issuing MetLife company.

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