

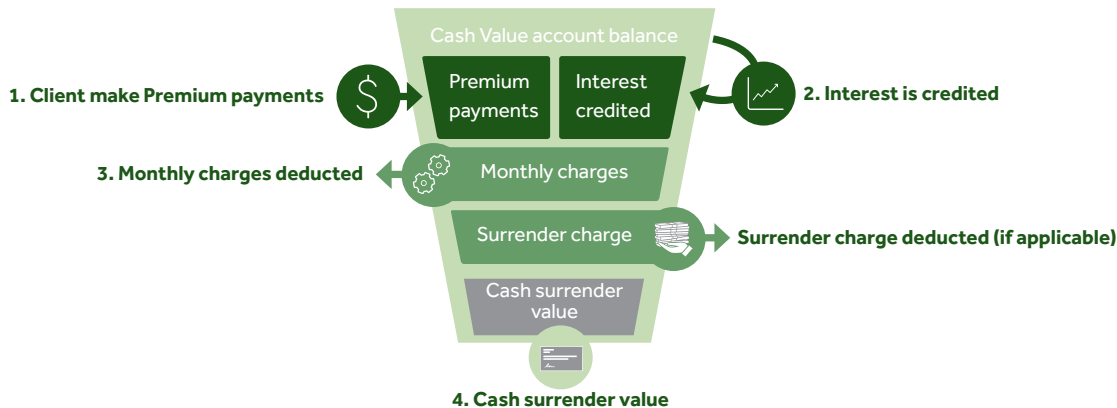
How universal life works.

What you should know.

Universal life is a type of long-term insurance that can provide access to cash value to help safeguard the future of your family or business. With UL, you can adjust the amount and frequency of your premium payments, and even increase or decrease your policy's coverage to keep pace with your financial goals.¹

While it may sound straightforward, it's important to understand that all universal life policies are not the same. There are different product design details that can impact your policy's performance.

So let's start by looking at how a universal life policy works...



The policy will stay in force as long as the cash surrender value is positive²

1. Client make Premium payments.

Every time you pay a premium into a universal life policy, it is deposited into the policy's cash value after fees are deducted. The growth of your cash value will be impacted by several factors, including how much you contribute.

2. Interest is credited.

On a regular basis, we credit interest to your policy's cash value, which helps it grow. However, the interest rate used in determining the amount of interest credited to a policy can go up or down.

How we do it.

Similar to other companies, our interest crediting rate is linked to our general account, which is backed by a portfolio made up of quality fixed-income investments like bonds. It reflects the results of investments that we have made over the last 20+ years—many of which are earning higher interest rates than are available today. This has allowed us to maintain an attractive interest crediting rate, despite the current low interest rate environment.

By contrast, some insurance companies credit interest rates on their universal life policies based on nontraditional methods. One way is to link crediting rates to an equity-based index such as the S&P 500 index. Some carriers may also promise nonguaranteed bonus credits 10 to 15 years in the future, some of which are backed by non-fixed income asset classes. Another way that insurance companies credit interest is to base interest crediting rates on the returns of a portfolio made partly of non-fixed income asset classes like oil, gas, or timber. All of these methods of crediting interest may provide competitive interest rates in some years, but can also add interest rate volatility, increasing the chances the policy won't perform in the way it was presented to you.

Key questions to ask:

How does the insurer determine the interest crediting rate?

How risky are the assets backing the interest crediting rate?

How will changes in my interest crediting rate impact the policy?

3. Monthly charges deducted.

Every month, we deduct an amount from your cash value in order to cover the costs needed to keep the policy up and running. You need enough cash value in your policy every month to cover these monthly charges. The most significant fee is called the cost of insurance charge, which represents the cost of ensuring that we can pay your death benefit when you die. The cost of insurance rate is not guaranteed, meaning that insurance companies can increase or decrease this fee if they experience something different from what was assumed when you bought your policy. If the cost of insurance changes, the policy won't perform as illustrated.

How we do it.

Insurance companies estimate what the future costs will be to provide a death benefit. When you purchase a policy, you will be able to see what those estimates are. Our goal is to give you estimates that represent the most likely outcome for you based on your needs.

Key questions to ask:

Can my policy's cost of insurance charges be different from what my agent presented to me?

How will changes in my cost of insurance charges impact my policy?

Has the insurance company recently changed its cost of insurance charges?

4. Cash surrender value.

After the cost of insurance and other fees are deducted, the cash value is yours to use during your lifetime.³

Finance your retirement, medical expenses, a vacation, or home improvements—it's your money to do with as you please. Increasing the amount or frequency of your premium payments enhances your opportunity to build cash value.⁴

But if the interest credited to your account is volatile or the cost of insurance increases, you may not have enough money in your cash value every month to cover the cost of insurance and other fees. This may mean you'll have to pay more money than you originally expected or your policy will end sooner than you need it to—potentially when you need it most.

Your death benefit.

In the end, it's all about providing protection and financial security for your family or business. A universal life policy gives you several options to structure your death benefit, providing you with the flexibility to design a policy that works best for you.

Universal life policies are issued by New York Life Insurance and Annuity Corporation (NYLIAC), a wholly owned subsidiary of New York Life Insurance Company.

¹ Increases may be subject to underwriting and are available after the first policy year.

² On any Monthly Deduction Day, the Cash Surrender Value must be greater than the Monthly Deduction Charge that will be charged for the following month. If the Cash Surrender Value is not greater than this charge, the Policy will enter the Late Period, as specified in the contract, assuming no riders attached to the policy prevent the policy from entering the Late Period.

³ Partial surrenders and unpaid loans, including loan interest, will reduce the cash surrender value and life insurance benefit, and may be subject to income taxes and a 10% IRS tax penalty if the policy is a modified endowment contract and the policyholder is not yet age 59½. Please consult your tax advisor for more information.

⁴ The policy will terminate if at any time the cash surrender value is insufficient to pay the monthly deductions. This can happen due to insufficient premium payments, if loans or partial surrenders are made, or if current interest rates or charges fluctuate.

In most jurisdictions, the New York Life Universal Life policy form number is ICC19-319-51P and the New York Life Custom Universal Life Guarantee policy form number is ICC18-318-54P.

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AR08465.092023 SMRU5020661 (Exp.08.24.2026)