New York Life Global Funding

$19,000,000,000

GLOBAL DEBT ISSUANCE PROGRAM

New York Life Global Funding, a special purpose statutory trust organized in series under the laws of the State of Delaware (the "Issuer"), may from time to time offer up to $19,000,000,000 of its senior secured medium-term notes (the "Notes") pursuant to the global debt issuance program (the "Program") described in this Offering Memorandum. The Notes will be offered in separate series (each, a "Series" or "Series of Notes"), each of which may be comprised of one or more tranches (each, a "Tranche") issued within six months from the issue date of the first Tranche of the applicable Series of Notes. The specific terms of the Notes of any Series will be set forth in one or more applicable pricing supplements (each such document, the "Pricing Supplement") prepared in connection with the issuance of each Tranche of Notes of such Series. The Issuer will use the net proceeds from the sale of each Series of Notes to purchase one or more funding agreements (each, a "Funding Agreement" and, together, the "Funding Agreements") from New York Life Insurance Company, a New York mutual life insurance company ("New York Life"). The exclusive purposes of the Issuer are, and the Issuer shall have the power and authority, to (i) issue and sell the Notes, (ii) use the net proceeds from the sale of the Notes to purchase one or more Funding Agreements, (iii) pledge, collaterally assign and grant a security interest in the Series Collateral (as defined herein) for each Series of Notes to the Indenture Trustee (as defined herein), and (iv) engage in only those other activities necessary or incidental thereto. The Issuer is organized in series, as permitted by Sections 3804(a) and 3806(b)(2) of the Delaware Statutory Trust Act (the "Trust Act"). In connection with the issuance of each Series of Notes, the Issuer will create a separate series of beneficial interests in a segregated pool of assets of the Issuer (each, a "Series of the Issuer"). The applicable Series of Notes and the related liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to such Series of the Issuer will be enforceable only against the assets of such Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. The individual Series of the Issuer are not separate legal entities. The Notes of each Series will:

- rank pari passu with respect to each other;
- be secured by one or more Funding Agreements;
- bear interest at a fixed or floating rate payable on such dates as set forth in the applicable Pricing Supplement, or bear no interest at all;
- mature 90 days or more from the date of issue;
- not be obligations of New York Life, any subsidiary or affiliate of New York Life or any other insurance company; and
- not benefit from any insurance guaranty fund coverage or any similar protection.

The Irish Stock Exchange Plc, now trading as Euronext Dublin ("Euronext Dublin"), has approved this Offering Memorandum as a "Base Listing Particulars." Application will be made to Euronext Dublin for the Notes issued during the period of 12 months from the date of this Offering Memorandum to be admitted to the Official List (the "Official List") and trading on its Global Exchange Market (the "GEM"). However, Notes may be listed on another securities exchange or not listed on any regulated market or securities exchange. The GEM is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "MiFID II"). The Notes may also be offered to the public in any Member State of the European Economic Area ("EEA") or in the United Kingdom ("U.K.") (each, a "Relevant State"); *provided* that the Notes of each Series will, except for Notes issued solely outside any Relevant State, be in minimum denominations of €100,000 (or its equivalent in another currency) and integral multiples of €1,000 (or its equivalent in another currency) in excess thereof. This Offering Memorandum supersedes the Offering Memorandum dated March 29, 2019, as supplemented, in relation to the Program.

Tranches of Notes to be issued under the Program will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union ("EU") and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, as amended (the "CRA Regulation"), will be disclosed in the relevant Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

See "Risk Factors" beginning on page 11 for a discussion of certain insurance regulatory issues and other factors that should be considered in evaluating an investment in the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state or foreign securities laws and, unless so registered, may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or foreign securities laws. Accordingly, the Notes will be offered and sold (a) in the United States of America (the "United States" or "U.S."), only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) and (b) in "offshore transactions" to persons other than "U.S. persons" (each as defined in Regulation S under the Securities Act). Prospective purchasers that are qualified institutional buyers are hereby notified that the Issuer may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "Purchase and Transfer Restrictions."

This Offering Memorandum is not a Base Prospectus for purposes of Article 8 of Regulation (EU) 2017/1129 (as amended or superseded, the "Prospectus Regulation"). This Offering Memorandum comprises a "Base Listing Particulars" for the purposes of admission to the Official List and to trading on the GEM.

Arranger for the Program

CREDIT SUISSE

U.S. Purchasing Agents	European Purchasing Agents
Credit Suisse	Credit Suisse
Barclays	Barclays
BofA Securities	BofA Securities
Citigroup	Citigroup
Deutsche Bank Securities	Deutsche Bank
Goldman Sachs & Co. LLC	Goldman Sachs International
HSBC	HSBC
J.P. Morgan	J.P. Morgan
Morgan Stanley	Morgan Stanley
UBS Investment Bank	UBS Investment Bank
US Bancorp	Wells Fargo Securities
Wells Fargo Securities	

Offering Memorandum dated March 27, 2020

The price and amount of Notes to be issued under the Program, up to the Authorized Amount, will be determined by the Issuer and each relevant Purchasing Agent.

FOR ARKANSAS RESIDENTS ONLY

The Notes may not be purchased by, offered, resold, pledged or otherwise transferred to an insurer domiciled in the State of Arkansas, a health maintenance organization, farmers' mutual aid association or other Arkansas domestic company regulated by the Arkansas Insurance Department.

FOR INDIANA RESIDENTS ONLY

The Indiana Insurance Department has stated that Indiana domestic insurers should contact the Indiana Insurance Department before purchasing the Notes.

FOR U.K. INVESTORS ONLY

In the U.K., this Offering Memorandum, any Pricing Supplement and any other documents or materials relating to the issue of the Notes are only being distributed to, and are only directed at, (1) persons who have professional experience in matters relating to investments and fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (2) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Order, or (3) any other persons to whom it may otherwise lawfully be communicated pursuant to the Order (each such person being referred to as a "**Relevant Person**"). Any investment or investment activity to which this Offering Memorandum and any Pricing Supplement relate is available only to Relevant Persons and will be engaged in only with Relevant Persons. This Offering Memorandum and any Pricing Supplement must not be acted or relied on by persons who are not Relevant Persons.

FOR EEA AND U.K. INVESTORS

Neither this Offering Memorandum nor any related Pricing Supplement is a prospectus for the purposes of the Prospectus Regulation.

MiFID II product governance / target market

The Pricing Supplement in respect of any Series of Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes of any such Series and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Purchasing Agent subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Purchasing Agents nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Prohibition of Sales to EEA and U.K. Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in any Relevant State. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 as amended or superseded (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**"), for offering or selling the Notes or otherwise making them available to retail investors in any Relevant State has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in any Relevant State may be unlawful under the PRIIPs Regulation.

FOR SINGAPORE RESIDENTS ONLY

The Notes may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (as amended or modified from time to time, the "**SFA**") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

FOR HONG KONG RESIDENTS ONLY

This Offering Memorandum has not been reviewed or approved by the Securities and Futures Commission or the Companies Registry of Hong Kong and, accordingly, the Notes may not be offered or sold by means of any document other than (a) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong) or the Securities and Futures Ordinance (Cap. 571), (b) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong) or (c) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

No advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

FOR CANADIAN RESIDENTS ONLY

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are "accredited investors," as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are "permitted clients," as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Purchasing Agent(s) are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with any offering of Notes under the Program.

The Notes will be offered from time to time by the Issuer to or through the Purchasing Agents (as defined herein) acting as principals or agents. The Purchasing Agents, individually or in a syndicate, may purchase the Notes, as principals from the Issuer for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by any such Purchasing Agent or, if so specified in the applicable Pricing Supplement, for resale at a fixed offering price. In the alternative, the Issuer may agree with a Purchasing Agent that such Purchasing Agent will utilize its reasonable efforts on an agency basis on the Issuer's behalf to solicit offers to purchase Notes at 100% of the principal amount thereof.

The Issuer is not a subsidiary or an affiliate of New York Life, or any of its subsidiaries or affiliates. The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, New York Life or any of its subsidiaries or affiliates. The obligations of New York Life under the Funding Agreements will not be obligations of, and will not be guaranteed by, any other person. The Series Collateral for a Series of Notes is the sole source of distributions on the Notes of such Series.

Under the Purchase Agreement (as defined herein), each Purchasing Agent has made, or will make, certain representations, warranties and covenants to the Issuer and New York Life. See "Plan of Distribution." No representation or warranty is made or implied by any Purchasing Agent or any of their respective affiliates to purchasers of Notes, and none of the Purchasing Agents nor any of their respective affiliates makes any representation or warranty, or accepts any responsibility to purchasers of Notes, as to the accuracy or completeness of the information contained in this Offering Memorandum, except as described below. The Purchasing Agents do not take any responsibility for any acts or omissions of the Issuer or any other person (other than the relevant Purchasing Agent) in connection with any issue and offering of Notes under the Program.

Neither the delivery of this Offering Memorandum nor any applicable Pricing Supplement nor the offering, sale or delivery of any Note shall create, in any circumstances, any implication that (i) the information contained in this Offering Memorandum is true subsequent to the date hereof or subsequent to the date upon which this Offering Memorandum has been most recently amended or supplemented, (ii) there have been no adverse changes in the financial situation of the Issuer or New York Life subsequent to the date hereof or subsequent to the date upon which this Offering Memorandum has been most recently amended or supplemented or (iii) any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied, or, if different, the date indicated in the document containing such information.

This Offering Memorandum should be read and construed in accordance with any amendment or supplement hereto and with any other documents incorporated by reference herein or therein and, in relation to any Series of Notes, should be read and construed in accordance with each applicable Pricing Supplement. Any statement contained in this Offering Memorandum or in any of the documents incorporated by reference in, and forming part of, this Offering Memorandum shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained in any applicable Pricing Supplement is inconsistent with, modifies or supersedes such statement.

Each of the Issuer and New York Life has confirmed to the Purchasing Agents that this Offering Memorandum (read and construed in accordance with any amendment or supplement hereto and with any other documents incorporated by reference herein or therein and, in relation to any Series of Notes, read and construed in accordance with each applicable Pricing Supplement) does not and, at the issue date for a particular Tranche of Notes will not, contain any untrue statement of a material fact or fail to state any material fact necessary in order to make statements herein, in light of the circumstances under which they were made, not misleading. The confirmation by each of the Issuer and New York Life is limited to the extent any untrue statements or omissions of material fact or alleged untrue statements or omissions were made in reliance upon and in conformity with any written information furnished by any of the Purchasing Agents to the Issuer or New York Life expressly for use in this Offering Memorandum (read and construed in accordance with any amendment or supplement hereto and with any other documents incorporated by reference herein or therein and, in relation to any Series of Notes, read and construed in accordance with each applicable Pricing Supplement).

The offering of the Notes is being made in reliance upon an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. Each purchaser of Notes in making its purchase will be deemed to have made certain acknowledgments, representations, warranties, and agreements as set forth under "Purchase and Transfer Restrictions." The Notes have not been and will not be registered under the Securities Act or any state or foreign securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or foreign securities laws.

The Notes may not be transferred to, or acquired or held by, or acquired with the "plan assets" of, any Plan or other Plan Asset Entity or any Non-ERISA Plan (each as defined herein) or any entity the assets of which are treated as including the assets of a Non-ERISA Plan, unless the purchase, holding and disposition of the Notes by or on behalf of such plan or entity (i) in the case of a Plan or Plan Asset Entity, is exempt from the prohibited transaction provisions of Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), under Department of Labor Prohibited Transaction Class Exemption ("**PTCE**") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1, PTCE 84-14, the Service Provider Exemption (as defined herein) or another applicable exemption, or (ii) in the case of a Non-ERISA Plan or entity the assets of which are treated as including the assets of a Non-ERISA Plan, will not violate any Similar Laws (as defined herein). See "ERISA and Other Benefit Plan Considerations" and "Purchase and Transfer Restrictions."

Because the primary assets of the Issuer will be one or more Funding Agreements issued by New York Life, there is a risk that the transfer of the Notes could subject the parties to such transfer to regulation under the insurance laws of jurisdictions implicated by the transfer. Among other things, it is likely that if the Notes were to be deemed to be contracts of insurance, the ability of a holder to sell the Notes in secondary market transactions or otherwise would be substantially impaired and, to the extent any such sales could be effected, the proceeds realized from any such sales would be materially and adversely affected. See "Risk Factors—Risk Factors Relating to the Notes—If the Notes Were Deemed to Be Contracts of Insurance or Participations in the Funding Agreements, the Holders of the Notes Could Be Subject to Certain Regulatory Requirements and the Marketability and Market Value of the Notes Could Be Reduced."

None of the Purchasing Agents will be under any obligation to make a market in the Notes and, to the extent that such market making is commenced by any of the Purchasing Agents, it may be discontinued at any time. The Notes are subject to substantial restrictions on transfer as set forth under "Purchase and Transfer Restrictions." Given the restrictions on and risks related to transfer, there is no assurance that a secondary market will develop or, if it does develop, that it will provide holders of the Notes with adequate liquidity or that such liquidity will be sustained.

Prospective investors should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes until the Stated Maturity Date (as defined herein) of such Notes.

The Notes issued as Bearer Notes (as defined herein) are subject to U.S. tax law requirements. Bearer Notes with a maturity in excess of 183 days will be issued in a manner that ensures the Bearer Notes are in "registered form" for U.S. federal income tax purposes.

Prospective purchasers should rely only on the information contained in this Offering Memorandum (read and construed in accordance with any amendment or supplement hereto and with any other documents incorporated by reference herein or therein and, in relation to any Series of Notes, read and construed in accordance with each applicable Pricing Supplement). No person is authorized by the Issuer or New York Life in connection with any offering made hereby to give any written information or to make any representation other than as contained in this Offering Memorandum (read and construed in accordance with any amendment or supplement hereto and with any other documents incorporated by reference herein or therein and, in relation to any Series of Notes, read and construed in accordance with each applicable Pricing Supplement) and, if given or made, such written information or representation must not be relied upon as having been authorized by any of the Issuer, New York Life, the Arranger for the Program or any of the Purchasing Agents.

Neither this Offering Memorandum nor any document incorporated herein nor any applicable Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes in any jurisdiction in which it is unlawful to make such an offer or an invitation to subscribe and should not be considered as a recommendation by any of the Issuer, New York Life or any of the Purchasing Agents that any recipient of this Offering Memorandum or any applicable Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Memorandum, read as a whole with any amendment or supplement and each applicable Pricing Supplement, shall be taken to have made its own investigation and appraisal of the condition (financial and otherwise) of the Issuer and New York Life.

Notwithstanding anything expressed or implied to the contrary, each prospective purchaser, and each of their employees, representatives and agents, are hereby expressly authorized to disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Offering Memorandum and all materials of any kind (including opinions or other tax analyses) that are provided to any such persons relating to such tax treatment and tax structure; provided, that any such disclosure of the tax treatment and tax structure and materials related thereto may not be made (i) in a manner that would constitute an offer to sell or the solicitation of an offer to buy the securities offered herein under applicable securities laws or (ii) when nondisclosure is reasonably necessary to comply with applicable securities laws. This authorization of tax disclosure is retroactively effective to the commencement of the first discussions between the offeror and the prospective purchaser regarding the transactions contemplated herein.

The Notes have not been approved or recommended by the U.S. Securities and Exchange Commission (the "**SEC**") or any other federal, state or foreign securities commission or securities regulatory authority or any insurance or other regulatory body. Furthermore, the foregoing authorities have not reviewed this document nor confirmed or determined the adequacy or accuracy of this document. Any representation to the contrary may be a criminal offense.

CRA REGULATION

None of AM Best Company ("**AM Best**"), Fitch Ratings, Inc. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**") or S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("**S&P**") is established in the EU nor registered in accordance with the CRA Regulation, and therefore is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation; however, the ratings assigned by each of AM Best, Fitch, Moody's and S&P are endorsed in the EU by AM Best Europe-Rating Services Limited, Fitch Ratings Limited, Moody's Investors Service Ltd. and S&P Global Ratings Europe Limited, respectively, each of which is registered under the CRA Regulation.

The rating of certain Series of the Notes to be issued under the Program may be specified in the applicable Pricing Supplement. Whether or not each rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the EU and registered under the CRA Regulation will be disclosed in the applicable Pricing Supplement. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EU and registered under the CRA Regulation. Such general restriction will also apply in the case of credit ratings issued by credit rating agencies not established in the EU, unless either (i) the relevant credit ratings are endorsed by a credit rating agency established in the EU and registered under the CRA Regulation or (ii) the relevant rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

STABILIZATION

In connection with any Tranche of Notes, the Purchasing Agent or Purchasing Agents (if any) named as the stabilizing manager(s) (the "**Stabilizing Manager(s)**") (or persons acting on behalf of any Stabilizing Manager) in the applicable Pricing Supplement may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on the GEM or any regulated market (within the meaning of MiFID II) in the EEA, the aggregate principal amount of Notes allotted does not exceed 105 percent of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it shall, in any event, end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any such stabilizing shall be conducted in compliance with all relevant laws, guidelines and regulations. For a description of these activities, see "Plan of Distribution."

RESPONSIBILITY STATEMENT

Each of the Issuer and New York Life accepts responsibility that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is, to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise specified, the financial information of New York Life contained in this Offering Memorandum is based on New York Life's annual audited statutory financial statements attached hereto (including any notes thereto, the "**Statutory Financial Statements**"), at and for the years ended December 31, 2019 and 2018 (the "**2019 Statutory Financial Statements**"), and at and for the years ended December 31, 2018 and 2017. The Statutory Financial Statements are prepared in conformity with the National Association of Insurance Commissioners' ("**NAIC**") Accounting Practices and Procedures Manual ("**SAP**") prescribed or permitted by the New York State Department of Financial Services ("**NYSDFS**"). SAP differs in certain respects, which in some cases may be material, from accounting principles generally accepted in the United States ("**GAAP**") and international financial reporting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No. 1606/2002 ("**IFRS**"). See "Certain Financial and Accounting Matters—Accounting Policies and Principles" for an overview of significant differences between SAP and GAAP. See "Annex A—Significant Differences between SAP and IFRS Relevant to New York Life" for an overview of certain significant differences between SAP and IFRS.

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OVERVIEW OF THE PROGRAM

The following is a brief description only and should be read in conjunction with the rest of this Offering Memorandum, any amendments or supplements hereto, and, in relation to the Notes, in conjunction with each applicable Pricing Supplement and, to the extent applicable, the Description of the Notes set out herein. Unless the context otherwise requires, in this Offering Memorandum (i) references to New York Life are to New York Life Insurance Company on a stand-alone, non-consolidated basis and (ii) references to the Company are to New York Life Insurance Company, together with its domestic and international subsidiaries.

Issuer..	New York Life Global Funding, a special purpose statutory trust organized in series under the laws of the State of Delaware which may, from time to time, offer up to $19,000,000,000 of the Notes.
Series of the Issuer...........................	The Issuer is organized in series, as permitted by Sections 3804(a) and 3806(b)(2) of the Trust Act. In connection with the issuance of each Series of Notes, the Issuer will create a separate Series of the Issuer. The applicable Series of Notes and the related liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to such Series of the Issuer will be enforceable only against the assets of such Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. The individual Series of the Issuer are not separate legal entities. See "Description of the Issuer—The Issuer is Organized in Series."
Issuer Legal Entity Identifier..........	635400DPNHEAUHB7ZI15
Assets..	The primary assets of the Issuer will be the Funding Agreements issued by New York Life. In addition, New York Life has agreed to pay certain expenses and other liabilities of the Issuer. See "Description of the Issuer—Expenses of the Issuer." Since New York Life will be the sole obligor under the Funding Agreements, the ability of the Issuer to meet its obligations, and the ability of the investors to receive payments from the Issuer, with respect to a particular Series of Notes, will be principally dependent upon New York Life's ability to perform its obligations under each Funding Agreement securing the Notes of the relevant Series. Despite this, investors will have no direct contractual rights against New York Life under any such Funding Agreement. In connection with the offering and sale of a Series of Notes, the Issuer will pledge, collaterally assign and grant a security interest in the applicable Series Collateral to the Indenture Trustee. Accordingly, recourse to New York Life under each such Funding Agreement and other components of the applicable Series Collateral will be enforceable only by the Indenture Trustee as a secured party on behalf of holders of such Series of Notes and each other person on whose behalf the Indenture Trustee is or will be holding the applicable Series Collateral. The Funding Agreements will be held in a custodial account for the Indenture Trustee in the State of Delaware by Wilmington Trust Company (the "**Collateral Custodian**").
Purchasing Agents...........................	Credit Suisse Securities (USA) LLC, Credit Suisse Securities (Europe) Limited, Barclays Capital Inc., Barclays Bank PLC, BofA Securities, Inc., Citigroup Global Markets Inc., Citigroup Global Markets Limited,

	Deutsche Bank Securities Inc., Deutsche Bank AG, London Branch, Goldman Sachs & Co. LLC, Goldman Sachs International, HSBC Securities (USA) Inc., HSBC Bank plc, J.P. Morgan Securities LLC, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. LLC, Morgan Stanley & Co. International plc, U.S. Bancorp Investments, Inc., UBS Securities LLC, UBS AG London Branch, Wells Fargo Securities, LLC and Wells Fargo Securities International Limited, and, in addition to, or in lieu of, the foregoing, any other entity that may become a Purchasing Agent pursuant to the terms of the Purchase Agreement.
Administrative Trustee	Pursuant to the Trust Agreement (as defined herein), Wilmington Trust Company will be the sole administrative trustee of the Issuer generally and with respect to each Series of the Issuer (the "**Administrative Trustee**"). The Administrative Trustee will not be obligated in any way to make payments under or in respect of the Notes. The Administrative Trustee has not participated in the preparation of this Offering Memorandum and is not affiliated with New York Life, the Trust Beneficial Owner, the Series Beneficial Owner, the Indenture Trustee or any of their respective affiliates.
Trust Beneficial Owner and Series Beneficial Owner	GSS Holdings II, Inc. (the "**Trust Beneficial Owner**") is the holder of the Beneficial Interest Certificate (as defined in the Trust Agreement) which evidences a beneficial interest in the General Property (as defined in the Trust Agreement) of the Issuer. Big Brothers Big Sisters of New York City (the "**Series Beneficial Owner**") will be designated as the sole beneficial owner of each Series of the Issuer. Neither the Trust Beneficial Owner nor the Series Beneficial Owner is affiliated with New York Life, the Administrative Trustee, the Indenture Trustee or any of their respective affiliates.
No Guarantee....................................	The Issuer is not a subsidiary or affiliate of New York Life, or any of its subsidiaries or affiliates. The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, New York Life or any of its subsidiaries or affiliates.
Notes..	Up to an aggregate principal amount of $19,000,000,000 (or the equivalent in foreign or composite currencies) of Notes may be issued in multiple series. Each Series of Notes may be comprised of one or more Tranches issued on different issue dates within six months from the issue date of the first Tranche of the applicable Series of Notes. The Issuer may only issue a Tranche of Notes if New York Life has issued or will simultaneously issue one or more Funding Agreements to the Issuer, which will constitute an asset of the applicable Series of the Issuer and will become a part of the applicable Series Collateral. The Notes of a Series will all be subject to identical terms, except that the issue date, the issue price, the amount and date of the first payment of interest and the denomination size may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects.
Indenture and Series Indentures	Each Series of Notes will be issued under, subject to and entitled to the benefits of the indenture, dated as of August 22, 2003, between the Issuer and the Indenture Trustee, Paying Agent, Calculation Agent and Registrar

	(as amended or modified from time to time, the "**Indenture**") and a separate Series Indenture (as defined herein) by and between the Issuer and the Indenture Trustee. Each Series Indenture will incorporate the Indenture, which shall provide the terms that govern each separate Series Indenture thereunder, unless any such Series Indenture specifies otherwise. Any Tranche of Notes issued under a Series Indenture will constitute a single Series with any other Tranche(s) of Notes designated by the Issuer as being part of such Series.
Indenture Trustee............................	Citibank, N.A.
Paying Agent, Registrar, Custodian and Transfer Agent	Citibank, N.A.
Irish Listing Agent............................	Arthur Cox Listing Services Limited.
Calculation Agent..............................	As specified from time to time in the applicable Pricing Supplement. The Issuer reserves the right to terminate the appointment of a Calculation Agent and appoint a successor at any time.
Additional Transfer Agents, Paying Agents and Listing Agents	As specified from time to time in the applicable Pricing Supplement.
Ratings...	Financial strength ratings of New York Life as of March 26, 2020: (i) AM Best: A++ (ii) Fitch: AAA (iii) Moody's: Aaa (iv) S&P: AA+ The foregoing ratings reflect the applicable rating agency's opinion of New York Life's financial strength, operating performance and ability to meet its obligations to policyholders and are not evaluations directed toward the protection of investors. Therefore, such ratings should not be relied upon when making any investment decision and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agencies.
Currency...	As specified from time to time in the applicable Pricing Supplement.
Maturities	Any maturity of 90 days or longer, as indicated in the applicable Pricing Supplement, or such other minimum or maximum maturity that may be allowed or required from time to time by the relevant central bank or equivalent body (however designated) or any laws or regulations applicable to the Issuer or the currency in which the relevant Notes are denominated. See "Description of the Notes—General—Maturities."
Issue Price..	Notes may be issued at an issue price which is equal to, less than or more than their principal amount.
Form of Notes and Clearance	The Notes may be offered and sold in the United States only, outside the United States only or in and outside the United States simultaneously as part of a global offering. Depending on where the relevant Notes are offered, whether such Notes are issued in registered or bearer form and in what currency the Notes are issued, the Notes will clear through one or more of The Depository Trust Company ("**DTC**"), Euroclear Bank

SA/NV, ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") or such other clearing system as may be specified in the applicable Pricing Supplement.

Notes sold pursuant to an offering made in the United States only will be issued in accordance with Rule 144A and will clear through DTC. Such Notes will initially be represented by one or more DTC Global Notes (as defined herein) deposited with a custodian for, and registered in the name of a nominee of, DTC. Notes represented by DTC Global Notes will trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such Notes will therefore settle in same-day funds.

Except as described below, Notes sold pursuant to an offering made outside of the United States only will be issued in accordance with Regulation S and will initially be represented by one or more Temporary Global Registered Notes (as defined herein). Beneficial interests in a Temporary Global Registered Note will be exchanged for equivalent beneficial interests in one or more Permanent Global Registered Notes (as defined herein) following the expiration of a period that commences upon the completion of the distribution of the Notes of the applicable Tranche, as determined and certified by the applicable Purchasing Agent, and continues for 40 consecutive days (the "**Distribution Compliance Period**"). Such Global Registered Notes (as defined herein) will be deposited (i) in the case of U.S. dollar denominated Notes with a common depositary for, and registered in the name of a nominee of, DTC and (ii) in the case of non-U.S. dollar denominated Notes with a common depositary for, and registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg, as the case may be.

Notes sold pursuant to an offering made in and outside the United States simultaneously as part of a global offering may be represented (i) solely by one or more DTC Global Notes deposited with a custodian for, and registered in the name of a nominee of, DTC or, (ii) alternatively, (a) by one or more DTC Global Notes so deposited and registered in respect of Notes sold in the United States and (b) by one or more separate Global Registered Notes deposited with a common depositary for, and registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg, as the case may be, in respect of Notes sold outside the United States.

Beneficial interests in a Global Registered Note will be exchangeable for Definitive Registered Notes (as defined herein) only if such exchange is permitted by applicable law (including, without limitation, Regulation S) and (i) any clearing corporation with which any Global Registered Note is deposited and which is or whose nominee is the holder of such Global Registered Note shall have notified the Issuer that it or its nominee is unwilling or unable to continue as the depositary and Registered Holder (as defined in the Indenture) of such Global Registered Note and a successor clearing corporation or nominee, as applicable, is not appointed within 90 days; (ii) an Event of Default (as defined herein) shall have occurred and the maturity of the Notes of such Series shall have been accelerated in accordance with the terms of the Indenture, the applicable Series Indenture and the Notes of such Series; or (iii) the Issuer shall have decided in its sole discretion that the Notes of such Series should no longer be evidenced solely by one or more Global Registered Notes. The Definitive Registered Notes issued in exchange for beneficial interests in any Global Registered Note shall be of like tenor and of an equal aggregate principal amount, in authorized denominations. Such Definitive Registered Notes shall be registered in the name or names of such person or persons as the relevant clearing system shall instruct the Registrar. It is expected that such instructions may be based upon directions received by DTC from DTC participants with respect to ownership of beneficial interests in the DTC Global Notes. Except as provided above, owners of beneficial interests in a Global Registered Note will not be entitled to receive physical delivery of Definitive Registered Notes and will not be considered the registered holders of such Notes for any purpose.

In certain circumstances, the Issuer may agree to issue Notes sold pursuant to an offering made outside the United States to non-U.S. persons in bearer form. Bearer Notes will initially be represented by one or more Temporary Global Bearer Notes (as defined in the Indenture), which will be deposited outside the United States on the original issue date thereof with a common depositary for Euroclear and Clearstream, Luxembourg. Bearer Notes with a maturity in excess of 183 days will be issued in a manner that ensures the Bearer Notes are in "registered form" for U.S. federal income tax purposes.

Upon the expiration of the applicable Distribution Compliance Period, beneficial interests in a Temporary Global Bearer Note will be exchangeable for beneficial interests in one or more Permanent Global Bearer Notes (as defined in the Indenture), as and to the extent provided in the applicable Temporary Global Bearer Note; *provided* that the required certification of beneficial ownership has been received. Interests in a Permanent Global Bearer Note will be exchangeable in whole but not in part for Definitive Bearer Notes (as defined in the Indenture), only if such exchange is permitted by applicable law (including, without limitation, Regulation S) and (i) any clearing corporation with which any Permanent Global Bearer Note is deposited and which is or whose nominee is the bearer of such Permanent Global Bearer Note shall have notified the Issuer that it or its nominee is terminating and a successor clearing corporation or nominee, as applicable, is not appointed within 90 days; (ii) an Event of Default (as defined herein) shall have occurred and the maturity of the Notes of such Series shall have been accelerated in accordance with the terms of the Indenture, the applicable Series Indenture and the Notes of such Series; or (iii) the issuance of a Definitive Bearer Note is at the Issuer's request upon a change in tax law that would be adverse to the Issuer but for the issuance of Definitive Bearer Notes. No Definitive Bearer Note delivered in exchange for a beneficial interest in a Permanent Global Bearer Note will be mailed or otherwise delivered to any location in the United States or its possessions in connection with such exchange. An exchange for a Definitive Bearer Note will be made at no charge to the holders of the beneficial interests in the Permanent Global Bearer Note being exchanged. Notwithstanding the foregoing, from and after such time as a Definitive Bearer Note is issued in exchange for a beneficial interest in a Permanent Global Bearer Note, any remaining interest in the Temporary Global Bearer Note will be exchangeable only for Definitive Bearer Notes.

Subject to restrictions set forth in the Indenture and each applicable Note Certificate (as defined in the Indenture) or Series Indenture, upon 60

	days' written notice expiring at least 30 days after the Exchange Date (as defined in the Indenture) from the holder of a Definitive Bearer Note or from Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on instructions from any owner of a beneficial interest in a Permanent Global Bearer Note, such Definitive Bearer Note or beneficial interest in a Permanent Global Bearer Note may be exchanged for a beneficial interest in a Global Registered Note of such Series containing identical terms, denominated as authorized in or pursuant to the Indenture or an applicable Note Certificate or Series Indenture and in the same aggregate principal amount. An exchange for a beneficial interest in a Global Registered Note will be made at no charge to the holder of the Definitive Bearer Note or the owner of the beneficial interest in the Permanent Global Bearer Note, as the case may be, being exchanged. Notwithstanding anything to the contrary, Registered Notes will not be exchangeable for Bearer Notes. References to Euroclear and/or Clearstream, Luxembourg in this Offering Memorandum shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing systems as may be specified in any applicable Pricing Supplement.
Pricing Options................................	The Issuer may issue Notes that bear interest at fixed rates ("**Fixed Rate Notes**") or at floating rates ("**Floating Rate Notes**"). Such Notes will bear interest payable as set forth in the applicable Pricing Supplement. The Issuer may also issue Discount Notes and Amortizing Notes (each as defined herein).
Payments..	The Issuer will be obligated to make payments of principal of, any premium and interest on, and any Additional Amounts (as defined herein) with respect to, any Notes in the currency in which such Notes are denominated. Unless the context otherwise permits or requires, in this Offering Memorandum: (i) "**principal**", with respect to Discount Notes, means such amounts as shall be due and payable as specified in the terms of the applicable Discount Notes; and (ii) "**interest**" with respect to a Discount Note which by its terms bears interest only after maturity, means interest payable after maturity. Any such amounts to be paid by the Issuer in respect of DTC Global Notes denominated other than in U.S. dollars will, subject to the provisions of the applicable Pricing Supplement, be converted into U.S. dollars for payment to the holders thereof as described under "Description of the Notes—Payments." Subject to the provisions of the applicable Pricing Supplement, payments of principal of, any premium and interest on, and any Additional Amounts with respect to, any other Global Registered Notes and Bearer Notes will be made in the currency in which such Notes are denominated.
Denominations of Notes...................	Subject to the provisions of the applicable Pricing Supplement or as otherwise provided below, the Notes of a Series will be issued, with respect to U.S. dollar-denominated Notes, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Any Notes admitted to the Official List and trading on the GEM or on any regulated market in the EEA or in the U.K. will be issued in minimum denominations of €100,000 (or the equivalent thereof in another currency at the time of issue) and integral multiples of €1,000 in excess thereof; however, for so long as any Series of Notes is in global form and Euroclear and Clearstream, Luxembourg so permit, the Pricing

	Supplement may provide that such Series of Notes in global form shall be tradeable in minimum denominations of €100,000 and integral multiples of €1,000 thereafter. Any Notes in respect of which the issue proceeds are received by the Issuer in the U.K. or the activity of issuing such Notes is carried on from an establishment maintained by the Issuer in the U.K. and which have a maturity of less than one year must (a) (i) have a minimum denomination of £l00,000 (or its equivalent in other currencies), and (ii) be issued only to persons (x) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or (y) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (b) be issued in other circumstances that do not constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer.
Status of the Notes	The Notes of a Series will be direct, unconditional, secured and unsubordinated non-recourse obligations incurred by the Issuer with respect to the relevant Series of the Issuer and will rank equally among themselves without any preference. The Notes of each Series will be secured by, among other things, one or more Funding Agreements issued by New York Life to the Issuer. Willkie Farr & Gallagher LLP, special counsel for New York Life, has opined that in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to New York Life, under New York law as in effect on the date of this Offering Memorandum, the claims under each Funding Agreement with respect to (i) payments of principal and interest would be accorded a priority equal to that of policyholders of New York Life (*i.e.*, would rank *pari passu* with the claims of policyholders of New York Life) and superior to the claims of general creditors of New York Life and (ii) payments of Additional Amounts would rank *pari passu* with the claims of general creditors of New York Life.
Listing	Application will be made to Euronext Dublin for the Notes issued during the period of 12 months from the date of this Offering Memorandum to be admitted to the Official List and trading on the GEM. However, Notes may be listed on another securities exchange or not listed on any regulated market or securities exchange. Each applicable Pricing Supplement will indicate whether or not the Notes of that Series will be listed, and, if the Notes will be listed, on which securities exchange. Notes with a maturity of less than 12 months will not be listed. This Offering Memorandum comprises a "Base Listing Particulars" for the purposes of admission to the Official List and to trading on the GEM. If any European and/or national legislation is adopted and is implemented or takes effect in Ireland in a form that would require either New York Life or the Issuer to publish or produce its financial statements according to accounting principles that are materially different from SAP or that would otherwise impose requirements on either of New York Life or the Issuer that such entity in good faith determines are impracticable or unduly burdensome, New York Life or the Issuer may elect to de-list the Notes. Each of New York Life and the Issuer will use its reasonable efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or

system outside the EU, as the Issuer and New York Life may decide with the prior approval of the relevant Purchasing Agent(s). If such an alternative admission is not available to New York Life or the Issuer, or is, in either such entity's opinion, unduly burdensome, an alternative admission may not be obtained. Notice of any de-listing and/or alternative admission will be given as described in "General Information—Notices" herein.

Taxation	Prospective purchasers of the Notes must carefully consider the tax consequences of the ownership and disposition of the Notes set forth under "Certain Tax Considerations" herein.
Withholding Tax and Payments of Additional Amounts	All payments in respect of the Notes will be made without any withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of any governmental authority in the United States having power to tax, unless such withholding or deduction is required by law. If any withholding or deduction is required by law, then the Issuer will, subject to certain exceptions set out in full herein, pay such additional amounts ("**Additional Amounts**") so that the net amounts received by the holders of the Notes will equal the amounts that the holders would have received had no such deduction or withholding been required. See "Description of the Notes—Withholding Tax and Payments of Additional Amounts." New York Life will agree in each Funding Agreement that payments in respect of such Funding Agreement shall be made without any withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of any governmental authority in the United States having the power to tax, unless such withholding or deduction is required by law. If any such withholding or deduction is required or if any such withholding or deduction is required under any related Notes, then New York Life, under the relevant Funding Agreement, will, subject to certain exceptions set out in full herein and therein, pay such Additional Amounts so that the net amount received by the Issuer or by the holder of the related Notes will equal the amount that would have been paid under the relevant Funding Agreement or any such related Notes had no such deduction or withholding been required. See "Description of Certain Terms and Conditions of the Funding Agreements—Payments of Additional Amounts." In addition, pursuant to the terms of each Funding Agreement, New York Life has certain rights to terminate the relevant Funding Agreement if New York Life is obligated to withhold or deduct any taxes with respect to payments under the Funding Agreement or pay any Additional Amounts, or if there is a material probability that New York Life will become obligated to do so (in the opinion of independent counsel selected by New York Life). See "Description of Certain Terms and Conditions of the Funding Agreements—Tax Redemption."

	The Issuer is required to redeem the Notes of the relevant Series as provided herein if New York Life exercises its right to terminate a Funding Agreement related to such Series. See “Description of the Notes—Tax Redemption.”
Use of Proceeds	The Issuer will use the proceeds from the sale of each Series of Notes issued under the Program, net of certain expenses, underwriting discounts and commissions or similar applicable compensation, to purchase one or more Funding Agreements from New York Life.
Purchase and Transfer Restrictions	The Notes have not been, and will not be, registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except as described under “Purchase and Transfer Restrictions” herein. The Notes will be offered and sold (a) in the United States only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) and (b) in “offshore transactions” to persons other than “U.S. persons” (each as defined in Regulation S under the Securities Act). In addition, because the primary assets of the Issuer are Funding Agreements issued by New York Life, there is a risk that the transfer of the Notes could subject the parties to the transfer to regulation under the insurance laws of the jurisdictions implicated by the transfer. Among other things, it is likely that if the Notes were to be deemed to be contracts of insurance, the ability of a holder to sell the Notes in secondary market transactions or otherwise would be substantially impaired and, to the extent any such sales could be effected, the proceeds realized from any such sales would be materially and adversely affected. See “Risk Factors—Risk Factors Relating to the Notes—If the Notes Were Deemed to Be Contracts of Insurance or Participations in the Funding Agreements, the Holders of the Notes Could Be Subject to Certain Regulatory Requirements and the Marketability and Market Value of the Notes Could Be Reduced.” Bearer Notes are subject to U.S. tax law requirements. The Issuer will only issue Bearer Notes with a maturity in excess of 183 days that are treated as in “registered form” for U.S. federal income tax purposes. Temporary Global Bearer Notes and Permanent Global Bearer Notes will be “effectively immobilized” as required to be in “registered form” under U.S. federal income tax law requirements. Certain additional restrictions will apply to sales made in Canada, the U.K. and member states of the EEA, Japan, Hong Kong and Singapore, and other restrictions may apply in connection with a particular issuance of Notes. See “Plan of Distribution.”
ERISA and Other Benefit Plan Considerations	Prospective purchasers of the Notes must carefully consider the restrictions on purchases set forth under “Purchase and Transfer Restrictions” and “ERISA and Other Benefit Plan Considerations.”
Absence of Market for the Notes	The Notes have no established trading market and there is no assurance that a secondary market will develop for the Notes. Although application will be made for the Notes to be admitted to the Official List and trading on the GEM, Notes may be listed on another securities exchange or not listed on any regulated market or securities exchange. None of the Purchasing Agents will be under any obligation to make a market in the

	Notes and, to the extent that such market making is commenced by any of the Purchasing Agents, it may be discontinued at any time. The Notes are subject to substantial restrictions on transfer as set forth under "Purchase and Transfer Restrictions" herein. Given the restrictions on and risks related to transfer, there is no assurance that a secondary market will develop or, if it does develop, that it will provide holders of the Notes with adequate liquidity or that such liquidity will be sustained. Prospective investors should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes until the Stated Maturity Date of such Notes.
Governing Law	The Notes, the Indenture and the relevant Series Indentures will be governed by, and construed in accordance with, the laws of the State of New York, *except* as required by mandatory provisions of law and *except* to the extent that the validity or perfection of the ownership of, and security interest in, the relevant Funding Agreement(s) constituting an asset of the relevant Series of the Issuer or remedies under the Indenture and the relevant Series Indenture in respect thereof may be governed by the laws of a jurisdiction other than the State of New York. The Trust Agreement and each Series Trust Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware. Each Funding Agreement will be governed by, and construed in accordance with, the laws of the State of New York.

RISK FACTORS

Prospective purchasers of the Notes should carefully review the information contained elsewhere in this Offering Memorandum, any amendment or supplement hereto and any applicable Pricing Supplement, and should particularly consider the following.

Risk Factors Relating to the Notes

Noteholders Will Not Have any Direct Contractual Rights Against New York Life Under any Funding Agreements and the Claims of Noteholders are Limited to the Amount of the Applicable Series Collateral.

The obligations of the Issuer under the Notes of a Series, the Indenture and the applicable Series Indenture are payable only from the Series Collateral for such Series of Notes. See "Description of the Notes—General—Security; Limited Recourse." If any Event of Default shall occur with respect to any Series of Notes, the right of the holders of the Notes of such Series and the Indenture Trustee on behalf of such holders and other persons for whose benefit the Indenture Trustee is or will be holding such Series Collateral, will be limited to a proceeding against such Series Collateral. None of the holders of the Notes of such Series nor the Indenture Trustee on behalf of such holders and other persons for whose benefit the Indenture Trustee is or will be holding such Series Collateral, will have the right to proceed against the Series Collateral for any other Series of Notes or against New York Life or the other Non-Recourse Parties (as defined in "Description of the Notes—Non-Recourse Enforcement") to enforce the Notes or in the case of any deficiency judgment remaining after foreclosure of any property including the Series Collateral. All claims of holders of Notes of a Series in excess of amounts received by the relevant Series of the Issuer under each related Funding Agreement and other Series Collateral will be extinguished.

Following an Event of Default Under the Relevant Series of Notes, Payment of Certain Expenses Will Precede Payments Under the Relevant Series of Notes.

Any funds collected by the Indenture Trustee following an Event of Default, and any funds that may then be held or thereafter received by the Indenture Trustee as security with respect to the Notes of any Series, will be applied first to the payment of certain costs and expenses of the Indenture Trustee and any of its predecessors and their respective agents and attorneys in an aggregate amount of no more than $500,000 (the "**Priority Payments**") for all Series of Notes outstanding. The funds will next be applied to the payment of the amounts then due and unpaid on the Notes of such Series, ratably, without preference or priority of any kind, according to the aggregate principal amounts due and payable on such Notes. The amounts remaining after the payment of the Priority Payments may be insufficient to satisfy in full the payment obligations the Issuer has to the holders of Notes of a particular Series following the occurrence of an Event of Default.

There Is No Previous Market for the Notes to Be Issued, and Future Liquidity of the Notes May Be Limited.

Application will be made to Euronext Dublin for any Series of Notes issued during the 12 months from the date of this Offering Memorandum to be admitted to the Official List, and trading on the GEM. However, the Notes of any particular Series may be listed on another securities exchange or not listed on any regulated market or securities exchange. Moreover, no previous market exists for the Notes of any particular Series and no assurances can be given that any market will develop with respect to the Notes of any particular Series. The Purchasing Agents are under no obligation to make a market in the Notes and to the extent that such market making is commenced, it may be discontinued at any time. There is no assurance that a secondary market will develop or, if it does develop, that it will provide holders of the Notes with liquidity of investment or that it will continue for any period of time. The Notes have not been and will not be registered under the Securities Act or any state or foreign securities law and transfers of Notes are subject to substantial transfer restrictions. A holder of Notes of any Series may not be able to liquidate its investment readily, and the Notes may not be readily accepted as collateral for loans. It is likely that if the Notes were to be deemed to be contracts of insurance, the ability of a holder to offer, sell or transfer the Notes in a secondary market transaction or otherwise would be substantially impaired and, to the extent any such sale or transfer could be effected, the proceeds realized from such sale or transfer could be materially and adversely affected. With respect to any Notes denominated in British pounds sterling, the U.K.'s withdrawal from the EU could negatively affect the value and liquidity of such Notes. Investors should proceed on the assumption that they may have to hold the Notes until their Stated Maturity Date. See "Purchase and Transfer Restrictions."

If the Notes Were Deemed to Be Contracts of Insurance or Participations in the Funding Agreements, the Holders of the Notes Could Be Subject to Certain Regulatory Requirements and the Marketability and Market Value of the Notes Could Be Reduced.

The laws and regulations of the 50 states of the United States and the District of Columbia (the "**Covered Jurisdictions**") contain broad definitions of the activities that may constitute the business of insurance or the distribution of insurance products. Because the primary asset of the relevant Series of the Issuer will be one or more funding agreements issued by New York Life, it is possible that insurance regulators in one or more jurisdictions could take the position that (i) the issuance of the Notes by the relevant Series of the Issuer constitutes the indirect issuance of a funding agreement or other insurance product and (ii) the distribution, transfer, sale, resale or assignment of the Notes constitutes the production or sale of a funding agreement or other insurance product. If such a position were to be taken in any Covered Jurisdiction, the underlying activity and the persons conducting such activity (including the relevant Series of the Issuer, New York Life, a Purchasing Agent, an investor or such other person) could become subject to regulation under the insurance laws of one or more of the Covered Jurisdictions, which could, among other effects, require such persons to be subject to regulatory licensure or other qualification and levels of compliance that cannot practically be achieved. Failure to comply with such requirements could subject such persons to regulatory penalties. In addition, any such failure to comply with, or the threat of, any such regulation could reduce liquidity with respect to the Notes, prevent an investor from transferring the Notes and reduce the marketability and market value of the Notes. Therefore, any such regulation or threat of such regulation by any one or more Covered Jurisdictions could result in an investor either being unable to liquidate its investment in the Notes or, upon any such liquidation, receiving a value significantly less than the initial investment in the Notes.

Sidley Austin LLP advised Morgan Stanley & Co. LLC ("**Morgan Stanley**"), one of the Purchasing Agents of Notes under the Program, in a memorandum dated August 22, 2003 that it had obtained written confirmations from insurance regulators in 44 of the Covered Jurisdictions, and with respect to certain jurisdictions, subsequent verbal confirmations (the "**Regulatory Confirmations**") based in whole or in part on certain factual information provided by Morgan Stanley to such regulators containing a general description of a prototype funding agreement-backed securitization program (the "**Prototype Program**") which Morgan Stanley believes to be substantially similar to the Program, including information concerning debt securities (the "**Program Securities**") similar to the Notes, as deemed relevant by Morgan Stanley and its legal counsel. While each insurance regulatory agency in the Covered Jurisdictions has its own specific rules regulating funding agreements and/or contracts of insurance and/or the business of insurance, generally, such Regulatory Confirmations confirmed that:

(i) The Program Securities will not be considered to be funding agreements or insurance or annuity contracts under the insurance laws of the Covered Jurisdictions;

(ii) If the Program Securities are offered to or purchased by a Purchasing Agent in the Covered Jurisdictions, neither the issuer nor the insurer will be considered to be issuing funding agreements or insurance or annuity contracts or otherwise engaging in the business of insurance in each of the Covered Jurisdictions, respectively, solely as a result of such offer or sale of the Program Securities; and

(iii) None of the securities firms that sell the Program Securities initially or in the secondary market will be considered, solely as a result of such sales, to be (a) aiding and abetting the unauthorized sale in the Covered Jurisdictions of contracts governed by the insurance laws of each of the Covered Jurisdictions, respectively, or (b) selling such contracts in each of the Covered Jurisdictions, respectively.

In seven of the Covered Jurisdictions, namely Florida, Hawaii, Iowa, Louisiana, Mississippi, Missouri and New Mexico, the subject insurance regulatory agency did not issue a definitive reply to Morgan Stanley's request for a Regulatory Confirmation and, therefore, Morgan Stanley has received opinions of counsel which provide comfort with respect to these same issues in such seven Covered Jurisdictions. On August 22, 2003, Sidley Austin LLP advised Morgan Stanley that, based on the Regulatory Confirmations and such opinions, and the fact that the relevant features, terms and parameters of the Program and the Notes are consistent with those of the Prototype Program and the Program Securities, the foregoing conclusions should apply with respect to the Program and the Notes, as described in this Offering Memorandum. Although New York Life has been provided with copies or summaries of such Regulatory Confirmations and opinions, New York Life believes that none of the other Purchasing Agents has been provided access to such Regulatory Confirmations and opinions and neither New York Life nor Morgan Stanley has obtained or received any information dated subsequent to August 22, 2003, nor does either of them have any current intention to obtain or receive any further guidance from insurance regulators or any opinions or advice of counsel in any Covered Jurisdiction as to these issues. There can be no assurance that since the date of such guidance, opinion or advice no such insurance regulator or counsel has changed its views as to these issues.

Notwithstanding the foregoing, there are variations in the insurance laws of the Covered Jurisdictions, nuances in their application, and differences in their interpretation or enforcement with respect to the subject regulatory issues. Insurance regulatory authorities have broad discretionary powers in administering the insurance laws of their respective jurisdictions, including the authority to modify or withdraw a regulatory interpretation and impose new rules. Advice of counsel may be erroneous or may represent a reasoned interpretation in circumstances where other conclusions are also possible. State courts are not necessarily bound by any regulatory interpretations and are not bound by opinions or advice of counsel, and such courts could take a contrary position. Further, factual information concerning the Prototype Program, the Program Securities, the Notes, the Issuer, the Series of the Issuer or New York Life which Morgan Stanley and its legal counsel did not deem material or relevant and was not disclosed to insurance regulators or local counsel in Covered Jurisdictions could be considered material by such regulators or counsel and, had such factual information been disclosed, could have resulted in different guidance or advice from such regulators or counsel. Finally, insurance regulators in the Covered Jurisdictions could raise insurance regulatory issues other than those noted above, which could adversely affect the issuance, purchase, resale, transfer or assignment of the Notes. For example, the California Department of Insurance has from time to time suggested that California's insurance securities laws may apply to the issuance of securities similar to the Notes. While Morgan Stanley was advised by counsel that such laws should not apply to the issuance of the Notes and that the California Department of Insurance has generally concurred with such conclusion, California's Regulatory Confirmation did not cover this issue with respect to Notes that may be issued under the Program. Accordingly, there can be no assurance that the purchase, resale, transfer or assignment of the Notes will not subject the parties to such transaction to regulation or enforcement proceedings under the insurance laws of one or more Covered Jurisdictions. Such a proceeding could result in fines, penalties and other civil and criminal enforcement actions, and could prohibit the transfer or effectiveness of the Notes without compliance with appropriate insurance licensing and other laws.

Furthermore, Morgan Stanley did not request or obtain any interpretations of the insurance laws of any jurisdiction other than the Covered Jurisdictions.

If Notes Are Redeemed, an Investor May Not Be Able to Reinvest the Redemption Proceeds in a Security Offering of Comparable Return.

The Issuer is required to redeem the Notes of a Series as described herein if New York Life exercises its right to terminate the Funding Agreement(s) related to such Series upon the occurrence of certain tax events, including, without limitation, if New York Life is required to pay Additional Amounts. See "Description of the Notes—Tax Redemption." In addition, Notes of a particular Series may be redeemable at the option of the Issuer. In case of any redemption of Notes, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes being redeemed. New York Life's termination right under the relevant Funding Agreement(s) also might adversely impact an investor's ability to sell the Notes.

Any Notes Denominated in a Foreign Currency Are Subject to Exchange Rate and Exchange Control Risks.

The information set forth below is directed to prospective purchasers who are U.S. residents. The Issuer disclaims any responsibility to advise prospective purchasers who are residents of countries other than the United States of any matters arising under foreign law that may affect the purchase of, or holding of, or receipt of payments on, the Notes. Such persons should consult their own legal and financial advisors concerning these matters.

An investment in a Note that is denominated or payable in, or the payment of which is linked to the value of, currencies other than U.S. dollars entails significant risks. These risks include the possibility of significant changes in rates of exchange between the U.S. dollar and the relevant foreign currencies and the possibility of the imposition or modification of exchange controls by either the United States or foreign governments. These risks generally depend on economic and political events over which the Issuer and New York Life have no control.

In recent years, rates of exchange between U.S. dollars and some foreign currencies have been highly volatile, and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Note. Depreciation against the U.S. dollar of the currency in which a Note is payable would result in a decrease in the effective yield of the Note below its coupon rate and could result in an overall loss. In addition, depending on the specific terms of a currency-linked Note, changes in exchange rates relating to any of the relevant currencies could result in a decrease in its effective yield and in a loss of all or a substantial portion of the value of such Note.

Foreign exchange rates can either float or be fixed by sovereign governments. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the U.S. dollar and to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country's central bank or the imposition of regulatory controls or taxes to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders. The Issuer will not make any adjustment or change in the terms of the Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the U.S. dollar or any applicable foreign currency. The holder of such Notes will bear those risks.

If the principal of, any premium or interest on, and any Additional Amounts with respect to, any Note are payable in a Specified Currency (as defined herein) other than U.S. dollars, which are not available due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to holders of the Notes by making such payment in U.S. dollars on the basis of the most recently available bid quotation determined on the applicable determination date related to such payment from a leading foreign exchange bank in London or New York City selected by the applicable Paying Agent, for the purchase of U.S. dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all holders of Notes denominated other than in U.S. dollars scheduled to receive U.S. dollar payments. Any payment made under such circumstances in U.S. dollars where the required payment is other than in U.S. dollars will not constitute an "Event of Default" under the Notes.

Furthermore, the Issuer may (if so specified in the applicable Pricing Supplement) without the consent of the holder of any Note or coupon, redenominate all, but not less than all, of the Notes of any Series on or after the date on which the member state of the EU in whose national currency such Notes are denominated has become a participant member in the third stage of the European economic and monetary union, as more fully set out in the applicable Pricing Supplement.

Each prospective purchaser of Notes should consult its own financial, legal and tax advisors as to any specific risks entailed by an investment by such purchaser in Notes that are denominated in, or the payment of which is related to the value of, foreign currency, as such Notes are not an appropriate investment for purchasers who are unsophisticated with respect to foreign currency transactions.

An Event of Default Under a Series of Notes May Not Constitute an "Event of Default" Under the Applicable Funding Agreement(s).

In certain circumstances, an Event of Default under a Series of Notes may not constitute an event of default under the applicable Funding Agreement(s). In such a case, it is possible that the obligations of the Issuer under any Series of Notes may be accelerated while the obligations of New York Life under the applicable Funding Agreement(s) may not be similarly accelerated. If this occurs, the Indenture Trustee may have no or limited ability to proceed against the applicable Series Collateral and holders of Notes may not be paid in full or in a timely manner upon such acceleration. See "Description of the Notes—Events of Default" and "Description of Certain Terms and Conditions of the Funding Agreements—Events of Default" in this Offering Memorandum.

The Issuer Has Limited Resources and Therefore Its Ability to Make Timely Payments With Respect to a Series of Notes Depends Entirely on New York Life Making Payments Under the Related Funding Agreements.

The Issuer is a special purpose statutory trust created on August 14, 2003 under the laws of the State of Delaware and organized in series as permitted by Sections 3804(a) and 3806(b)(2) of the Trust Act. The exclusive purposes of the Issuer are to (i) issue and sell the Notes, (ii) use the net proceeds from the sale of the Notes to acquire Funding Agreements, (iii) pledge, collaterally assign and grant a security interest in the Series Collateral for each Series of Notes to the Indenture Trustee, and (iv) engage in only those other activities necessary or incidental thereto. The net worth of the Issuer on the date hereof is approximately $1,000 and is not expected to increase materially. The Issuer's principal assets are Funding Agreements issued by New York Life.

In connection with the issuance of each Series of Notes, the Issuer will create a separate Series of the Issuer. The applicable Series of Notes and the related liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to such Series of the Issuer will be enforceable only against the assets of such Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. The Notes of each Series will be secured by, among other things, one or more Funding Agreements. No Notes of a Series will have any right to receive payments under a Funding Agreement related to any other Series. Accordingly, the Issuer will only be able to make timely payments with respect to a Series of Notes if New York Life has made all required payments under the Funding Agreement securing such Series of Notes.

The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, New York Life or any of its subsidiaries or affiliates. None of these entities nor any agent, trustee or beneficial owner of the Issuer or of any Series of the Issuer is under any obligation to provide funds or capital to the Issuer generally or with respect to any Series of the Issuer, except with respect to certain indemnity obligations of New York Life. For more information on New York Life's indemnity obligations, see "Description of the Issuer—Expenses of the Issuer."

Any Series of Floating Rate Notes Could Be Adversely Affected By Regulation or Reform, or Potentially, Elimination, of the Interest Rate Basis, or "Benchmark," Linked to Such Notes.

Interest on any Series of Floating Rate Notes may be determined by reference to an Interest Rate Basis, or "benchmark," such as LIBOR or EURIBOR. For more information on the determination of interest on a Series of Floating Rate Notes, see "Description of the Notes—Pricing Options—Floating Rate Notes." LIBOR, EURIBOR and certain other "benchmark" rates and indices are the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark."

In the EU, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmarks Regulation**") went into effect in 2018. The Benchmarks Regulation regulates indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds. The Benchmarks Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another benchmark rate or index. If the methodology or other terms of the benchmark are changed in order to comply with the terms of the Benchmarks Regulation, such changes could have the effect of reducing or increasing the rate or level of the benchmark or affect its volatility. In addition, each administrator of a benchmark subject to the Benchmarks Regulation must be licensed by the competent authority of the EU Member State or the U.K. where such administrator is located. There is a risk that administrators of certain benchmarks will fail to obtain a necessary license, preventing them from continuing to provide such benchmarks. Other administrators may cease to administer certain benchmarks because of the additional costs of compliance with the Benchmarks Regulation and other applicable regulations, and the associated risks. There is also a risk that certain benchmarks may continue to be administered but may in time become obsolete.

As an example of benchmark reform, on July 27, 2017, the U.K. Financial Conduct Authority announced that it will no longer compel banks to submit rates for the calculation of LIBOR after 2021. The announcement indicates that LIBOR may not continue to be available on the current basis (or at all) after 2021. The last committed publication date for LIBOR is December 31, 2021. EURIBOR, on the other hand, is not subject to cessation at the end of 2021 although certain other benchmarks, such as EONIA, are scheduled to cease publication.

The Alternate Reference Rate Committee, convened by the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**") and the Federal Reserve Bank of New York (the "**FRBNY**"), has endorsed the Secured Overnight Financing Rate ("**SOFR**") as its preferred replacement benchmark for U.S. dollar LIBOR. SOFR is calculated and published by the FRBNY and reflects the combination of three overnight U.S. Treasury Repo Rates. The rate is different from LIBOR, in that it is a risk-free rate, is backward-looking instead of forward-looking, is a secured rate and currently is available primarily as an overnight rate rather than as 1-, 3- and 6-month rates available for LIBOR.

The potential elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest provisions described in "Description of the Notes—Pricing Options," or result in other consequences, in respect of any Notes linked to such benchmark. Furthermore, even prior to the implementation of any changes from benchmark reforms, uncertainty as to the nature of alternative reference rates and as to potential changes to a benchmark may adversely affect the trading market for securities based on that benchmark.

In the event that a published benchmark, such as EURIBOR or LIBOR, that is the Interest Rate Basis for a Series of Floating Rate Notes becomes unavailable, the rate of interest on that Series would be determined pursuant to the fallback arrangements described in "Description of the Notes—Pricing Options." These fallback arrangements include the possibility that the rate of interest could be determined by the Calculation Agent or the Issuer or set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances the ultimate fallback of interest for a particular Interest Period or Interest Reset Date (as applicable) may result in the rate of interest for the last preceding Interest Period or Interest Reset Date (as applicable) being used. This may result in the effective application of a fixed rate for a Series of Floating Rate Notes based on the rate which was last observed on the Reuters Page EURIBOR01 or the LIBOR Page (each as defined in "Description of the Notes—Pricing Options"), as applicable. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of the Calculation Agent or the Issuer, the relevant fallback provisions may not operate as intended at the relevant time.

The above matters or any other significant change to the setting or existence of any relevant reference rate could have a material adverse effect on the value or liquidity of, and the amount payable under, any Series of Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

An Investment in a Series of Floating Rate Notes For Which SOFR Is the Interest Rate Basis Entails Significant Risks Not Associated With an Investment in a Conventional Fixed Rate or Floating Rate Debt Security.

SOFR may be the Interest Rate Basis for the calculation of interest on a Series of Floating Rate Notes. The FRBNY notes on its publication page for SOFR that use of SOFR is subject to important limitations and disclaimers, including that the FRBNY may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice.

Neither the Issuer nor New York Life has any control over the determination, calculation or publication of SOFR. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in a Series of Floating Rate Notes linked to SOFR ("**SOFR-linked Floating Rate Notes**"). If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on SOFR-linked Floating Rate Notes and the trading prices of SOFR-linked Floating

Rate Notes. If SOFR declines to zero or becomes negative, it is possible that no interest will be payable on a Series of SOFR-linked Floating Rate Notes.

The FRBNY began to publish SOFR in April 2018, and has also begun publishing historical indicative SOFR going back to 2014. Investors in any SOFR-linked Floating Rate Notes should not rely on any historical changes or trends in SOFR as an indicator of future changes in SOFR. Also, since SOFR is a relatively new market index, SOFR-linked Floating Rate Notes that are issued pursuant to this Offering Memorandum, as completed by the applicable Pricing Supplement, will likely have no established trading market when issued, and an established trading market may never develop or may not be liquid. Market terms for debt securities linked to SOFR, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of any SOFR-linked Floating Rate Notes, if issued, may be lower than those of later-issued indexed debt securities as a result. Similarly, if SOFR does not prove to be widely used, the trading price of any SOFR-linked Floating Rate Notes that are issued may be lower than those of debt securities linked to indices that are more widely used. Investors in SOFR-linked Floating Rate Notes may not be able to sell their Notes at all or may not be able to sell their Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

The International Swaps and Derivatives Association ("**ISDA**") has developed adjustment mechanics for use by swap counterparties entering into SOFR-based derivatives to allow for use of a rate that is compounded in arrears and a spread adjustment to better align with LIBOR. The intent of these mechanics is to provide counterparties with an adjusted rate more akin to LIBOR. To the extent that these adjustments are adopted by swap dealers and are different from the rate used by SOFR-linked Floating Rate Notes, investors in the SOFR-linked Floating Rate Notes may not be able to hedge their interest rate risk appropriately.

Risk Factors Relating to New York Life

The Funding Agreements Are Unsecured Obligations of New York Life. If the Funding Agreements Were Not Treated as Insurance Contracts, They Would Be Accorded the Same Priority in a Liquidation or Dissolution of New York Life as its Other General Unsecured Obligations.

The Funding Agreements, which are the sole source of payments for the Notes of any Series, are unsecured obligations of New York Life and, in the event of New York Life's insolvency, will be subject to the provisions of Article 74 of the New York Insurance Law (the "**Liquidation Act**"), which establishes the priority of claims from the estate of an insolvent New York insurance company. Willkie Farr & Gallagher LLP, special counsel for New York Life, has opined that in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to New York Life, under New York law as it is in effect on the date of this Offering Memorandum, the claims under each Funding Agreement with respect to (i) payments of principal and interest would be accorded a priority in liquidation equal to that of policyholders of New York Life (*i.e.*, would rank *pari passu* with the claims of policyholders of New York Life) and superior to the claims of general creditors of New York Life and (ii) payments of Additional Amounts would rank *pari passu* with the claims of general creditors of New York Life. Such opinion of counsel is based upon certain facts, assumptions and qualifications (as set forth therein), is only an opinion and does not constitute a guarantee, and is not binding upon any court, including without limitation a court presiding over any rehabilitation, liquidation, conservation, dissolution or reorganization of New York Life under New York insurance law. If the Funding Agreements were not treated as insurance contracts under New York law, they would be accorded the same priority in a liquidation or dissolution of New York Life as its other general unsecured obligations.

Difficult Conditions in the Global Capital Markets and in the Economy May Adversely Affect New York Life's Business, Results of Operations, Financial Condition and Liquidity.

New York Life's business, results of operations, financial condition and liquidity could be materially affected by difficult conditions in the global capital markets and the economy generally, both in the United States and internationally. Stressed conditions, volatility and disruptions in global capital markets or in particular markets or financial asset classes can have an adverse effect on New York Life, in part because New York Life has a large investment portfolio and assets supporting New York Life's insurance liabilities are sensitive to changing market factors. Disruptions and volatility in individual market sectors within New York Life's investment portfolio could result in significant realized and unrealized losses. Global market factors, including interest rates, credit spreads, equity prices, real estate markets, foreign currency exchange rates, oil prices, consumer spending, business investment, government spending, the volatility and strength of the capital markets, deflation and inflation, and government actions taken in response to any of these factors, could all affect the business and economic environment and, ultimately, the profitability of New York Life's business. Disruptions in one market or asset class can also spread to other markets or asset classes. Upheavals in the financial markets could also affect New York Life's financial condition (including its liquidity and capital levels) to the extent that significant liabilities mature at a time when financial markets are unsettled.

Upheavals in the financial markets can also affect New York Life's business through their effects on general levels of economic activity, employment and customer behavior. In an economic downturn, characterized by higher unemployment, lower family incomes, lower corporate earnings, lower business investment and lower consumer spending, the demand for insurance products and financial products may be adversely affected. In addition, weak equity market performance could adversely affect sales of variable annuities, mutual funds and investment management products, cause potential purchasers of such products to refrain from making new or additional investments in such products and cause current investors to withdraw from the market or reduce their rates of ongoing investment.

New York Life's revenues and net investment income are likely to come under pressure in periods of uncertain financial market conditions. See "—New York Life Is Exposed to Significant Financial and Capital Market Risks Which May Adversely Affect Its Business, Results of Operations and Financial Condition" and "—The Occurrence of Natural or Man-Made Disasters Could Adversely Affect New York Life's Operations, Results of Operations and Financial Condition."

New York Life Is Exposed to Significant Financial and Capital Markets Risks Which May Adversely Affect Its Business, Results of Operations and Financial Condition.

New York Life is exposed to significant financial and capital markets risks, including changes in interest rates, credit spreads, equity prices, bond indices, real estate markets, market volatility, global economic performance in general, and the performance of specific obligors, including government securities included in its investment portfolio and other factors outside New York Life's control, including:

<u>Interest Rate Risk</u>

Fluctuations in interest rates can affect the profitability of New York Life's life insurance and annuity businesses, which are predominantly spread-based businesses. The income from certain New York Life insurance and annuity products is derived from the "spread" between the crediting rate New York Life is required to pay under policies and contracts and the rate of return New York Life is able to earn on its general account investments supporting such policies and contracts.

During periods of low or declining interest rates, as cash becomes available from premiums on life insurance and annuity policies, from maturity, redemption or sale of existing securities or from other sources, the yield on the new investments may be lower than that on existing investments, thus lowering the average yield New York Life earns on its investment portfolio. Periods of low or declining interest rates have the potential to negatively affect New York Life's profitability in the following principal ways:

- New York Life is contractually obligated to credit a fixed minimum rate of interest on almost all of its life insurance and annuity policies and therefore may earn less investment spread than was originally targeted at the pricing of a policy. Should yields on new investments decline to levels below these guaranteed minimum rates for a long enough period, New York Life may be required to credit interest to policyholders at a higher rate than the rate of return it earns on its portfolio of investments supporting those products, thus generating losses.

- A lower portfolio rate restricts New York Life's ability to maintain its investment spread since competitive pressure and the need to satisfy policyholder expectations constrain how much New York Life can reduce rates credited to policyholder funds to compensate for declines in its portfolio rate.

Accordingly, low or declining interest rates may materially affect New York Life's results of operations, financial position and cash flows and significantly reduce its profitability.

Periods of high or increasing rates also have the potential to negatively affect New York Life's profitability. In periods of increasing interest rates, life insurance policy loans, surrenders and withdrawals may increase as policyholders seek investments with higher perceived returns. This could result in cash outflows requiring New York Life to sell invested assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which could cause New York Life to suffer realized investment losses. When interest rates rise, such as in inflationary periods, New York Life may also face competitive pressure to increase crediting rates on its life insurance and annuity contracts. Such changes in New York Life's crediting rates may occur more quickly than corresponding changes to the rates New York Life earns on its general account investments, thereby reducing its spreads in respect of such contracts. In addition, an increase in interest rates accompanied by unexpected extensions of certain lower yielding investments could result in a decline in New York Life's profitability. An increase in interest rates would also adversely affect the fair values of the fixed income securities in New York Life's investment portfolio.

Credit Risk

New York Life may realize losses on bonds held in its investment portfolio arising from defaults and impairments of bonds considered to be other-than-temporary, including as a result of exposure to bonds of financial institutions which themselves have significant exposure to counterparties suffering economic difficulties. New York Life may also realize losses on delinquencies or defaults in its commercial loan portfolio.

Equity Risks

The value of New York Life's unaffiliated common and preferred stock portfolio and other equity investments could experience declines as a result of difficult conditions in the global capital markets and the economy. A portion of these investments in limited partnerships and other invested assets have underlying private equity characteristics.

In addition, because the revenues of New York Life's investment management businesses are to a large extent based on fees related to the value of assets under management, declines in equity and other capital markets could reduce such values and therefore reduce fee revenues. As different investment styles move in or out of favor and performance fluctuates, these businesses may experience asset outflows which would also reduce fee revenue.

Equity declines may also increase the exposure of New York Life and its wholly-owned subsidiary New York Life Insurance and Annuity Corporation ("**NYLIAC**") to losses from annuity products that have guaranteed minimum benefits.

Fluctuations in Credit Spreads

New York Life's exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. A widening of credit spreads would reduce the value of New York Life's bond portfolio. Such widening of credit spreads, to the extent it reflects actual deterioration of credit quality, could result in higher other-than-temporary impairments ("**OTTI**"). Credit spread tightening would reduce net investment income associated with new purchases of fixed income securities.

Regulatory Developments Could Adversely Affect New York Life's Business.

New York Life's insurance business is subject to comprehensive state regulation and supervision throughout the U.S. New York Life is also affected by federal legislation and administrative policies in areas such as securities laws, employee benefit plan regulation, financial services regulations and taxation. Changes in laws or regulations or the interpretation thereof could significantly increase New York Life's compliance costs and tax expenses and reduce its profitability. Failure to comply with applicable regulations may expose New York Life to significant penalties and reputational damage.

Insurance Regulation. New York Life and its U.S. insurance subsidiaries are subject to comprehensive state regulation and supervision throughout the United States. State laws in the United States grant insurance regulatory authorities broad administrative powers with respect to, among other things, licensing companies and agents to transact business, calculating the value of assets to determine compliance with statutory requirements, mandating certain insurance benefits, regulating certain premium rates, reviewing and approving policy forms, regulating unfair trade and claims practices, including restrictions on marketing and sales practices, distribution agreements and payments of inducements, establishing and revising statutory reserve requirements and solvency standards, fixing maximum interest rates on life insurance policy loans and minimum rates for accumulation of surrender values, approving future rate increases, restricting various transactions between affiliates, and regulating the types, amounts and valuation of investments.

From time to time, regulators raise issues during examinations or audits that could, if determined adversely, have a material impact on New York Life. New York Life cannot predict whether or when regulatory actions may be taken that could adversely affect its operations.

In addition, changes to existing laws and regulations may impose further regulatory burdens on insurers. State insurance regulators and state legislatures frequently reexamine existing laws and regulations, and the NAIC proposes and periodically updates model laws and regulations for consideration by the states. New or modified laws and regulations may increase compliance costs and, in some cases, adversely affect an insurer's operations. For example, the NAIC has approved revisions to the Suitability in Annuity Transactions Model Regulation ("**SAT Model Regulation**") that add a "best interest" standard for the sale of annuities that is less rigorous than a fiduciary standard, but more rigorous than a suitability standard. Certain state regulators have proposed regulations that would, if enacted, apply a fiduciary standard to the sale of certain variable insurance products, including products offered by NYLIAC. New York Life cannot predict the impact that the SAT Model Regulation, if enacted, or other new or modified laws and regulations could have on its business.

In July 2018, the NYSDFS adopted regulations that implement a "best interest" standard for the sale of life insurance and annuity products in New York. The regulations require a consumer's best interest, and not the financial interests of a producer or insurer, to serve as the basis for a producer's recommendation as to any transaction involving a life insurance or annuity product. The New York regulations became effective for annuity products on August 1, 2019 and for life insurance products on February 1, 2020. These regulations will increase compliance costs and may have adverse effects on sales of certain of New York Life's products in New York.

State regulators, such as the NYSDFS, also regularly review and update their statutory reserve and risk-based capital requirements. Changes to these requirements may increase the amount of reserves and capital that New York Life and its U.S. insurance subsidiaries are required to hold. Moreover, the NAIC has developed a revised approach for the calculation of insurance reserves for life insurance and annuity products, known as principle-based reserving ("**PBR**"). Under a PBR framework, statutory reserves for new business would reflect a combination of company experience and prescribed assumptions and methodologies. PBR initially became operative on January 1, 2017 in the states where it had been adopted, after which a three-year phase-in period for business issued on or after that date ensued. PBR became effective in New York on January 1, 2020, with certain deviations from the reserve standards established by the NAIC. The ultimate financial impact on new business under the PBR framework adopted by the NYSDFS could result in higher and more volatile reserves relative to current reserve guidance under the NAIC approach.

Assessments are levied against New York Life and its U.S. insurance subsidiaries as a result of mandatory participation in various types of state guaranty associations. The amounts of such assessments are highly unpredictable and could increase significantly if there is an increase in the number or size of insurance companies which become insolvent or subject to rehabilitation or if the laws governing assessments change.

U.S. Federal Regulation Affecting Insurance. Federal initiatives often have an impact on New York Life's life insurance business. The Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**") has significantly changed financial regulation in the United States and required various federal agencies to adopt a broad range of rules and regulations in order to implement it. Among other things, Dodd-Frank established a process for the designation of nonbank financial companies by the Financial Stability Oversight Council ("**FSOC**"). Companies that are designated by FSOC as "systemically important financial institutions" ("**SIFIs**") are subject to heightened prudential standards and supervision by the Federal Reserve Board. Since FSOC made its first SIFI designations in 2013, New York Life has not been, and does not believe it will be, designated by FSOC as an SIFI and therefore does not expect to be subject to heightened prudential standards and supervision by the Federal Reserve Board.

Other aspects of Dodd-Frank that affect or could affect New York Life include regulations concerning the writing and trading of derivatives. For example, U.S. federal banking regulators have adopted regulations that require certain regulated banking institutions to include in certain derivatives, securities lending and other financial contracts, referred to as qualified financial contracts or QFCs, terms that delay or restrict the rights of counterparties, such as New York Life, to terminate such contracts, foreclose on collateral or exercise other default rights in the event that the banking institution, or its affiliate, is subject to resolution or insolvency proceedings. It is possible that these requirements could adversely affect New York Life's ability to terminate existing derivatives and securities lending agreements or to realize amounts to be received under such agreements.

Dodd-Frank also established the Federal Insurance Office ("**FIO**"), which has the authority to develop federal policy on prudential international insurance matters, including by participating in the negotiation of international insurance agreements with foreign regulators for the United States. The FIO also is authorized to collect information about the insurance industry and identify gaps in regulation that could contribute to a systemic crisis in the industry or the broader financial system. While not having a general supervisory or regulatory authority over the business of insurance, the director of this office performs various functions with respect to insurance, including serving as a non-voting member of FSOC and making recommendations to FSOC regarding insurers to be designated as systemically important and therefore subject to heightened prudential standards and oversight by the Federal Reserve Board.

Changes in general political, economic or market conditions could affect the scope, timing and final implementation of Dodd-Frank. For example, on May 24, 2018, President Trump signed into law the Economic Growth, Regulatory Relief and Consumer Protection Act, which includes provisions that direct the FIO and the Federal Reserve Board to support increased transparency at global insurance or international standard-setting regulatory or supervisory forums, and to achieve consensus positions with the states through the NAIC prior to taking a position on any insurance proposal by a global insurance regulatory or supervisory forum. New York Life cannot predict the impact that potential regulatory changes in the implementation of Dodd-Frank may have on its business.

Furthermore, Congress has considered, and may consider in the future, legislative proposals that could impact the estimated fair value of mortgage loans, such as legislation that would permit bankruptcy courts to rewrite the terms of a mortgage contract, including reducing the principal balance of mortgage loans owed by bankrupt borrowers, or legislation that requires loan modifications. These activities could result in the loss of principal on certain of New York Life's non-agency residential mortgage-backed security holdings and a ratings downgrade in such holdings which, in turn, would cause an increase in unrealized losses on such securities and increase the risk-based capital that New York Life must hold to support its investments.

Securities Regulation. Certain insurance policies and annuity contracts offered by NYLIAC, and all of the mutual funds and municipal fund securities (interests in college savings plans established pursuant to Section 529 of the Code) offered by certain subsidiaries of New York Life, are subject to regulation under the federal securities laws administered by the SEC. These products may also be subject to the rules of the Financial Industry Regulatory Authority ("**FINRA**"), a securities self-regulatory organization, as well as certain state securities laws applicable to the broker-dealers affiliated with New York Life that participate in the distribution of these products. Investment management products offered by certain subsidiaries of New York Life that operate outside the U.S. are subject to regulation under the securities laws of the jurisdictions in which they operate. The SEC, FINRA and state and foreign securities regulators also regulate aspects of the securities-related business of subsidiaries of New York Life that provide securities brokerage services or investment advisory services or conduct other securities-related activities. These laws and regulations are primarily intended to protect investors in the securities market and generally confer broad supervisory powers on the regulator, including the power to limit or restrict the conduct of business for failure to comply with such laws and regulations. If a regulator determines that any such subsidiary has failed to comply with applicable laws and regulations, its securities-related business could be adversely affected.

In addition, Dodd-Frank required the SEC to study the effectiveness of existing standards of care applicable to personalized investment advice and recommendations provided to retail customers and whether there were gaps that should be addressed through rulemaking or legislation. On June 5, 2019, the SEC adopted rules and interpretations addressing the standards of conduct applicable to broker-dealers and investment advisers and their associated persons. As part of these rules, the SEC adopted Regulation Best Interest ("**Regulation Best Interest**"). Under the new rules, beginning June 30, 2020, broker-dealers recommending the Company's variable products to retail customers will be required to comply with a "best interest" standard. Regulation Best Interest generally requires that a broker-dealer and its associated persons act in a retail customer's best interests and not place their own financial or other interests ahead of the customer's interest when recommending securities transactions or investment strategies. To meet this new best interest standard, a broker-dealer must satisfy four component obligations including a disclosure obligation, a care obligation, a conflict of interest obligation, and a compliance obligation. Broker-dealers will also be required to provide disclosures about their standard of conduct and conflicts of interest. The SEC rules do not include a private right of action. In September 2019, several states and the District of Columbia and private advisory firms each filed lawsuits, which have since been consolidated into one, seeking to overturn Regulation Best Interest. New York Life is monitoring these developments and cannot at this time predict the effect they might have on its broker-dealers and investment advisers, and on the sales and distribution systems for the Company's variable life insurance and annuity products.

In addition, state regulators and legislatures in Nevada, New Jersey, Maryland and New York have proposed measures that would make broker-dealers, sales agents and investment advisers and their representatives subject to a fiduciary duty when providing products and services to customers, including pension plans and Individual Retirement Accounts ("**IRAs**"). On February 21, 2020, the Massachusetts Securities Division adopted a fiduciary duty rule applicable to broker-dealers when making recommendations concerning securities or investment strategies; however, consistent with the Massachusetts Uniform Securities Act, this rule does not apply to advice concerning commodities or insurance products, including variable annuities. The SEC did not indicate an intent to pre-empt state regulation in this area, and some of the state proposals would allow for a private right of action. As a result of these changes, it is possible that it may become more costly to provide New York Life's products and services operating in the states subject to the new rules.

Adverse Capital and Credit Market Conditions May Significantly Affect New York Life's Ability to Meet Liquidity Needs or Access Capital, as well as Affect New York Life's Cost of Capital.

The capital and credit markets may be subject to periods of extreme volatility and disruption, which have at times severely limited the availability of credit. New York Life needs liquidity to pay benefits and other operating expenses, provide its subsidiaries with funds to meet their business needs and to support growth, and to repay certain maturing liabilities.

If New York Life were to need access to additional financing for any reason at a time of volatility or disruption in the capital and credit markets, its ability to obtain such financing could be limited and the cost of any such financing could be significant. New York Life's access to financing depends on a variety of factors such as market conditions, regulatory conditions, the availability of credit to New York Life and the life insurance industry generally, volume of trading activities and New York Life's credit ratings and credit capacity. Similarly, New York Life's access to funds could be adversely affected if regulatory authorities or rating agencies took negative actions against it, such as a ratings downgrade. If a combination of these factors were to occur, New York Life might not be able to successfully obtain additional financing on favorable terms, or at all.

Some of New York Life's Investments Are Relatively Illiquid or Are in Asset Classes That Have Experienced Significant Market Valuation Fluctuations.

New York Life holds certain investments that lack liquidity, such as privately placed fixed income securities and loans; equity real estate; and private equity and other limited partnership interests. If New York Life were to require significant amounts of cash on short notice in excess of cash on hand and liquid investments, New York Life could have difficulty selling these investments in a timely manner or be forced to sell them for less than it otherwise would have been able to realize, or both.

New York Life also holds certain investments in asset classes that are liquid but have in the past experienced significant market fluctuations, such as mortgage-backed and other asset-backed securities. The reported value of New York Life's relatively illiquid types of investments, its investments in the asset classes described above and, at times, its high quality, generally liquid asset classes, do not necessarily reflect the price that New York Life would realize upon the sale of the asset. If New York Life were forced to sell certain of its assets in a volatile or illiquid market, market prices may be lower than New York Life's carrying value in such investments. This could result in realized losses which could have a material adverse effect on New York Life's net income and financial position.

In addition, New York Life holds certain investments that are linked to the LIBOR benchmark, which may not continue to be available on the current basis (or at all) after 2021. Uncertainty as to the effect of the potential elimination of, or changes to, LIBOR may adversely affect the trading market for securities linked to LIBOR, including those held in New York Life's investment portfolio.

New York Life Faces Significant Competition.

New York Life faces significant competition in its insurance and investment management businesses. New York Life's ability to compete is based on a number of factors, including product features, investment performance, service, price, distribution capabilities, scale, commission structure, name recognition and financial strength ratings. A decline in New York Life's competitive position as to one or more of these factors could adversely affect its profitability. The nature of New York Life's businesses means that actual and potential competitors include a large number of insurance companies, mutual fund companies, banks and investment management firms. Industry consolidation, including acquisitions of insurance and other financial services companies in the United States by international companies, could result in larger competitors with strong financial resources, marketing and distribution capabilities and brand identities. In its international business, New York Life is competing against established local and international participants. These competitive pressures could result in increased pressure on the pricing of New York Life's products and services, and could harm its ability to maintain or increase profitability.

New York Life's career agency force is the primary means by which it distributes life insurance and annuity products. In order to continue increasing life insurance and annuity sales, New York Life must attract, develop and retain those who are or can be productive career agents. Competition exists among insurers for sales representatives with such skills. New York Life and its U.S. insurance subsidiaries compete with other insurers for sales representatives primarily on the basis of their financial condition, support services and compensation and product features. New York Life's ability to maintain sales growth also depends, to a lesser extent, on its ability to have continued success in its alternative distribution channels. Distributors are generally free to sell products from whichever providers they wish, which makes it important for New York Life to continually offer distributors products and services they find attractive. If New York Life is unable to attract and retain these agents and maintain these distribution channels, its ability to grow its business and generate revenues from sales would suffer.

Downgrades or Potential Downgrades in New York Life's Ratings Could Harm Its Competitive Position in the Life Insurance Market and Could Adversely Impact an Investment in the Notes.

Nationally recognized statistical rating organizations ("**NRSROs**"), such as AM Best, Fitch, Moody's and S&P, publish financial strength/claims paying ability ratings on life insurance companies, including New York Life, based on their evaluations of an insurance company's ability to meet its financial obligations. These ratings indicate an NRSRO's view of an insurance company's ability to meet its obligations to its insureds. NRSROs also assign credit ratings to New York Life's debt securities and surplus notes. Credit ratings are indicators of a debt issuer's ability to meet the terms of debt obligations in a timely manner, and are important factors in a company's overall funding profile and ability to access external capital.

In certain of New York Life's markets, ratings are an important competitive factor. NRSROs continue to review the financial performance and condition of life insurers, including New York Life. A significant downgrade in New York Life's ratings, or the potential for such a downgrade, could adversely affect its competitive position in the life insurance market and increase its cost of funds.

New York Life cannot predict what actions rating agencies may take in the future that could adversely affect its business. As with other companies in the financial services industry, New York Life's financial strength/ claims paying ability ratings and ratings of New York Life's debt securities and outstanding surplus notes could be downgraded at any time and without any notice by any NRSRO and there can be no assurance that a rating will be maintained for any given period of time or that a rating will not be lowered or withdrawn in its entirety. In addition, it is possible that the NRSROs may change the benchmarks they use to analyze capital, liquidity, earnings and other factors that are critical to the assignment of a particular rating.

Although New York Life's ratings are not ratings of the Notes offered hereby, a downgrade of New York Life's ratings would most likely result in a corresponding downgrade of ratings of any outstanding Series of Notes. In addition, any downgrade or potential downgrade in the ratings assigned to the Notes or to New York Life's ratings in general could adversely impact the trading prices of, and the liquidity of any market for, the Notes.

The Amount of Statutory Capital that New York Life Must Hold is Sensitive to a Number of Factors Outside of its Control, Including Equity Market and Credit Market Conditions.

New York Life conducts its insurance business directly and through licensed insurance company subsidiaries. Insurance regulators and the NAIC prescribe accounting standards and statutory capital and reserve requirements for New York Life and its U.S. insurance company subsidiaries. The NAIC has established regulations that provide minimum capitalization requirements based on risk-based capital ("**RBC**") formulas for life insurance companies that are a function of asset, insurance business, interest rate and operational and management risks.

In any particular year, statutory surplus amounts and RBC ratios may increase or decrease depending on a variety of factors, including the amount of statutory income or losses generated by New York Life (which itself is sensitive to equity market and credit market conditions), the amount of additional capital it must hold to support its business growth, changes in equity market levels, the value of certain fixed-income and equity securities in its investment portfolio, the value of certain derivative instruments and changes in interest rates and foreign currency exchange rates, as well as changes to the NAIC RBC formulas. These factors are outside of New York Life's control. Increases in the amount of required statutory reserves reduce the statutory capital used in calculating New York Life's RBC ratios. In addition, in extreme scenarios of equity market declines, the amount of additional statutory reserves that NYLIAC is required to hold for its variable annuity guarantees would increase, which would decrease NYLIAC's, and therefore New York Life's, statutory surplus. New York Life's statutory surplus and RBC ratios have a significant influence on its financial strength/claims paying ability ratings.

The NAIC, the FIO and the Federal Reserve Board, as well as international insurance regulators at the International Association of Insurance Supervisors ("**IAIS**") continue to develop group capital standards and assessment methodologies. In November 2019, the IAIS adopted a global framework for the supervision of internationally active insurance groups which includes a risk-based, group-wide global insurance capital standard ("**ICS**") that will undergo a five-year monitoring period starting in January 2020. The NAIC, FIO and the Federal Reserve Board will continue to participate in the IAIS's efforts to finalize the ICS during the monitoring period. The NAIC is developing a group capital calculation tool ("**GCC**") using an RBC aggregation methodology for all entities within the insurance holding company system, including non-U.S. entities. The goal of the GCC is to provide U.S. regulators with a method to aggregate the available capital and the minimum capital of each entity in a group in a way that applies to all companies regardless of their structure. The NAIC expects to adopt the GCC in 2020. Concerns remain about how the ICS will interact with existing U.S. capital requirements and the NAIC's development of the GCC. New York Life cannot predict what impact these proposed capital standards may have on its operations. It is possible that New York Life or its affiliates may be required to hold additional capital, which may adversely affect its operations. It is also possible that new capital standards could have a disparate impact on New York Life or other insurance groups based on arbitrary factors like corporate structure or the use or non-use of affiliate reinsurance, potentially harming New York Life's competitive position.

To the extent that New York Life's statutory capital resources are deemed to be insufficient to maintain a particular rating by one or more NRSROs, it may seek to improve its capital position, including through operational changes and potentially seeking outside capital. If New York Life is not able to improve its capital position in such a scenario for any reason, any ratings downgrade that followed could have a material and adverse effect on New York Life's business, results of operations, financial condition and liquidity.

The Determination of the Amount of Allowances and Impairments Taken on New York Life's Investments Is Subjective and Could Materially Impact Its Results of Operations or Financial Condition.

The determination of the amount of allowances and impairments of investments varies by investment type and is based upon New York Life's periodic evaluation and assessment of risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations quarterly and reflects changes in allowances and impairments in operations as such evaluations are revised. There can be no assurance that New York Life's management's best estimate reflects actual losses that New York Life will ultimately incur on these investments. Furthermore, additional impairments may need to be taken or allowances provided for in the future. Historical trends may not be indicative of future impairments or allowances.

For example, the cost of New York Life's fixed income and equity securities is adjusted for impairments deemed to be other-than-temporary that are charged to earnings in the period in which the determination is made. The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in fair value of a security. New York Life's management considers a wide range of factors about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. For further information regarding New York Life's impairment methodology, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—New York Life's Investment Portfolio."

Losses Due to Defaults by, or Deteriorating Credit of, Others, Including Issuers of Investment Securities, Reinsurers and Derivative Instrument Counterparties, Could Adversely Affect the Value of New York Life's Investments, Results of Operations, Financial Condition or Liquidity.

Issuers or borrowers whose securities or loans are held by New York Life, customers, trading counterparties, counterparties under swaps and other derivative contracts, reinsurers, clearing agents, exchanges, clearing houses and other financial intermediaries and guarantors may default on their obligations to New York Life due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operational failure or other reasons. Such defaults could have a material adverse effect on New York Life's results of operations, financial condition and liquidity. In addition, the underlying collateral supporting structured securities held by New York Life, including mortgage-backed securities, may deteriorate or default causing these structured securities to be defaulted.

New York Life uses reinsurance and derivative instruments to mitigate its risks in various circumstances and to hedge various business risks. Amounts that New York Life expects to collect under reinsurance and derivative contracts are subject to counterparty risk. New York Life's obligations are not changed by its risk mitigation activities, and defaults by reinsurers and derivative counterparties could have a material adverse effect on New York Life's financial condition and results of operations.

Deviations from Assumptions Regarding Future Mortality, Morbidity and Interest Rates Used in Calculating Reserve Amounts and Pricing New York Life's Products Could Have a Material Adverse Impact on Its Results of Operations or Financial Condition.

New York Life establishes and carries reserves to pay future policyholder benefits and claims. The process of calculating reserve amounts for an insurance organization involves the use of a number of estimates and assumptions including those related to mortality (the incidence of death in a given time or place), morbidity (the incidence and severity of a disease or medical condition) and interest rates (the rates expected to be paid or received on financial instruments, including insurance or investment contracts). Since New York Life cannot precisely determine the amount or timing of actual future benefits and claims, actual results could differ significantly from those assumed. Deviations from one or more of these estimates and assumptions could have a material adverse effect on New York Life's results of operations or financial condition.

New York Life sets prices for many of its insurance and annuity products based upon expected claims and payment patterns, using assumptions for mortality, morbidity, persistency (how long a contract stays in force) and interest rates. In addition to the potential effect of natural or man-made disasters, significant increases in mortality could emerge gradually over time, due to changes in the natural environment, the health habits of the insured population, effectiveness of treatment for disease or disability, or other factors. In addition, New York Life could fail to accurately provide for changes in other pricing assumptions, including changes in interest and inflation rates. Significant deviations in actual experience from New York Life's pricing assumptions could have a material adverse effect on the profitability of its products. New York Life's earnings are significantly influenced by the claims paid under its insurance contracts and will vary from period to period depending upon the amount of claims incurred. There is only limited predictability of claims experience within any given month or year. New York Life's future experience may not match its pricing assumptions or its past results. As a result of adverse experience, its results of operations and financial condition could be materially adversely affected.

Changes In New York Life's Assumptions Regarding the Discount Rate, Expected Rate of Return, Life Expectancy and Expected Increase in Compensation Used For New York Life's Pension and Other Postretirement Benefit Plans May Result In Increased Expenses and Reduce New York Life's Profitability.

New York Life determines its pension and other postretirement benefit plan costs based on assumed discount rates, expected rates of return on plan assets, life expectancy of plan participants and expected increases in compensation levels and trends in health care costs. Changes in these assumptions, including from the impact of a sustained low interest rate environment, may result in increased expenses and reduce New York Life's profitability.

New York Life's Risk Management Policies and Procedures May Leave It Exposed to Unidentified or Unanticipated Risks, Which Could Negatively Affect New York Life's Business.

New York Life has devoted significant resources to develop and periodically update its risk management policies and procedures and expects to do so in the future. However, New York Life's policies and procedures to identify, monitor and manage risks may not be fully effective. Many of the methods used by New York Life to manage risk and exposures are based on the use of observed historical market behavior or statistics based on historical models. As a result, these methods may not predict future exposures, which could be significantly greater than the historical measures indicate. Other risk management methods depend on the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that is publicly available or is otherwise accessible to New York Life, which may not always be accurate, complete, up-to-date or properly evaluated. Moreover, New York Life is subject to the risk of inadequate performance of contractual obligations by third-party vendors of products and services that are used in its businesses or to whom New York Life outsources certain business functions, as well as the risk of past or future misconduct by employees of its vendors and service providers, which could result in violations of law by New York Life, regulatory sanctions and/or reputational or financial harm. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not always be fully effective.

New York Life's Requirements to Post Collateral or Make Payments Related to Declines in Market Value of Specified Assets Could Adversely Affect Its Liquidity and Expose it to Counterparty Credit Risk.

Many of New York Life's derivatives transactions with financial and other institutions specify the circumstances under which the parties are required to post collateral. In addition, under the terms of some of its transactions, New York Life may be required to make payments to New York Life's counterparties related to any decline in the market value of the specified assets. The amounts of collateral New York Life is required to post and the payments it may be required to make under these agreements may incrementally increase under certain circumstances.

New York Life's Securities Lending Program Subjects It to Potential Liquidity and Other Risks.

New York Life has a securities lending program whereby fixed income securities are loaned to third parties, primarily major brokerage firms and commercial banks. The borrowers of these securities provide New York Life with collateral, typically cash. New York Life separately manages this collateral and invests it in other securities, primarily U.S. Treasuries, U.S. government agency securities and mortgage-backed securities and highly rated corporate fixed income securities with short durations. Securities loaned under such transactions may be sold or repledged by the transferee.

As of December 31, 2019, all of the securities on loan under the program could be returned to New York Life by the borrowers, or called by New York Life, at any time. Returns of loaned securities would require New York Life to return the cash collateral associated with such loaned securities. In addition, in some cases, the maturity of the securities held as invested collateral (i.e., securities that New York Life has purchased with cash received from third parties) may exceed the term of the related securities loan and the market value may fall below the amount of cash received as collateral and invested. If New York Life is required to return significant amounts of cash collateral on short notice and it is forced to sell securities to meet the return obligation, it may have difficulty selling such collateral that is invested in securities in a timely manner, be forced to sell securities in a volatile or illiquid market for less than it otherwise would have been able to realize under normal market conditions, or both. New York Life seeks to mitigate these risks by limiting the size of its securities lending programs as well as maintaining relatively short maturities of assets involved under the program. Under stressful capital market and economic conditions, liquidity deteriorates broadly, which may further restrict New York Life's ability to sell securities.

The Occurrence of Natural or Man-Made Disasters Could Adversely Affect New York Life's Operations, Results of Operations and Financial Condition.

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tsunamis, tornadoes, fires, explosions and pandemic disease (such as coronavirus COVID-19), and man-made disasters, including acts of terrorism and military actions, could adversely affect New York Life's operations, results of operations or financial condition, by causing, among other things, losses in New York Life's investment portfolio due to significant volatility in global financial markets or the failure of counterparties to perform; changes in the rate of mortality, claims, withdrawals, lapses and surrenders of existing policies and contracts, as well as sales of new policies and contracts; and disruption of New York Life's normal business operations due to catastrophic property damage, loss of life, or disruption of infrastructure, including communication and financial services.

There can be no assurance that New York Life's business continuation plans and insurance coverages would be effective in mitigating any negative effects on New York Life's operations or profitability in the event of such a disaster.

The Coronavirus (COVID-19) Pandemic Could Adversely Affect New York Life's Business.

On March 11, 2020, The World Health Organization declared COVID-19, the disease caused by a novel coronavirus outbreak that was first identified in Wuhan, Hubei, China in December 2019, to be a pandemic. With a recent rise in the number of cases of COVID-19 worldwide, travel restrictions and other disruptions to businesses globally have increased. While the effects of COVID-19 will be difficult to assess or predict, the outbreak and governmental and non-governmental responses to the outbreak could affect New York Life's business. Uncertainty regarding the spread of COVID-19 and its impact on the economy has resulted in volatility and disruption in the financial markets, which may continue. The outbreak of COVID-19 could also have a major impact on the global economy or the economies of particular countries or regions, or particular industries, including travel and tourism, the health system, food supply, consumption, trade and overall economic output. In addition, COVID-19 could adversely affect New York Life's employees, agents and the employees of companies with which New York Life does business which could disrupt New York Life's business operations. Although New York Life has taken certain steps to mitigate some of the potential adverse impacts, these events could have an adverse effect on New York Life's results of operations in any period and, depending on their severity, could also adversely affect New York Life's financial condition.

Changes in Tax Laws and the Interpretation Thereof Could Adversely Affect New York Life's Business.

The U.S. and state, local and foreign jurisdictions in which New York Life operates consider from time to time legislation that could increase or change the manner of taxing the products New York Life sells and of calculating the amount of taxes paid by life insurance companies or other corporations, including New York Life. Changes to federal, state or other tax laws may affect the amount and timing of U.S. federal income taxes that New York Life pays in connection with its operations, including its foreign operations, as well as the attractiveness of certain of its products to its customers. New York Life cannot predict whether, or in what form, legislation implementing any potential changes or other legislation that could affect the taxes that New York Life pays or the tax treatment of its products, will ultimately be enacted or what the impact of any such legislation would be on its business or results from operations.

The attractiveness to New York Life's customers of many of its products is due, in part, to favorable tax treatment. Current federal income tax laws generally permit the tax-deferred accumulation of earnings on the premiums paid by the holders of annuities and life insurance products. Taxes, if any, are payable generally on income attributable to a distribution under the contract for the year in which the distribution is made. Death benefits under life insurance contracts may be received free of federal income tax. Congress from time to time considers legislation that could have the effect of reducing or eliminating the relative benefit of the deferral of taxation for New York Life's insurance, annuity and investment products. As a result, demand for certain of New York Life's products that offer income tax deferral could be negatively impacted. In addition, Congress has from time to time considered other legislation that would reduce or eliminate the benefits to policyholders of the deferral of taxation on the accretion of value within certain insurance products or otherwise affect the taxation of insurance products and insurance companies. To the extent that legislation is enacted in the future to reduce the tax deferred status of insurance or annuity products, limit the exclusion of death benefits from income, or reduce the taxation of competing products, all life insurance companies, including New York Life, could be materially adversely affected.

Congress has from time to time also considered material changes to the federal estate tax. The Tax Cuts and Jobs Act ("**Tax Reform**") enacted in late 2017, increased the tax exemption amount under the estate tax starting after December 31, 2017. These changes to the estate tax, and any potential future legislation that would repeal or further materially decrease the estate tax or materially reduce the number of estates subject to the estate tax, may adversely affect the sales of certain of New York Life's products.

In those jurisdictions in which New York Life does business, its taxes could increase as a result of changes in tax law and regulations or in the interpretation of applicable tax laws and regulations. Changes in corporate tax rates in any jurisdictions in which New York Life does business, including further changes to the U.S. corporate federal income tax rate, could affect the value of deferred tax assets and deferred tax liabilities. A reduction in the corporate tax rates would reduce the value of any net deferred tax assets included in New York Life's surplus. Furthermore, the value of deferred tax assets could be impacted by New York Life's future earnings levels. Conversely, any further changes in U.S. federal tax policy that result in an increase in corporate tax rates could result in lower after-tax earnings for New York Life.

Litigation and Regulatory Investigations May Result in Significant Financial Losses and Harm to New York Life's Reputation.

New York Life faces litigation and regulatory investigations and other actions in the ordinary course of operating its business, including the risk of individual and class action lawsuits relating to suitability, sales or underwriting practices, claims payments and procedures, product design, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties. Plaintiffs in class action and other litigation against New York Life may seek substantial or unspecified compensatory and punitive damages, and the probability and amount of liability, if any, may remain unknown for substantial periods of time.

A substantial liability for a lawsuit judgment or a significant regulatory action against New York Life could have a material and adverse effect on its business, results of operations and financial condition. Moreover, even if New York Life ultimately prevails in the litigation, regulatory action or investigation, it still could suffer significant harm to its reputation, which could have a material adverse effect on its business, results of operations and financial condition, including its ability to attract new customers, retain current customers and recruit and retain employees and agents.

New York Life's International Business Faces Political, Legal, Operational, Tax and Other Risks that Could Negatively Impact Its Results of Operations.

Certain of New York Life's investment management subsidiaries have operations in markets outside the United States. Seguros Monterrey New York Life, S.A. de C.V. ("**Seguros Monterrey**"), an insurance subsidiary of New York Life, operates in Mexico. These international operations are subject to regulation and supervision by the applicable financial services regulatory authority in the jurisdictions in which they operate, and they face certain political, legal, operating, tax and other risks generally not encountered in New York Life's U.S. operations. New York Life faces the risk of discriminatory regulation, nationalization or expropriation of assets, price controls and exchange controls or other restrictions that could prevent it from transferring funds from these operations out of the countries in which they operate or converting local currencies into U.S. dollars or other currencies. In addition, New York Life relies on local staff, including sales forces, in these countries and may encounter labor problems resulting from workers' associations, trade unions and protective labor laws in some countries.

New York Life's international operations are subject to foreign currency translation risk whereby the assets and liabilities of the operations are held in currencies other than the U.S. dollar. In Mexico, Seguros Monterrey sells U.S. dollar denominated products, which subjects it to foreign exchange risk. For example, when the foreign currency weakens, the cost of such products generally increases and may result in reduced sales volume and higher policy surrenders. In addition, New York Life's investment management business is subject to foreign exchange risk through its international operations and may be impacted by movements in currency exchange rates. These risks can adversely impact both the financial condition and results of operations of New York Life.

New York Life's international businesses are also subject to the risk of changes in laws and regulations or the interpretation thereof in those jurisdictions in which they conduct business. Any such change could have an adverse effect on these businesses and on New York Life. On January 31, 2020, the U.K. withdrew from the EU. New York Life's investment management operations include entities that do business in both the U.K. and cross border in EU countries. These entities may face increased legal and regulatory challenges in conducting their cross-border business due to the U.K.'s withdrawal from the EU.

A Computer System Failure or Security Breach Could Disrupt New York Life's Business, Damage its Reputation and Adversely Impact Its Profitability.

New York Life is highly dependent on computer systems to conduct its business, including for customer service, marketing and sales activities, customer relationship management and the production of financial statements. While New York Life has policies, procedures, automation and backup plans and facilities designed to prevent or limit the effect of failure, its computer systems may be vulnerable to disruptions or breaches as the result of natural disasters, man-made disasters, criminal activity, pandemics or other events beyond its control. Moreover, New York Life's computer systems have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorized access, cyber-attacks or other computer-related penetrations. The failure of New York Life's computer systems for any reason could disrupt its operations, result in the loss of customer business and adversely impact its profitability.

New York Life retains confidential information on its computer systems, including customer information and proprietary business information. While New York Life has established multiple administrative and technical controls to reduce the risk of cyber-incidents and protect its information technology, in the current environment there can be no guaranty that any set of controls will prevent security breaches or assure that any such breach would be detected immediately. Any compromise of the security of New York Life's computer systems that results in the disclosure of personally identifiable customer information could damage New York Life's reputation, expose New York Life to litigation, increase regulatory scrutiny and require it to incur significant technical, legal and other expenses.

New York Life conducts due diligence, negotiates contractual provisions and, in many cases, conducts periodic reviews of its vendors and other third parties that provide operational or information technology services to it to confirm compliance with New York Life's information security standards. However, the failure of the computer systems of such third parties or their disaster recovery plans for any reason could cause significant interruptions in New York Life's operations and result in a failure to maintain the confidentiality of sensitive data, including personal information relating to customers. Such a failure could harm New York Life's reputation, subject it to litigation and increased regulatory scrutiny, require it to incur increased expenses and otherwise adversely affect its business.

Cybersecurity and data privacy have come under increased scrutiny by insurance regulators. The NYSDFS adopted a cybersecurity regulation, effective March 1, 2017, for banking and insurance entities under its jurisdiction, including New York Life. Under the New York regulation, New York Life must maintain a cybersecurity program designed to address its cybersecurity risks and protect consumers' private data. In addition, the NAIC adopted the Insurance Data Security Model Law (the "**Data Security Model Law**") on October 24, 2017, which is similar to the

NYSDFS regulation. The Data Security Model Law, which has only been enacted in a few states, including Delaware where NYLIAC is domiciled, provides standards for data security and for the investigation, and notification to state insurance regulators, of cybersecurity events involving unauthorized access to, or the misuse of, certain nonpublic information. State laws based on the Data Security Model Law impose significant new regulatory burdens intended to protect the confidentiality, integrity and availability of information systems. New York Life cannot predict whether other states will also enact the Data Security Model Law, or in what form or when. Finally, on June 28, 2018, California enacted new legislation that requires companies doing business in the state, including New York Life, to comply with enhanced privacy protections for those California residents whose data such companies collect. The California legislation also provides California residents whose data is disclosed in a data breach with a private right of action against the companies who collected their data. Additional states may enact requirements similar to those set forth in the California legislation with respect to their state residents. These cybersecurity and privacy laws and regulations, and new or modified laws and regulations that may be adopted by insurance regulators or state legislatures, may increase New York Life's compliance costs and reduce its profitability. In addition, failure to comply with these regulations may lead to reputational damage, fines and increased regulatory scrutiny.

Risk Factors Relating to New York Life's Acquisition of the Group Business

*On December 17, 2019, New York Life entered into a definitive agreement with Cigna Corporation and its subsidiary, Cigna Holding Company (together, "**Cigna**"), to acquire Cigna's group life and disability insurance business (the "**Group Business**"). See "Description of the Business of the Company—Recent Developments" for more information on this transaction. The Group Business is similar to New York Life's business in many respects, and New York Life's acquisition of the Group Business will increase its exposure to many of the risks described above under "Risk Factors Relating to New York Life."*

The Acquisition of the Group Business May Not Be Completed Within the Expected Timeframe, or At All.

Completion of the acquisition of the Group Business is subject to the satisfaction (or waiver) of several conditions precedent, including relevant regulatory approvals. A relevant regulatory agency may refuse to approve the acquisition or may seek to make its approval subject to compliance with unanticipated or onerous conditions. The acquisition is also subject to other conditions beyond New York Life's control that may prevent, delay or otherwise negatively affect its completion. New York Life cannot predict whether or when these conditions will be satisfied. Failure to complete the acquisition would, and any delay in completing the acquisition could, prevent New York Life from realizing the benefits that it expects from the acquisition.

New York Life May Experience Difficulties in Transitioning the Group Business to the Company and Realizing the Benefits It Expects to Achieve From the Acquisition.

New York Life may face difficulties in the transition of the Group Business to the Company and integration into its processes and support services. This process may not proceed smoothly and may take longer than expected. The integration of certain supporting activities and possible differences in culture following the acquisition will require the dedication of significant management resources, which may distract management's attention from day-to-day business operations.

The success of the Group Business acquisition will depend on New York Life's ability to manage many issues, including the potential loss of key personnel, and the potential reduction in the volume of Group Business products sold by independent distributors. Moreover, New York Life will need to coordinate geographically separated organizations, address possible differences in corporate culture and management philosophies, merge financial processes and risk and compliance procedures, combine separate information technology platforms and integrate the Group Business's operations that were previously closely tied to other Cigna service providers.

New York Life expects to incur significant one-time costs in connection with the acquisition of the Group Business. The costs and liabilities actually incurred in connection with the acquisition and subsequent integration process may exceed those anticipated.

The success of the acquisition will depend, in part, on New York Life's ability to realize the anticipated business opportunities and prospects from acquiring the Group Business. In addition to integration costs, New York Life may also be required to make unanticipated capital expenditures or investments in order to maintain, improve or sustain the acquired operations, or to take write-offs or impairment charges and may be subject to unanticipated or unknown liabilities relating to the Group Business. New York Life might experience increased competition that limits its ability to expand the Group Business, and it might not be able to capitalize on expected business opportunities. If New York Life is unable to successfully address these difficulties, it may not be able to fully realize the anticipated benefits it expects to achieve as a result of the acquisition and its business and results of operations could be adversely affected.

DOCUMENTS AVAILABLE

For the life of the Program and for as long as Notes are listed on the Official List of Euronext Dublin and admitted to trading on the GEM, upon request the Issuer will provide to each person to whom a copy of this Offering Memorandum has been delivered without charge copies of the following documents:

(i) this Offering Memorandum;

(ii) the Indenture, each Series Indenture, the Trust Agreement, each Series Trust Agreement and the Certificate of Trust (all as defined herein);

(iii) the Charter and By-Laws of New York Life;

(iv) the Statutory Financial Statements and all audited statutory financial statements of New York Life (including any notes thereto) filed with the NYSDFS after the date hereof;

(v) all annual unaudited statutory financial statements of New York Life (including any notes, schedules and supplements thereto) filed with the NYSDFS after the date hereof;

(vi) all quarterly unaudited statutory financial statements of New York Life (including any notes and schedules thereto) filed with the NYSDFS after the date hereof;

(vii) any amendments and supplements to this Offering Memorandum that remain in effect at the time of the offering of the Series of Notes and which have not been modified or superseded by any other amendment, supplement or document incorporated by reference in this Offering Memorandum;

(viii) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the registration document;

(ix) all financial statements of the Issuer generally and with respect to the applicable Series of the Issuer prepared after the date hereof, if any;

(x) a copy of each Funding Agreement relating to any Series of Notes listed on any securities exchange (provided, that, with respect to the offering of any Series of Notes not listed on any securities exchange, a copy of each Funding Agreement relating to such Series of Notes will be available for inspection and can be obtained free of charge by a holder of any Notes of such Series); and

(xi) all amendments and supplements to this Offering Memorandum and each Pricing Supplement relating to any Series of Notes listed on any securities exchange prepared by the Issuer from time to time (provided, that, with respect to the offering of any Series of Notes not listed on any securities exchange, a copy of each Pricing Supplement relating to such Series of Notes will be available for inspection and can be obtained free of charge by a holder of any Notes of such Series).

Copies of such documents may also be inspected during normal business hours at the office of the Issuer located at c/o Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, DE 19890. In addition, physical copies of such documents will be available free of charge from the principal office of the relevant Paying Agent(s).

The Issuer extends to each investor the opportunity, prior to the consummation of the sale of any Notes, to ask questions of, and receive answers from, the Issuer concerning the Issuer, any Series of the Issuer, the Notes, the Series Collateral, New York Life and the terms and conditions of the Program, and to obtain any further information it may consider necessary in making an informed investment decision or in order to verify the information set forth herein, to the extent the Issuer possesses the same or can acquire such information without unreasonable effort or expense.

The Issuer is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). The Issuer has agreed that, at any time while the Notes are outstanding, it will furnish the holders of Notes and prospective purchasers designated by such holders, upon request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Requests for available information may be made by contacting the relevant offices of the Paying Agents.

This Offering Memorandum and any amendment or supplement to this Offering Memorandum, as the case may be, will be published on the website of Euronext Dublin at www.ise.ie. The information on any web site mentioned in this Offering Memorandum or any web site directly or indirectly linked to any web site mentioned in this Offering Memorandum is not a part of, or incorporated by reference into, this Offering Memorandum and investors in the Notes should not rely on it.

Other than as set forth in this Offering Memorandum, in any amendment or supplement hereto, or in any Pricing Supplement, the Issuer does not intend to provide any post-issuance information in relation to any issue of Notes.

Delaware law does not require that the Issuer, either generally or with respect to any Series of the Issuer, prepare financial statements. The Issuer has not prepared financial statements as of the date of this Offering Memorandum, and it is not anticipated that any such financial statements will be prepared with respect to the Issuer generally or with respect to any Series of the Issuer. If and when prepared, copies of the financial statements of the Issuer generally and with respect to any Series of the Issuer will be made available free of charge from the Issuer at its office located at c/o Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, DE 19890.

FORWARD-LOOKING INFORMATION

This Offering Memorandum contains forward-looking statements that are intended to enhance the reader's ability to assess New York Life's future financial and business performance. Forward-looking statements include, but are not limited to, statements that represent New York Life's beliefs concerning future operations, strategies, financial results or other developments, and contain words and phrases such as "may," "expects," "should" or similar expressions. Because these forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond New York Life's control or are subject to change, actual results could be materially different and the value of New York Life's investments, New York Life's financial condition and New York Life's liquidity could be adversely affected. The following uncertainties, among others, may have such an effect:

- Difficult conditions in the global capital markets and the economy.
- Significant financial and capital market risks affecting New York Life's businesses, including interest rate risk, credit risk, equity risk and the risk of fluctuations in credit spreads.
- Adverse regulatory developments.
- Adverse capital and credit market conditions.
- Significant market valuation fluctuations of New York Life's investments, including some that are relatively illiquid.
- Significant competition in New York Life's businesses.
- Downgrades or potential downgrades in New York Life's ratings.
- The sensitivity of the amount of statutory capital New York Life must hold to factors outside of its control.
- Subjectivity in determining the amount of allowances and impairments taken on certain of New York Life's investments.
- Losses due to defaults by, or deteriorating credit of, others, including issuers of investment securities or reinsurance and derivative instrument counterparties.
- Deviations from assumptions regarding future mortality, morbidity and interest rates used in calculating reserve amounts and pricing New York Life's products.
- Changes in New York Life's assumptions regarding the discount rate, expected rate of return, life expectancy and expected increase in compensation used for its pension and other postretirement benefit plans.
- Effectiveness of New York Life's risk management policies and procedures.
- Requirements to post collateral or make payments related to declines in market value of specified assets.
- Liquidity and other risks in connection with New York Life's securities lending program.
- Occurrence of natural or man-made disasters, such as terrorist attacks, military actions, and large scale pandemics or natural disasters.
- The coronavirus (COVID-19) pandemic.

- Changes in tax laws and the interpretation thereof.
- Litigation and regulatory investigations.
- Political, legal, operational, tax and other risks affecting New York Life's international businesses.
- A computer system failure or security breach.
- The risk of failure to acquire the Group Business (as defined herein) in the expected timeframe or at all.
- Difficulties in transitioning the Group Business to the Company and realizing the benefits New York Life expects to achieve from the Group Business acquisition.

Consequently, such forward-looking statements should be regarded solely as New York Life's current plans, estimates and beliefs. New York Life does not intend, and does not undertake, any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.

Prospective investors should review carefully the section captioned "Risk Factors" in this Offering Memorandum for a more complete discussion of the risks of an investment in the Notes.

USE OF PROCEEDS

The proceeds from the sale of each Series of Notes issued under the Program, net of certain expenses, underwriting discounts and commissions or similar applicable compensation will be used immediately by the Issuer to purchase one or more Funding Agreements from New York Life.

DESCRIPTION OF THE ISSUER

*This section provides an overview of the material provisions of the Trust Agreement, dated as of August 14, 2003 (as amended and restated by the Amended and Restated Trust Agreement, dated as of August 22, 2003, the "**Trust Agreement**") between the Administrative Trustee and the Trust Beneficial Owner and the Certificate of Trust (the "**Certificate of Trust**") filed with the Secretary of State of the State of Delaware on August 14, 2003. These documents are not restated in their entirety and prospective investors should read the actual documents.*

General

The Issuer is a special purpose statutory trust created on August 14, 2003 under the laws of the State of Delaware pursuant to the Trust Agreement and the filing of the Certificate of Trust for the purpose of, among other things, issuing the Notes. The exclusive purposes of the Issuer are, and the Issuer shall have the power and authority, to:

- issue and sell the Notes;
- use the net proceeds from the sale of the Notes to purchase one or more Funding Agreements;
- pledge, collaterally assign and grant a security interest in the Series Collateral for each Series of Notes to the Indenture Trustee; and
- engage in only those other activities necessary or incidental thereto.

The principal executive office of the Issuer is located at New York Life Global Funding, c/o: Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, DE 19890; its telephone number is 302-636-6392; and its facsimile number is 302-636-4140, Attention: Corporate Trust Administration. The organization identification number of the Issuer is 3693142 and the Legal Entity Identifier code of the Issuer is 635400DPNHEAUHB7ZI15.

The Issuer is Organized in Series

The Issuer is organized in series, as permitted by Sections 3804(a) and 3806(b)(2) of the Trust Act. In connection with the issuance of each Series of Notes, the Issuer will:

- create a separate Series of the Issuer pursuant to a Series Trust Agreement (as defined in the Trust Agreement);
- issue and sell the Notes of such Series with respect to the applicable Series of the Issuer; and
- purchase each related Funding Agreement from New York Life and procure the other components of the Series Collateral with respect to the applicable Series of the Issuer. See "Description of the Notes—General—Security; Limited Recourse."

Accordingly, the applicable Series of Notes and the liabilities, obligations and expenses related thereto will constitute debt, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the applicable Series of the Issuer. The Series Collateral for the applicable Series of Notes will constitute the assets of, and be associated with, such Series of the Issuer.

Although the applicable Series of the Issuer will not be a separate legal entity, the Trust Act provides that, if the Issuer complies with all applicable statutory requirements, the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular Series of the Issuer will be enforceable only against the assets of such Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. In addition, under the Trust Act, none of the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the Issuer generally or any other Series of the Issuer will be enforceable against the assets of such Series of the Issuer. Notice of this limitation on liabilities of each Series of the Issuer is set forth in the Certificate of Trust.

Administrative Trustee

Wilmington Trust Company is the sole administrative trustee of the Issuer generally and with respect to each Series of the Issuer, and has agreed, under the terms of the Trust Agreement to provide certain administrative services to the Issuer generally and with respect to each Series of the Issuer until such time as the Series Trust Agreement is terminated. The Series Trust Agreement shall be terminated following the payment to each of the holders of the relevant series of Notes, and the beneficial interest owner of the relevant beneficial interest of all amounts required to be paid to them pursuant to such series of Notes, the relevant Series Indenture, the Trust Agreement, the relevant Series Trust Agreement and other program documentation. Under the Trust Agreement, the Administrative Trustee may resign at any time upon 90 days' notice to the Trust Beneficial Owner and the Indenture Trustee and may also be removed by the Trust Beneficial Owner and the Indenture Trustee for cause in case of the Administrative Trustee being adjudged bankrupt or subject to analogous proceedings. The resignation or removal of the Administrative Trustee shall become effective upon appointment by the Trust Beneficial Owner and the Indenture Trustee of a successor Administrative Trustee and the acceptance of such appointment by the successor Administrative Trustee. The Administrative Trustee has not participated in the preparation of this Offering Memorandum and will not be obligated in any way to make any payments under or in respect of the Notes. The Administrative Trustee is not affiliated with New York Life, the Trust Beneficial Owner, the Series Beneficial Owner, the Indenture Trustee or any of their respective affiliates.

Trust Beneficial Owner and Series Beneficial Owner

The Trust Beneficial Owner is the holder of the Beneficial Interest Certificate which evidences a beneficial interest in the General Property of the Issuer. After the payment in full to the holders of a Series of Notes of all amounts required to be paid to them and the satisfaction of all other expenses and liabilities of the relevant Series of the Issuer, Big Brothers Big Sisters of New York City, as the Series Beneficial Owner, will be entitled to receive any remaining Series Property (as defined in the Trust Agreement) of the relevant Series of the Issuer. As such, the Series Beneficial Owner will be the sole "beneficial owner" of each Series of the Issuer (as defined and used in Sections 3801(b) and 3806(b)(2) of the Trust Act). Neither the investment by the Trust Beneficial Owner nor any investment by the Series Beneficial Owner will be secured by the Series Collateral relating to any Series of Notes.

No Affiliation

None of New York Life or any of its officers, directors, subsidiaries or affiliates owns any beneficial interest in the Issuer nor has any of these persons or entities entered into any agreement with the Issuer other than:

- a license agreement pursuant to which, among other things, New York Life has granted to the Issuer a non-exclusive license to use the name "New York Life" as provided therein in connection with the Program;
- the Support Agreement (as defined herein);
- the Seventh Amended and Restated Purchase Agreement dated March 29, 2019 (as amended, the "**Purchase Agreement**"), among the Issuer, New York Life and the Purchasing Agents; and
- the Funding Agreements and certain other documents contemplated by the Program in connection with the issue and sale of the Funding Agreements and the Notes of each Series.

None of New York Life, its officers, directors, subsidiaries or affiliates is affiliated with the Trust Beneficial Owner, the Series Beneficial Owner, the Administrative Trustee or the Indenture Trustee.

Records and Financial Statements

As required by the Trust Act:

- separate and distinct records will be maintained for each Series of the Issuer; and
- the assets associated with each such Series of the Issuer will be held and maintained separately from the assets of the Issuer generally and from the assets of each other Series of the Issuer.

Delaware law does not require that the Issuer, either generally or with respect to any Series of the Issuer, prepare financial statements. Although the Issuer has commenced operations, the Issuer has not prepared financial statements as of the date of this Offering Memorandum, and it is not anticipated that any such financial statements will be prepared with respect to the Issuer generally or with respect to any Series of the Issuer.

Expenses of the Issuer

The Issuer has entered into a Support and Expenses Agreement, dated as of August 22, 2003 (the "**Support Agreement**"), with New York Life, pursuant to which New York Life has agreed to indemnify the Issuer with respect to any and all of the costs, losses, damages, claims, actions, suits, expenses (including reasonable fees and expenses of counsel), disbursements, taxes, penalties and liabilities of any kind or nature of the Issuer, other than the following: (i) any obligation of the Issuer to make any payment to any Holder (as defined in the Support Agreement) in accordance with the terms of the Notes; (ii) any obligation or expense of the Issuer to the extent that such obligation or expense has actually been paid utilizing funds available to the Issuer from payments under the applicable Funding Agreements (as defined in the Support Agreement); (iii) except for any amounts payable to the Administrative Trustee, any cost, loss, damage, claim, action, suit, expense, disbursement, tax, penalty and liability of any kind or nature whatsoever resulting from or relating to any insurance regulatory or other governmental authority asserting that: (a) the Notes are, or are deemed to be, (1) participations in the Funding Agreements or (2) contracts of insurance; or (b) the offer, purchase, sale and/or transfer of the Notes (1) constitute the conduct of the business of insurance or reinsurance in any jurisdiction or (2) require the Issuer, any Purchasing Agent, or any Holder to be licensed as an insurer, insurance agent or broker in any jurisdiction; (iv) any obligation of the Issuer to pay Additional Amounts to indemnify any Holder against potential withholding tax liabilities; and (v) any cost, loss, damage, claim, action, suit, expense, disbursement, tax, penalty and liability of any kind or nature whatsoever resulting from or relating to the acts or failures to act of any Service Provider (as defined in the Support Agreement) to the extent that such Service Provider would not be entitled to indemnification or payment from the Issuer in connection with any such act or failure to act pursuant to the terms of any agreement between the Issuer and such Service Provider in effect on the date of the Support Agreement.

CAPITALIZATION OF THE ISSUER

The following table presents the Issuer's capitalization at March 15, 2020 prepared in conformity with GAAP.

	At March 15, 2020
Debt[1]	
Short-Term Debt	$ —
Long-Term Debt	17,098,650,000
Total Debt	17,098,650,000
Equity	
Paid in Capital	1,000
Retained Earnings	—
Accumulated Other Comprehensive Income	—
Total Equity	1,000
Total Capitalization	$ 17,098,651,000

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1 For non-U.S. dollar denominated debt, amounts payable are converted to U.S. dollars using the spot rate of exchange at the applicable pricing date.

CERTAIN FINANCIAL AND ACCOUNTING MATTERS

Accounting Policies and Principles

Statutory Accounting Practices

The financial statements of New York Life included in this Offering Memorandum are presented in accordance with SAP prescribed or permitted by the NYSDFS. SAP differs from GAAP in that SAP is primarily designed to reflect the ability of the insurer to satisfy its obligations to policyholders, contract holders and beneficiaries, whereas under GAAP, revenues and expenses are recorded in financial reporting periods to match revenues and expenses and reflect the ongoing financial results of the insurer. For example, under SAP, commissions and other costs incurred in connection with acquiring new business are charged to operations in the year incurred; whereas under GAAP, certain of these expenses are deferred and amortized on a basis to match them against appropriate revenues.

Under SAP, New York Life's financial statements are not consolidated and investments in subsidiaries are generally shown at net equity value. Accordingly, the assets, liabilities and results of operations of New York Life's subsidiaries are not consolidated with the assets, liabilities and results of operations, respectively, of New York Life. However, New York Life's financial statements do reflect, in New York Life's assets, the net equity value of New York Life's subsidiaries and, in New York Life's surplus, the current year change in net equity value of subsidiaries, less contributions received from or returns of capital paid to New York Life, as an unrealized gain or loss on investments. Dividends declared by subsidiaries to New York Life are included in New York Life's net investment income.

Discussion of Certain Differences between SAP and GAAP

The financial information of New York Life is presented in accordance with SAP. Statutory accounting is used by state insurance regulators to monitor the operations of insurance companies. Financial statements prepared under SAP as determined under New York Insurance Law vary from those prepared under GAAP in certain material respects, primarily as follows:

- investments in subsidiaries and other controlled entities, including partnerships, limited liability companies ("**LLCs**") and joint ventures, are not consolidated with the financial statements of New York Life, whereas under GAAP, consolidated financial statements are prepared;
- contracts that have any mortality or morbidity risk, regardless of significance, and contracts with life contingent annuity purchase rate guarantees are classified as insurance contracts, whereas under GAAP, only contracts that have significant mortality or morbidity risk are classified as insurance contracts otherwise they are accounted for in a manner consistent with the accounting for interest bearing or other financial instruments;
- the costs related to acquiring insurance contracts (principally commissions), policy issue expenses and sales inducements are charged to income in the period incurred, whereas under GAAP, these costs are deferred when related to successful sales and amortized over the periods benefited;
- life insurance and annuity reserves are based on different statutory methods and assumptions than they are under GAAP;
- dividends on participating policies are recognized for the full year when approved by the board of directors of New York Life (the "**Board of Directors**"), whereas under GAAP, they are accrued when earned by policyholders;
- certain policies which do not pass through all investment gains to policyholders are maintained in separate accounts, whereas GAAP reports these policies in the general account assets and liabilities of New York Life;

- reinsurance agreements are accounted for as reinsurance on an SAP and GAAP basis if certain risk transfer provisions have been met. SAP requires the reinsurer to assume insurance risk, regardless of the significance of the loss potential, whereas GAAP requires that there is a reasonable possibility that the reinsurer may realize significant loss from assuming insurance risk; under GAAP, certain reinsurance assumed by New York Life is accounted for at fair value based on the election of the fair value option, whereas this treatment is not allowed under SAP; assets and liabilities from reinsurance transactions are reported net of reinsurance, whereas under GAAP, assets and liabilities from reinsurance transactions are reported gross of reinsurance;

- GAAP requires that for certain reinsurance agreements, whereby assets are retained by the ceding insurer (such as funds withheld or modified coinsurance) and a return is paid based on the performance of underlying investments, that the liabilities for these reinsurance arrangements must be adjusted to reflect the fair value of the invested assets; SAP does not contain a similar requirement;

- investments in subsidiaries, controlled and other affiliated entities as defined in Statement of Statutory Accounting Principles (SSAP) No. 97, "*Investments in Subsidiary, Controlled and Affiliated Entities*," including partnerships, LLCs and joint ventures, are accounted for under the equity method. Under the equity method, domestic insurance subsidiaries are recorded at their underlying audited statutory surplus. Nonpublic non-insurance subsidiaries and other controlled entities are recorded at their underlying audited GAAP equity. Foreign insurance subsidiaries are recorded at their underlying audited GAAP equity with certain adjustments. In the absence of an admissible audit, the entire investment is nonadmitted. Changes in the value of such investments are recorded as unrealized gains or losses. The earnings of such investments are recorded in net investment income only when dividends are declared. Under GAAP, these investments are consolidated;

- investments in noncontrolled partnerships and LLCs are accounted for under the equity method for both SAP and GAAP. Under the statutory equity method, undistributed income and capital gains and losses for these investments are reported in surplus as unrealized gains or losses, whereas under GAAP, in many cases, for investment companies, unrealized gains and losses are included in net investment income;

- investments in bonds are generally carried at amortized cost or values as prescribed by the NYSDFS, whereas under GAAP, investments in bonds that are classified as available for sale or trading are carried at fair value, with changes in fair value of bonds classified as available for sale reflected in equity, and changes in fair value of bonds classified as trading reflected in earnings;

- an asset valuation reserve ("**AVR**") based on a formula prescribed by the NAIC is established as a liability to offset potential non-interest related investment losses. Changes in the AVR are recorded directly to surplus, whereas under GAAP, no AVR is recognized;

- realized gains and losses resulting from changes in interest rates are deferred in the interest maintenance reserve ("**IMR**") and amortized into investment income over the remaining life of the investment sold, whereas under GAAP, the gains and losses are recognized in income at the time of sale;

- corporate securities deemed to be other-than-temporarily impaired are written down to fair value, whereas under GAAP, if certain conditions are met, credit impairments on corporate securities are recorded based on the net present value of future cash flows expected to be collected, discounted at the current book yield. Also, if certain conditions are met, the non-credit portion of the impairment on a loan-backed or structured security is not accounted for whereas under GAAP, if certain conditions are met, the non-credit portion of the impairment on a debt security is recorded through other comprehensive income. A non-credit loss exists when the fair value of a security is less than the present value of projected future cash flows expected to be collected;

- deferred income taxes exclude state income taxes and are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with changes in the net deferred tax reflected as a component of surplus, whereas under GAAP, deferred income taxes include federal and state income taxes and changes in deferred taxes are reflected in either earnings or other comprehensive income;

- a tax loss contingency is required to be established if it is more likely than not that a tax position will not be sustained upon examination by taxing authorities. If a loss contingency is greater than 50 percent of the tax benefit associated with a tax position, the loss contingency is increased to 100 percent, whereas under GAAP the amount of the benefit for any uncertain tax position is the largest amount that is greater than 50 percent likely of being realized upon settlement;

- certain assets, such as intangible assets, overfunded pension plan assets, furniture and equipment, and unsecured receivables are considered nonadmitted and excluded from assets, whereas they are included in assets under GAAP subject to a valuation allowance, as appropriate;

- goodwill held by an insurance company is admitted subject to a 10% limitation on surplus and amortized over the useful life of the goodwill, not to exceed 10 years, and goodwill held by non-insurance subsidiaries is assessed in accordance with GAAP, subject to certain limitations for holding companies and foreign insurance subsidiaries, whereas under the GAAP private company accounting alternative elected by New York Life in 2019, goodwill is amortized over the useful life of the goodwill, not to exceed 10 years, and is tested for impairment, but it is not subject to the 10% limitation on surplus;

- fair value is required to be used in the determination of the expected return on the plan assets component of the net periodic benefit cost of pension and other postretirement obligations, whereas under GAAP, the market-related value of plan assets is used. The market-related value of plan assets can be either fair value or a calculated value that recognizes asset gains or losses over a period not to exceed five years;

- surplus notes are included as a component of surplus, whereas under GAAP, they are presented as a liability;

- contracts that contain an embedded derivative are not bifurcated between components and are accounted for consistent with the host contract or the whole instrument is accounted for as a derivative if certain criteria are met, whereas under GAAP, either the contract is recorded at fair value with changes in the fair value included in earnings or the embedded derivative needs to be bifurcated from the host contract and accounted for separately;

- certain derivative instruments are carried at amortized cost, whereas under GAAP, all derivative instruments are carried at fair value; and

- changes in the fair value of derivative instruments not carried at amortized cost are recorded as unrealized capital gains or losses and reported as changes in surplus, whereas under GAAP, these changes are generally reported through earnings unless they qualify and are designated for cash flow or net investment hedge accounting.

The effects on the financial statements of the above variances between SAP as determined under New York Insurance Law and GAAP are material to New York Life.

Adjustments for Impaired Investments

The cost basis of bonds and equity securities is adjusted for impairments in value deemed to be other-than-temporary, with the associated realized loss reported in net income. For a discussion of how New York Life determines whether an impairment is appropriate, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—New York Life’s Investment Portfolio.”

Statutory Investment Reserves

SAP requires a life insurance company to maintain both an AVR and an IMR to absorb both realized and unrealized gains and losses on a portion of New York Life's investments. The AVR is an investment reserve established to provide for default risk on fixed income assets and market value fluctuation on equity-type investments. The amount of the AVR is determined by formula, which considers the type of investment, the credit rating (where applicable) and current year changes in realized and unrealized capital gains and losses (other than those resulting from changes in interest rates). Changes in the AVR are accounted for as direct increases or decreases in surplus.

The IMR applies to interest sensitive investments including bonds, preferred stocks, mortgage-backed securities, asset-backed securities, mortgage loans and certain derivatives. The IMR is designed to capture the after-tax capital gains or losses which are realized upon the sale of such investments and which result from changes in the overall level of interest rates. The captured after-tax net realized gains or losses are then amortized into income. The IMR is not treated under SAP as part of total adjusted capital for RBC purposes. New York Life's IMR was $522 million and $535 million at December 31, 2019 and December 31, 2018, respectively.

Dividends to Policyholders

New York Life annually determines the amount of dividends payable to eligible policyholders. These dividends have the effect of reducing the cost of insurance to policyholders and should be distinguished from the dividends paid on shares of capital stock by other types of business corporations or by stock life insurance companies. Policies on which such dividends may be payable are referred to as participating policies; policies on which such dividends are not payable are referred to as non-participating policies.

Annually, the Board of Directors approves the divisible surplus[1] of New York Life to be paid out to eligible policyholders in accordance with an actuarially determined dividend scale. New York Life has discretion, subject to statutory requirements as to the source of dividends, to vary the amount of dividends payable to policyholders, even many years after the issuance of a particular policy. In determining the policyholder dividends payable in any year, the Board of Directors considers, among other things, the amounts necessary to meet New York Life's future policy obligations, maintain reserves and operate the business. To the extent authorized by the Board of Directors, New York Life has the right to continue to declare policyholder dividends and to make dividend payments on its participating policies.

A portion of New York Life's annual declaration of policyholder dividends includes a guarantee of a minimum aggregate amount of dividends to be paid.

Policy Reserves

Life insurance companies price their insurance products based upon assumptions regarding certain future events, including investment income, expenses incurred and use of mortality and morbidity tables. SAP prescribes methods for providing for future benefits to be paid on a conservative basis, primarily by charging current operations with amounts necessary to establish appropriate reserves for anticipated future claims. Thus, under applicable state law, New York Life must maintain reserves in amounts which are actuarially calculated to be sufficient to meet its various policy and contract obligations as they become due. Such reserves appear as liabilities on New York Life's financial statements.

New York Life is required under the New York Insurance Law to conduct annually an analysis of the sufficiency of all life insurance and annuity statutory reserves. New York Life conducts its annual analysis as of December 31. See "Regulation and Supervision—Insurance Regulation—Policy and Contract Reserve Sufficiency Analysis."

[1] Divisible surplus is the portion of New York Life's total surplus that is available, following each year's operations, for distribution in the form of dividends.

Reinsurance

New York Life uses a variety of reinsurance agreements with insurers to control its loss exposure. Generally, these agreements are structured either on an automatic basis, where all risks meeting prescribed criteria are automatically covered, or on a facultative basis, where the reinsurer must accept the specific reinsurance risk before the reinsurer becomes liable on that risk. The amount of each risk retained by New York Life on a facultative basis depends on its evaluation of the specific risk, its maximum retention limits and the amount of reinsurance available.

Under the terms of the reinsurance agreements, the reinsurers will be liable to reimburse New York Life for the ceded amount in the event a claim on a reinsured policy is paid. New York Life remains primarily liable for all claims payable on reinsured policies, even if the reinsurer fails to meet its obligations under the reinsurance agreement. New York Life routinely collects amounts due from its reinsurers on a timely basis. For more information, see "Description of the Business of the Company—Reinsurance."

New York Life is a party to a reinsurance agreement (the "**Closed Block Reinsurance**") with John Hancock Life Insurance Company (U.S.A.) and one of its affiliates ("**John Hancock**") in which New York Life assumes on a coinsurance basis 100% of John Hancock's obligations and liabilities under the policies included in the closed block of participating whole life policies established in connection with the demutualization of John Hancock Mutual Life Insurance Company (the "**Closed Block**"). New York Life retrocedes 40% of those obligations and liabilities to John Hancock on a funds-withheld arrangement. The assets received from this transaction are held in a reinsurance trust as security for New York Life's obligations to John Hancock and are contractually restricted. The majority of such assets are allocated to the Closed Block and are held for the exclusive benefit of the policies included in the Closed Block.

The insurance related revenue from the Closed Block policies, including net investment income from the assets allocated to the Closed Block, after satisfying certain related expenses and taxes, inure solely to the benefit of those reinsured policyholders and will not be available to New York Life's policyholders. Dividends for the Closed Block are approved by John Hancock.

Separate Accounts

Under state insurance laws, insurers are permitted to establish separate investment accounts in which assets backing certain policies, including certain group annuity contracts, are held. The investments in each separate account (which may be pooled or customer specific) are maintained separately from those in other separate accounts and the general account. Generally, the investment results of the separate account assets pass through to separate account policyholders and contract holders, so that an insurer derives management and other fees from, but bears no investment risk on these assets. In separate accounts for products with minimum interest rate or benchmark guarantees, the risk that the investment results of the separate account assets will not meet the minimum rate guaranteed on these products is borne by the insurer. Under the terms of the contracts of certain guaranteed separate accounts, New York Life will share in the excess investment performance of the separate account over an established benchmark.

STATUTORY CAPITALIZATION OF NEW YORK LIFE

New York Life is a mutual insurance company incorporated under the laws of the State of New York, United States. New York Life was incorporated on May 21, 1841 under the name Nautilus Insurance Company, was licensed to transact business in the State of New York on April 17, 1845 and changed its name to New York Life Insurance Company on April 5, 1849. The U.S. federal employer identification number of New York Life is 13-5582869. The registered office of New York Life is 51 Madison Avenue, New York, New York 10010. The telephone number of New York Life is +1 (800) 692-3086.

As a mutual company, New York Life has no capital stock and no shareholders. New York Life's participating policyholders generally have certain rights to receive policy dividends, and they and certain other policyholders may have rights to receive distributions in a proceeding for its rehabilitation, liquidation or dissolution. Policyholders also have certain rights to vote in the election of directors as provided by New York law.

New York Life's balance sheet includes its surplus and an AVR. The amount by which the admitted assets of New York Life exceed its liabilities is referred to as surplus. The AVR stabilizes surplus from fluctuations in the value of the investment portfolio (see "Certain Financial and Accounting Matters—Accounting Policies and Principles—Statutory Investment Reserves.")

The following table sets forth the capitalization of New York Life at December 31, 2019. The AVR is included in the following table even though such reserve is shown as a liability on New York Life's balance sheet. This treatment is consistent with the general view of the insurance industry. In addition, this reserve is included as part of total adjusted capital for RBC purposes.

	2019 (in millions)
Total Short-Term Debt (less than 1 year)	**$ 402**
AVR	$ 3,371
Surplus:	
Surplus notes	2,987
Unassigned funds	19,045
Surplus and AVR	**$ 25,403**

SELECTED HISTORICAL STATUTORY FINANCIAL INFORMATION OF NEW YORK LIFE

The table presented below sets forth selected historical financial information for New York Life. Prospective investors should read it in conjunction with "Certain Financial and Accounting Matters" and New York Life's Statutory Financial Statements. The selected financial information for New York Life at and for each of the years ended December 31, 2019, 2018, and 2017 has been derived from the Statutory Financial Statements.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results may differ from estimates. Historical results are not necessarily indicative of results for any future period.

	2019	2018	2017
		(in millions)	
Statement of Operations Data:			
Total income	$ 23,336	$ 20,721	$ 22,404
Dividends to policyholders[1]	2,043	1,974	1,958
Net gain from operations	495	1,285	1,571
Net income	378	1,210	1,480
Balance Sheet Data:			
Total assets	$ 189,231	$ 180,036	$ 176,766
Total liabilities	$ 167,199	$ 159,030	$ 156,409
Surplus:			
Surplus notes	2,987	1,994	1,993
Unassigned funds	19,045	19,012	18,364
Surplus	22,032	21,006	20,357
Asset valuation reserve[2]	3,371	2,594	2,652
Surplus and asset valuation reserve	$ 25,403	$ 23,600	$ 23,009
Other Data:			
Equity investments in subsidiaries[3]	$ 10,591	$ 10,079	$ 11,087

1 Dividends to policyholders (excluding dividends on assumed reinsurance) are discretionary and subject to the approval of the Board of Directors. Dividends for the Closed Block are approved by the ceding company.

2 These amounts are included in Total liabilities but are treated as part of adjusted capital in the calculation of RBC.

3 Included in Total assets above.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read the following overview in conjunction with "Certain Financial and Accounting Matters", "Selected Historical Statutory Financial Information of New York Life" and the audited Statutory Financial Statements of New York Life and the notes thereto contained elsewhere in this Offering Memorandum.

General

New York Life is a New York State-domiciled life insurer licensed in New York in 1845. Based on data compiled by SNL Financial LC, New York Life is one of the largest mutual life insurance companies in the United States in terms of both total assets, of which it had $189 billion at December 31, 2019 and $180 billion at December 31, 2018, and total life insurance in force, of which it had $1,349 billion at December 31, 2019 and $1,274 billion at December 31, 2018. The wide range of insurance and investment products and services offered through New York Life and its subsidiaries and affiliates includes life insurance, long-term care insurance, annuities (including guaranteed lifetime income ("**GLI**")), pension products, mutual funds and other investment products and investment advisory services. The Company had assets under management of $629 billion and $572 billion at December 31, 2019 and 2018, respectively.[2]

Operations are conducted through New York Life and its subsidiaries, including:

- NYLIAC
- NYLIFE Insurance Company of Arizona ("**NYLAZ**")
- New York Life Investment Management Holdings LLC and subsidiaries ("**NYL Investments**")
- NYL Investors LLC ("**NYL Investors**")
- Madison Capital Funding LLC ("**MCF**")
- New York Life Enterprises LLC and subsidiaries ("**NYLE**")
- NYLIFE LLC and subsidiaries ("**NYLIFE LLC**")

The results of the subsidiaries are included in surplus as unrealized gains and losses, and dividends from subsidiaries are recorded as a component of net investment income when declared.

New York Life and NYLIAC offer their insurance and annuity products in all 50 states of the United States and the District of Columbia primarily through New York Life's career agency force. In addition, NYLIAC also distributes products through third-party banks, brokers and independent financial advisers. NYLAZ is licensed in all states except New York and Maine, but ceased all sales operations in May 2011. New York Life also offers individual and group life insurance, health insurance and investment products in Mexico through Seguros Monterrey, an indirect subsidiary of New York Life through NYLE.

Business Operations

Life Insurance, Annuities and Long-Term Care Insurance

New York Life offers its insurance products and services through the following business operations: Agency Life; Long-Term Care ("**LTC**"); New York Life Direct; the Group Membership Association Division ("**Group Membership**"); Institutional Annuities; and Retail Annuities. The Agency Life and LTC business operations provide, respectively, individual life insurance and long-term care insurance principally to middle and upper income individuals, small-to-medium-size businesses and their owners, and professionals (primarily through New York Life's career agency force). New York Life conducts a significant portion of its insurance business through New York Life's

[2] Assets under management consist of cash and invested assets and separate account assets of the Company's domestic and international insurance operations, and assets the Company manages for third-party investors, including mutual funds, separately managed accounts, retirement plans and assets under administration associated with only those agreements under which NYL Investments receives a revenue share.

wholly owned subsidiary, NYLIAC, which offers variable and universal life insurance products and products specially designed for the bank owned life insurance (“**BOLI**”) and corporate owned life insurance (“**COLI**”) markets. In addition to distribution through New York Life’s career agency force, Group Membership underwrites group life and disability programs for professional and affinity organizations, and New York Life Direct has an exclusive endorsement from AARP to sell life insurance (through New York Life) and fixed immediate and deferred annuities (through NYLIAC) to its members. New York Life’s insurance results also include the activity of the Closed Block Reinsurance assumed in 2015.

New York Life’s Retail Annuities business develops and markets immediate income annuities and deferred income annuities that are issued by New York Life and NYLIAC, and fixed and variable deferred annuities that are issued by NYLIAC. The Institutional Annuities business includes New York Life’s structured settlement annuities, guaranteed products (including guaranteed interest contracts (“**GICs**”) and funding agreements offered through New York Life) and stable value businesses.

Investment Management

Through its subsidiaries, including NYL Investments, MCF and NYL Investors, New York Life delivers investment management solutions through an array of products and services for both institutional and retail clients. New York Life’s investment management business includes: investment management boutiques, retail mutual funds and general account investment management (the management of certain assets of New York Life and its affiliates).

Basis of Financial Presentation

The discussion below regarding New York Life’s results of operations is based on the audited Statutory Financial Statements of New York Life contained elsewhere in this Offering Memorandum. Those financial statements have been prepared on the basis of SAP prescribed by the NYSDFS. Under SAP, results of subsidiaries are not consolidated with the results of New York Life on a line-by-line basis, but rather are generally recorded at their underlying net equity value as affiliated common stock investments and other invested assets, with the current year change in net equity value, less dividends paid to and contributions from New York Life reflected in unrealized capital gains and losses through surplus. Dividends received from subsidiaries are included in New York Life’s net investment income. During 2019, New York Life recorded dividend distributions from its subsidiaries of $464 million. During 2018, New York Life recorded dividend distributions from its subsidiaries of $912 million, which were received during 2019.

Financial statements prepared on the basis of SAP vary in certain material respects from financial statements prepared on the basis of GAAP. See “Certain Financial and Accounting Matters—Accounting Policies and Principles—Discussion of Certain Differences between SAP and GAAP.”

Income, Benefits and Expenses

New York Life derives its income principally from premiums on life insurance and annuity contracts and net investment income from general account assets. New York Life’s benefits and expenses consist principally of insurance benefits provided to policyholders and beneficiaries; additions to reserves; and operating expenses, including marketing, administrative and distribution costs. In addition, New York Life has historically focused, and expects to continue to focus, on participating life insurance products, which typically pay annual policyholder dividends. As a result, a significant deduction from income is represented, and likely will continue to be represented, by policyholder dividends.

New York Life’s profitability is primarily derived from spread on mortality and investment income and depends primarily on the adequacy of its product pricing, which is a function of its ability to select underwriting risk, its mortality and persistency experience, its ability to generate investment income and control credit risk on the investments supporting its products and its ability to control expenses in accordance with its pricing assumptions. See “Risk Factors—Risk Factors Relating to New York Life—Deviations from Assumptions Regarding Future Mortality, Morbidity and Interest Rates Used in Calculating Reserve Amounts and Pricing New York Life’s Products Could Have a Material Adverse Impact on Its Results of Operations or Financial Condition.”

Results of Operations

The following is a discussion and analysis of the statutory results of operations of New York Life for the years ended December 31, 2019, 2018 and 2017.

Results of Operations – For the Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

Net Income

New York Life's net income, which is net gain from operations after dividends to policyholders and federal and foreign income taxes plus net realized capital gains (losses) (after-tax and transfers to the IMR), was $378 million for the year ended December 31, 2019 and represented a $832 million decrease from the net income of $1,210 million reported for the year ended December 31, 2018. The decrease in net income from 2018 to 2019 was primarily driven by a decrease in net gain from operations of $790 million and an increase in net realized capital losses of $42 million (see "—Net Realized Capital Gains (Losses)").

Net Gain from Operations

Net gain from operations before dividends to policyholders and federal and foreign income taxes for the year ended December 31, 2019 was $2,507 million, representing a decrease of $310 million, or 11%, when compared to the net gain from operations of $2,817 million reported for the year ended December 31, 2018. Excluding dividends from New York Life's primary insurance subsidiary, NYLIAC, of $600 million in 2018 (see "—Net Investment Income (including amortization of IMR)"), New York Life's net gain from operations before dividends to policyholders and federal and foreign income taxes for the year ended December 31, 2019 represented a $290 million increase, compared to the year ended December 31, 2018, primarily driven by higher income earned on bonds (see "—Net Investment Income (including amortization of IMR)").

Dividends to policyholders and federal and foreign income tax benefits was $2,043 million and $31 million for the year ended December 31, 2019, respectively (see "—Dividends to Policyholders" and "—Federal and Foreign Income Taxes"). Net gain from operations after dividends to policyholders and federal and foreign income taxes for the year ended December 31, 2019 was $495 million.

Premium Income

Premiums are primarily generated from sales of life insurance, annuities, LTC and disability. In addition, sales of institutional annuities, with annuity purchase rate guarantees, are counted as premiums since there is mortality risk in these products.

Premium income from the insurance business primarily consists of recurring premiums from New York Life's agency sold life business, while premium income from the annuities business is generally single premium and is more volatile from year to year.

The following table shows premium income by business operation for the years ended December 31, 2019 and 2018 ($ in millions):

	2019	2018	Change $	Change %
Agency Life	$ 8,298	$ 8,016	$ 282	4 %
New York Life Direct	1,518	1,534	(16)	(1)
Group Membership	718	926	(208)	(22)
LTC	303	294	9	3
Closed Block Reinsurance	182	147	35	24
Total Insurance Business	11,019	10,917	102	1
Institutional Annuities	4,560	5,914	(1,354)	(23)
Retail Annuities	384	254	130	51
Total Annuities Business	4,944	6,168	(1,224)	(20)
Total	**$ 15,963**	**$ 17,085**	**$ (1,122)**	**(7)%**

Agency Life premiums for the year ended December 31, 2019 increased $282 million from the year ended December 31, 2018, primarily due to higher renewal premiums for permanent products.

Group Membership premiums for the year ended December 31, 2019 decreased $208 million from the year ended December 31, 2018, primarily due to the initial premiums from a large group policy acquired in 2018 (see "—Additions to Reserves").

Institutional Annuities premiums for the year ended December 31, 2019 decreased $1,354 million from the year ended December 31, 2018, primarily due to lower deposits of $1,302 million from New York Life's defined benefit pension plans ("**Pension Plans**"), as well as lower sales from GICs of $283 million and stable value products of $164 million. This was partially offset by an increase of $410 million in sales of single premium ("**SP**") products.

Net Investment Income (including amortization of IMR)

Net investment income for the year ended December 31, 2019 was $7,164 million, a decrease of $174 million, or 2%, from the $7,338 million reported for the year ended December 31, 2018. Excluding the $600 million dividends from NYLIAC in 2018, net investment income increased $426 million from the same period in the prior year. This increase is primarily due to an increase in income on bonds from higher average asset balances.

Other Income

The following table shows the primary components of other income for the years ended December 31, 2019 and 2018 ($ in millions):

	2019	2018	Change $	Change %
Adjustment in funds withheld	$ —	$ (3,886)	$ 3,886	nm %
COLI	200	90	110	nm
Other	9	94	(85)	(90)
Total	**$ 209**	**$ (3,702)**	**$ 3,911**	**nm%**

nm = not meaningful

Adjustment in funds withheld includes $3,862 million from the termination of an affiliated reinsurance agreement in 2018.

New York Life has purchased various COLI policies from NYLIAC for the purpose of informally funding non-qualified pension and postretirement plans and deferred compensation plans. NYLIAC holds the underlying assets supporting these policies. The change in cash surrender value of these policies is mainly driven by the performance of these underlying assets. The increase in COLI income is primarily related to appreciation in equity markets during 2019.

Benefit Payments

New York Life's benefit payments primarily include death benefits, annuity benefits, LTC benefits, disability benefits, surrender benefits (including scheduled maturities and withdrawals on Institutional Annuities) and interest on policy claims and deposit funds.

The following table shows benefit payments by business operation for the years ended December 31, 2019 and 2018 ($ in millions):

			Change	
	2019	**2018**	**$**	**%**
Agency Life	$ 4,832	$ 4,812	$ 20	— %
New York Life Direct	947	941	6	1
Group Membership	386	352	34	10
LTC	129	113	16	14
Closed Block Reinsurance	453	478	(25)	(5)
Total Insurance Business	6,747	6,696	51	1
Institutional Annuities	5,294	7,074	(1,780)	(25)
Retail Annuities	87	92	(5)	(5)
Total Annuities Business	5,381	7,166	(1,785)	(25)
Total	**$ 12,128**	**$ 13,862**	**$ (1,734)**	**(13)%**

Institutional Annuities benefit payments for the year ended December 31, 2019 decreased $1,780 million from the year ended December 31, 2018, driven by lower withdrawals primarily related to stable value products of $1,173 million, and lower withdrawals primarily related to Pension Plans (see "—Net Transfers to (from) Separate Accounts") of $663 million.

Additions to Reserves

The following table shows additions to reserves by business operation for the years ended December 31, 2019 and 2018 ($ in millions):

	2019	2018	Change $	Change %
Agency Life	$ 3,682	$ (506)	$ 4,188	nm%
New York Life Direct	169	165	4	2
Group Membership	58	455	(397)	(87)
LTC	271	60	211	nm
Closed Block Reinsurance	(170)	(206)	36	17
Total Insurance Business	4,010	(32)	4,042	nm
Institutional Annuities	682	2,120	(1,438)	(68)
Retail Annuities	345	203	142	70
Total Annuities Business	1,027	2,323	(1,296)	(56)
Total	**$ 5,037**	**$ 2,291**	**$ 2,746**	nm%

nm = not meaningful

Agency Life reserves for the year ended December 31, 2019 increased $4,188 million from the year ended December 31, 2018. 2018 results include the impact from the termination of an affiliated reinsurance agreement which released $3,876 million of reserves. Excluding this termination, the change in reserves increased $312 million from 2018 due to the aging of the insurance inforce including the receipt of renewal premiums.

Group Membership reserves for the year ended December 31, 2019 decreased $397 million from the year ended December 31, 2018. 2018 included $434 million of additions to reserves related to a significant new case (see "—Premium Income"). Excluding this item, the change in reserves increased $37 million from 2018.

Additions to LTC reserves for the year ended December 31, 2019 increased $211 million from the year ended December 31, 2018, as 2018 included a decrease in reserves from the conversion of asset adequacy reserves to formulaic reserves of $197 million. Excluding the reserve conversion, the change in reserves increased $14 million from 2018.

Additions to Institutional Annuities reserves for the year ended December 31, 2019 decreased $1,438 million from the year ended December 31, 2018. The decrease is primarily driven by lower net flows (premiums, benefits and net transfers to (from) separate accounts) from re-balancing of Pension Plans in 2018 along with lower net sales (premiums and benefits) activity for GICs, partially offset by higher sales from SP products.

Net Transfers to (from) Separate Accounts

The following table shows the components of the net transfers to (from) separate accounts for the years ended December 31, 2019 and 2018 ($ in millions):

			Change	
	2019	2018	$	%
Transfers to Separate Accounts	$ 1,779	$ 1,922	$ (143)	(7)%
Transfers from Separate Accounts	(1,675)	(3,628)	1,953	54
Total	**$ 104**	**$ (1,706)**	**$ 1,810**	**nm%**

nm = not meaningful

Changes in net transfers to (from) separate accounts during the year ended December 31, 2019 increased $1,810 million from the year ended December 31, 2018, primarily related to withdrawals from re-balancing the Pension Plans in 2018 and higher net transfers from stable value products in 2019.

Operating Expenses

The following table shows the components of operating expenses for the years ended December 31, 2019 and 2018 ($ in millions):

			Change	
	2019	2018	$	%
General Operating Expenses[1]	$ 2,394	$ 2,341	$ 53	2 %
Variable Sales Expenses[2]	1,011	967	44	5
Total	**$ 3,405**	**$ 3,308**	**$ 97**	**3%**

[1] General Operating Expenses include, but are not limited to salaries, incentive compensation, taxes, licenses and fees, commissions, charitable contributions and rent expense.

[2] Variable Sales Expenses include, but are not limited to agents' commissions and field compensation.

Dividends to Policyholders

The following table shows dividends to policyholders for the years ended December 31, 2019 and 2018 ($ in millions):

			Change	
	2019	2018	$	%
New York Life Policyholders	$ 1,987	$ 1,920	$ 67	3 %
Closed Block Reinsurance[1]	56	54	2	4
Total	**$ 2,043**	**$ 1,974**	**$ 69**	**3%**

[1] Dividends for the Closed Block Reinsurance are approved by the ceding company.

Dividends to New York Life policyholders are approved by New York Life's Board of Directors annually and primarily factor in investment experience (interest earnings, credit loss experience and equity returns), mortality results and expense levels that develop over a period of time (see "—Certain Financial and Accounting Matters—Dividends to Policyholders").

Federal and Foreign Income Taxes

Under statutory accounting, current federal and foreign income taxes are reflected in net income, whereas deferred tax items are reflected as a component of surplus. Therefore, differences between the statutory tax rate and book income to tax expense includes temporary book/tax differences in addition to permanent differences. The following table reconciles the tax expense calculated at the statutory rate to the tax benefit reflected in New York Life's results of operations for the years ended December 31, 2019 and 2018 (in millions):

	2019	2018	Change
Tax on net gain from operations	**$ 97**	**$ 177**	**$ (80)**
Tax credits[1]	(105)	(200)	95
Dividends from subsidiaries[2]	(97)	(192)	95
Tax exempt income	(72)	(27)	(45)
Amortization of IMR	(20)	(22)	2
Excess of book over tax reserves	106	98	8
Deferred acquisition costs (**"DAC"**) tax	21	10	11
Non-deductible pension and postretirement benefits	17	13	4
Excess of book over tax policyholder dividends	2	18	(16)
Other	20	(142)	162
Subtotal before pension contribution	**(31)**	**(267)**	**236**
Pension contributions credit[3]	—	(175)	175
Total federal and foreign income tax benefit	**$ (31)**	**$ (442)**	**$ 411**

1 Tax credits result primarily from investments in low income housing and alternative energy. Unused tax credits for 2017 and 2018 were carried forward and utilized in the subsequent tax period.

2 Dividends from subsidiaries represent after-tax earnings of the subsidiaries and are not subject to tax when received by New York Life.

3 A pension contribution was made in 2018.

Net Realized Capital Gains (Losses)

New York Life reported net realized capital losses after taxes and transfers to the IMR of $117 million for the year ended December 31, 2019, an increase in net realized capital losses of $42 million from the $75 million net realized capital losses reported in the year ended December 31, 2018.

The following table shows the net realized capital gains (losses) for the years ended December 31, 2019 and 2018 (in millions):

	2019	2018	Change
Bonds	$ 119	$ 12	$ 107
Common and preferred stocks	105	58	47
Other invested assets	(5)	20	(25)
Derivatives	(37)	3	(40)
Other[1]	75	11	64
Total before OTTI and capital gains tax	**257**	**104**	**153**
OTTI[2]	(272)	(236)	(36)
Capital gains tax (expense) benefit	(21)	35	(56)
Net realized capital losses after-tax and before transfers to the IMR	**(36)**	**(97)**	**61**
Capital (gains) losses transferred to the IMR[3]	(81)	22	(103)
Net realized capital losses after-tax	**$ (117)**	**$ (75)**	**$ (42)**

1 For the year ended December 31, 2019, "Other" primarily represents foreign exchange gains of $68 million on Notes issued under the Program. For the year ended December 31, 2018, other primarily represents gains on real estate investments of $14 million.

2 OTTI losses are generally not subject to current tax treatment; however, current year tax includes benefits on current year OTTI on residential mortgage-backed securities and sales of other securities impaired in prior years.

3 Capital (gains) losses taxes transferred to the IMR was $(22) million and $6 million for the years ended December 31, 2019 and 2018, respectively.

The following table shows the distribution of OTTI and the year-over-year change in OTTI by asset type for the years ended December 31, 2019 and 2018 (in millions):

	2019	2018	Change
Bonds	$ (74)	$ (45)	$ (29)
Common and preferred stocks	(10)	(6)	(3)
Other invested assets	(188)	(185)	(3)
Total OTTI	**$ (272)**	**$ (236)**	**$ (35)**

Results of Operations - For the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Significant Transaction

On April 1, 2018, NYLIAC, a life insurance subsidiary of New York Life, recaptured all of the insurance risks on a block of in-force life insurance that had been reinsured by New York Life under a reinsurance agreement originally entered into on December 31, 2004 (the "**NYLIAC Recapture**"). The following table shows the impact of the NYLIAC Recapture on New York Life's financial statements (in millions):

		2018
Statement of Financial Position:		
Assets (primarily from funds held by or deposited with reinsured companies)	**$**	**(4,039)**
Liabilities (primarily from aggregate reserves for life contracts)	**$**	**(4,065)**
Statement of Operations:		
Income:		
Adjustment in funds withheld	$	(3,928)
Expenses:		
Additions to reserves		(3,876)
Operating expenses (ceding commission)		(21)
Other		(52)
Federal and foreign income taxes		(5)
Net gain from operations after tax	**$**	**26**

Net Income

New York Life's net income, which is net gain from operations plus net realized capital gains (losses) (after-tax and transfers to the IMR), was $1,210 million for the year ended December 31, 2018 and represented a $270 million decrease from the $1,480 million reported for the year ended December 31, 2017. The decrease was primarily driven by lower net gain from operations of $286 million (see "—Net Gain from Operations") and partially offset by lower realized capital losses of $16 million (see "—Net Realized Capital Gains (Losses)").

Net Gain from Operations

Net gain from operations after dividends to policyholders and federal income taxes for the year ended December 31, 2018 was $1,285 million, representing a decrease of $286 million, or 18%, when compared to the $1,571 million reported for the year ended December 31, 2017. Excluding dividends from New York Life's primary insurance subsidiary, NYLIAC, of $600 million and $275 million on December 31, 2018 and 2017, respectively (see "—Net Investment Income (including amortization of IMR)"), New York Life had a net gain from operations for the year ended December 31, 2018 of $685 million, a decrease of $611 million, or 47%, from the $1,296 million reported for the year ended December 31, 2017, primarily driven by:

- Lower change in cash surrender value of COLI of $147 million, (see "—Other Income");
- New business strain from the acquisition of a large group membership association policy of $137 million;
- Higher 2018 charitable contribution of $85 million (pre-tax), (see "—Operating Expenses"); and

- Lower federal income tax benefit of $180 million, as 2017 contained accelerated tax deductions for guarantee of policyholder dividends and incentive compensation, as well as higher deductions from pension contributions (see "—Federal and Foreign Income Taxes").

Premium Income

Premiums are primarily generated from sales of life insurance, annuities, LTC and disability. In addition, sales of institutional annuities, with annuity purchase rate guarantees, are counted as premiums since there is mortality risk in these products.

Premium income from the insurance business primarily consists of recurring premiums from New York Life's agency sold life business, while premium income from the annuities business is generally single premiums and is more volatile from year to year.

The following table shows premium income by business operation for the years ended December 31, 2018 and 2017 ($ in millions):

			Change	
	2018	**2017**	**$**	**%**
Agency Life	$ 8,016	$ 7,783	$ 233	3 %
New York Life Direct	1,534	1,514	20	1
Group Membership	926	605	321	53
LTC	294	287	7	2
Closed Block Reinsurance	147	199	(52)	(26)
Total Insurance Business	10,917	10,388	529	5
Institutional Annuities	5,914	4,461	1,453	33
Retail Annuities	254	222	32	14
Total Annuities Business	6,168	4,683	1,485	32
Total	**$ 17,085**	**$ 15,071**	**$ 2,014**	**13%**

Agency Life premiums for the year ended December 31, 2018 increased $233 million from the year ended December 31, 2017, primarily due to higher renewal premiums in both permanent and term products.

Group Membership premiums for the year ended December 31, 2018 increased $321 million from the year ended December 31, 2017, primarily due to $216 million for one-time premiums and $63 million of recurring premiums from the issuance of a large group policy during the third quarter of 2018.

Institutional Annuities premiums for the year ended December 31, 2018 increased $1,453 million from the year ended December 31, 2017, primarily due to higher sales from stable value products of $1,098 million and additional deposits of $430 million from Pension Plans into existing group contracts.

Net Investment Income (including amortization of IMR)

Net investment income for the year ended December 31, 2018 was $7,338 million, an increase of $630 million, or 9%, from the $6,708 million reported for the year ended December 31, 2017. Excluding the $600 million and $275 million dividends from NYLIAC during 2018 and 2017, respectively, net investment income increased $305 million from the year ended December 31, 2017. This increase is primarily due to the fixed income investments as higher average assets more than offset the slight decline in the average yield.

Other Income

Other income for the year ended December 31, 2018 was $184 million, a decrease of $252 million, or 58%, from $436 million reported for the year ended December 31, 2017. This decrease was primarily due to $147 million in lower change in cash surrender value from COLI policies owned by the Company, as equity markets declined in 2018.

Benefit Payments

New York Life's benefit payments primarily include death benefits, annuity benefits, LTC benefits, disability benefits, surrender benefits (including scheduled maturities and withdrawals on Institutional Annuities) and interest on policy claims and deposit funds.

The following table shows benefit payments by business operation for the years ended December 31, 2018 and 2017 ($ in millions):

			Change	
	2018	**2017**	**$**	**%**
Agency Life	$ 4,812	$ 4,933	$ (121)	(2)%
New York Life Direct	941	886	55	6
Group Membership	352	314	38	12
LTC	113	103	10	10
Closed Block Reinsurance	478	502	(24)	(5)
Total Insurance Business	6,696	6,738	(42)	(1)
Institutional Annuities	7,074	5,502	1,572	29
Retail Annuities	92	95	(3)	(3)
Total Annuities Business	7,166	5,597	1,569	28
Total	**$ 13,862**	**$ 12,335**	**$ 1,527**	**12 %**

Agency Life benefit payments for the year ended December 31, 2018 decreased $121 million from the year ended December 31, 2017, as 2017 includes twelve months of benefit payments assumed from the NYLIAC reinsurance agreement, compared to three months in 2018.

Institutional Annuities benefit payments for the year ended December 31, 2018 increased $1,572 million from the year ended December 31, 2017, primarily driven by higher withdrawals from stable value products of $1,132 million, along with $675 million of withdrawals due to the temporary transfer of Pension Plans assets to third party asset managers, most of which was subsequently redeposited into the general account (see "—Premium Income"). These increases were partially offset by lower GIC maturities of $314 million.

Additions to Reserves

The following table shows additions to reserves by business operation for the years ended December 31, 2018 and 2017 ($ in millions):

	2018	2017	Change $	Change %
Agency Life	$ (506)	$ 3,162	$ (3,668)	nm%
New York Life Direct	165	198	(33)	(17)
Group Membership	455	72	383	nm
LTC	60	244	(184)	(75)
Closed Block Reinsurance	(206)	(209)	3	1
Total Insurance Business	(32)	3,467	(3,499)	nm
Institutional Annuities	2,120	1,123	997	89
Retail Annuities	203	166	37	22
Total Annuities Business	2,323	1,289	1,034	80
Total	**$ 2,291**	**$ 4,756**	**$ (2,465)**	(52)%

nm = not meaningful

Agency Life reserves for the year ended December 31, 2018, excluding the impact of the NYLIAC Recapture of $3,876 million, increased $208 million from the year ended December 31, 2017, primarily due to the aging of the insurance inforce including the receipt of renewal premiums.

Group Membership reserves for the year ended December 31, 2018 increased $383 million from the year ended December 31, 2017, primarily due to the addition of $325 million of reserves from the issuance of a large group policy during the third quarter of 2018.

Additions to LTC reserves for the year ended December 31, 2018 decreased $184 million from the year ended December 31, 2017, primarily related to the conversion of $197 million from asset adequacy reserves recorded in prior years. This is offset by a $197 million increase in formulaic reserves (see "—Change in Reserve Valuation Basis").

Institutional Annuities reserves for the year ended December 31, 2018 increased $997 million from the year ended December 31, 2017, primarily driven by $631 million of transfers from separate accounts related to Pension Plans (see "—Net Transfers to (from) Separate Accounts"), along with the establishment of additional asset adequacy reserves of $200 million for structured settlement contracts.

Net Transfers to (from) Separate Accounts

The following table shows the components of the net transfers to (from) separate accounts for the years ended December 31, 2018 and 2017 ($ in millions):

	2018	2017	Change $	Change %
Transfers to Separate Accounts	$ 1,922	$ 1,137	$ 785	69.0 %
Transfers from Separate Accounts	(3,628)	(2,120)	(1,508)	71.1
Reinsurance assumed	—	2	(2)	nm
Total	**$ (1,706)**	**$ (981)**	**$ (725)**	**73.9%**

nm = not meaningful

Transfers to separate accounts during the year ended December 31, 2018 were higher by $785 million due to higher sales from stable value products. Transfers from separate accounts during the year ended December 31, 2018 were $1,508 million higher than the prior year and include pension related withdrawals from a change in asset allocation of $1,066 million (New York Life's separate account assets at December 31, 2017 included $2,689 million of assets of the Pension Plans). In addition, withdrawals from stable value products were $876 million higher in 2018.

Operating Expenses

The following table shows the components of operating expenses for the years ended December 31, 2018 and 2017 ($ in millions):

	2018	2017	Change $	Change %
General Operating Expenses[1]	$ 2,341	$ 2,277	$ 64	3 %
Variable Sales Expenses[2]	967	952	15	2
Total	**$ 3,308**	**$ 3,229**	**$ 79**	**2%**

[1] General Operating Expenses include, but are not limited to salaries, incentive compensation, taxes, licenses and fees, commissions, charitable contributions and rent expense.

[2] Variable Sales Expenses include, but are not limited to agents' commissions and field compensation.

The increase of $64 million in general operating expenses is primarily driven by an $85 million increase in 2018 charitable contributions to the NYL Foundation, the Company's charitable entity.

Dividends to Policyholders

The following table shows dividends to policyholders for the years ended December 31, 2019 and 2018 ($ in millions):

	2018	2017	Change $	Change %
Dividends - New York Life Policyholders	$ 1,920	$ 1,871	$ 49	3 %
Dividends - Closed Block Reinsurance[1]	54	87	(33)	(38)
Total	**$ 1,974**	**$ 1,958**	**$ 16**	**1%**

[1] Dividends for the Closed Block Reinsurance are approved by the ceding company.

Dividends to New York Life policyholders are approved by New York Life's Board of Directors annually and primarily factor in investment experience (interest earnings, credit loss experience and equity returns), mortality results and expense levels that develop over a period of time (see "Certain Financial and Accounting Matters—Dividends to Policyholders").

Federal and Foreign Income Taxes

Under statutory accounting, current federal and foreign income taxes are reflected in net income, whereas deferred tax items are reflected as a component of surplus. Therefore, differences between the statutory tax rate and book income to tax expense includes temporary book/tax differences in addition to permanent differences. The following table reconciles the tax expense calculated at the statutory rate to the tax benefit reflected in New York Life's results of operations for the years ended December 31, 2018 and 2017 (in millions):

	2018	2017	Change
Tax on net gain from operations[1]	**$ 177**	**$ 332**	**$ (155)**
Tax credits[2]	(200)	(54)	(146)
Dividends from subsidiaries[3]	(192)	(151)	(41)
Tax exempt income	(27)	(87)	60
Amortization of IMR	(22)	(37)	15
Excess of book over tax reserves	98	(148)	246
DAC tax	10	(13)	23
Non-deductible pension and postretirement benefits	13	40	(27)
Excess of book over tax policyholder dividends[4]	18	(306)	324
Other	(142)	45	(187)
Subtotal before pension contribution	**(267)**	**(379)**	**112**
Pension contributions credit	(175)	(243)	68
Total federal and foreign income tax benefit	**$ (442)**	**$ (622)**	**$ 180**

1 Tax rate on net gain from operations was 21% in 2018 and 35% in 2017. 2017 amounts have been re-categorized to agree with 2018 line items.

2 Tax credits result primarily from investments in low income housing and alternative energy. Unused 2017 tax credits were carried forward and applied in 2018.

3 Dividends from subsidiaries represent after-tax earnings of the subsidiaries and are not subject to tax when received by New York Life.

4 Beginning in 2017, the Company has guaranteed a portion of dividends payable in the following year. As a result, 2017 reflects tax benefits on both dividends paid in 2017, as well as accelerated benefits for the amount guaranteed in 2018.

Net Realized Capital Gains (Losses)

New York Life reported net realized capital losses after taxes and transfers to the IMR of $75 million for the year ended December 31, 2018, an improvement of $16 million from the $91 million loss reported in the year ended December 31, 2017.

The following table shows the net realized capital gains (losses) for the years ended December 31, 2018 and 2017 (in millions):

	2018	2017	Change
Bonds	$ 12	$ 113	$ (101)
Common and preferred stocks	58	85	(27)
Other invested assets	20	61	(41)
Derivatives	3	(318)	321
Other[1]	11	274	(263)
Total before OTTI and capital gains tax	**104**	**215**	**(110)**
OTTI[2]	(236)	(246)	10
Capital gains tax benefit (expense)	35	(20)	55
Net realized capital losses after-tax and before transfers to the IMR	**(97)**	**(51)**	**(46)**
Capital losses (gains) transferred to the IMR[3]	22	(40)	62
Net realized capital losses after-tax	**$ (75)**	**$ (91)**	**$ 16**

1 For the year ended December 31, 2018, other primarily represents gains on real estate investments of $14 million. For the year ended December 31, 2017, other primarily represents foreign exchange gains on Notes of $272 million issued under the Program.

2 OTTI losses are generally not subject to current tax treatment; however, current year tax includes benefits on current year OTTI on residential mortgage-backed securities and sales of other securities impaired in prior years.

3 Capital losses (gains) taxes transferred to the IMR was $6 million and $(22) million for the years ended December 31, 2018 and 2017, respectively.

The following table shows the distribution of OTTI and the year-over-year change in OTTI by asset type for the years ended December 31, 2018 and 2017 (in millions):

	2018	2017	Change
Bonds	$ (45)	$ (52)	$ 7
Common and preferred stocks	(6)	(5)	(2)
Other invested assets	(185)	(189)	4
Total OTTI	**$ (236)**	**$ (246)**	**$ 9**

Financial Position

The following is a discussion and analysis of the statutory financial position of New York Life at December 31, 2019, 2018 and 2017.

Financial Position - At December 31, 2019 Compared to December 31, 2018

Assets

New York Life's total assets at December 31, 2019 were $189,231 million, which was $9,195 million, or 5%, higher than the $180,036 million reported at December 31, 2018. The increase was primarily attributable to:

- $8,179 million higher cash and invested assets, mainly driven by the investment of operating cash flow and the issuance of surplus notes; and
- $545 million increase in separate accounts assets, mainly due to equity and bond market value *appreciation and investment income earned.*

Liabilities

New York Life's total liabilities, including AVR, at December 31, 2019 were $167,199 million, which was $8,169 million, or 5%, higher than the $159,030 million reported at December 31, 2018. The increase was primarily attributable to:

- $6,525 million increase in policy reserves and deposit funds. The table below presents policy reserves and deposit funds by business operation at December 31, 2019 and December 31, 2018 ($ in millions):

			Change	
	2019	**2018**	**$**	**%**
Agency Life	$ 75,782	$ 72,104	$ 3,678	5 %
New York Life Direct	3,033	2,855	178	6
Group Membership	2,014	1,941	73	4
LTC	3,420	3,150	270	9
Closed Block Reinsurance	5,560	5,767	(207)	(4)
Total Insurance Business	89,809	85,817	3,992	5
Institutional Annuities	46,988	44,791	2,197	5
Retail Annuities	1,605	1,269	336	26
Total Annuities Business	48,593	46,060	2,533	5
Total	**$ 138,402**	**$ 131,877**	**$ 6,525**	**5%**

- $545 million increase in separate accounts liabilities (see "—Assets").

Statutory Surplus

Statutory surplus was $22,032 million at December 31, 2019, an increase of $1,026 million, or 5%, from the $21,006 million reported at December 31, 2018. The main drivers of the change in New York Life's statutory surplus are presented in the following table (in millions):

		2019
Beginning surplus	$	21,006
Net income		378
Change in net unrealized capital gains[1]		1,222
Change in deferred taxes		66
Change in AVR		(777)
Change in nonadmitted assets		(455)
Pension and postretirement benefits impacts		(370)
Issuance of surplus notes		993
Other		(31)
Ending surplus		**22,032**
AVR		3,371
Surplus and AVR[2]	**$**	**25,403**

[1] Excludes deferred capital gains tax expense on change on net unrealized capital gains of $64 million reclassified to "Change in deferred taxes."

[2] Consolidated statutory surplus and AVR, which includes the AVR of New York Life's wholly owned U.S. insurance subsidiaries (NYLIAC and NYLAZ), totaled $26,965 million at December 31, 2019.

Change in Net Unrealized Capital Gains

The following table shows the components of the change in net unrealized capital gains at December 31, 2019 (in millions):

		2019
Affiliated:		
Common stock	$	573
Other invested assets[1]		304
Total affiliated		877
Unaffiliated:		
Common stock		159
Other invested assets		197
Other		(11)
Total unaffiliated		345
Total change in net unrealized capital gains	**$**	**1,222**

[1] Affiliated other invested assets includes New York Life's wholly owned non-insurance subsidiaries. Unrealized gains of $419 million are related to a wholly owned non-insurance subsidiary which is nonadmitted under SAP (see "—Change in nonadmitted assets").

The change in net unrealized capital gains resulted in an increase in surplus of $1,222 million at December 31, 2019 primarily driven by $877 million from positive operating results from subsidiaries (which are included in affiliated common stock and other invested assets).

Change in Deferred Taxes

The following table shows the components of the change in deferred taxes at December 31, 2019:

		2019
Deferred income tax benefit on operating results	$	241
Deferred capital gains tax expense on change in net unrealized capital gains		(64)
Subtotal		177
Increase in nonadmitted deferred income taxes		(111)
Total change in deferred taxes	**$**	**66**

Change in AVR

The AVR liability represents a portion of the Company's surplus set aside to offset potential non-interest related investment losses. Changes in AVR are recorded directly to surplus. The AVR liability is based on a formula prescribed by the NAIC and is largely influenced by the size and quality of the investment portfolio. Changes in the AVR are driven by non-interest related gains and losses on the investment portfolio and an annual contribution based on factors set by the NAIC. Factors are also used to set a reserve objective and a maximum reserve. The AVR liability increased by $777 million at December 31, 2019, which reduced surplus and is currently at its maximum reserve.

Change in Nonadmitted Assets

Certain assets are not allowed as admitted assets under SAP. Generally, these are assets with economic value, but which cannot be readily used to pay policyholder obligations. New York Life had a net increase in nonadmitted assets that resulted in a decrease to surplus of $455 million during the year ended December 31, 2019, primarily due to the $419 million change in unrealized gains from a nonadmitted wholly owned subsidiary. The investment in the subsidiary is non-admitted because the subsidiary's financial statements are not audited on a US GAAP basis. New York Life has determined the cost of obtaining an admissible annual audit is not worth the benefit of being able to admit the asset in surplus.

Pension and Postretirement Benefits Impacts

The calculation of pension and other postretirement benefits obligations requires management to select demographic and economic assumptions that affect the reported amounts of assets and liabilities at year end. Assumptions include, but are not limited to, interest rates, return on plan assets, mortality, withdrawal and retirement rates, and healthcare cost trend. The selected actuarial assumptions comply with the NAIC guidance, which requires New York Life to use its best estimate for each assumption, and are reviewed regularly for reasonableness, comparing assumed results to actual plan experience with adjustments made when necessary. New York Life uses a December 31 measurement date for these plans, as required.

Pension and postretirement related impacts reported as a direct adjustment to surplus does not include the expenses (annual service costs, amortization of unrecognized actuarial losses and prior service costs) reported in net gain/(loss) from operations. These adjustments decreased surplus by $370 million primarily due to the significant decline in discount rates.

The following table shows the components of the pension and postretirement benefits related impacts (in millions):

	December 31, 2019
Decline in discount rate (weighted average rate from 4.46% to 3.36%)	$ (1,458)
Return on plan assets in excess of expected (actual return of 9.00% vs expected return of 6.50%)	281
Change in non-admitted overfunded asset	659
Other	(4)
Total impact of assumption updates and return on assets	(522)
1/1 balance recognized in 2019 net gain	152
Total	**$ (370)**

Financial Position - At December 31, 2018 Compared to December 31, 2017

Assets

New York Life's total assets at December 31, 2018 were $180,036 million, which was $3,270 million, or 2%, higher than the $176,766 million reported at December 31, 2017. Excluding the NYLIAC Recapture, which reduced assets by $4,039 million, total assets increased $7,309 million or 4% from total assets reported at December 31, 2017. The increase was primarily attributable to:

- $10,162 million higher cash and invested assets, mainly driven by the investment of operating cash flow and an increase in equity of New York Life's affiliated entities (see "—Statutory Surplus" for further details); partially offset by

- $2,901 million decrease in separate accounts assets, primarily due to re-balancing of the variable and fixed account allocations of the assets of the Pension Plans included in the operating cash flow above and the termination of four separate accounts in 2018.

Liabilities

New York Life's total liabilities, including AVR, at December 31, 2018 were $159,030 million, which was $2,621 million, or 1.7%, higher than the $156,409 million reported at December 31, 2017. Excluding the impact of the NYLIAC Recapture, which reduced liabilities by $4,065 million, total liabilities at December 31, 2018 increased $6,686 million or 4.3% from total liabilities reported at December 31, 2017. The increase was primarily attributable to:

- $10,279 million increase in policy reserves and deposit funds (excluding the impact of the NYLIAC Recapture). Institutional Annuities reserves increased by $6,146 million and include additional $3,179 million in funding agreements and GICs and $1,378 million related to re-balancing Pension Plans assets between separate accounts and the general account. The table below presents policy reserves and deposit funds by business operation at December 31, 2018 and December 31, 2017 ($ in millions):

			Change	
	2018	2017	$	%
Agency Life[1]	$ 72,104	$ 68,840	$ 3,264	5 %
New York Life Direct	2,855	2,684	171	6
Group Membership	1,941	1,458	483	33
LTC	3,150	2,893	257	9
Closed Block Reinsurance	5,767	6,002	(235)	(4)
Total Insurance Business	85,817	81,877	3,940	5
Institutional Annuities	44,791	38,645	6,146	16
Retail Annuities	1,269	1,076	193	18
Total Annuities Business	46,060	39,721	6,339	16
Total excluding NYLIAC Recapture	**$ 131,877**	**$ 121,598**	**$ 10,279**	**8%**
NYLIAC Recapture[1]	—	3,876	(3,876)	nm
Total	**$ 131,877**	**$ 125,474**	**$ 6,403**	**5%**

nm = not meaningful

1 For comparative purposes, the 2017 amounts reflect a reclassification, from Agency Life to NYLIAC Recapture, of the reserves related to the 2018 NYLIAC Recapture. New York Life believes this presentation provides better clarity of the change in Agency Life reserves during 2018.

- The increase is partially offset by $2,901 million decrease in separate accounts liabilities (see "—Assets").

Statutory Surplus

Statutory surplus was $21,006 million at December 31, 2018, an increase of $649 million, or 3%, from the $20,357 million reported at December 31, 2017. The main drivers of the change in New York Life's statutory surplus are presented in the following table (in millions):

	2018
Beginning surplus	$ 20,357
Net income	1,210
Change in net unrealized capital losses[1]	(537)
Change in deferred taxes	398
Change in AVR	58
Change in nonadmitted assets[2]	(54)
Pension and postretirement benefits impacts[3]	(185)
Change in reserve valuation basis	(236)
Other	(5)
Ending surplus	**21,006**
AVR	2,594
Surplus and AVR[4]	**$ 23,600**

1 Excludes deferred capital gains tax expense on change in net unrealized capital losses of $13 million reclassified to "Change in deferred taxes."

2 Excludes the nonadmitted deferred income tax benefit of $504 million reclassified to "Change in deferred taxes" and nonadmitted assets of the Pension Plans of $659 million reclassified to "Pension and postretirement impacts."

3 Includes nonadmitted assets of the Pension Plans of $659 million.

4 Consolidated statutory surplus and AVR, which includes the AVR of New York Life's wholly owned U.S. insurance subsidiaries (NYLIAC and NYLAZ), totaled $24,814 million at December 31, 2018.

Change in Net Unrealized Capital Losses

Change in net unrealized capital losses of $537 million, includes the reversal of unrealized gains resulting from dividend distributions of $600 million from NYLIAC. Under statutory accounting, undistributed earnings of a subsidiary are reported as unrealized gains in the parent company's surplus. When a dividend is declared, the unrealized gain is reversed but there is no impact to New York Life's surplus as dividend income is reported in net income. Excluding the impact of the dividends from NYLIAC, unrealized capital gains of $63 million were primarily from derivative gains on the valuation of currency swaps in 2018, resulting from lower U.S. interest rates as compared to foreign interest rates, partially offset by the decline in equity markets in 2018.

Change in Deferred Taxes

The following table shows the components of the change in deferred taxes at December 31, 2018:

	2018
Deferred income tax expense on operating results	$ (93)
Deferred capital gains tax expense on change in net unrealized capital losses	(13)
Subtotal	(106)
Decrease in nonadmitted deferred income taxes	504
Total change in deferred taxes	**$ 398**

Change in AVR

The change in AVR of $58 million represents a decrease in the AVR liability, primarily due to unrealized losses on the equity portfolio.

Change in Nonadmitted Assets

Certain assets are not allowed as admitted assets under SAP. Generally, these are assets with economic value, but which cannot be readily used to pay policyholder obligations. New York Life had a net increase in nonadmitted assets during 2018 that resulted in a decrease to surplus of $54 million for the year ended December 31, 2018.

Pension and Postretirement Benefits Impacts

The calculation of pension and other postretirement benefits obligations requires management to select demographic and economic assumptions that affect the reported amounts of assets and liabilities at year end. Assumptions include, but are not limited to, interest rates, return on plan assets, mortality, withdrawal and retirement rates, and healthcare cost trend. The selected actuarial assumptions comply with the NAIC guidance, which requires New York Life to use its best estimate for each assumption, and are reviewed regularly for reasonableness, comparing assumed results to actual plan experience with adjustments made when necessary. New York Life uses a December 31 measurement date for these plans, as required.

Pension and postretirement benefits related impacts decreased surplus by $185 million from December 31, 2017 primarily resulting from a $500 million contribution made to the qualified pension plans in 2018.

On July 2, 2018, the Company made voluntary contributions to the tax-qualified Pension Plans of $500 million (employees and agents of $300 million and $200 million, respectively), which resulted in a decrease to surplus of $265 million. The decrease was a result of the Pension Plans moving into an overfunded status. The amount of the overfunded pension plan assets are nonadmitted and decreased surplus by $659 million in 2018. This was offset by a tax benefit of $175 million, included in net gain. No contributions were required to satisfy the minimum funding requirement under ERISA and the Code.

The following table shows the components of the pension and postretirement benefits related impacts (in millions):

	December 31, 2018
Increase in discount rate (weighted average rate from 3.77% to 4.46%)	$ 667
Return on plan assets lower than expected asset returns (actual return of 2.10% vs expected return of 6.50%)	(383)
Change in non-admitted overfunded asset	(659)
Other	190
Total	**$ (185)**

Change in Reserve Valuation Basis

The change in reserve valuation basis decreased surplus by $236 million due to LTC's conversion of $197 million from asset adequacy reserves recorded in prior years (see "—Additions to Reserves"), which are included in net gain, to formulaic reserves. This has no significant impact on total surplus.

Liquidity Sources and Requirements

Liquidity Sources

New York Life's principal cash inflows from its insurance activities are derived from life insurance premiums, annuity considerations and GICs and deposit funds. New York Life's principal cash inflows from investments result from proceeds on sales, repayments of principal, maturities of invested assets and investment income. The following table sets forth the total available liquidity of New York Life from liquid assets and other funding sources at the end of the specified periods (in millions). Liquid assets include cash and cash equivalents, short-term investments and publicly traded securities, excluding assets that are pledged or otherwise committed. Other funding sources includes the available capacity at short-term borrowing facilities.

New York Life's Available Liquidity at Market Value

	December 31,		
	2019	**2018**	**2017**
Cash and short-term investments:			
Cash and cash equivalents	$ 2,252	$ 2,819	$ 2,406
Short-term investments	119	105	125
Less: securities lending and other short-term liabilities	(1,327)	(1,327)	(1,553)
Net cash and short-term investments	**1,044**	**1,597**	**978**
Liquid bonds:			
U.S. government and agency bonds	8,111	8,288	10,047
Public corporate investment-grade bonds & collateralized mortgage obligations ("**CMOs**")[1]	61,079	53,777	50,675
Total liquid bonds	**69,190**	**62,065**	**60,722**
Equities:			
Public equities	994	1,207	1,348
Total liquid assets	**71,228**	**64,869**	**63,048**
Other funding sources:			
Bank facility/commercial paper capacity	2,501	1,999	1,997
Federal Home Loan Bank available capacity[2]	6,000	4,765	5,530
Total other funding sources	**8,501**	**6,764**	**7,527**
Total available liquidity	**$ 79,729**	**$ 71,633**	**$ 70,575**

1 Includes all public corporate investment-grade bonds and CMOs, which are stated at fair value.

2 Available capacity represents 5% of New York Life's total admitted assets, less secured borrowing. At December 31, 2019, New York Life's borrowing capacity with the Federal Home Loan Bank of New York was $8,832 million, of which $2,832 million had been used.

New York Life's U.S. insurance subsidiaries (NYLIAC and NYLAZ) are subject to certain insurance department regulatory restrictions as to the payment of dividends to New York Life. In general, a dividend may be paid without prior approval from the domiciliary state insurance department provided that the subsidiary's statutory earned surplus is positive. In addition, dividends paid in any twelve month period cannot exceed the greater of (1) 10% of the subsidiary's surplus, or (2) the subsidiary's net gain from operations, each based on the preceding December 31st statutory financial statements, without regulatory approval. These restrictions pose no short-term or long-term liquidity concerns for New York Life, as it does not rely on subsidiary dividends as a significant source of liquidity.

Liquidity Uses

New York Life's principal cash outflows primarily relate to the payment of liabilities associated with its various life insurance, annuity and group pension products (GICs and funding agreements), operating expenses and income taxes. Liabilities arising from New York Life's insurance activities primarily relate to benefit payments, policy surrenders, withdrawals from GICs and maturities of funding agreements, and loans and dividends to policyholders. See "—Investment Risk Management" for a discussion of liquidity risk.

A primary liquidity concern with respect to life insurance and annuity products is the risk of early policyholder and contractholder withdrawals. New York Life includes provisions in certain of its contracts that are designed to limit withdrawals from general account institutional pension products (group annuities, GICs and certain deposit fund liabilities) sold to employee benefit plan sponsors. Such provisions include surrender charges, market value adjustments and prohibitions or restrictions on withdrawals. New York Life closely monitors its liquidity requirements in order to match cash inflows with expected cash outflows, and employs an asset/liability management approach tailored to the specific requirements of each product line based upon the return objectives, risk tolerance, liquidity, tax and regulatory requirements of the underlying products. It also regularly conducts liquidity stress tests and monitors early warning indicators of potential liquidity issues.

New York Life participates in a securities lending program for its general account whereby fixed income securities are loaned to third parties, primarily major brokerage firms and commercial banks. The borrowers of its securities provide New York Life with collateral, typically in cash. New York Life separately manages this collateral and invests such cash collateral in a portfolio of highly rated fixed income securities with short maturities. Securities on loan under the program could be returned to New York Life by the borrowers, or New York Life could call such securities at any time. Returns of loaned securities would require New York Life to return the cash collateral associated with such loaned securities. New York Life was liable for cash collateral under its control of $630 million and $653 million at December 31, 2019 and 2018, respectively. See "Risk Factors—Risk Factors Relating to New York Life—New York Life's Securities Lending Program Subjects It to Potential Liquidity and Other Risks."

New York Life is committed to maintaining adequate capitalization for its insurance and non-insurance subsidiaries to fund growth opportunities and support new products, and, with respect to its U.S. insurance subsidiaries, to maintain targeted RBC levels. In addition, New York Life may make loans to its affiliates to provide additional funds to meet the business needs of these entities. New York Life made capital contributions (net of returns of capital) of $1 million to its non-insurance subsidiaries during the ended December 31, 2019. New York Life had net returns of capital of $405 million from its non-insurance subsidiaries during the year December 31, 2018.

At December 31, 2019, of the total direct life, accident and health and annuity reserves of $109,427 million and deposit fund liabilities of $22,785 million, the total amounts related to policies and deposits that have surrender privileges were $82,111 million and $2,921 million, respectively. Of these reserves, the amounts redeemable for cash to policyholders and depositors at December 31, 2019 were $78,945 million and $2,941 million, respectively.

At December 31, 2018, of the total direct life, accident and health and annuity reserves of $104,396 million and deposit fund liabilities of $21,206 million, the total amounts related to policies and deposits that have surrender privileges were $78,745 million and $2,620 million, respectively. Of these reserves, the amounts redeemable for cash to policyholders and depositors at December 31, 2018 were $75,909 million and $2,613 million, respectively.

Individual life insurance policies, other than term life insurance policies, generally increase in cash value over the life of the policies. Policyholders have the right to borrow from New York Life an amount generally up to the cash value of their policies at any time. At December 31, 2019 and 2018, New York Life had $67,561 million and $64,570 million, respectively, in cash value with respect to policies for which policyholders had rights to take policy loans. The majority of cash value eligible for policy loans are at variable interest rates, which are reset annually on the policy anniversary.

Cash Flows

Net cash provided from operating activities for the years ended December 31, 2019 and 2018 was $5,628 million and $7,817 million, respectively.

Net cash used in investing activities was $7,481 million and $10,527 million for the years ended December 31, 2019 and 2018, respectively. In 2019 and 2018, New York Life used the cash flow generated by its operations to invest primarily in fixed income securities.

Net cash from financing activities and miscellaneous sources was $1,310 million and $3,125 million for the years ended December 31, 2019 and 2018, respectively. The decrease in net cash from financing activities and miscellaneous resources was primarily associated with lower deposit funds.

Financing

New York Life Capital Corporation

New York Life Capital Corporation ("**NYLCC**") is a wholly owned indirect subsidiary of New York Life and serves as a conduit for New York Life to the credit markets and is authorized to issue up to $3.0 billion of commercial paper to institutional investors. The proceeds are loaned to New York Life or its subsidiaries for investment purposes or to meet short-term liquidity needs. By reinvesting the proceeds, New York Life earns a spread above the cost of borrowing. At December 31, 2019 and 2018, New York Life had a loan payable to NYLCC of $402 million and $501 million, respectively.

Effective April 13, 2016, New York Life and NYLCC, as borrowers, entered into a $1.25 billion revolving credit facility with a syndicate of lenders (the "**2016 Credit Facility**"). On January 29, 2019, the 2016 Credit Facility was replaced by a syndicated $1.5 billion revolving credit facility (the "**2019 Credit Facility**"). The 2019 Credit Facility expires on January 29, 2024. New York Life and NYLCC are borrowers under the 2019 Credit Facility.

Federal Home Loan Bank of New York

New York Life is a member of the Federal Home Loan Bank of New York ("**FHLB of NY**") and began issuing funding agreements to the FHLB of NY in exchange for cash. The proceeds are used for general business purposes. The funding agreements are issued through the general account and are included in the liability for deposit funds in the Statutory Statements of Financial Position. When a funding agreement is issued, New York Life is required to post collateral in the form of eligible securities including mortgage-backed, government and agency debt instruments for each of the advances received. Upon any event of default by New York Life, the FHLB of NY's recovery on the collateral is limited to the amount of New York Life's liability to the FHLB of NY. The following table summarizes the details of New York Life's funding agreements to the FHLB of NY at December 31, 2019 and 2018 (in millions):

	2019	2018
Funding agreement liability	$ 2,832	$ 3,584
Fair value of collateral pledged to the FHLB of NY	$ 4,324	$ 4,674
Investment in FHLB of NY stock	$ 174	$ 202

New York Life had posted additional capital of $1,492 million and $1,090 million at December 31, 2019 and 2018, respectively, to allow for additional funding through the FHLB of NY if the need arose.

Surplus Notes

On April 4, 2019, the Company issued surplus notes ("**2019 Surplus Notes**") with a principal balance of $1,000 million, bearing interest at 4.45%, with a maturity date of May 15, 2069. The initial carrying value of the 2019 Surplus Notes was $993 million, net of discount.

The following table summarizes the surplus notes issued and outstanding at December 31, 2019 ($ in millions):

Issue Date	Principal Amount	Carrying Value	Interest Paid Current Year	Cumulative Interest Paid	Interest Rate	Maturity Date
4/4/2019	$ 1,000	$ 993	$ 27	$ 27	4.45%	5/15/2069
10/8/2009	1,000	998	68	682	6.75%	11/15/2039
5/5/2003	1,000	996	59	971	5.88%	5/15/2033
Total	**$ 3,000**	**$ 2,987**	**$ 154**	**$ 1,680**		

The 2019 Surplus Notes, 2009 surplus notes and the 2003 surplus notes (collectively, the "**Surplus Notes**") were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by Citibank, as fiscal agent. Interest on the Surplus Notes is paid semi-annually on May 15th and November 15th of each year. Interest payments on the 2019 Notes began on November 15, 2019.

The Surplus Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims against New York Life. Under New York Insurance Law, the Surplus Notes are not part of the legal liabilities of New York Life. Each payment of interest or principal may be made only with the prior approval of the Superintendent of the NYSDFS (the "**Superintendent**") and only out of surplus funds, which the Superintendent determines to be available for such payments under the New York Insurance Law. Provided that approval is granted by the Superintendent, the Surplus Notes may be redeemed at the option of New York Life at any time at the "make-whole" redemption price equal to the greater of: (1) the principal amount of the Surplus Notes to be redeemed, or (2) the sum of the present values of the remaining scheduled interest and principal payments on the Surplus Notes to be redeemed, excluding accrued interest as of the date on which the Surplus Notes are to be redeemed, discounted on a semi-annual basis at an adjusted treasury rate plus 20 basis points for the 2003 surplus notes, 40 basis points for the 2009 surplus notes and 25 basis points for the 2019 Surplus Notes, respectively, plus in each case, the accrued interest on the Surplus Notes to be redeemed to the redemption date.

Commitments and Contingencies

New York Life, in the ordinary course of its business, enters into numerous arrangements with its affiliates and may enter into guarantees and/or keepwells between itself and its affiliates.

New York Life, as lessee, enters into various operating lease agreements primarily associated with real property (including leases of office spaces) and data processing and other equipment. The approximate future minimum rental payments required under these operating leases was $734 million at December 31, 2019.

Unfunded commitments on limited partnerships ("**LPs**"), LLCs and other invested assets amounted to $3,499 million at December 31, 2019. Contractual commitments to extend credit under commercial mortgage loan agreements totaled $1,687 million at December 31, 2019, at both fixed and variable rates of interest. These commitments are diversified by property type and geographic location. At December 31, 2019, New York Life had outstanding contractual obligations to acquire additional private placement securities amounting to $912 million.

Investment Risk Management

New York Life's investment portfolio has potential exposure to various sources of investment risk, including interest rate, credit and equity price risks. New York Life has established comprehensive policies and procedures at both the corporate and business segment levels to control overall risk exposures. The Investment Committee of the Board of Directors provides oversight over New York Life's investment activity, including review of various risk factors and establishment of investment policies. New York Life supplements its financial modeling with comprehensive stress testing, which is intended to assess New York Life's financial resilience and sustainability of its business model to extreme events.

New York Life evaluates the impact of various stress events on its capital and liquidity on a regular basis using the analysis of various stress scenarios. Based on the results of these stress tests, New York Life believes that it has ample liquidity and financial strength to provide for its foreseeable cash requirements, including cash outflows in extreme stress scenarios. Various liquidity risk indicators are tracked regularly to provide management with an early indication of potential liquidity issues.

Earnings and cash flows relating to fixed-rate investments are sensitive to interest rate changes, which can materially affect the fair value of these investments. New York Life manages interest rate risk as part of its asset/liability management process and product design procedures. Asset/liability management strategies include segmentation of investments by product line and the construction of investment portfolios designed to specifically satisfy the projected cash needs of the product lines. New York Life also seeks to assess and control interest rate risk by modeling asset and liability cash flows under current and projected interest rate scenarios. New York Life monitors its asset/liability position regularly, enabling management to adjust asset portfolios through rebalancing or the use of derivatives, or to alter liability cash flows, in order to efficiently mitigate risk exposures exceeding its risk tolerances. See "Risk Factors—Risk Factors Relating to New York Life—New York Life Is Exposed to Significant Financial and Capital Markets Risks Which May Adversely Affect Its Business, Results of Operations and Financial Condition."

New York Life's investments in bonds and mortgage loans expose it to potential credit losses. Credit risk is managed by applying disciplined credit evaluation and underwriting standards; aligning allocations to lower-quality, higher-yielding investments with New York Life's risk-return tolerances; and diversifying bond exposures by industry, issuer and sector, and mortgage loan exposure by region and property type. See "Risk Factors—Risk Factors Relating to New York Life—Losses Due to Defaults by, or Deteriorating Credit of, Others, Including Issuers of Investment Securities, Reinsurers and Derivative Instrument Counterparties, Could Adversely Affect the Value of New York Life's Investments, Results of Operations, Financial Condition or Liquidity."

New York Life follows a fundamental approach to credit analysis supporting bond purchase or sale decisions. Key factors include the stability and adequacy of cash flow in relation to debt service requirements and the outlook for growth in net income. Issuers of below investment grade bonds generally have relatively high levels of indebtedness and are thus more sensitive than issuers of investment grade bonds to adverse economic conditions or to increasing interest rates. Although private placements are relatively less liquid, they benefit from more comprehensive financial covenants and are more likely to be secured or senior in structure.

New York Life actively manages and monitors its credit risk exposure. New York Life, through NYL Investors and other indirect investment management subsidiaries, manages credit risk on an individual issuer and sector basis as well as for the aggregate corporate portfolio in accordance with New York Life's investment policy guidelines. Individual issuer limits are set based on the issuer's credit rating and other factors. Credit ratings for issuers used to monitor credit risk are either from credit rating providers or internal ratings. A comparable internal rating is used if an externally provided rating is not available. The internal ratings are maintained and monitored by an experienced group of credit analysts specialized by industry and asset type. Factors involved in determining credit ratings include financial and operating ratios, industry outlook and priority of claim. Credit limits and guidelines are established and reviewed periodically. The bond portfolio is continuously examined to identify any potential problems or events that would result in the issuer not being able to comply with the contractual terms. These are included on a "watchlist" that is routinely monitored.

New York Life also follows a fundamental approach to the credit analysis of asset-backed securities. The analysis process involves a review of deal documents for each security, supplemented by analysis of: the pool of assets securing the securities; the attributes of the loans included in the pool; the structure of the transaction and the impact of the structural features on the amount and/or timing of principal and interest to be paid on the securities; the credit enhancement afforded the securities and the structure of the credit enhancement; the loss coverage afforded the securities as a result of the credit enhancement and structural features; and the feasibility of a servicing transfer, if necessary. Additionally, the credit analyst evaluating asset-backed securities may also perform quantitative analysis of the security's cash flows and stress tests to quantify the loss coverage afforded and to determine that the ratio of the credit enhancement to the expected loss is consistent with the ratings.

New York Life actively monitors and manages its commercial mortgage loan portfolio. Substantially all of the commercial mortgage loan portfolio is serviced directly by New York Life's subsidiary, NYL Investors. All aspects of loan origination and loan management are performed and/or reviewed by NYL Investors personnel, including lease analysis, economic and financial reviews, tenant analysis, and oversight of delinquency and bankruptcy proceedings. Properties securing loans are generally reinspected and revalued on a regularly scheduled basis. Problem or potential problem loans are reinspected and revalued as often as required.

If any mortgage loan analysis or other information that is obtained indicates a potential problem (likelihood of the borrower not being able to comply with the present loan repayment terms), the loan will be placed on an internal watchlist and routinely monitored. Among the criteria that would indicate a potential problem are: borrower bankruptcies; major tenant bankruptcies; loan relief/restructuring requests; delinquent tax payments; late payments; higher loan to value ratios; low debt service coverage ratios; and vacancy levels. No single factor necessarily requires a loan to be included on the watchlist, as such determination is subject to judgment as to whether circumstances call for inclusion.

New York Life's holdings of public and private equity securities are subject to market risk. These holdings are diversified and managed against risk tolerance limits established by individual product lines and at the aggregate corporate level. Weak equity market performance may adversely affect sales of New York Life's variable products, mutual funds or investment management products, cause potential purchasers of New York Life's products to refrain from new or additional investments, and may cause current investors to withdraw from the market or reduce their rates of ongoing investment. A prolonged decline in the equity markets or a drop in fixed income rates could also cause New York Life's surplus to be reduced by higher pension costs and can create funding shortfalls in pension assets relative to the projected pension obligation that New York Life could be required to fund. See "Risk Factors—Risk Factors Relating to New York Life—New York Life Is Exposed to Significant Financial and Capital Markets Risks Which May Adversely Affect Its Business, Results of Operations and Financial Condition" and "Risk Factors—Risk Factors Relating to New York Life—Changes in New York Life's Assumptions Regarding the Discount Rate, Expected Rate of Return, Life Expectancy and Expected Increase in Compensation Used For New York Life's Pension and Other Postretirement Benefit Plans May Result In Increased Expenses and Reduce New York Life's Profitability."

New York Life's Investment Portfolio

New York Life's investment strategy seeks long-term returns through disciplined security selection, portfolio diversity and an integrated approach to risk management. New York Life selects and monitors investments to balance the goals of safety, stability, liquidity, growth and after-tax total return with its need to comply with regulatory investment requirements. New York Life seeks to achieve a relatively safe and stable income stream by maintaining a broad based portfolio of investment grade bonds. These holdings are supplemented by investments in additional asset types with the objective of further enhancing the portfolio's diversification and expected returns. These additional asset types include commercial mortgages and other real estate financing investments, non-investment grade bonds, common and preferred stock, private equity and other LP investments.

At December 31, 2019 and 2018, New York Life's general account investment portfolio totaled $167,976 million and $159,797 million, respectively. Invested assets increased in 2019 primarily as a result of the investment of operating cash flow and net investment income. Invested assets are managed to support the liabilities of New York Life's lines of business. New York Life emphasizes asset/liability management and liquidity management across all product lines. Quality and diversification are essential building blocks in portfolio construction. The investment portfolios are specifically tailored to fit the unique interest rate sensitivities and cash flow characteristics associated with each of the product segments. In addition, New York Life takes a comprehensive enterprise view, taking measures to mitigate overall risk exposures at the corporate level.

The fair value of New York Life's investments varies depending on economic and market conditions. For various reasons, New York Life may, from time to time, need to sell certain of its investments at a price and a time when their market value is less than their book value. In addition, mortgage loans, many of which have balloon payment maturities, equity real estate are generally illiquid and carry a greater risk of investment losses than investment grade securities. Furthermore, in periods of declining interest rates, bond calls and mortgage prepayments generally increase, resulting in reinvestment at then current market rates.

Changes in interest rates can have significant effects on New York Life's profitability. Under certain circumstances of interest rate volatility, New York Life is exposed to disintermediation risk and reduction in net interest spread or profit margins. The fair value of New York Life's invested assets fluctuates depending on market and other general economic conditions and the interest rate environment. In addition, mortgage prepayments, life insurance and annuity surrenders and bond calls are affected by interest rate fluctuations. Although New York Life employs a number of asset/liability management strategies to minimize the effects of interest rate volatility, no assurance can be given that New York Life will continue to be successful in managing the effects of such volatility or that such volatility will not have a material and adverse impact on New York Life's business, financial condition, results of operations or liquidity. See "Risk Factors—Risk Factors Relating to New York Life—New York Life Is Exposed to Significant Financial and Capital Markets Risks Which May Adversely Affect Its Business, Results of Operations and Financial Condition."

The cost basis of bonds and equity securities are adjusted for impairments in value deemed to be other-than-temporary, with the associated realized loss reported in net income if the loss is credit related, or deferred in the IMR if interest related. Factors considered in evaluating whether a decline in value is other-than-temporary include: (1) whether the decline is substantial; (2) duration that the fair value has been less than cost; (3) the financial condition and near-term prospects of the issuer; and (4) New York Life's ability and intent to retain the investment for the period of time sufficient to allow for an anticipated recovery in value. An other-than-temporary loss on loan-backed and structured securities is recognized in net income when it is anticipated that the amortized cost will not be recovered. The entire difference between the loan-backed or structured security's amortized cost and its fair value is recognized in net income only when New York Life (a) has the intent to sell the security or (b) it does not have the intent and ability to hold the security to recovery. If neither of these two conditions exists, a realized loss is recognized in net income for the difference between the amortized cost basis of the security and the present value of projected future cash flows expected to be collected. The net present value is calculated by discounting New York Life's best estimate of projected future cash flows at the effective interest rate implicit in the loan-backed or structured security prior to impairment. When a bond (other than a loan-backed or structured security), preferred stock or common stock is deemed other-than-temporarily impaired, the difference between the investment's amortized cost and its fair value is recognized as a realized loss and reported in net income.

The following table summarizes New York Life's cash and invested assets in the general account at December 31, 2019 and 2018 ($ in millions):

	2019		2018	
	Carrying Value	**% of Total**	**Carrying Value**	**% of Total**
Bonds[1]:				
Public	$ 70,368	42 %	$ 67,270	42 %
Private	42,109	25	38,807	24
Subtotal	**112,477**	**67**	**106,077**	**66**
Equity securities:				
Unconsolidated insurance subsidiaries	9,462	6	8,890	6
Common and preferred stock	1,195	1	1,428	1
Subtotal	**10,657**	**7**	**10,318**	**7**
Mortgage loans[2]	18,322	11	17,554	11
Policy loans	11,502	7	11,208	7
Other invested assets	9,953	6	9,671	6
Cash, cash equivalents and short term investments	2,292	1	2,835	2
Derivative instruments	788	—	648	—
Real estate:				
Equity	1,684	1	1,216	1
Company occupied	296	—	265	—
Foreclosures	5	—	5	—
Subtotal	1,985	1	1,486	1
Total cash and invested assets	**$ 167,976**	**100%**	**$ 159,797**	**100%**

[1] The estimated fair value of New York Life's bonds was $122,011 million and $108,132 million, at December 31, 2019 and 2018, respectively.

[2] Includes single family residential mortgage loans of $2 million and $4 million at December 31, 2019 and 2018, respectively.

The average yield on general account cash and invested assets, excluding net realized investment gains and losses, was 5% and 5% for the years ended December 31, 2019 and 2018, respectively.

For a breakdown of realized gains and losses and OTTI at December 31, 2019 and 2018, see Note 10 of the audited Statutory Financial Statements of New York Life.

The following table illustrates the investment income and the annualized yield based on average assets for each of the components of New York Life's investment portfolio for the years ended December 31, 2019 and 2018 ($ in millions):

	2019		2018	
	Yield	Amount	Yield	Amount
Bonds:				
Investment income	4%	$ 4,664	4 %	$ 4,462
Average ending assets		109,277		102,126
Equity securities:				
Investment income[1]	—%	51	6 %	641
Average ending assets		10,488		10,563
Mortgage loans:				
Investment income	5%	848	4 %	711
Average ending assets		17,938		16,615
Policy loans:				
Investment income	5%	604	5 %	586
Average ending assets		11,355		11,043
Other invested assets:				
Investment income[2]	11%	1,099	11 %	1,026
Average ending assets		9,811		9,611
Cash, cash equivalents and short-term investments:				
Investment income	2%	57	2 %	42
Average ending assets		2,564		2,637
Derivative instruments:				
Investment income	7%	48	3 %	20
Average ending assets		718		618
Real estate:				
Investment income, net of expenses	8%	141	8 %	115
Average ending assets		1,735		1,505
Total average ending invested assets		**163,886**		**154,718**
Total investment income before expenses and fees		**7,512**		**7,603**
Investment expenses and fees	—%	(223)	— %	(208)
IMR amortization income	—%	86	— %	104
Net investment income ("NII")[3]		**7,375**		**7,499**
Net pre-tax realized losses		(83)		(132)
Total NII and realized gains[4]		**$ 7,292**		**$ 7,367**

1 New York Life recorded dividend distribution receivable from NYLAZ of $10 million and from NYLIAC of $600 million for the years ended December 31, 2019 and 2018, respectively, which were included in net investment income.

2 New York Life recorded dividend distributions from its non-insurance subsidiaries of $454 million and $312 million for the years ended December 31, 2019 and 2018, respectively, which were included in net investment income.

3 Excludes interest expense of $211 million and $161 million for the years ended December 31, 2019 and 2018, respectively.

4 Capital gains tax expenses (benefits) were $21 million and $(35) million for the years ended December 31, 2019 and 2018, respectively.

Bonds

The carrying value of New York Life's bond portfolio totaled $112,477 million and $106,077 million at December 31, 2019 and 2018, respectively. Bonds represent 67% and 66% of total cash and invested assets at December 31, 2019 and 2018, respectively, and consist of publicly traded and private placement debt securities. Publicly traded bonds comprised 63% of the total bond portfolio at December 31, 2019 and 2018. For a breakdown of bond maturities at December 31, 2019 and 2018, see Note 6 of the audited Statutory Financial Statements of New York Life.

Most of the public and private placement bonds held by New York Life are evaluated by the NAIC's Securities Valuation Office ("**SVO**"). The SVO evaluates the credit quality of the investments of insurers for regulatory reporting purposes and assigns securities to one of six investment categories called "NAIC Designations." The NAIC Designation for certain loaned backed and structured securities is developed using financial modeling which the SVO obtains from external sources. The NAIC Designations closely mirror the ratings of marketable bonds used by the NRSROs. NAIC Designations 1 and 2 include bonds considered investment grade (e.g., rated BBB- or higher by S&P) by the NRSROs. Designations 3 through 6 are referred to as below investment grade (e.g., rated BB+ or lower by S&P).

It is New York Life's objective to maintain a high quality, well diversified, bond portfolio. The bond portfolio consists primarily of investment-grade corporate bonds, asset-backed and mortgage-backed securities and U.S. Treasury securities and agency obligations. An analysis of the credit quality, as determined by NAIC Designation, of the total bond portfolio and, separately, the public and private placement bond portfolios, at December 31, 2019 and 2018, is set forth in the following tables ($ in millions):

Total Bonds - Public and Private
By NAIC Designation

		2019			2018		
NAIC Designation[1]	**Approximate Rating Agency Equivalent Designation**[2]	**Carrying Value**	**Estimated Fair Value**[3]	**% of Total Carrying Value**	**Carrying Value**	**Estimated Fair Value**[3]	**% of Total Carrying Value**
1	AAA to A-	$ 72,832	$ 79,627	65 %	$ 68,394	$ 70,515	65 %
2	BBB+ to BBB-	33,003	35,491	29	31,568	31,736	30
	Investment grade	**105,835**	**115,118**	**94**	**99,962**	**102,251**	**94**
3	BB+ to BB-	3,465	3,626	3	3,411	3,310	3
4	B+ to B-	2,738	2,799	2	2,370	2,236	2
5	CCC+ to CCC-	363	385	—	298	294	—
6	CC to D	76	83	—	36	41	—
	Below investment grade	**6,642**	**6,893**	**6**	**6,115**	**5,881**	**6**
	Total	**$ 112,477**	**$ 122,011**	**100%**	**$ 106,077**	**$ 108,132**	**100**

1 NAIC Designations are assigned no less frequently than annually.

2 S&P ratings equivalents are shown above. Comparisons between NAIC Designations and S&P ratings or Moody's equivalent ratings are published by the NAIC. S&P and Moody's have not rated some of the bonds in New York Life's investment portfolio.

3 For a discussion of how New York Life estimates the fair value of bonds in its investment portfolio, see Note 9 of the audited Statutory Financial Statements of New York Life.

Public Bonds
By NAIC Designation

NAIC Designation[1]	Approximate Rating Agency Equivalent Designation[2]	2019 Carrying Value	2019 Estimated Fair Value[3]	2019 % of Total Carrying Value	2018 Carrying Value	2018 Estimated Fair Value[3]	2018 % of Total Carrying Value
1	AAA to A-	$ 51,919	$ 57,510	74 %	$ 49,150	$ 51,293	73 %
2	BBB+ to BBB-	16,074	17,683	23	15,551	15,926	23
	Investment grade	**67,993**	**75,193**	**97**	**64,701**	**67,219**	**96**
3	BB+ to BB-	1,418	1,517	2	1,527	1,497	2
4	B+ to B-	811	841	1	932	893	1
5	CCC+ to CCC-	112	128	—	109	113	—
6	CC to D	34	38	—	1	1	—
	Below investment grade	**2,375**	**2,524**	**3**	**2,569**	**2,504**	**4**
	Total	**$ 70,368**	**$ 77,717**	**100%**	**$ 67,270**	**$ 69,723**	**100%**

Private Bonds
By NAIC Designation

NAIC Designation[1]	Approximate Rating Agency Equivalent Designation[2]	2019 Carrying Value	2019 Estimated Fair Value[3]	2019 % of Total Carrying Value	2018 Carrying Value	2018 Estimated Fair Value[3]	2018 % of Total Carrying Value
1	AAA to A-	$ 20,913	$ 22,117	50 %	$ 19,244	$ 19,222	50 %
2	BBB+ to BBB-	16,929	17,808	40	16,017	15,810	41
	Investment grade	**37,842**	**39,925**	**90**	**35,261**	**35,032**	**91**
3	BB+ to BB-	2,047	2,109	5	1,884	1,813	5
4	B+ to B-	1,927	1,958	5	1,438	1,343	4
5	CCC+ to CCC-	251	257	1	189	181	—
6	CC to D	42	45	—	35	40	—
	Below investment grade	**4,267**	**4,369**	**10**	**3,546**	**3,377**	**9**
	Total	**$ 42,109**	**$ 44,294**	**100%**	**$ 38,807**	**$ 38,409**	**100%**

1 NAIC Designations are assigned no less frequently than annually.

2 S&P ratings equivalents are shown above. Comparisons between NAIC Designations and S&P ratings or Moody's equivalent ratings are published by the NAIC. S&P and Moody's have not rated some of the bonds in New York Life's investment portfolio.

3 For a discussion of how New York Life estimates the fair value of bonds in its investment portfolio, see Note 9 of the audited Statutory Financial Statements of New York Life.

At December 31, 2019 and 2018, the portfolio of below investment grade bonds was comprised of 84% and 80%, respectively, of issues that were acquired as below investment grade as part of the New York Life's high yield investment objective to enhance overall portfolio yield and income. The remaining 16% and 20%, respectively, of the portfolio was comprised of issues that were acquired as investment grade but have since been downgraded (i.e., fallen angels). Such fallen angels totaled $1,067 million and $1,226 million at December 31, 2019 and 2018, respectively. New York Life applies the same prudent principles in managing its high yield portfolio, emphasizing diversification standards (such as limits on issuer, industry and geographic locations to minimize concentration risks), credit quality and liquidity. New York Life manages its aggregate risk exposure to investment risks against an approved risk budget and other internal limits and guidelines.

Included in private bonds at December 31, 2019 are two affiliated bonds issued by MCF and NYL Investments.

At December 31, 2019 and 2018, the bond issued by MCF with a carrying value of $2,285 million and $2,160 million, respectively, and a fair value of $2,284 million and $2,161 million, respectively. During 2019 and 2018, New York Life recorded interest income on this investment of $105 million and $106 million respectively.

The bonds issued by NYL Investments had a carrying value of $600 million and a fair value of $641 million at December 31, 2019 and a carrying value of $600 million and a fair value of $602 million at December 31, 2018. During 2019 and 2018, New York Life recorded interest income from NYL Investments totaling $26 million in both years.

For more information on Related Party Transactions, see Note 11 of the audited Statutory Financial Statements of New York Life.

The following table presents the estimated fair value of New York Life's total bond portfolio as performing, OTTI and temporarily impaired greater than 20% at December 31, 2019 and 2018. OTTI bonds are defined as bonds for which OTTI write-downs have been taken. See "—New York Life's Investment Portfolio" and Note 6 to the audited Statutory Financial Statements of New York Life. Temporarily impaired greater than 20% is defined as bonds for which estimated fair value is below carrying value by more than 20% at the balance sheet date, but which continue to meet all their contractual obligations.

	2019			2018		
	Carrying Value	**Estimated Fair Value[1]**	**% of Total Carrying Value**	**Carrying Value**	**Estimated Fair Value[1]**	**% of Total Carrying Value**
			($ in millions)			
Performing	$ 111,991	$ 121,461	100 %	$ 105,346	$ 107,391	99 %
OTTI	460	531	—	522	585	1
Temporarily impaired greater than 20%	26	19	—	209	156	—
Total	**$ 112,477**	**$ 122,011**	**100%**	**$ 106,077**	**$ 108,132**	**100%**

[1] For a discussion of how New York Life estimates the fair value of bonds in its investment portfolio, see Note 9 of the audited Statutory Financial Statements of New York Life.

New York Life's net unrealized gains on bonds of $9,534 million and $2,055 million at December 31, 2019 and 2018, respectively, are not reflected in New York Life's Statutory Financial Statements since these bonds are held at amortized cost under SAP. Net unrealized gains are comprised of gross unrealized gains of $9,680 million and $4,114 million at December 31, 2019 and 2018, respectively, which are partially offset by gross unrealized losses totaling $146 million and $2,059 million at December 31, 2019 and 2018, respectively. For a breakdown of unrealized losses by investment type and a discussion of the unrealized losses on corporate bonds, mortgage-backed securities and asset-backed securities at December 31, 2019 and 2018, see Note 10 of the audited Statutory Financial Statements of New York Life.

The following table presents New York Life's temporarily impaired greater than 20% bonds, stated in the previous table, by length of time that the individual securities have been in a continuous unrealized loss position of 20% or more at December 31, 2019 and 2018 (in millions):

	2019			2018		
	Carrying Value	Estimated Fair Value[1]	Unrealized Loss	Carrying Value	Estimated Fair Value[1]	Unrealized Loss
Less than 6 months	$ 21	$ 15	$ 6	$ 169	$ 128	$ 41
Between 6-9 months	4	3	1	1	1	—
Between 9-12 months	—	—	—	—	—	—
More than 12 months	1	1	—	39	27	12
Total	**$ 26**	**$ 19**	**$ 7**	**$ 209**	**$ 156**	**$ 53**

1 For a discussion of how New York Life estimates the fair value of bonds in its investment portfolio, see Note 9 of the audited Statutory Financial Statements of New York Life.

During 2019 and 2018, New York Life recognized $74 million and $45 million, respectively, in OTTI on bonds.

The following table shows New York Life's bonds diversified by industry type at December 31, 2019 and 2018 ($ in millions):

	2019			2018		
	Carrying Value	% of Total	Estimated Fair Value[1]	Carrying Value	% of Total	Estimated Fair Value[1]
Mortgage-backed	$ 22,250	20 %	$ 23,382	$ 20,967	20 %	$ 20,990
Consumer goods	14,820	13	16,027	14,296	13	14,336
U.S. & state governments	13,755	12	15,946	13,334	13	14,555
Capital goods	12,354	11	13,376	11,356	11	11,441
Utilities	11,853	11	13,252	10,890	10	11,218
Bank and finance[2]	8,887	8	9,366	8,471	8	8,533
Asset-backed	8,153	7	8,373	7,865	7	7,887
Energy	4,551	4	4,943	4,418	4	4,486
Media	2,736	2	2,958	2,496	2	2,487
Transportation	3,200	3	3,502	2,820	3	2,879
Other	9,918	9	10,886	9,164	9	9,320
Total	**$ 112,477**	**100%**	**$ 122,011**	**$ 106,077**	**100%**	**$ 108,132**

1 For a discussion of how New York Life estimates the fair value of bonds in its investment portfolio, see Note 9 of the audited Statutory Financial Statements of New York Life.

2 Includes MCF and NYL Investments bonds.

Mortgage-Backed Securities

New York Life's mortgage-backed securities investment portfolio consists of pass-through securities, which are pools of mortgage loans collateralized by single-family residences and primarily issued by government sponsored entities (e.g., Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation), and structured pass-through securities, such as CMOs, that may have specific prepayment and maturity profiles, are primarily AAA rated, and may be issued by either government sponsored entities or "private label" issuers. New York Life also holds commercial mortgage-backed securities ("**CMBS**") that may be originated by single or multiple issuers, which are collateralized by mortgage loans secured by income producing commercial properties such as office buildings, multi-family dwellings, industrial, retail, hotels and other property types.

The following table presents the types of mortgage-backed securities held by New York Life at December 31, 2019 and 2018 ($ in millions):

	2019			**2018**		
	Carrying Value	**% of Total**	**Estimated Fair Value[1]**	**Carrying Value**	**% of Total**	**Estimated Fair Value[1]**
Agency Pass-through securities	$ 6,612	30 %	$ 6,903	$ 6,465	31 %	$ 6,364
CMO - Sequential pay class	463	2	495	556	3	573
CMO - Planned amortization class	1,452	7	1,592	1,573	7	1,659
CMO – Other	6,957	31	7,401	6,591	31	6,712
Subtotal CMO	8,872	40	9,488	8,720	41	8,944
Commercial mortgage-backed securities	6,766	30	6,991	5,782	28	5,682
Total	**$ 22,250**	**100%**	**$ 23,382**	**$ 20,967**	**100%**	**$ 20,990**

[1] For a discussion of how New York Life estimates the fair value of bonds in its investment portfolio, see Note 9 of the audited Statutory Financial Statements of New York Life.

Subprime residential mortgage loans are residential mortgage loans to customers with weak credit profiles, including mortgages originated using relaxed mortgage-underwriting standards. Midprime residential mortgage loans fall between the prime and subprime sectors on the credit scale. New York Life classifies the bonds as prime, midprime or subprime based on the bond's weighted average FICO score: bonds with weighted average FICO scores of 700 or higher are classified as "prime"; bonds with weighted average FICO scores of 626 to 699 are classified as "midprime"; and bonds with weighted average FICO scores of 625 or less are classified as "subprime".

New York Life has exposure to subprime and midprime residential mortgage lending through its fixed maturity investments that are collateralized by mortgages that have characteristics of subprime or midprime lending. Subprime residential mortgage lending is the origination of residential mortgage loans to customers with weak credit profiles, including using relaxed mortgage-underwriting standards that provide for affordable mortgage products. These investments are primarily in the form of asset-backed securities ("**ABS**") supported by subprime or midprime residential mortgage loans or collateralized debt securities that contain a subprime or midprime loan component.

The following table presents New York Life's investments in subprime and midprime residential mortgages held at December 31, 2019 and 2018 (in millions):

	2019	2018
Midprime Mortgage Loans	$ 24	$ 113
Subprime Mortgage Loans	89	34
Total	**$ 113**	**$ 147**

For more information regarding fair value determination of bonds, see Note 9 of the audited Statutory Financial Statements of New York Life.

ABS and CMBS

The table below presents the ratings by bond type for ABS and CMBS held at December 31, 2019 and 2018 ($ in millions):

	2019				2018			
	ABS[1]		CMBS		ABS[1]		CMBS	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
AAA	$ 3,174	$ 3,209	$ 5,082	$ 5,270	$ 2,512	$ 2,511	$ 4,819	$ 4,739
AA	757	788	861	884	817	827	342	335
A	2,933	3,030	297	299	3,132	3,130	235	228
BBB	1,167	1,221	483	495	1,252	1,267	331	325
BB and below	122	125	43	43	152	152	55	55
Total	**$ 8,153**	**$ 8,373**	**$ 6,766**	**$ 6,991**	**$ 7,865**	**$ 7,887**	**$ 5,782**	**$ 5,682**

1 Includes collateralized debt obligations, equipment and securities issued by special purpose corporations or trusts.

2 For a discussion of how New York Life estimates the fair value of bonds in its investment portfolio, see Note 9 of the audited Statutory Financial Statements of New York Life.

Equity Securities

The following table shows the carrying value of New York Life's equity securities portfolio at December 31, 2019 and 2018 ($ in millions):

			Change	
	2019	2018	$	%
Common stock of insurance subsidiaries	$ 9,462	$ 8,890	$ 572	6 %
Common stock and preferred stock	1,195	1,428	(233)	(16)
Total	**$ 10,657**	**$ 10,318**	**$ 339**	**3%**

The total carrying value of common stock of New York Life's insurance subsidiaries at December 31, 2019 was $9,462 million, an increase of $572 million from the $8,890 million at December 31, 2018. The increase was primarily due to positive operating earnings from NYLIAC.

The total carrying value of New York Life's unaffiliated equity securities portfolio at December 31, 2019 was $1,195 million, comprised of $1,028 million in direct investments in common stocks, $90 million in mutual funds and $77 million in preferred stock. The carrying value decreased by $233 million from the $1,428 million reported at December 31, 2018, primarily due to common stock sales during the fourth quarter, offset by appreciation in the equity markets.

Mortgage Loans

New York Life underwrites commercial mortgages on general purpose income producing properties including office buildings, retail facilities, apartments, industrial and hotel properties. Geographic and property type diversification is also considered in analyzing investment opportunities, as well as property valuation and cash flow, as demonstrated in the tables below.

The mortgage loan portfolio comprised 11% and 11%, respectively, of New York Life's total invested assets at December 31, 2019 and 2018.

At December 31, 2019, 36% of the portfolio was secured by properties located in the states of California, New York and New Jersey. At December 31, 2019 and 2018, no single borrower represented more than 3% and 5%, respectively, of the total aggregate principal balance of the commercial mortgage loan portfolio.

Mortgage loans on real estate are carried at unpaid principal balances, net of discounts/premiums and valuation allowances, and are secured. New York Life evaluates its mortgage loan portfolio for impairments quarterly. Specific valuation allowances are established for the excess carrying value of the mortgage loan over its estimated fair value, when it is probable that based on current information and events, New York Life will be unable to collect all amounts due under the contractual terms of the loan agreement. Specific valuation allowances on individual mortgage loans are based on the fair value of the collateral. If impairment is other than temporary, a direct write-down is recognized as a realized loss and a new cost basis, which is equal to the fair value of the collateral for the individual mortgage loan, is established. The new cost basis will not be changed for subsequent recoveries in value. Mortgage loans for which foreclosure is probable are considered other-than-temporarily impaired.

The following tables show the composition of New York Life's commercial mortgage loan portfolio by type of property and region at December 31, 2019 and 2018. Regions are as defined by the American Council of Life Insurers.

	2019		2018	
Property Type	**Carrying Value**	**% of Total**	**Carrying Value**	**% of Total**
	($ in millions)			
Apartment	$ 6,652	36 %	$ 5,907	34 %
Office	4,794	26	4,625	26
Retail	3,566	20	3,732	21
Industrial	2,985	16	3,047	18
Other	323	2	239	1
Total	**$ 18,320**	**100%**	**$ 17,550**	**100%**

Region	2019 Carrying Value	2019 % of Total	2018 Carrying Value	2018 % of Total
	($ in millions)			
South Atlantic	$ 4,397	24 %	$ 4,870	28 %
Pacific	3,850	21	3,475	20
Middle Atlantic	3,601	20	3,419	19
North Central	2,142	12	2,195	12
South Central	2,016	11	1,610	9
New England	1,316	7	1,333	8
Mountain	976	5	648	4
Other	22	—	—	—
Total	**$ 18,320**	**100%**	**$ 17,550**	**100%**

Loan-to-value ("**LTV**") and debt service coverage ("**DSC**") ratios are measures commonly used to assess the quality of commercial mortgage loans. The LTV ratio compares the amount of a loan to the fair value of the underlying property collateralizing such loan, and is commonly expressed as a percentage. LTV ratios greater than 100% indicate that the loan amount is greater than the collateral value. Therefore, all else being equal, a smaller LTV ratio generally indicates a higher quality loan. The DSC ratio compares a property's net operating income to its debt service payments. DSC ratios less than 1.0 indicate that property operations do not generate enough income to cover its current debt payments. Therefore, all else being equal, a larger DSC ratio generally indicates a higher quality loan.

The LTV ratios of New York Life's commercial mortgage loan portfolio (including multi-family mortgage loans) were 54% and 53% at December 31, 2019 and 2018, respectively.

The following tables show the weighted average LTV and DSC ratios, based on carrying value, of New York Life's commercial mortgage loan portfolio at December 31, 2019 and 2018 ($ in millions):

LTV Range	2019 Avg. DSC	2019 Carrying Value[1]	2019 % of Portfolio	2018 Avg. DSC	2018 Carrying Value[1]	2018 % of Portfolio
< 50%	2.57	$ 6,467	35 %	2.33	$ 6,296	36 %
50% - 60%	2.15	6,161	34	2.22	5,851	33
60% - 70%	1.93	4,527	25	2.04	4,404	25
70% - 75%	1.56	898	5	1.68	796	5
75% - 80%	1.57	106	1	1.03	18	—
80% - 90%	—	—	—	1.40	89	1
90% - 100%	—	—	—	—	—	—
> 100%	1.62	84	—	—	—	—
Total		**$ 18,243**	**100%**		**$ 17,454**	**100%**

1 Excludes $77 million and $96 million in long-term net leased and guaranteed loans at December 31, 2019 and 2018, respectively.

Mortgage Loans-Restructured and In Process of Foreclosure

Restructured mortgage loans are loans whose current payment terms have been modified to less than current market rates and which are currently performing pursuant to such modified terms. Loans on which maturities have been extended but on which current payments are being made at or above market interest rates are not classified as restructured loans.

At December 31, 2019 and 2018, New York Life had no restructured mortgage loans. During 2019 and 2018, New York Life had no commercial mortgage loan and no residential mortgage loan that was foreclosed. At December 31, 2019, there was no commercial mortgage loan that was in the process of foreclosure. At December 31, 2019 and December 31, 2018 there was one residential mortgage loan with a carrying value of less than $1 million that was in process of foreclosure.

Foreclosed Real Estate

Real estate acquired in satisfaction of debt is accounted for when acquired at the lower of the property's market value or the loan balance. Subsequent to acquisition, foreclosures are typically revalued annually, and such analysis may trigger an impairment test to determine whether writedowns are necessary.

New York Life owned foreclosed properties at December 31, 2019 and 2018, with a carrying value of $5 million. These properties are generally held for investment and generated $1 million in income for the years ended December 31, 2019 and 2018.

Capital Losses

Losses on mortgage loans are a result of foreclosures, sales of loans and writedowns in anticipation of losses. There were no losses in 2019 and 2018.

Policy Loans

Loans on policies are permitted to the extent of such policies' contractual limits. Interest rates on loans can either be fixed or variable. The average variable rate was 5.33% at December 31, 2019 and 5.36% at December 31, 2018. Fixed interest rates for these periods ranged from 5.0% to 8.0%. See "—Liquidity Sources and Requirements—Liquidity Uses."

Other Invested Assets

The following table shows the composition of New York Life's other invested assets at December 31, 2019 and 2018 ($ in millions):

	2019		2018	
	Carrying Value	**% of Total**	**Carrying Value**	**% of Total**
LPs and LLCs:				
Leveraged buyout	$ 4,726	47 %	$ 4,533	47 %
Real estate	1,552	16	1,514	16
Mezzanine	694	7	575	6
Wind energy	272	3	199	2
Hedge funds	159	1	175	2
Low income housing tax credit funds	112	1	145	2
Other	1,051	11	1,070	11
Subtotal	8,566	86	8,211	86
Other invested assets:				
Affiliated non-insurance subsidiaries	1,128	11	1,136	12
Loans to affiliates	50	1	116	1
Other	209	2	208	1
Subtotal	1,387	14	1,460	14
Total other invested assets	**$ 9,953**	**100%**	**$ 9,671**	**100%**

LPs and LLCs primarily consist of LP interests in leveraged buyout funds, real estate, and other equity investments. The LP portfolio is well seasoned and diversified. New York Life evaluates its LPs and LLCs for OTTI. An investment is considered other-than-temporarily impaired if it is probable, based on facts and circumstances, that New York Life will be unable to recover the cost of the investment. If an investment is deemed to be other-than-temporarily impaired, the cost basis of the investment is written down to fair value and the corresponding unrealized loss in surplus is realized in net income. During 2019 and 2018, New York Life recognized $188 million and $185 million, respectively, in impairment write-downs on its investments in LPs and LLCs.

Affiliated non-insurance subsidiaries consists of New York Life's LLC investments in NYL Investments, NYL Investors, MCF, NYLE and NYLIFE LLC. New York Life records its share of gains or losses from investments as unrealized gains or losses. New York Life recorded net unrealized gains of $353 million in 2019 and unrealized losses of $193 million during 2018.

Loans to affiliates includes amounts loaned from New York Life to Cordius CIG, a Société d'Investissement à Capital Variable (a "**SICAV**"), under a term loan agreement whereby New York Life loaned to Cordius an amount of €100 million. A SICAV is an open-ended collective investment product common in Western Europe and is similar to an open-ended mutual fund in the U.S. In 2019, Cordius CIG fully paid down the loan. In 2019 and 2018, New York Life recorded interest income on the loan totaling less than $1 million.

Loans to affiliates also include amounts loaned from New York Life to NYL Investors, a wholly owned subsidiary of New York Life. For each of the years ended December 31, 2019 and 2018, New York Life recorded interest income on the loan totaling $3 million, which was included in net investment income.

Cash, Cash Equivalents and Short-Term Investments

Cash (and cash equivalents) includes cash on hand, amounts due from banks and highly liquid debt instruments that have original maturities of three months or less at the date of purchase and are carried at amortized cost, which approximates fair value. Short-term investments consist of securities that have remaining maturities of greater than three months and less than or equal to twelve months when purchased and are carried at amortized cost, which approximates fair value. At December 31, 2019, cash and short term investments totaled $2,292 million, a decrease of $543 million from the $2,835 reported at December 31, 2018.

Derivative Instruments

New York Life uses derivative instruments to manage interest rate and currency risk. These derivative financial instruments include interest rate options, foreign exchange forwards, interest rate futures, and interest rate, inflation, and currency swaps. New York Life does not engage in derivative financial instrument transactions for speculative purposes.

New York Life may enter into derivative instruments either on an exchange or over-the-counter ("**OTC**"). Exchange traded derivatives are executed through regulated exchanges and require initial and daily variation margin collateral postings. New York Life is exposed to credit risk resulting from default of the exchange.

OTC derivatives may either be cleared through a clearinghouse ("**OTC-cleared**") or transacted between New York Life and a counterparty under bilateral agreements ("**OTC-bilateral**"). Similar to exchange traded derivatives, OTC-cleared derivatives require initial and daily variation margin collateral postings. When transacting OTC-cleared derivatives, New York Life is exposed to credit risk resulting from default of the clearinghouse and/or default of the Futures Commission Merchant (e.g. clearinghouse agent).

When transacting OTC-bilateral derivatives, New York Life is exposed to the potential default of the OTC-bilateral counterparty. New York Life deals with a large number of highly rated OTC-bilateral counterparties thus limiting its exposure to any single counterparty. New York Life has controls in place to monitor credit exposures of OTC-bilateral counterparties by limiting transactions within specified dollar limits and continuously assessing the creditworthiness of its counterparties. New York Life uses master netting agreements and adjusts transaction levels, when appropriate, to minimize risk.

The net fair value of derivative instruments was an asset of $433 million and $313 million at December 31, 2019 and 2018, respectively. The increase of $120 million in the fair value was mainly due to gains on currency related hedges partially offset by losses on interest related hedges. The fair value of net asset derivative positions less collateral held (which represents New York Life's exposure in the event of default by the counterparty) totaled $34 million and $27 million at December 31, 2019 and 2018, respectively.

The following table shows New York Life's positions in derivative instruments by type at December 31, 2019 and 2018 ($ in millions):

Type of Instrument	2019 Notional Amount	2019 % of Total	2019 Fair Value	2018 Notional Amount	2018 % of Total	2018 Fair Value
Interest rate options	$ 52,423	80 %	$ —	$ 61,734	85 %	$ 12
Foreign currency swaps	9,598	14	325	7,312	10	166
Interest rate swaps	2,521	4	207	2,603	4	201
Futures	516	1	(1)	21	—	—
Inflation swaps	476	1	(95)	476	1	(70)
Foreign currency forwards	123	—	(2)	121	—	4
Bond forwards	10	—	(1)	—	—	—
Total	**$ 65,667**	**100%**	**$ 433**	**$ 72,267**	**100%**	**$ 313**

The notional amount of derivatives decreased by $6,600 million from December 31, 2018 mainly due to expiration of interest rate options used to protect against a spike in interest rates, partially offset against an increase in foreign currency swaps, as New York Life purchased more foreign denominated private bonds.

Real Estate

The following table shows the details of New York Life's real estate portfolio at December 31, 2019 and 2018 (in millions):

	2019	2018
Commercial:		
Investment	$ 1,684	$ 1,216
Properties for company use	296	265
Acquired through foreclosure	5	5
Total real estate	**$ 1,985**	**$ 1,486**

The estimated fair value of the real estate portfolio was $4,564 million and $3,667 million at December 31, 2019 and 2018, respectively.

In addition to the above, New York Life also owns real estate in certain LLC structures, which are included within other invested assets, of $827 million and $867 million at the years ended December 31, 2019 and 2018, respectively. The estimated fair value of these properties was $1,225 million and $1,415 million at December 31, 2019 and 2018, respectively.

NYL Investors manages the equity real estate portfolio. Each property in the portfolio is typically reappraised internally, at least annually, to determine fair value and assist in portfolio asset management.

New York Life's Separate Accounts

New York Life has established both non-guaranteed and guaranteed separate accounts with varying investment objectives which are segregated from New York Life's general account and are maintained for the benefit of separate account contract holders. Separate account assets are primarily invested in bonds, common stocks, LPs and hedge funds.

The investment results of separate account assets generally pass through directly to separate account policyholders and contract holders. On certain separate account products, New York Life does accept the risk that the investment results of the separate account assets may not meet the guarantees provided under these products. See "Risk Factors—Risk Factors Relating to New York Life—New York Life Is Exposed to Significant Financial and Capital Markets Risks Which May Adversely Affect Its Business, Results of Operations and Financial Condition."

Guaranteed Separate Accounts

At December 31, 2019, New York Life's guaranteed separate account assets totaled $8,068 million, an increase of $304 million, or 4% from the $7,764 million reported at December 31, 2018. The increase was primarily driven by investment income of $221 million, market value appreciation of $68 million, realized gains of $32 million, unsettled trades and borrowed funds of $26 million and transfer of reserves of $18 million. These increases are partially offset by net withdrawals of $28 million, fees paid to the general account of $27 million and changes in other assets of $6 million.

At December 31, 2018, New York Life's guaranteed separate account assets totaled $7,764 million, a decrease of $1,808 million, or 19% from the $9,572 million reported at December 31, 2017. The decrease was primarily attributable to net withdrawals of $1,784 million, unsettled trades of $125 million, realized losses of $60 million, fees paid to general account of $31 million and other assets of $25 million. These decreases are partially offset by reinvested income of $211 million and other assets of $6 million.

Non-Guaranteed Separate Accounts

At December 31, 2019, New York Life's non-guaranteed separate account assets totaled $2,927 million, an increase of $240 million, or 9%, from the $2,687 million reported at December 31, 2018. The increase was primarily driven by realized gains of $190 million, market value appreciation of $154 million and investment income of $134 million. These increases are partially offset by net withdrawals of $231 million, fees paid to the general account of $6 million and unsettled trade of $1 million.

At December 31, 2018, New York Life's non-guaranteed separate account assets totaled $2,687 million, an increase of $1,094 million, or 29%, from the $3,781 million reported at December 31, 2017. The decrease was primarily attributable to net withdrawals of $1,066 million, market depreciation of $711 million, other assets of $16 million and fees paid to general account of $6 million. The decreases are partially offset by realized gains of $587 million and reinvested income of $118 million.

DESCRIPTION OF THE BUSINESS OF THE COMPANY

Overview

Based on data compiled by SNL Financial LC, New York Life is one of the largest mutual life insurance companies in the United States in terms of both total assets, of which New York Life had $189 billion at December 31, 2019 and $180 billion at December 31, 2018, and total life insurance in force, of which New York Life had $1,349 billion at December 31, 2019 and $1,274 billion at December 31, 2018. The wide range of insurance and investment products and services offered through New York Life and its subsidiaries and affiliates includes life insurance, annuities (including GLI), long-term care insurance, pension products, mutual funds and other investment products and investment advisory services.

The Company believes it is well positioned to achieve its strategic goals of further strengthening its position as a leading life insurance company in the United States and continuing to grow its retirement income security and investment management businesses. The Company seeks to achieve these goals in the following fundamental ways:

- maintaining superior financial strength;
- remaining focused on the Company's core life insurance business, while continuing to meet the growing demand for retirement income products and expand the Company's investment management business;
- continuing to emphasize the growth of New York Life's high-quality career agency force, while selectively developing alternative distribution channels; and
- remaining committed to operating as a mutual insurance company.

New York Life believes that its mutual structure distinguishes it from most of its competitors by allowing it to focus on New York Life's long-term financial strength and stability as well as the needs of its policyholders rather than on short-term earnings. This long-term focus has enabled New York Life to pay a cash dividend on participating policies for 166 consecutive years. New York Life believes that this approach offers a unique value proposition to its customers and provides it with the basis for continued growth, long-term financial strength and stability.

Life Insurance, Annuities and Long-Term Care Insurance

The Company offers its insurance products and services through its Agency Life, New York Life Direct, Group Membership, Retail Annuities, Institutional Annuities and LTC business operations. The Agency Life, Retail Annuities and LTC business operations provide, respectively, life insurance, annuities and long-term care insurance principally to middle and upper income individuals, small-to-medium-size businesses and their owners, and professionals. These products are marketed through New York Life's career agency force, supplemented by third-party distributors, including third-party banks, brokers and independent financial advisors, and alternative distribution channels, including the Company's New York Life Direct and Group Membership operations. The Company's Institutional Annuities business markets fixed income products to institutional investors seeking high quality, low volatility and stable returns.

Life Insurance

New York Life and its insurance subsidiaries market a broad line of life insurance products, including whole life, term life, universal life and variable universal life products. A variety of options and riders are offered in connection with these policies to provide such benefits as: a waiver of premium, accidental death benefits, guaranteed minimum account benefits, supplemental term insurance and accelerated benefits. The Company conducts a significant portion of its life insurance business through New York Life's wholly-owned subsidiary, NYLIAC, which offers variable and universal life insurance products and products specially designed for the bank-owned and corporate-owned life insurance markets. In addition, the Company sells life insurance, health insurance and investment products in Mexico, through Seguros Monterrey, a wholly-owned subsidiary held through NYLE.

New York Life had premium income from individual life products of $8,057 million and $7,771 million for the years ended December 31, 2019 and December 31, 2018, respectively, with individual life insurance in force of $882,392 million and $850,670 million at December 31, 2019 and December 31, 2018, respectively.

Annuities

The Company's Retail Annuities business develops and markets to individuals immediate income annuities and deferred income annuities that are issued by New York Life and NYLIAC, and fixed and variable deferred annuities that are issued by NYLIAC. The goal of this business is to deliver high-quality products which help consumers accumulate, preserve and protect their assets for retirement, and ultimately turn those assets into secure retirement income. While the Company issues retail annuities primarily through NYLIAC, New York Life had premium income from retail annuity products of $384 million and $254 million for the years ended December 31, 2019 and December 31, 2018, respectively.

The Company's Institutional Annuities business includes the Company's Guaranteed Products and Stable Value businesses. Guaranteed Products is a global provider of institutional fixed income products (including GICs and funding agreements) issued by New York Life to investors seeking high quality, low volatility and stable returns. Clients include a number of Fortune® 100 companies and leading institutional investors worldwide. Investment management operations are conducted primarily through NYL Investors; however, assets and liabilities associated with certain guaranteed products are reflected on the balance sheet of New York Life. The Guaranteed Products business includes the global medium-term note program of New York Life Global Funding described in this Offering Memorandum.

The Company markets stable value investment products (including both general account and separate account products issued by New York Life) to retirement plan advisors and service providers for distribution on their platforms. In April 2015, the Company sold its business of providing administrative, recordkeeping and custody services to retirement plans.

New York Life had premium income from the Institutional Annuities business of $4,560 million and $5,914 million for the years ended December 31, 2019 and December 31, 2018, respectively.

Long-Term Care Insurance

Long-term care coverage is designed to protect people from the extended costs of a chronic illness. New York Life's LTCSelect Plus, LTCSelect Premier and NYL My Care insurance policies offer its clients a set of benefits and a variety of inflation protection options. New York Life had premium income from long-term care insurance of $303 million and $294 million for the years ended December 31, 2019 and December 31, 2018, respectively.

Insurance Products Pricing

Insurance products are priced to produce a targeted internal rate of return on required capital over time which is expected to contribute to surplus. Factors considered in setting premiums for insurance products include, without limitation, assumptions as to future investment returns, expenses, persistency, mortality and morbidity (the incidence and duration of sickness or injury). New York Life's ability to adjust dividends on its participating life insurance policies, raise premiums on term insurance and adjust the interest crediting rates and charges relating to its non-guaranteed products mitigates the effects of deviations from these assumptions.

Investment Management

The Company delivers investment management solutions through a variety of products and services designed to solve the needs of institutional and retail clients. As of December 31, 2019 and December 31, 2018, the Company's investment management subsidiaries had $593 billion and $544 billion, respectively, of assets under management, of which $286 billion and $254 billion, respectively, represented third-party assets.[3] The Company's investment management business includes the following:

NYL Investors. Management of the investment portfolios for New York Life and NYLIAC (general and separate accounts) is primarily conducted through NYL Investors. The NYL Investors operation includes the Fixed Income Investors group, which has primary responsibility for managing New York Life's and NYLIAC's fixed income asset portfolios; the Real Estate Investors group, which manages investments in commercial mortgage loans, real estate equities and other real estate-related assets; and the Private Capital Investors group, a leader in the private placement market.

Investment Management Boutiques. Through its investment management boutiques, the Company manages investment portfolios, institutional accounts and funds (including private funds, mutual funds, exchange-traded funds, and, in Europe, funds regulated under UCITS and AIFMD legislation) for unaffiliated retirement plans, corporations, municipalities and other institutions, retail clients and high net worth individuals, as well as for New York Life and its affiliates. These investment management boutiques enable NYL Investments to offer its clients investment capabilities across a broad array of fixed income, equity and alternative products. The Company's U.S.-based boutiques include New York Life Investment Management LLC ("**NYLIM**"), MacKay Shields LLC, GoldPoint Partners LLC, Private Advisors LLC and IndexIQ Advisors LLC, subsidiaries of NYL Investments. NYL Investments operates in the European market primarily through Candriam and in Australia through Ausbil Investment Management Limited. NYL Investments' boutiques also maintain operations in Japan and South Korea. The Company's boutique business also includes Madison Capital Funding LLC, a lender to middle market private equity sponsors and manager of loan portfolios.

MainStay Funds. The MainStay group of funds comprises a complex of 44 retail mutual funds distributed through both the Company's captive agent channel and a third-party distribution channel. In addition to the retail mutual funds, the MainStay VP Funds Trust, a complex of 31 additional mutual funds, are offered as investment options in NYLIAC's and other insurance companies' variable life insurance and annuity products. NYLIM serves as the investment adviser for the MainStay Funds and has entered into sub-advisory agreements with various sub-advisors, both affiliated and unaffiliated, to provide the day-to-day portfolio management of certain funds.

NYLIFE LLC

NYLIFE LLC is a wholly-owned subsidiary of New York Life, and is a holding company for certain non-insurance subsidiaries. NYLIFE LLC, through its subsidiaries, offers securities brokerage, financial planning and investment advisory services, trust services and capital financing.

Methods of Distribution

New York Life and its U.S. insurance subsidiaries market individual and group life and long-term care insurance, annuities, group pension products and investment products in all 50 states of the United States, certain of its territories and the District of Columbia. The Company distributes its U.S. life insurance, long-term care insurance and annuity products primarily through its career agency force. As of December 31, 2019, the Company had more than 12,500 agents, over 2,500 of whom were members of the Million Dollar Round Table. The Company's agents also market certain non-proprietary disability insurance and other products through sponsored marketing agreements between the Company and other insurers and product providers.

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[3] Figures represent assets under management of the NYL Investors and NYL Investments only, and include assets under administration associated with only those agreements under which NYL Investments receives a revenue share. Non-U.S. dollar amounts are converted to U.S. dollars at the applicable spot exchange rate as of December 31, 2019 or 2018, as applicable. Figures representing third-party assets exclude amounts managed for New York Life and its subsidiaries.

The Company also distributes certain life insurance products through its Advanced Markets Network operation, which engages third-party distributors to offer such products in the bank-owned, corporate-owned and corporate-sponsored markets, and distributes annuities through its third-party channel, consisting of sales through brokers, banks and independent producers.

The Company sells life insurance to members of AARP through the Company's New York Life Direct operations, a market leader in direct-to-consumer life insurance sales. The Company has had an exclusive endorsement from AARP to sell life insurance to its members since 1994, and long-term care insurance to its members since 2015. The Company and AARP have agreed to keep their relationship in place through 2022 with respect to life insurance, and through 2020 with respect to long-term care insurance.

The Company administers group life, health and disability income programs for professional associations and other affinity groups through its Group Membership operations. Serving the members of over 500 associations, New York Life is the leading provider of life insurance programs for this market.

The following table provides sales by distribution channel. Insurance sales represent 100% of annualized premiums (including 100% of single premium sales). Annuity sales (which include both deferred and immediate annuities) are equal to premiums received plus internal contract exchanges.[4]

	Year Ended December 31, 2019	Year Ended December 31, 2018
	(in millions)	
Agency Distribution:	$	$
Life Insurance	1,181	1,193
Annuities	6,163	6,503
Long Term Care	17	17
Advanced Markets Network:		
Life Insurance	1,752	372
Third-Party Distribution:		
Annuities	6,450	7,047
New York Life Direct:		
Life Insurance	162	193
Group Membership:		
Life, Health and Disability Insurance	28	146

NYLIFE Securities LLC, a registered broker-dealer and indirect subsidiary of New York Life, offers securities brokerage services, proprietary and non-proprietary mutual funds, including MainStay Funds, and proprietary variable life insurance and annuity products, non-proprietary municipal fund securities (interests in education savings plans established pursuant to Section 529 of the Code), and non-proprietary unit investment trusts.

NYL Investments distributes MainStay Funds through NYLIFE Distributors LLC, a limited-purpose registered broker-dealer and indirect subsidiary of New York Life, as well as through unaffiliated financial intermediaries, including broker-dealers and banks.

Reinsurance

New York Life reinsures portions of the risk it assumes for its life insurance products. As of December 31, 2019, New York Life's maximum retention level on a single life was $40 million. For second-to-die contracts, New York Life's maximum retention level was $50 million. New York Life reinsures amounts that exceed its retention limits. In order to control its exposure to mortality losses, stabilize earnings, and increase the competitiveness of its

[4] Figures in this chart represent sales through New York Life and its U.S. insurance subsidiaries.

products, New York Life also reinsures a portion of the mortality risk on many of its blocks of term and universal life insurance business with highly-rated reinsurers. To control its exposure to reinsurers, New York Life limits cessions, coordinates overall exposure to reinsurers (e.g., taking into account any corporate bond exposure), conducts due diligence and monitors public announcements.

Effective January 1, 2000, New York Life reinsured its entire block of individual disability income business on a modified coinsurance basis.

Under the terms of New York Life's reinsurance agreements, the reinsurer agrees to reimburse New York Life for the ceded amount in the event a claim is incurred. This reinsurance does not discharge New York Life's legal obligation to pay claims on reinsured contracts. As a result, New York Life enters into agreements with only highly-rated reinsurers and takes other precautionary measures, as described above. Nevertheless, there is no guaranty that all of New York Life's reinsurers will continue to be able to pay their portion of the claims on reinsured business in the future.

Ratings

New York Life believes that financial strength/claims paying ability ratings, from the leading rating agencies are important indicators of an insurance company's claims paying ability, financial condition and stability, and are important factors in the selection by many potential customers of a life insurance or annuity provider. New York Life competes with other life insurance companies and financial institutions on the basis of a number of factors, including the ratings assigned by NRSROs.

Rating agencies assign New York Life financial strength/claims paying ability ratings based on their respective opinions of New York Life's ability to meet its financial obligations, including to its insureds. These ratings are of interest to policyholders and holders of an insurer's debt securities, but are not ratings of the Notes offered hereby and do not reflect an evaluation of the safety and security of the Notes.

New York Life's insurance financial strength/claims paying ability ratings as of March 26, 2020, are set forth in the chart below:

Rating Agency	Rating
AM Best	A++ (Superior)
Fitch	AAA (Exceptionally Strong)
Moody's	Aaa (Exceptional)
S & P	AA+ (Very Strong)

As of March 26, 2020, AM Best, Fitch and S&P each reported a "stable" outlook for their respective ratings of New York Life's insurance financial strength, while Moody's reported a "negative" outlook. Following the announcement of the Group Business transaction, on December 18, 2019, Moody's affirmed its "Aaa" insurance financial strength rating of New York Life, but updated its outlook to "negative" from "stable." For more information on the Group Business transaction and its impact on New York Life's ratings, see "Recent Developments."

The foregoing ratings reflect the applicable rating agency's opinion of New York Life's financial strength, operating performance and ability to meet its obligations to policyholders and are not evaluations directed toward the protection of investors. Therefore, such ratings should not be relied upon when making any investment decision and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agencies.

Employees

As of December 31, 2019, New York Life had approximately 8,500 employees in the United States. None of its employees is subject to collective bargaining agreements governing employment with New York Life. New York Life believes that its employee relations are satisfactory.

Legal Proceedings

New York Life and its subsidiaries are defendants in individual and alleged class action suits arising from their agency sales force, insurance (including variable contracts registered under the federal securities laws), investment, retail securities, employment and other operations, including actions involving retail sales practices. Some of the actions seek substantial or unspecified compensatory and punitive damages. New York Life and its subsidiaries are also from time to time involved in various governmental, administrative, and investigative proceedings and inquiries.

Notwithstanding the uncertain nature of litigation and regulatory inquiries, the outcome of which cannot be predicted, New York Life believes that the ultimate liability that could result from litigation and proceedings currently involving it would not have a material adverse effect on its financial position; however, it is possible that settlements or adverse determinations in one or more actions or other proceedings in the future could have a material adverse effect on New York Life's operating results for a given period. For more information on New York Life's legal proceedings, see Note 15 to the 2019 Statutory Financial Statements and "Risk Factors—Risk Factors Relating to New York Life—Litigation and Regulatory Investigations May Result in Significant Financial Losses and Harm to New York Life's Reputation."

Properties Used in New York Life's Business

New York Life's home office complex located in New York City comprises one building of approximately 1,400,000 square feet which it owns and of which it occupies approximately 75% and 330,219 square feet of leased space in an adjacent building. In 2016, New York Life executed a lease which currently covers 192,000 square feet of office space in White Plains, New York. New York Life also leases 115,000 square feet of office space in Jersey City, New Jersey.

In addition, New York Life owns and occupies a 325,000 square foot facility located on 140 acres in central New Jersey, which houses New York Life's main computer operations and its records divisions. New York Life owns and operates an approximately 130,000 square foot facility located on approximately 13 acres in Atlanta, Georgia, which operates as a data center similar to the New Jersey site.

New York Life believes that such properties are suitable and adequate for its current business operations.

Recent Developments

On December 17, 2019, New York Life entered into a definitive agreement with Cigna to acquire the Group Business. The acquisition of the Group Business will include the purchase by New York Life of two insurance companies through which the Group Business is primarily conducted, Life Insurance Company of North America and Cigna Life Insurance Company of New York. New York Life will also take on approximately 3,000 employees who support the Group Business. New York Life expects to operate the Group Business as a largely stand-alone business unit within the Company.

New York Life has agreed to pay a purchase price for the acquisition of the Group Business of $6.3 billion, subject to adjustment. The transaction is not subject to a financing condition. New York Life expects to finance the purchase price through resources on hand; however, New York Life may opt to finance a portion of the purchase price if market conditions are favorable, subject to applicable regulatory approvals.

Following the announcement of the Group Business transaction, on December 18, 2019, Moody's affirmed its "Aaa" insurance financial strength rating of New York Life, but updated its outlook to "negative" from "stable." On the same date, S&P affirmed its "AA+" financial strength rating of New York Life and Fitch affirmed its "AAA" financial strength rating of New York Life, each with an outlook of "stable." AM Best has not made changes to its "A++" rating of New York Life's financial strength in connection with the announcement of the Group Business transaction. For more information on New York Life's ratings, see "Overview of the Program—Ratings" and "Description of the Business of the Company—Ratings." For a description of certain risks to New York Life related to its ratings, see "Risk Factors—Risk Factors Relating to New York Life—Downgrades or Potential Downgrades in

New York Life's Ratings Could Harm Its Competitive Position in the Life Insurance Market and Could Adversely Impact an Investment in the Notes."

On the basis of certain assumptions and estimates, New York Life's management has estimated that on a pro forma basis the acquisition of the Group Business would have resulted in a decrease of $2.6 billion in New York Life's unassigned funds at December 31, 2019 had the acquisition occurred on such date, due to the portion of goodwill related to the acquisition that would be non-admitted in accordance with limitations on admissible goodwill under SAP. This information has not been audited, is provided solely for informational purposes and is not necessarily indicative of the capitalization of New York Life that might have been achieved had the acquisition actually occurred on December 31, 2019, nor is it necessarily indicative of New York Life's future capitalization after completion of the acquisition. For more information on New York Life's capitalization at December 31, 2019, see "Statutory Capitalization of New York Life."

The acquisition is expected to close in the third quarter of 2020, subject to receipt of applicable regulatory approvals and satisfaction of other customary closing conditions. For information about the risks to New York Life related to the Group Business acquisition, see "Risk Factors—Risk Factors Relating New York Life's Acquisition of the Group Business."

REGULATION AND SUPERVISION

New York Life's businesses are subject to extensive regulation at both the state and federal level, including regulation under state insurance and federal and state securities laws. New York Life cannot predict the impact of future state, federal or foreign laws or regulations on its business. Future laws and regulations, or the interpretation thereof, may materially adversely affect its results of operations and financial condition.

Insurance Regulation

General. New York Life is licensed to transact insurance business in, and is subject to regulation and supervision by, all 50 states, the District of Columbia, Guam, Puerto Rico, the U.S. Virgin Islands and Canada. Each of its insurance subsidiaries is licensed and regulated in all U.S. and international jurisdictions where it conducts insurance business. The extent of such regulation varies, but most jurisdictions have laws and regulations governing the financial aspects of insurers, including standards of solvency, reserves, reinsurance, capital adequacy, and the business conduct of insurers. In addition, statutes and regulations usually require the licensing of insurers and their agents, the approval of policy forms and related materials and, for certain lines of insurance, the approval of rates. Such statutes and regulations also prescribe the permitted types and concentration of investments. The primary purpose of this insurance industry regulation is to protect policyholders, not holders of any securities.

The New York Insurance Law limits the sales commissions and certain other marketing expenses that may be incurred in connection with the sale of certain life insurance policies and annuity contracts. New York Life and its U.S. insurance subsidiaries are each required to file reports, generally including detailed annual financial statements, with insurance regulatory authorities in each of the jurisdictions in which they do business, and their operations and accounts are subject to periodic examination by such authorities. New York Life and its U.S. insurance subsidiaries must also file, and in many jurisdictions and in some lines of insurance obtain regulatory approval for, rules, rates and forms relating to the insurance written in the jurisdictions in which they operate.

The NAIC has established a program of accrediting state insurance departments. NAIC accreditation contemplates that accredited states will conduct periodic examinations of insurers domiciled in such states. NAIC-accredited states will not accept reports of examination of insurers from unaccredited states, except under limited circumstances. As a direct result, insurers domiciled in unaccredited states may be subject to financial examination by the insurance regulatory authority of the accredited states in which they are licensed, in addition to any examinations conducted by their domiciliary states. The NYSDFS, New York Life's principal insurance regulator, became accredited by the NAIC in 2009.

State and federal securities regulatory authorities, state insurance regulatory authorities, other state law enforcement agencies and attorneys general, foreign regulatory authorities and self-regulatory organizations from time to time make inquiries of New York Life and its subsidiaries regarding their compliance with insurance, securities and other laws and regulations. New York Life endeavors to respond to such inquiries in an appropriate way and to take corrective action if warranted. For more information, see "Description of the Business of the Company—Legal Proceedings."

Holding Company Regulation. New York Life and its U.S. insurance subsidiaries are subject to regulation under the insurance holding company laws of various jurisdictions. The insurance holding company laws and regulations vary from jurisdiction to jurisdiction, but generally require each controlled insurance company to register with state regulatory authorities and to file with those authorities certain reports, including information concerning their capital structure, ownership, financial condition, certain intercompany transactions, general business operations and reports on the enterprise risk management function of the insurer's ultimate controlling person.

State insurance statutes also typically place restrictions on the amount of dividends or other distributions payable by insurance company subsidiaries to their parent companies, as well as on transactions between an insurer and its affiliates. For example, Delaware, the state of domicile of New York Life's largest insurance subsidiary, NYLIAC, prohibits the payment of any dividend, the amount of which, together with all dividends made in the preceding twelve months, exceeds the greater of (i) 10% of NYLIAC's statutory surplus as of the end of the prior calendar year or (ii) NYLIAC's statutory net gains from operations for the prior calendar year, without prior approval from the Delaware Insurance Department. New York Life is not dependent on dividends from its insurance company subsidiaries. However, in the event the insurance regulatory authorities of any such states were to prohibit the payment of dividends to New York Life, such dividends would not be available for the payment of New York Life's obligations under the Funding Agreements. In addition, Delaware prohibits NYLIAC from paying a dividend from any source other than earned surplus without the prior approval of the Delaware Insurance Department. "Earned surplus" is defined to mean an amount equal to NYLIAC's unassigned funds as set forth in its most recent annual statement submitted to the Delaware Department of Insurance including all or part of its surplus arising from unrealized capital gains or revaluation of assets. Under this restriction, the maximum dividend permitted to be paid by NYLIAC without prior regulatory approval in 2020 is $933 million.

The New York Insurance Law and the regulations thereunder also restrict the aggregate amount of investments New York Life may make in non-life insurance subsidiaries and provide for periodic reporting on subsidiaries.

Risk Management and ORSA. In September 2012, the NAIC adopted the Risk Management and Own Risk and Solvency Assessment Model Act, or the "ORSA Model Act." The ORSA Model Act requires reinsurers and insurers that exceed specified premium thresholds to maintain a framework for managing the risks associated with their entire holding company group, including non-insurance companies. In addition, at least annually, the reinsurer or insurer must prepare a summary report, or the "ORSA Report," regarding its internal assessment of risk management and capital adequacy for the entire holding company group. ORSA Reports are filed on a confidential basis with the insurance holding company group's lead regulator and made available to other domiciliary regulators within the holding company group. As of February 2020, the ORSA Model Act or a related statute has been adopted in 49 states, including New York.

Unclaimed Property Laws. New York Life is subject to the laws and regulations of states and other jurisdictions concerning the identification, reporting and escheatment of unclaimed or abandoned funds, and is subject to audit and examination for compliance with these requirements.

Guaranty Associations and Similar Arrangements. Most of the jurisdictions in which New York Life and its U.S. insurance subsidiaries are admitted to transact insurance business require life insurers doing business within the jurisdiction to participate in guaranty associations, which are organized to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed life insurers and, in many such jurisdictions, long-term care insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written in such state by member insurers in the lines of business in which the impaired, insolvent or failed insurer is engaged. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets. In none of the past three years have the aggregate assessments levied against New York Life or any of its U.S. insurance subsidiaries been material to the financial condition of New York Life.

Statutory Examinations. As part of their routine regulatory oversight process, state insurance departments conduct periodic detailed examinations of the books, records and accounts of insurers domiciled in their states. These examinations are generally conducted in cooperation with the departments of two or three other states under guidelines promulgated by the NAIC. Various state insurance departments also periodically examine non-domestic insurance companies conducting business in their states, including New York Life and its U.S. insurance subsidiaries. The purpose of these periodic examinations is to evaluate the companies' compliance with state insurance laws and regulations and to determine if operations are consistent with the public interest of the policyholders resident in the state conducting the examination.

NAIC Ratios. On the basis of statutory financial statements filed with state insurance regulators, the NAIC calculates annually 12 financial ratios to assist state regulators in monitoring the financial condition of insurers. State insurance regulators review this statistical report, which is available to the public, together with an analytical report, prepared by and available only to state insurance regulators, to identify insurance companies that appear to require immediate regulatory attention. A "usual range" of results for each ratio is used as a benchmark. In general, departure from the "usual range" on four or more of the ratios can lead to inquiries from individual state insurance departments. New York Life had two ratios outside the "usual range" in 2019, one ratio outside the "usual range" in 2018 and no ratios outside the "usual range" in 2017.

Policy and Contract Reserve Sufficiency Analysis. Under the New York Insurance Law, New York Life is required to conduct annually an analysis of the sufficiency of all life insurance and annuity statutory reserves. A qualified actuary must submit an opinion which states that the statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for the associated contractual obligations and related expenses of the insurer. If such an opinion cannot be provided, the insurer must set up additional reserves by moving funds from surplus. Since the inception of this requirement, a qualified actuary has provided this opinion as to New York Life without any qualifications.

Risk-Based Capital. RBC is a method developed by the NAIC to measure the minimum amount of capital appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. Section 1322 of the New York Insurance Law requires that New York-domiciled life insurers submit to the NYSDFS on or before March 15 of each year a report of their RBC levels as of the end of the preceding calendar year based on a formula calculated by applying factors to various asset, premium and reserve items. The formula takes into account the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk and general business risk. The NYSDFS uses the formula to identify possibly inadequately capitalized insurers for purposes of initiating regulatory action, and not as a means to rank insurers generally. Section 1322 imposes broad confidentiality requirements on those engaged in the insurance business (including insurers, agents, brokers and others) and on the NYSDFS as to the use and publication of RBC data.

The adequacy of an insurer's actual capital is measured by the RBC results, as determined by the formula. Section 1322 gives the NYSDFS explicit regulatory authority to require various actions by, or take various actions against, insurers whose total adjusted capital does not exceed certain RBC levels.

As of December 31, 2019, New York Life's total adjusted capital was substantially in excess of each of the levels that would prompt regulatory action under the New York Insurance Law.

Each U.S. insurance subsidiary of New York Life is also subject to RBC requirements. As of December 31, 2019, the total adjusted capital of each of these insurance subsidiaries was in excess of each of the RBC levels that would prompt regulatory action under applicable law.

Regulation of Investments. New York Life and each of its U.S. insurance subsidiaries is subject to state laws and regulations that require diversification of its investment portfolios and limit the amount of investments in certain asset categories, such as below investment-grade fixed income securities, equity real estate, mortgages, other equity investments, foreign investments and derivatives. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as nonadmitted assets for purposes of measuring surplus and, in most instances, would require divestiture of such non-qualifying investments. New York Life believes that the investments made by New York Life and each of its U.S. insurance subsidiaries complied with such laws and regulations at December 31, 2019.

Principle-Based Reserving. The NAIC has developed PBR for the calculation of insurance reserves for life insurance and annuity products under which statutory reserves for new business reflect a combination of company experience and prescribed assumptions and methodologies. PBR became operative on January 1, 2017 in the states where it had been adopted, after which a three-year phase-in period for business issued on or after that date ensued. PBR became effective in New York on January 1, 2020; however, the NYSDFS is considering regulating certain deviations from the reserve standards established by the NAIC. As of December 31, 2019, PBR has been adopted in all states.

Cybersecurity and Data Privacy Regulations. New York Life is subject to the cybersecurity regulation adopted by the NYSDFS. Under the New York cybersecurity regulation, New York Life must maintain a cybersecurity program designed to address its cybersecurity risks and protect consumers' private data. In addition, the NAIC's Insurance Data Security Model Law, which is similar to the NYSDFS' cybersecurity regulation has been enacted in a few states, including Delaware where NYLIAC is domiciled, and provides standards for data security and for the investigation, and notification to state insurance regulators, of cybersecurity events involving unauthorized access to, or the misuse of, certain nonpublic information. State laws based on this Data Security Model Law impose significant new regulatory burdens intended to protect the confidentiality, integrity and availability of information systems. New York Life is also subject to California legislation that requires companies doing business in the state, including New York Life, to comply with enhanced privacy protections for those California residents whose data such companies collect. The California legislation also provides California residents whose data is disclosed in a data breach with a private right of action against the companies who collected their data.

Federal Insurance Initiatives and Legislation. Federal initiatives often have an impact on New York Life's life insurance business. Dodd-Frank has significantly changed financial regulation in the United States and required various federal agencies to adopt a broad range of new regulations in order to implement it. Among other things, Dodd-Frank established a process for the designation of nonbank financial companies by FSOC. Companies that are designated by FSOC as "systemically important financial institutions" will be subject to heightened prudential standards and supervision by the Federal Reserve Board. Since FSOC made its first SIFI designations in 2013, New York Life has not been, and does not believe that it will be, designated by FSOC as a SIFI and therefore does not expect to be subject to heightened prudential standards and supervision by the Federal Reserve Board.

Other aspects of Dodd-Frank that affect or could affect New York Life include regulations concerning the writing and trading of derivatives. For example, U.S. federal banking regulators have adopted regulations that require certain regulated banking institutions to include in certain derivatives, securities lending and other financial contracts, referred to as qualified financial contracts or QFCs, terms that delay or restrict the rights of counterparties, such as New York Life, to terminate such contracts, foreclose on collateral or exercise other default rights in the event that the banking institution, or its affiliate, is subject to resolution or insolvency proceedings. It is possible that these requirements could adversely affect New York Life's ability to terminate existing derivatives and securities lending agreements or to realize amounts to be received under such agreements.

Dodd-Frank also established the FIO, which has the authority to develop federal policy on prudential international insurance matters, including by participating in the negotiation of international insurance agreements with foreign regulators for the U.S. The FIO is also authorized to collect information about the insurance industry and identify gaps in regulation that could contribute to a systemic crisis in the industry or broader financial system. While not having a general supervisory or regulatory authority over the business of insurance, the director of the FIO performs various functions with respect to insurance, including serving as a non-voting member of FSOC and making recommendations to FSOC regarding insurers to be designated systemically important and therefore subject to heightened prudential standards and oversight by the Federal Reserve Board. See also "Risk Factors—Risk Factors Relating to New York Life—Regulatory Developments Could Adversely Affect New York Life's Business."

USA PATRIOT Act. Title III of the USA PATRIOT Act of 2001 (the "**PATRIOT Act**") amends the Money Laundering Control Act of 1986 and the Bank Secrecy Act of 1970 to expand anti-money laundering and financial transparency laws applicable to financial services companies, including some categories of insurance companies. The PATRIOT Act, among other things, seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism, money laundering or other illegal activities. To the extent required by applicable laws and regulations, New York Life and certain of its subsidiaries that are deemed "financial institutions" under the PATRIOT Act have adopted anti-money laundering programs that include policies, procedures and controls to detect and prevent money laundering, designate a compliance officer to oversee their respective programs, provide for on-going employee training, and ensure periodic independent testing of the program. New York Life's anti-money laundering programs also establish and enforce customer identification programs and provide for the monitoring and the reporting to the Treasury Department of certain suspicious transactions.

Securities Regulation

Certain insurance policies and annuity contracts issued by NYLIAC, and all mutual funds, unit investment trusts, municipal fund securities (interests in college savings plans established pursuant to Section 529 of the Code) and other securities products offered by New York Life's broker-dealer subsidiaries, are subject to regulation under the federal securities laws administered by the SEC, state securities laws and the rules of FINRA and the Municipal Securities Rulemaking Board ("**MSRB**"). Certain subsidiaries of New York Life are investment advisers registered under the Investment Advisers Act of 1940, as amended, while certain other subsidiaries are registered as broker-dealers under the Exchange Act as well as being members of FINRA.

Certain of New York Life's investment advisor subsidiaries are subject to regulation by the regulatory authorities in the non-U.S. jurisdictions in which they operate, related both to branches or offices in such jurisdictions and cross-border activity. Candriam, which operates in various jurisdictions in the EU, the U.K. and elsewhere, is subject to regulation related to its investment management activities by both the EU and by the EU Member States in which it operates, including Luxembourg, France and Belgium, as well as jurisdictions outside the EU where it has operations, including the U.K. Ausbil Investment Management Limited, which operates in Australia, is subject to regulation related to its investment management activities by the Australian Securities and Investments Commission.

Certain subsidiaries of New York Life that manage certain pooled investment vehicles are registered with the National Futures Association as commodity pool operators or commodity trading advisors. New York Life and certain of its subsidiaries, certain New York Life affiliated mutual funds and exchange-traded funds, and certain separate accounts of New York Life and NYLIAC operate under an exemption from such registration provided by the rules of the Commodity Futures Trading Commission.

Certain separate accounts of NYLIAC and mutual funds and exchange-traded funds managed by NYL Investments are registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). In addition, certain variable annuity contracts and variable life insurance policies issued by NYLIAC and mutual funds managed by NYL Investments are registered under the Securities Act. Most of Candriam's funds are regulated in the EU and the U.K. under the Undertakings for Collective Investment in Transferable Securities ("**UCITS**") Directive or the Alternative Investment Fund Managers Directive ("**AIFMD**"). Certain funds of Ausbil Investment Management Limited are regulated under the Australian Corporations Act 2001.

Certain of New York Life's investment adviser subsidiaries also manage certain pooled investment vehicles that are exempt from registration under the Securities Act and the Investment Company Act, but the distribution of which may be subject to the antifraud and certain other provisions of state and federal securities laws, as well as FINRA rules.

Federal and state securities regulatory authorities, state attorneys general and FINRA from time to time make inquiries regarding compliance by New York Life and its subsidiaries with securities and other laws and regulations regarding the conduct of their securities businesses. New York Life endeavors to respond to such inquiries in an appropriate way and to take corrective action if warranted.

Federal and state securities laws and regulations and FINRA and MSRB rules are primarily intended to protect investors in the securities markets and generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with such laws and regulations. Certain subsidiaries of New York Life may also be subject to similar laws and regulations in the foreign countries in which they offer securities products, provide investment advisory services or conduct other securities-related activities.

On June 5, 2019, the SEC adopted rules and interpretations addressing the standards of conduct applicable to broker-dealers and investment advisers and their associated persons. As part of these rules, the SEC adopted Regulation Best Interest. Under the new rules, beginning June 30, 2020, broker-dealers recommending the Company's variable products to retail customers will be required to comply with a "best interest" standard. Regulation Best Interest generally requires that a broker-dealer and its associated persons act in a retail customer's best interests and not place their own financial or other interests ahead of the customer's interests when recommending securities transactions or investment strategies. To meet this new best interest standard, a broker-dealer must satisfy four component obligations including a disclosure obligation, a care obligation, a conflict obligation, and a compliance obligation. Broker-dealers will also be required to provide disclosures about their standard of conduct and conflicts of interest. In addition, state regulators and legislatures in Nevada, New Jersey, Maryland and New York have proposed measures that would make broker-dealers, sales agents and investment advisers and their representatives subject to a fiduciary duty when providing products and services to customers, including pension plans and IRAs. See also "Risk Factors—Risk Factors Relating to New York Life—Regulatory Developments Could Adversely Affect New York Life's Business."

Tax Legislation

The U.S. and state, local and foreign jurisdictions in which New York Life operates consider from time to time legislation that could increase or change the manner of taxing the products New York Life sells and of calculating the amount of taxes paid by life insurance companies or other corporations, including New York Life. Tax Reform enacted in the U.S. in December 2017, significantly modifies the Code, including tax rules applicable to corporations (including life insurance companies) and foreign business activity. Tax Reform is generally effective for tax years beginning after December 31, 2017, and includes a reduction of the corporate federal income tax rate to 21 percent from a maximum of 35 percent. Tax Reform also expands the income base to which this lower rate applies by reducing or eliminating deductions or other tax benefits that determine the income base.

These changes and other future changes to federal, state or other tax laws may affect the amount and timing of U.S. federal income taxes that New York Life pays in connection with its operations, including its foreign operations, as well as the attractiveness of certain of its products to its customers. New York Life cannot predict whether, or in what form, legislation implementing any other potential changes or other legislation that could affect the taxes that New York Life pays or the tax treatment of its products, will ultimately be enacted or what the impact of any such legislation would be on its business or results from operations.

The attractiveness to New York Life's customers of many of its products is due, in part, to favorable tax treatment. Current federal income tax laws generally permit the tax-deferred accumulation of earnings on the premiums paid by the holders of annuities and life insurance products. Taxes, if any, are payable generally on income attributable to a distribution under the contract for the year in which the distribution is made. Death benefits under life insurance contracts may be received free of federal income tax. Congress from time to time considers legislation that could have the effect of reducing or eliminating the relative benefit of the deferral of taxation for New York Life's insurance, annuity and investment products. As a result, demand for certain of New York Life's products that offer income tax deferral could be negatively impacted. In addition, Congress has from time to time considered other legislation that would reduce or eliminate the benefits to policyholders of the deferral of taxation on the accretion of value within certain insurance products or otherwise affect the taxation of insurance products and insurance companies. To the extent that legislation is enacted in the future to reduce the tax deferred status of insurance or annuity products, limit the exclusion of death benefits from income, or to reduce the taxation of competing products, all life insurance companies, including New York Life, could be adversely affected.

Congress has from time to time also considered material changes to the federal estate tax. Tax Reform increased the tax exemption amount under the estate tax starting after December 31, 2017. The 2020 federal estate tax exemption amount is $11,580,000 for individuals and $23,160,000 combined for married couples (in each case adjusted annually for inflation until 2025, after which the exemption amounts will revert to 2017 levels) and the current estate and gift tax rates are: (i) 37% for taxable amounts over $500,000 but not over $750,000; (ii) 39% for taxable amounts over $750,000 but not over $1,000,000; and (iii) 40% for taxable amounts over $1,000,000. These changes to the estate tax, and any potential future legislation that would repeal or further materially decrease the estate tax or materially reduce the number of estates subject to the estate tax, may adversely affect the sales of certain of New York Life's products.

In those jurisdictions in which New York Life does business, its taxes could increase as a result of changes in tax law and regulations or in the interpretation of applicable tax laws and regulations. Also, changes in corporate tax rates in these jurisdictions (including further changes to the U.S. corporate federal income tax rate) could affect the value of deferred tax assets and deferred tax liabilities. A reduction in the corporate tax rates would reduce the value of any net deferred tax assets included in New York Life's surplus. Furthermore, the value of deferred tax assets could be impacted by its future earnings levels. Conversely, any further changes in U.S. federal tax policy that result in an increase in corporate tax rates could result in lower after-tax earnings for New York Life.

See "Risk Factors—Risk Factors Relating to New York Life—Changes in Tax Laws and the Interpretation Thereof Could Adversely Affect New York Life's Business."

Environmental

As an owner and operator of real property, New York Life is subject to extensive federal, state and local environmental laws and regulations. Inherent in such ownership and operation is the risk that there may be environmental liabilities and costs incurred in connection with any required investigation or remediation of any current or former properties. In addition, New York Life holds interests in companies that are subject to environmental liabilities and costs. There is a possibility that environmental liabilities or costs will arise. However, based on information currently available to management, New York Life believes that any environmental costs or liabilities associated with compliance with environmental laws and regulations or any investigation or remediation of any current or former properties will not have a material adverse effect on its results of operations or financial condition.

ERISA

ERISA Plans may invest in certain of New York Life's products or receive services from New York Life. In addition, in connection with certain insurance contracts issued from New York Life's general account to ERISA Plans on or before December 31, 1998, ERISA provides insurers protection from potential exposure prompted by the 1993 U.S. Supreme Court decision in *John Hancock Mutual Life Insurance Company v. Harris Trust & Savings Bank.* In this decision, the Court held that, to the extent insurance contracts issued to employee benefit plans provide for a return that is not guaranteed, but instead varies with the performance of the insurer's general account, then the insurer's general account can become subject to ERISA and the insurer can become subject to the fiduciary requirements of ERISA.

The pertinent ERISA provisions and regulations issued by the U.S. Department of Labor (the "**DOL**") provide that insurers are protected from liability for breaches of fiduciary duties under ERISA for past actions with respect to such general account contracts. However, insurers remain subject to federal criminal law and liable for actions brought by the U.S. Secretary of Labor alleging breaches of fiduciary duties that also constitute a violation of federal or state criminal law. ERISA also generally provides that contracts issued from an insurer's general account on or before December 31, 1998, and that are not guaranteed benefit policies, will not be subject to ERISA's fiduciary requirements if they meet the requirements of the regulations issued by the DOL. In addition, ERISA provides that contracts issued from an insurer's general account after December 31, 1998, and that are not guaranteed benefit policies, will be subject to ERISA.

Regulations issued by the DOL provide that where an employee benefit plan acquired an insurance policy (other than a guaranteed benefit policy) issued on or before December 31, 1998 (a "**Transition Policy**") and supported by the assets of the insurer's general account, the employee benefit plan's assets for purposes of ERISA will not be deemed to include any of the assets of the insurer's general account, provided that the requirements of the regulation are met. Accordingly, if those requirements are met, the insurer is not subject to the fiduciary obligations of ERISA in connection with such a Transition Policy. New York Life has taken steps to comply with these requirements to secure the relief provided by the regulations from the fiduciary obligations of ERISA with respect to a Transition Policy.

MANAGEMENT OF NEW YORK LIFE

Directors

Set forth below is information regarding the directors of New York Life as of March 26, 2020:

Name	Age
Theodore A. Mathas†	52
Betty C. Alewine	71
Michele G. Buck	58
Robert B. Carter	60
Ralph de la Vega	68
Mark L. Feidler	63
Robert F. Friel	64
Christina A. Gold	72
Donna H. Kinnaird	68
Thomas C. Schievelbein	66
Edward D. Shirley	63
Gerald B. Smith	69

† Mr. Theodore A. Mathas became Chairman of the Board of Directors on June 1, 2009.

Principal Executive Officers

Set forth below is information regarding the principal executive officers of New York Life as of March 26, 2020:

Name	Position with New York Life	Age
Theodore A. Mathas*	Chairman, President and Chief Executive Officer	52
Sheila K. Davidson*	Executive Vice President and Chief Legal Officer	58
Craig L. DeSanto*	Executive Vice President and Co-Chief Operating Officer	43
Eric A. Feldstein*	Executive Vice President and Chief Financial Officer	60
Matthew M. Grove*	Executive Vice President and Co-Chief Operating Officer	44
Mark J. Madgett*	Executive Vice President and Head of Agency	58
Anthony R. Malloy*	Executive Vice President and Chief Investment Officer	56
Patricia L. Barbari	Senior Vice President and General Auditor	58
Elizabeth K. Brill	Senior Vice President and Chief Actuary	44

Name	Position with New York Life	Age
David J. Castellani*	Senior Vice President and Business Information Officer	63
Alexander I. Cook*	Senior Vice President	53
Robert M. Gardner	Senior Vice President and Controller	51
Thomas A. Hendry	Senior Vice President and Treasurer	55
Yie-Hsin Hung*	Senior Vice President	57
Alain Karaoglan*	Senior Vice President	57
Natalie Lamarque*	Senior Vice President and General Counsel	43
Amy Miller	Senior Vice President, Deputy General Counsel and Secretary	42
Carla T. Rutigliano*	Senior Vice President, Head of Human Resources and Corporate Affairs	48
Joel M. Steinberg*	Senior Vice President	58

* Denotes membership on New York Life's Executive Management Committee, a committee responsible for establishing management policies in all areas of New York Life's business.

Biographical Information

Chairman and Executive Officers

Theodore A. Mathas has been New York Life's Chairman of the Board of Directors since June 2009, President since January 2019 and Chief Executive Officer since July 2008. Mr. Mathas was previously President from July 2007 to May 2015, Chief Operating Officer from July 2006 to June 2008 and was Vice Chairman of the Board from July 2006 through June 2007. Prior thereto, Mr. Mathas held various senior operations management positions of increasing responsibility in the domestic life insurance and annuity businesses. Mr. Mathas joined New York Life in 1995. He serves on the board of the American Council of Life Insurers, as well as the boards of the American Museum of Natural History and the Partnership for New York City. Mr. Mathas has been a member of the New York Life Board of Directors since July 2006. His current term expires in 2022.

Sheila K. Davidson has been Executive Vice President of New York Life since March 2005 and Chief Legal Officer since September 2007. Ms. Davidson served as General Counsel of New York Life from May 2000 to March 2005 and again from September 2007 to March 2020. In addition to leading the Company's legal operations, she also oversees its compliance, governance and operational risk functions. She was Senior Vice President from May 2000 to March 2005. Ms. Davidson was Senior Vice President in charge of the Corporate Compliance Department from January 1998 to May 2000. She joined New York Life in 1991.

Craig L. DeSanto has been Executive Vice President and Co-Chief Operating Officer of New York Life since May 2019. He was previously Executive Vice President, Insurance & Agency Group of New York Life from July 2018 to May 2019. From July 2012 to July 2018, he was a Senior Vice President of New York Life. He is responsible for a portfolio of the Company's strategic businesses, including: Retail Annuities; New York Life Direct; Group Membership Association; Worksite; Advanced Markets Network; institutional life insurance; Institutional Annuities; Long-Term Care Insurance; and Seguros Monterrey. In addition, he has oversight responsibility for New York Life Ventures, the Company's corporate venture unit focused on venture investments and supporting enterprise-wide innovation. He joined New York Life in 1997 as an actuarial summer intern.

Eric A. Feldstein has been Executive Vice President and Chief Financial Officer of New York Life since October 2019. Mr. Feldstein is responsible for Actuarial, Treasury, Finance, Controllers, and the Finance Services organization. Mr. Feldstein was Chief Financial Officer of Health Care Service Corporation from 2016 until 2019, with responsibility for the company's accounting, financial planning, treasury, tax, product pricing, and procurement activities. From 2010 to 2016, Mr. Feldstein served as an Executive Vice President of American Express Company. Before joining American Express, he served as Chief Financial Officer and Partner of Eton Park Capital Management, L.P. Mr. Feldstein began his career in the treasury office of General Motors Corporation in 1985 and held various positions of increasing responsibility through 2008, including serving as Treasurer of General Motors and Chief Executive Officer of GMAC Financial Services.

Matthew M. Grove has been Executive Vice President and Co-Chief Operating Officer, responsible for oversight of New York Life's foundational insurance business, since May 2019. He was previously Executive Vice President, Insurance & Agency Group of New York Life, from July 2018 to May 2019. From March 2013 to July 2018, he was a Senior Vice President of New York Life. He is currently responsible for oversight of New York Life's marketing, service, underwriting, technology, data science and strategy functions, as well as life insurance product development and inforce management. He joined New York Life in 2009 and has since held positions of increasing responsibility. Prior to joining New York Life, Mr. Grove was the Chief Marketing Officer of Jefferson National.

Mark J. Madgett has been Executive Vice President of New York Life since May 2019. He has been Head of Agency in charge of New York Life's career Agency distribution system since February 2016. He assumed leadership of the Agency Department in January 2016. Mr. Madgett served as Managing Partner for New York Life's Seattle General Office from 1998 to 2014. During this time, he also served as Chair of the Managing Partners Advisory Council, representing field sales management on key projects and pilot programs. He was a Senior Partner from 1995 to 1998 and Sales Manager from 1992 to 1995. Mr. Madgett joined New York Life as an Agent in 1986. Mr. Madgett is a lifetime member of the Partner's Round Table.

Anthony R. Malloy has been Executive Vice President of New York Life since July 2018 and Chief Investment Officer of New York Life since January 2017. From March 2006 to July 2018, he was a Senior Vice President of New York Life. In his current role, he is responsible for management of the Company's assets and, since July 2018, is also the head of the firm's global asset management business. He joined New York Life in 1999 and has since held various positions of increasing responsibility in New York Life, including Senior Managing Director and Head of Fixed Income. Prior to joining New York Life, Mr. Malloy achieved positions of increasing responsibility in lending, risk management and debt capital markets with J.P. Morgan, Toronto-Dominion and First Chicago.

Patricia L. Barbari has been Senior Vice President and General Auditor of New York Life since April 2012. From October 2010 to April 2012, she was Senior Vice President, Associate General Auditor and was Senior Vice President, Individual Policy Services from 2007 to October 2010. Ms. Barbari was First Vice President in charge of Individual Policy Services General Office operations from 2005 to 2007. She joined New York Life in 1989 and has since held positions of increasing responsibility in the Company.

Elizabeth K. Brill has been Senior Vice President and Chief Actuary of New York Life since March 2019. She was previously Vice President and Deputy Chief Actuary from September 2018 to March 2019. Ms. Brill joined New York Life as Vice President and Actuary in the Office of the Chief Actuary in 2010 and has since held various positions of increasing responsibility. Prior to joining New York Life, Ms. Brill practiced insurance transactional and regulatory law at Debevoise & Plimpton LLP and at Prudential Financial.

David J. Castellani has been Senior Vice President and Business Information Officer since 2013. He joined New York Life in 2011 as head of a division of New York Life. Prior to that, Mr. Castellani was the Managing Director and Chief Marketing Officer at EWM, LLC. Before joining EWM, LLC, he held roles of increasing responsibility with Prudential Retirement and CIGNA Corporation.

Alexander I. Cook has been Senior Vice President of New York Life since 2015. Mr. Cook is responsible for oversight of New York Life's Retail Life operations and its Center for Data Science and Artificial Intelligence. He joined New York Life in 2010 as Managing Director responsible for strategic planning for the Investments Group, and has since held various positions of increasing responsibility, including serving as Vice President and Head of

Corporate Strategic Planning from 2012 to 2015, and as Senior Vice President in the Insurance and Agency strategy and administration area, from 2015 to 2017, when Mr. Cook assumed his responsibilities in the Retail Life area. Prior to joining New York Life, Mr. Cook served as Executive Director for Strategy for Morgan Stanley Investments Management from 2007 to 2010, and previously served in progressively responsible finance and strategy roles with J.P. Morgan, Aetna and the International Monetary Fund.

Robert M. Gardner has been Senior Vice President of New York Life since September 2017 and Controller since July 2013. Mr. Gardner was Vice President and Controller in the Insurance Group Finance Department from March 2012 to July 2013. From 2008 to 2012 he was Vice President in New York Life's Controller's Department, responsible for Financial Reporting and Investment Accounting. Prior to 2008, Mr. Gardner held various positions in New York Life's Controller's Department after joining New York Life in 1990.

Thomas A. Hendry has been Senior Vice President and Treasurer of New York Life since joining the Company in June 2012 and is responsible for overseeing New York Life's Treasury functions and its Financial Planning & Analysis Department. Prior to joining New York Life, Mr. Hendry served in various positions at Prudential Financial from 1998 to 2012, most recently as treasurer for Prudential's U.S. life insurance business.

Yie-Hsin Hung has been Senior Vice President of New York Life since November 2011. She also serves as Chief Executive Officer of NYLIM. Prior to her current role, she was Co-President of NYLIM and Chairman of NYLIM International, where she broadened the firm's fixed income, equity and alternative capabilities and global boutique presence. Ms. Hung joined New York Life in 2010 with more than 30 years of industry experience, including Bridgewater Associates and Morgan Stanley Investment Management.

Alain Karaoglan has been Senior Vice President of New York Life since 2019, serving as head of New York Life's non-agency Strategic Insurance Businesses. Prior to joining New York Life, Mr. Karaoglan served as Chief Operating Officer of Voya Financial from 2012 to 2018, and as CEO of Voya's Retirement and Investment Solutions from 2015 to 2016. A member of the Voya Executive Committee, Mr. Karaoglan had responsibility for all businesses, including annuities, individual life, investment management and retirement lines. From 2011 to 2012 he served as Voya's Executive Vice President for Finance and Strategy. Prior to joining Voya, Mr. Karaoglan served as Senior Vice President, Divestitures with American Internantional Group from 2009 to 2011, and from 1987 to 2009 he served in many progressively responsible roles at E.F. Hutton, Bear Stearns, Donaldson, Lufkin & Jenrette, Deutsche Bank and Banc of America Securities LLC.

Natalie Lamarque has been Senior Vice President and General Counsel of New York Life since March 2020. From 2019 until March 2020, she served as Senior Vice President and Deputy General Counsel in the Office of the General Counsel, and from 2016 to 2019, she served as a Vice President in the Corporate Compliance Department, with responsibility for the Company's Sales Practice unit. Ms. Lamarque joined New York Life in 2014 as an Associate General Counsel on the Litigation Practice team. From 2015 to 2016 she served as the Chief of Staff to New York Life's Executive Vice President, Chief Legal Officer and General Counsel, spearheading legal programs related to cybersecurity, social media, global anti-corruption, fraud prevention, internal investigations and corporate governance. Prior to joining New York Life, Ms. Lamarque served as an Assistant U.S. Attorney in the Southern District of New York, from 2007 to 2014, and was an associate at Debevoise & Plimpton LLP from 2004 to 2007.

Amy Miller has been Senior Vice President, Deputy General Counsel and Secretary of New York Life since September 2016. Prior to her current role, she served as Senior Vice President, Deputy General Counsel and Chief Corporate Counsel from September 2014 to September 2016 where she managed litigation, employment, ERISA, corporate transactions, technology and subsidiary corporate governance. Ms. Miller joined New York Life in 2006 and has held roles of increasing responsibility within the Company. Prior to joining New York Life, Ms. Miller worked as an Associate at Davis Polk & Wardwell.

Carla T. Rutigliano has been Senior Vice President and Head of Human Resources and Corporate Affairs of New York Life since July 2019. From 2006 to July 2019, Ms. Rutigliano was a Senior Vice President in the Office of the Chairman and Chief Executive Officer. In that role Ms. Rutigliano oversaw Corporate Communications, Events Planning and Management and the New York Life Foundation. Ms. Rutigliano joined New York Life in 2001 and served in multiple positions of increasing responsibility in the Office of Governmental Affairs from 2001 to 2006.

Joel M. Steinberg has been Senior Vice President of New York Life since April 2006. Mr. Steinberg served as Chief Risk Officer of New York Life from March 2019 to March 2020. He was previously the Chief Actuary of New York Life from November 2008 to March 2019. From April 2006 to November 2008, he was Senior Vice President and Chief Financial Officer in New York Life's Financial Management Department. From 2001 to 2006, he served as Chief Actuary, and from 1998 to 2001 Mr. Steinberg was Vice President and Actuary in the Individual Life Department. He joined New York Life in 1983 as an actuarial student.

Directors

Betty C. *Alewine* was President and Chief Executive Officer of COMSAT Corporation, a global provider of satellite and digital networking services and technology, from 1996 until the merger of COMSAT and Lockheed Martin Corporation in 2000. She joined COMSAT in 1986 as its Vice President of Marketing and Sales and held roles of increasing responsibility including, President of COMSAT International Company and President of COMSAT World Systems. Mrs. Alewine serves as a Sustaining Director of the Prevent Cancer Foundation. Mrs. Alewine was elected a director of New York Life in 1998. She is a member of the Governance and the Compensation Committees. Her current term expires in 2021.

Michele G. Buck is Chairman, President and Chief Executive Officer of the Hershey Company, a leading North American manufacturer of quality chocolate and non-chocolate confectionery and chocolate-related grocery products. In her prior roles, Ms. Buck served as the company's Executive Vice President and Chief Operating Officer; President, North America; Senior Vice President, Chief Growth Officer; and Senior Vice President, Global Chief Marketing Officer. Prior to joining Hershey in 2005, she served 17 years at Kraft/Nabisco in numerous senior positions and at the Frito-Lay division of PepsiCo. Ms. Buck serves as the Benefit Co-Chair of the Children's Brain Tumor Foundation. Ms. Buck was elected as a director of New York Life in 2013 and is currently Lead Director. She is a member of the Compensation, Insurance & Operations and Investment Committees. Her current term expires in 2022.

Robert B. Carter is Chief Information Officer of FedEx Corporation, Executive Vice President of FedEx Information Services, and Co-Chief Executive Officer of FedEx Services. He is responsible for setting the technology direction of the FedEx applications, infrastructure, networks and data centers. Mr. Carter joined FedEx in 1993 and has nearly 40 years of systems development and implementation experience. Prior to joining FedEx, Mr. Carter spent 13 years with GTE Corporation in positions of increasing responsibility. Mr. Carter serves on the boards of directors of Pilot Flying J and Church Health. He also serves on the Advisory Board of New Leaders - Memphis. Mr. Carter was elected a director of New York Life in 2016. He serves as Chair of the Insurance & Operations Committee and is a member of the Audit and Investment Committees. His current term expires in 2021.

Ralph de la Vega is the Chairman of the De La Vega Group, LLC, a consulting and advisory services firm that he founded in 2017. He was the Vice Chairman of AT&T Inc. and Chief Executive Officer of AT&T Business Solutions and AT&T International, LLC until he retired in 2016, after a 42-year career with the company. He had overall responsibility for the company's integrated Business Solutions group, which served more than 3.5 million business customers in nearly 200 countries, and its wireless business operations in Mexico and DIRECTV in Latin America. During his career, Mr. de la Vega held numerous other executive positions, including President and Chief Executive Officer of AT&T Mobile and Business Solutions, President and Chief Executive Officer of AT&T Mobility, Chief Operating Officer of Cingular Wireless, and President of BellSouth Latin America. Mr. de la Vega serves on the boards of directors of American Express Company, Amdocs Corporation, Ubicquia LLC and Junior Achievement Worldwide. Mr. de la Vega was elected a director of New York Life in 2009. He is a member of the Governance and Insurance & Operations Committees. His current term expires in 2021.

Mark L. Feidler is a founding partner of MSouth Equity Partners, a private equity firm. Previously, he was President and Chief Operating Officer (and a Director) of BellSouth Corporation, from 2005 through 2006, and served as its Chief Staff Officer in 2004. During his career, Mr. Feidler held numerous executive positions, including Chief Operating Officer of Cingular Wireless, a principal in The Breckenridge Group, and Vice President of The Robinson-Humphrey Company. He serves as Non-Executive Chairman of Equifax Inc. Mr. Feidler was elected a director of New York Life Board in 2006. He serves as Chair of the Compensation Committee and is a member of the Governance and Investment Committees. His current term expires in 2022.

Robert F. Friel was the Chairman and Chief Executive Officer of PerkinElmer Inc., a global technology leader providing diagnostic, life sciences research and analytical testing solutions, from 1999 until he retired in 2019. In his prior roles, Mr. Friel served as the company's President and Chief Operating Officer, Vice Chairman and President of the Life and Analytical Sciences unit, and Chief Financial Officer. Prior to joining PerkinElmer in 1999, he held several senior management positions during his 19 years at AlliedSignal, Inc., now Honeywell International. Mr. Friel serves on the boards of NuVasive, Inc. and Xylem Inc. Mr. Friel was elected a Director of New York Life in January 2019. He serves as Chair of the Governance Committee and is a member of the Audit Committee. His current term expires in 2021.

Christina A. Gold was President, Chief Executive Officer and a director of The Western Union Company, a global money transfer company, from 2006 until she retired in 2010. In her prior roles, she was President of Western Union Financial Services, Inc., and Senior Executive Vice President of Western Union's then parent company, First Data Corporation. During her career, she has held numerous executive positions, including President and Chief Executive Officer of Excel Communications, Inc. and The Beaconsfield Group. Mrs. Gold serves as a director of ITT Corporation, International Flavors and Fragrances, Inc., and Safe Water Network and is a member of the Board of Governors of Carleton University. She also serves as the Non-Executive Chair of Korn Ferry International. Mrs. Gold was elected a director of New York Life in 2001. She is a member of the Compensation and Governance Committees. Her current term expires in 2020.

Donna H. Kinnaird was the Senior Executive Vice President and Chief Operating Officer of Reinsurance Group of America Inc. ("**RGA**"), a global life and health reinsurance company, from 2012 until her retirement in 2017. Prior to joining RGA, she held various leadership roles in the reinsurance industry with Swiss Re America Holdings from 2002 to 2012, ultimately serving as President and Chief Executive Officer of Reassure America Life Insurance Company. From 1983 to 2001, Ms. Kinnaird held positions of increasing responsibility in the life insurance industry, including Chief Financial Officer and Chief Operating Officer. She started her career in public accounting at Peat, Marwick, Mitchell & Co. Ms. Kinnaird serves on the board of directors of the S.S. Huebner Foundation for Insurance Education. She was elected a Director of New York Life in 2017. Ms. Kinnaird serves as Chair of the Audit Committee and is a member of the Insurance & Operations Committee. Her current term expires in 2022.

Thomas C. *Schievelbein* was Chairman, President and Chief Executive Officer of The Brink's Company, a global secure logistics company, from 2012 until he retired in 2016. He was also the President of Northrop Grumman Newport News, a designer and builder of nuclear-powered aircraft carriers and submarines, and Chief Operating Officer of Newport News Shipbuilding Inc. Mr. Schievelbein serves on the boards of directors of Huntington Ingalls Industries, Inc., the Schievelbein Family Foundation and the Ocean Reef Cultural Center. He was elected a director of New York Life in 2006. He is a member of the Compensation, Governance and Investment Committees. His current term expires in 2020.

Edward D. Shirley is Executive Chairman of Sysco Corporation, a multinational corporation involved in marketing and distributing food products. He was the President and Chief Executive Officer of Bacardi Limited, a privately held and family-owned premium spirits maker, from 2012 to 2014. He previously held executive positions at The Procter & Gamble Company, including Vice Chairman for the Global Beauty & Grooming business. Mr. Shirley also held several executive positions during his 27 years with The Gillette Company before it was acquired by Procter & Gamble. He is a partner in PTW Capital, a consumer goods private equity firm. Mr. Shirley was elected a director of New York Life in 2015. He is a member of the Audit and Insurance & Operations Committees. His current term expires in 2020.

Gerald B. Smith is the Chairman and Chief Executive Officer of Smith, Graham & Co. Investments Advisors, L.P., an independent employee-owned investment advisory firm that specializes in providing fixed income, mortgage and real estate debt, and equity portfolio strategies to institutional clients. Prior to launching Smith, Graham in 1990, he served as Senior Vice President and Director of Fixed Income for Underwood Neuhaus & Company. Mr. Smith is a member of the Federal Reserve Bank of Dallas Board of Directors, and is a member of the Board of Trustees and Chair of the Investment Oversight Committee for The Charles Schwab Family of Funds. He also serves as a board member and the Chair of the Eaton Corporation plc and is the chairman of the Texas Southern University Foundation board. Mr. Smith was elected a director of New York Life in 2012. He serves as Chair of the Investment Committee and is a member of the Audit and Compensation Committees. His current term expires in 2020.

The business address of each director and principal executive officer of New York Life is 51 Madison Avenue New York, New York 10010.

To the knowledge of New York Life, there are no potential conflicts of interests between any duties of New York Life's directors or executive management to New York Life or in connection with the offer of the notes by New York Life Global Funding arising from their private interests or other duties.

DESCRIPTION OF THE NOTES

*This section provides an overview of the material provisions of the Notes, the Indenture, and the form of an indenture to be entered into between the Issuer and the Indenture Trustee in connection with each issuance of Notes under the Program (each, a "**Series Indenture**"). It does not purport to be complete and is subject to the applicable Pricing Supplement and to the detailed provisions of the Notes, the Indenture and each applicable Series Indenture, copies of which will be available as provided under "Documents Available." Capitalized terms used and not otherwise defined herein have the same meanings as those used in the Indenture. The terms and conditions of the Notes described in this section will apply to the Notes of each Series, except that the Issuer will add the specific terms of the Notes of a Series in each applicable Pricing Supplement. Prospective purchasers should consider the information contained in this Offering Memorandum, the Indenture, the applicable Series Indenture and each applicable Pricing Supplement in making their investment decision.*

General

Series and Tranches of Notes

The Notes will be issued in one or more series. Each Series of Notes may be comprised of one or more Tranches issued on different issue dates within six months from the issue date of the first Tranche of the applicable Series of Notes. The Issuer may only issue a Tranche of Notes if New York Life has issued or will simultaneously issue one or more Funding Agreements to the Issuer, which will constitute an asset of the applicable Series of the Issuer and will become a part of the applicable Series Collateral. The Notes of a Series will all be subject to identical terms, except that the issue date, the issue price, the amount and date of the first payment of interest and denomination size may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects.

Indenture and Series Indenture

Each Series of Notes will be issued under, subject to and entitled to the benefits of the Indenture and a separate Series Indenture by and between the Issuer and the Indenture Trustee. Each Series Indenture will incorporate the Indenture which shall provide the terms that govern each separate Series Indenture thereunder, unless any such Series Indenture specifies otherwise. The Notes issued under a Series Indenture will constitute a single Series, together with any Notes issued in the future under such Series Indenture that are designated by the Issuer as being part of such Series. The aggregate principal amount of Notes that may be authenticated and delivered under the Indenture is unlimited.

Security; Limited Recourse

The obligations of the Issuer under each Series of Notes will be secured by a first priority perfected security interest in favor of the Indenture Trustee in the "**Series Collateral**" which will consist of:

- each Funding Agreement related to the applicable Series;
- all proceeds of each Funding Agreement related to the applicable Series;
- all books and records of the Issuer pertaining to the foregoing; and
- all benefits, rights, privileges and options of the Issuer pertaining to the foregoing.

The Issuer is organized in series, as permitted by Sections 3804(a) and 3806(b)(2) of the Trust Act. In connection with the issuance of each Series of Notes, the Issuer will create a separate Series of the Issuer. The applicable Series of Notes and the related liabilities, obligations and expenses will be incurred, contracted for or otherwise existing with respect to such Series of the Issuer, and will be enforceable only against the assets of such Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. The individual Series of the Issuer are not separate legal entities.

The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, New York Life or any of its subsidiaries or affiliates.

Ranking

The Notes of a Series will be direct, unconditional, secured and unsubordinated non-recourse obligations incurred by the Issuer with respect to the relevant Series of the Issuer and will rank equally among themselves without any preference.

Since New York Life will be the sole obligor under the Funding Agreements, the ability of the Issuer to meet its obligations, and the ability of the holders of Notes to receive payments from the Issuer, with respect to a particular Series of Notes, will be principally dependent upon New York Life's ability to perform its obligations under each applicable Funding Agreement securing the Notes of the relevant Series. Despite this, holders of Notes will have no direct contractual rights against New York Life under any such Funding Agreement. Pursuant to the terms of each Funding Agreement, recourse rights to New York Life will belong to the Issuer, its successors and its permitted assignees (which will include the Indenture Trustee to the extent of its first priority perfected security interest in the Series Collateral), but only with respect to the relevant Series of the Issuer. In connection with the offering and sale of a Series of Notes, the Issuer will pledge, collaterally assign and grant a security interest in the Series Collateral for such Series of Notes to the Indenture Trustee on behalf of the holders of Notes and any other person for whose benefit the Indenture Trustee is or will be holding the applicable Series Collateral. Accordingly, recourse to New York Life under each such Funding Agreement will be enforceable only by the Indenture Trustee as a secured party for the benefit of the holders of such Series of Notes and any other person for whose benefit the Indenture Trustee is or will be holding the applicable Series Collateral.

The obligations of New York Life under the Funding Agreements will not be obligations of, and will not be guaranteed by, any other person.

Pricing Supplement

The specific terms of each Tranche of Notes will be set forth in the applicable Pricing Supplement.

Pricing Options

Notes that bear interest will either be Fixed Rate Notes or Floating Rate Notes, as specified in the applicable Pricing Supplement. The Issuer may also issue Discount Notes and Amortizing Notes (each as defined below).

Interest rates offered on the Notes may differ depending upon, among other factors, the aggregate principal amount of Notes purchased in any single transaction as well as market conditions. The Issuer may change interest rates or formulas and other terms of Notes from time to time, but no change of terms will affect any Note the Issuer has previously issued or as to which it has accepted an offer to purchase.

Maturities

The Notes of each Series will mature on a day 90 days or more from its date of issue (the "**Stated Maturity Date**"), as specified in the applicable Pricing Supplement, unless their principal (or, any installment of its principal) becomes due and payable prior to the Stated Maturity Date, whether, as applicable, by the declaration of acceleration of maturity, notice of redemption at the Issuer's option, notice of the holder's option to elect repayment or otherwise. The Stated Maturity Date or any date prior to the Stated Maturity Date on which the Notes of a particular Series become due and payable, as the case may be, is referred to herein as the "**Maturity Date**" with respect to the principal of the Notes of such Series repayable on that date.

Denominations

Subject to the provisions of the applicable Pricing Supplement or as otherwise provided below, the Notes of a Series will be issued, with respect to U.S. dollar-denominated Notes, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Any Notes listed on the GEM or on any regulated market will be issued in minimum denominations of €100,000 (or the equivalent thereof in another currency at the time of issue) and integral multiples of €1,000 in excess thereof; however, for so long as any Series of Notes is in global form and Euroclear and Clearstream, Luxembourg so permit, the Pricing Supplement may provide that such Series of Notes in global form shall be tradeable in minimum denominations of €100,000 and integral multiples of €1,000 thereafter. Any Notes in respect of which the issue proceeds are received by the Issuer in the U.K. or the activity of issuing such Notes is carried on from an establishment maintained by the Issuer in the U.K. and which have a maturity of less than one year must (i) (a) have a minimum denomination of £100,000 (or its equivalent in other currencies), and (b) be issued only to persons (1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or (2) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances that do not constitute a contravention of Section 19 of the FSMA by the Issuer.

Listing

Application will be made to Euronext Dublin for Notes issued under the Program during the period of 12 months from the date of this Offering Memorandum to be admitted to the Official List and trading on the GEM. However, Notes may be listed on another securities exchange or not listed on any regulated market or securities exchange. Any Notes admitted to the Official List or trading on the GEM or on any regulated market will be issued in minimum denominations of €100,000 or greater (or the equivalent thereof in another currency at the time of issue) and integral multiples of €1,000 in excess thereof. Notes with a maturity of less than 12 months will not be listed.

Reopenings

The Issuer may, within six months from the issue date of the first Tranche of a Series of Notes, without the consent of any holder of the Notes of such Series, issue one or more additional Tranches of Notes having the same terms as previously issued Notes (other than the issue date, the issue price, the amount and date of the first payment of interest, the denomination size and any other different terms specified in the applicable Pricing Supplement(s), all of which may vary) that will form a single Series with the previously issued Notes of such Series. The Issuer may only issue a Tranche of Notes if New York Life has issued or will simultaneously issue one or more Funding Agreements to the Issuer, which will constitute an asset of the applicable Series of the Issuer and will become a part of the applicable Series Collateral.

Currency

Subject to the provisions of the applicable Pricing Supplement, the Notes of a Series will be denominated in, and payments of principal of, any premium and interest on, and Additional Amounts with respect to, the Notes of such Series will be made in, U.S. dollars. The Notes of each Series also may be denominated in, and payments of principal of, any premium and interest on, and Additional Amounts with respect to, the Notes of such Series may be made in, euro or one or more other currencies. The currency in which the Notes of a particular Series are denominated (or, if such currency is no longer legal tender for the payment of public and private debts in the country issuing such currency or, in the case of euro, in the member states of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on EU (the "**Treaty**"), such currency which is then such legal tender) is herein referred to as the "**Specified Currency**" with respect to such Series of Notes. References herein to "**United States dollars**", "**U.S. dollars**" or "**$**" are to the lawful currency of the United States, and references herein to "**euro**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to such Treaty, as amended.

Business Day; London Banking Day; Principal Financial Center

"**Business Day**" means, subject to the provisions of the applicable Pricing Supplement, any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in the City of New York, *provided* that (i) with respect to Notes denominated in a Specified Currency other than euro, such day is also a day on which commercial banks and foreign exchange markets settle payments in the Principal Financial Center (as defined below) of the country issuing the Specified Currency and (ii) for the purpose of Interest Determination Dates (as defined herein) with respect to Notes denominated in euro or as to which EURIBOR is an applicable Interest Rate Basis, such day is also a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer ("**TARGET**") System is open (a "**TARGET Settlement Date**"). As used herein, "**London Banking Day**" means a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets settle payments in the LIBOR Currency in London.

"**Principal Financial Center**" means (i) the capital city of the country issuing the Specified Currency or (ii) the capital city of the country to which the LIBOR Currency relates; *provided, however*, that with respect to U.S. dollars, Australian dollars, Canadian dollars, euro, South African rands and Swiss francs, the "Principal Financial Center" shall be the City of New York, Sydney, Toronto, London (solely in the case of the LIBOR Currency), Johannesburg and Zurich, respectively.

Day Count Fraction

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time ("**Calculation Period**"), one of the following day count fractions, which will be specified in the Pricing Supplement:

(i) "Actual/365" or "Actual/Actual (Historical)": the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) "Actual/365 (Fixed)": the actual number of days in the Calculation Period divided by 365;

(iii) "Actual/360": the actual number of days in the Calculation Period divided by 360;

(iv) "30/360": the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"Dl" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case Dl will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and Dl is greater than 29, in which case D2 will be 30;

(v) "30E/360" or "Eurobond Basis": the number of days in the Calculation Period or Compounding Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Yl" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"Dl" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(vi) "Actual/Actual (Bond)" if the Interest Payment Dates all fall at regular intervals between the Issue Date and the Maturity Date: the number of days in the Calculation Period divided by the product of (a) the number of days in the Interest Period in which the Calculation Period falls and (b) the number of Interest Periods in any period of one year.

Form of Notes and Clearance

The Issuer and the Purchasing Agent(s) will agree on the form of Notes to be issued in respect of any Series of Notes. The form of Notes to be issued in relation to any Series of Notes will be specified in the applicable Pricing Supplement.

Registered Notes

The Notes may be offered and sold in the United States only, outside the United States only or in and outside the United States simultaneously as part of a global offering. Except as described below under "Bearer Notes," Notes will be issued in fully registered form ("**Registered Notes**").

Notes sold pursuant to an offering made in the United States only will initially be represented by one or more global certificates representing one or more Registered Notes ("**Global Registered Notes**") deposited with Citibank, N.A. as custodian (in such capacity, the "**Custodian**") for, and registered in the name of a nominee of, DTC as depositary (each Global Registered Note so deposited and registered being referred to herein as a "**DTC Global Note**").

Except as described below under "Bearer Notes," Notes sold outside of the United States in accordance with Regulation S will initially be represented by one or more temporary Global Registered Notes (each, a "**Temporary Global Registered Note**"). Upon the expiration of the applicable Distribution Compliance Period, beneficial interests in a Temporary Global Registered Note will be exchangeable for equivalent beneficial interests in one or more permanent Global Registered Notes (each a "**Permanent Global Registered Note**"), as and to the extent provided in the applicable Temporary Global Registered Note.

Except as described below under "Bearer Notes," Notes sold pursuant to an offering made outside the United States only will initially be represented by one or more Temporary Global Registered Notes, as described above, and upon exchange therefor will be represented by one or more Permanent Global Registered Notes deposited with a common depositary (the "**Depositary**") for, and (i) in the case of U.S. dollar denominated Notes, registered in the name of a nominee of, DTC and (ii) in the case of non-U.S. dollar denominated Notes, registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg, as applicable.

References to Euroclear and/or Clearstream, Luxembourg in this Offering Memorandum shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing systems as may be specified in any applicable Pricing Supplement.

Subject to the Notes sold outside of the United States in accordance with Regulation S initially being represented by one or more Temporary Global Registered Notes and the subsequent exchange of beneficial interests in each such Temporary Global Registered Note for beneficial interests in one or more Permanent Global Registered Notes, as described above, Notes sold pursuant to an offering made in and outside the United States simultaneously as part of a global offering may be represented (i) solely by one or more DTC Global Notes (a "**Single Global Note Issue**") or, (ii) alternatively, (a) by one or more DTC Global Notes in respect of Notes sold in the United States and (b) by one or more separate Global Registered Notes deposited with the Depositary as common depositary for, and (1) in the case of U.S. dollar denominated Notes, registered in the name of a nominee of, DTC and (2) in the case of non-U.S. dollar denominated Notes, registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg, as applicable, in respect of Notes sold outside the United States (a "**Dual Global Note Issue**").

Except as described below, owners of beneficial interests (each, a "**Beneficial Note Owner**") in a Global Registered Note will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive form (each, a "**Definitive Registered Note**") and will not be considered the owners or holders thereof under the Indenture. Beneficial interests in Global Registered Notes will be represented, and transfers thereof will be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Note Owners, as direct or indirect participants in the relevant clearing system.

Investors in a global offering may elect to hold beneficial interests in a Global Registered Note through any of DTC or Euroclear or Clearstream, Luxembourg if they are participants in such systems, or indirectly through organizations that are participants in such systems. If the Notes sold pursuant to a global offering are part of a Single Global Note Issue, Euroclear and Clearstream, Luxembourg will hold beneficial interests on behalf of their participants through customers' securities accounts in Euroclear's and Clearstream, Luxembourg's names on the books of the Depositary, which in turn will hold such beneficial interests in customers' securities accounts in the Depositary's name on the books of DTC.

Citibank, N.A. will serve initially as registrar (in such capacity, and together with any successor registrar, the "**Registrar**") for the Registered Notes. In such capacity, with respect to the Registered Notes of each Series, Citibank, N.A. will cause to be kept at its Corporate Trust Office a register (each, a "**Note Register**"), in which, subject to such reasonable regulations as it may prescribe, Citibank, N.A. will provide for the registration of the Registered Notes of such Series and of transfers thereof.

Subject to applicable law and the terms of the Indenture, the applicable Series Indenture and the Notes of a Series, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may deem and treat the Registered Holder or Registered Holders of any Registered Note of such Series as the absolute owner or owners of such Registered Note (whether or not such Registered Note shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of, any premium on, and, subject to the provisions of the Indenture and the applicable Series Indenture, any interest on, and any Additional Amounts with respect to, such Registered Note and for all other purposes, and neither the Issuer nor the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by any notice to the contrary. All such payments so made to, or to the order of, such Registered Holder or Registered Holders will be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for funds payable upon any such Registered Note. So long as DTC, its nominee, a nominee of Euroclear and/or Clearstream, Luxembourg or a successor of such clearing system or any such nominee is the Registered Holder of a Global Registered Note, such clearing system, such nominee or such successor of such clearing system or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Registered Note for all purposes under the Indenture. Accordingly, any Beneficial Note Owner must rely on the procedures of DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, and, if such person is not a participant in any such clearing system, on the procedures of the participant therein through which such person owns its beneficial interest, to exercise any rights of a holder of Notes. The Issuer understands that, under existing industry practices, in the event that the Issuer requests any action of holders or that Beneficial Note Owners desire to give or take any action which a holder is entitled to give or take under the Indenture, DTC, its nominee or a successor of DTC or its nominee, as the holder of the DTC

Global Note, would authorize the participants through which the relevant beneficial interests are held (or persons holding beneficial interests in the Notes through participants) to give or take such action, and such participants would authorize Beneficial Note Owners owning through such participants (or such persons holding beneficial interests in the Notes through participants) to give or take such action and would otherwise act upon the instructions given to such participants (or such persons) by such Beneficial Note Owners.

DTC may grant proxies or otherwise authorize its participants (or persons holding beneficial interests in the Notes through its participants) to exercise any rights of a holder of Notes or take any other actions which a holder is entitled to take under the Indenture or in respect of the Notes. Euroclear or Clearstream, Luxembourg, as the case may be, will take any action permitted to be taken by a holder under the Indenture or the Notes on behalf of a Euroclear participant or a Clearstream, Luxembourg participant only in accordance with its relevant rules and procedures and, with respect to beneficial interests in a DTC Global Note, subject to the Depositary's ability to effect such actions on its behalf through DTC. Because DTC can act only on behalf of its participants, who in turn act on behalf of indirect participants, the ability of a Beneficial Note Owner to pledge its interest in the Notes to persons or entities that do not participate in the DTC system or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate of such interest. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a DTC Global Note.

Ownership positions within each clearing system will be determined in accordance with the normal conventions observed by such system. The Indenture Trustee will initially act as the Issuer's paying agent for the Registered Notes pursuant to the Indenture. Payments with respect to a Global Registered Note will be made to DTC, its nominee or a nominee of Euroclear and/or Clearstream, Luxembourg, as the case may be (or to any successor to such clearing system or any such nominee) as the Registered Holder of the Notes represented by such Global Registered Note. Neither the Issuer nor the Indenture Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Registered Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Upon receipt of any payment of principal of, any premium and interest on, and any Additional Amounts with respect to, a DTC Global Note, DTC will credit its participants' accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of such DTC Global Note as shown on the records of DTC. Payments by such participants to owners of beneficial interests in the DTC Global Note held through such participants will be the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name." Distributions with respect to Notes held through Euroclear and/or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants and/or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures to the extent received by the Depositary.

Interests in a Global Registered Note will be exchangeable in whole, but not in part, for Definitive Registered Notes only if such exchange is permitted by applicable law (including, without limitation, Regulation S) and (i) any clearing corporation with which any Global Registered Note is deposited and which is or whose nominee is the holder of such Global Registered Note shall have notified the Issuer that it or its nominee is unwilling or unable to continue as the depositary and Registered Holder of such Global Registered Note and a successor clearing corporation or nominee, as applicable, is not appointed within 90 days; (ii) an Event of Default shall have occurred and the maturity of the Notes of such Series shall have been accelerated in accordance with the terms of the Indenture, the applicable Series Indenture and the Notes of such Series; or (iii) the Issuer shall have decided in its sole discretion that the Notes of such Series should no longer be evidenced solely by one or more Global Registered Notes. An exchange for a Definitive Registered Note will be made at no charge to the holders of the beneficial interests in the Global Registered Note being exchanged. The Definitive Registered Notes issued in exchange for beneficial interests in any such Global Registered Note shall be of like tenor and of an equal aggregate principal amount, in authorized denominations. Such Definitive Registered Notes shall be registered in the name or names of such person or persons as the relevant clearing system shall instruct the Registrar. It is expected that such instructions may be based upon directions received by DTC from DTC participants with respect to ownership of beneficial interests in the DTC Global Notes. Except as provided above, owners of beneficial interests in a Global Registered Note will not be entitled to receive physical delivery of Definitive Registered Notes and will not be considered the registered holders of such Notes for any purpose.

Upon surrender of a Note Certificate for registration of transfer of any Registered Notes represented thereby, together with the form of transfer endorsed thereon duly completed and executed, at the designated office of the Registrar or of any applicable transfer agent, each as provided in an applicable Note Certificate or Series Indenture, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Note Certificates representing an aggregate principal amount of Registered Notes equal to the aggregate principal amount of the Registered Notes represented by such Note Certificate surrendered for registration of transfer.

Subject to the provisions of the applicable Pricing Supplement, payments of principal of, and any premium on, Definitive Registered Notes shall be made as provided in or pursuant to the Indenture against presentation and surrender of the applicable Note Certificate or Note Certificates at the designated office of the Registrar or of any applicable transfer agent, each as provided in the applicable Pricing Supplement. Subject to the provisions of the applicable Pricing Supplement, payments of interest on, and any Additional Amounts with respect to, Definitive Registered Notes shall be paid to the person shown on the applicable Note Register at the close of business on the applicable Regular Interest Record Date (as defined in the Indenture) or Special Interest Record Date (as defined in the Indenture) set as provided in or pursuant to the Indenture and the applicable Series Indenture before the due date for payment thereof. Payments of interest on, and any Additional Amounts with respect to, each Definitive Registered Note shall be made in the currency in which such payments are due by check drawn on a bank in the Principal Financial Center of the country of the currency concerned and mailed to the holder (or the first named of joint holders) of such Definitive Registered Note at its address appearing in the applicable Note Register. Upon application by the holder of a Definitive Registered Note or Notes with an outstanding principal balance of not less than $10 million (or its equivalent in the Specified Currency other than U.S. dollars) to the specified office of the Registrar or any transfer agent before the applicable Regular Interest Record Date or Special Interest Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the Principal Financial Center of the country of that currency or, in the case of Definitive Registered Notes denominated in euro, in a city in which banks have access to the TARGET System.

Bearer Notes

In certain circumstances, the Issuer may agree to issue Notes sold pursuant to an offering made outside the United States to non-U.S. persons in bearer form ("**Bearer Notes**"). Bearer Notes of each Tranche will initially be represented by one or more Temporary Global Bearer Notes, which will be deposited outside the United States on the original issue date thereof with a common depositary for Euroclear and Clearstream, Luxembourg.

The provisions of the applicable Pricing Supplement may provide that so long as the Bearer Notes are represented by a Temporary Global Bearer Note or Permanent Global Bearer Note and the relevant clearing system(s) so permit, such Notes shall be tradeable only in principal amounts of at least the authorized denomination (or if more than one authorized denomination, the lowest authorized denomination) provided hereon and integral multiples of the tradeable amount in excess thereof provided in the relevant Pricing Supplement.

Bearer Notes (other than Temporary Global Bearer Notes) and any coupons or talons appertaining thereto will not be delivered in definitive form, nor may interest be paid on any Temporary Global Bearer Note, unless the Issuer has received a signed certificate in writing stating that on the date of such certificate such Bearer Note is not held by or on behalf of a U.S. person (as defined in Rule 902(k) of Regulation S under the Securities Act). If a Bearer Note is issued with a maturity date in excess of 183 days, the Bearer Note will be in "registered form" for U.S. federal income tax purposes.

Upon the expiration of the applicable Distribution Compliance Period, beneficial interests in a Temporary Global Bearer Note will be exchangeable for equivalent beneficial interests in one or more Permanent Global Bearer Notes as and to the extent provided in the applicable Temporary Global Bearer Note; *provided* that the required certification of beneficial ownership has been received. Beneficial interests in a Permanent Global Bearer Note will be exchangeable in whole but not in part for Definitive Bearer Notes only if such exchange is permitted by applicable law (including, without limitation, Regulation S) and (i) any clearing corporation with which any Permanent Global Bearer Note is deposited and which is or whose nominee is the bearer of such Permanent Global Bearer Note shall have notified the Issuer that it or its nominee is terminating and a successor clearing corporation or nominee, as applicable, is not appointed within 90 days; (ii) an Event of Default shall have occurred and the maturity of the Notes of such Series shall have been accelerated in accordance with the terms of the Indenture, the applicable Series Indenture and the Notes of such Series; or (iii) the issuance of a Definitive Bearer Note is at the Issuer's request upon a change in tax law that would be adverse to the Issuer but for the issuance of Definitive Bearer Notes. No Definitive Bearer Note delivered in exchange for a beneficial interest in a Permanent Global Bearer Note will be mailed or otherwise delivered to any location in the United States or its possessions in connection with such exchange. An exchange for a Definitive Bearer Note will be made at no charge to the holders of the beneficial interests in the Permanent Global Bearer Note being exchanged. Notwithstanding the foregoing, from and after such time as a Definitive Bearer Note is issued in exchange for a beneficial interest in a Permanent Global Bearer Note, any remaining beneficial interest in the Temporary Global Bearer Note will be exchangeable only for Definitive Bearer Notes. After the occurrence of an event permitting the issuance of a Definitive Bearer Note, such that a holder has a right to obtain a Definitive Bearer Note, the Bearer Note will no longer be in registered form for U.S. federal income tax purposes, regardless of whether any option to obtain a Definitive Bearer Note has actually been exercised.

Subject to restrictions set forth in the Indenture and each applicable Note Certificate or Series Indenture, upon 60 days' written notice expiring at least 30 days after the Exchange Date from the holder of a Definitive Bearer Note or from Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on instructions from any owner of a beneficial interest in a Permanent Global Bearer Note, such Definitive Bearer Note or beneficial interest in a Permanent Global Bearer Note may be exchanged for a beneficial interest in a Global Registered Note of such Series containing identical terms, denominated as authorized in or pursuant to the Indenture or an applicable Note Certificate or Series Indenture and in the same aggregate principal amount. An exchange for a beneficial interest in a Global Registered Note will be made at no charge to the holder of the Definitive Bearer Note or the owner of the beneficial interest in the Permanent Global Bearer Note, as the case may be, being exchanged. Notwithstanding anything to the contrary, Registered Notes will not be exchangeable for Bearer Notes.

Subject to applicable laws and the terms of the Indenture, the applicable Series Indenture and the Notes of a Series, and except as provided in the immediately following paragraph, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the bearer of any Note Certificate representing a Bearer Note of such Series, or the bearer of any coupon or talon, as the absolute owner of such Bearer Note, coupon or talon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not any payment with respect to such Bearer Note or coupon shall be overdue, and neither the Issuer, the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

For so long as any of the Bearer Notes are represented by a Temporary Global Bearer Note or a Permanent Global Bearer Note, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the owner of a particular principal amount of Bearer Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to such principal amount of such Bearer Notes standing to the account of any person shall be, except in the case of manifest error, conclusive and binding for all purposes) shall be treated by the Issuer, the Indenture Trustee and any of their agents as the holder of such principal amount of such Bearer Notes for all purposes other than with respect to the payment of principal of, any premium and interest on, and any Additional Amounts with respect to, such Bearer Notes, the right to which shall be vested, as against the Issuer, the Indenture Trustee and any of their agents, solely in the bearer of the relevant Temporary Global Bearer Note or Permanent Global Bearer Note in accordance with and subject to its terms. Bearer Notes which are represented by a Temporary Global Bearer Note or a Permanent Global Bearer Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be. Temporary Global Bearer Notes and Permanent Global Bearer Notes will be "effectively immobilized" as required to be in "registered form" under U.S. federal income tax law requirements. A Global Bearer Note is considered to be "effectively immobilized" for U.S. federal income tax purposes if there are arrangements that prohibit the transfer of the Global Bearer Note except to a successor clearing organization subject to the same terms.

Any principal of, any premium or interest on, and any Additional Amounts with respect to, any Bearer Note shall be payable only upon presentation and surrender of the applicable Note Certificate or the coupons or talons appertaining thereto at an office or agency of the Issuer outside the United States and its possessions for such beneficial interest as they severally mature, as the case may be.

Prior to the expiration of the applicable Distribution Compliance Period, payments with respect to a Temporary Global Bearer Note shall be made to Euroclear and/or Clearstream, Luxembourg or a nominee of Euroclear and/or Clearstream, Luxembourg as the bearer of such Temporary Global Bearer Note or the coupons or talons appertaining thereto; *provided* that the required certification of beneficial ownership has been received. No payments will be made on a Temporary Global Bearer Note after the expiration of the applicable Distribution Compliance Period.

Payments with respect to a Permanent Global Bearer Note shall be made to Euroclear and/or Clearstream, Luxembourg or a nominee of Euroclear and/ or Clearstream, Luxembourg as the bearer of such Permanent Global Bearer Note or the coupons or talons appertaining thereto against presentation or surrender (as the case may be) of the Permanent Global Bearer Note or the coupons or talons appertaining thereto without any requirement for further certification.

Neither the Issuer nor the Indenture Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of beneficial ownership interests in, a Global Bearer Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Subject to the immediately following paragraph, payments of principal of, any premium and interest on, and any Additional Amounts with respect to, Definitive Bearer Notes shall be made against presentation and surrender of the relevant Definitive Bearer Notes, coupons or talons, as the case may be, at the specified office of any Paying Agent outside the United States by a check payable in the currency in which such payment is due drawn on, or at the option of the holder of a Definitive Bearer Note or Notes with an outstanding principal balance of not less than $10 million (or its equivalent in the Specified Currency other than U.S. dollars), by transfer to an account denominated in that currency with a bank in the Principal Financial Center for that currency or, in the case of Definitive Bearer Notes denominated in euro in a city in which banks have access to the TARGET System.

Except as otherwise provided in or pursuant to the Indenture or the applicable Note Certificate or Series Indenture, no payment of principal of, any premium or interest on, or any Additional Amounts with respect to, Bearer Notes shall be made at any office or agency of the Issuer in the United States or its possessions or by check mailed to any address in the United States or its possessions or by transfer to an account maintained with a bank located in the United States or its possessions; *provided, however*, that if amounts owing with respect to any Bearer Notes shall be payable in U.S. dollars, payment of principal of, any premium or interest on, or any Additional Amounts with respect to, any such Bearer Note may be made at the office of the Indenture Trustee in the United States or its possessions or any office or agency designated by the Issuer in the United States or its possessions, if (but only if) payment of the full amount of such principal, any premium or interest, or any Additional Amounts, at all offices outside the United States or its possessions maintained for such purposes by the Issuer in accordance with the Indenture and the applicable Series Indenture is illegal or effectively precluded by exchange controls or other similar restrictions.

Global Clearance and Settlement

General

Notes issued pursuant to the Program may be held through one or more international and domestic clearing systems, principally the book-entry systems operated by DTC in the United States, and Euroclear and Clearstream, Luxembourg in Europe. Electronic securities and payment transfer, processing, depositary and custodial links have been established among these systems and others, either directly or through custodians and depositaries, which enable Notes to be issued, held and transferred among the clearing systems through these links. Each Paying Agent will have direct electronic links with DTC, Euroclear and Clearstream, Luxembourg. Special procedures have been established among these clearing systems and the Indenture Trustee to facilitate clearance and settlement of certain Notes traded across borders in the secondary market. Cross-market transfers of Notes in respect of which payments will be made in U.S. dollars and which will be issued in global form may be cleared and settled using these procedures on a delivery against payment basis. Cross-market transfers of Notes in other than global form may be cleared and settled in accordance with other procedures established among the Indenture Trustee and the clearing systems concerned for this purpose.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the procedures described below in order to facilitate transfers of Notes among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither the Issuer nor the Indenture Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of the respective obligations under the rules and procedures governing their operations.

The Clearing Systems

The clearing systems have advised the Issuer as follows:

DTC. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section l7A of the Exchange Act. DTC holds securities that DTC participants deposit with DTC. DTC also facilitates the settlement among DTC participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in DTC participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC participants who maintain accounts directly with DTC include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("**direct participants**"). DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc. and the Financial Industry Regulatory Authority, Inc. Access to DTC's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and DTC participants are on file with the SEC.

Euroclear. Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Notes clearance accounts and cash accounts with Euroclear are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "**Euroclear Terms and Conditions**"). The Euroclear Terms and Conditions govern transfers of securities and cash with Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. Euroclear acts under the Euroclear Terms and Conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding- through Euroclear participants.

Distributions with respect to Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the Depositary.

Clearstream, Luxembourg. Clearstream, Luxembourg is a company with limited liability under Luxembourg law (a société anonyme).

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including U.S. dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships. Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, which supervises Luxembourg banks. Clearstream, Luxembourg's customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg's U.S. customers are limited to securities brokers and dealers, and banks. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

Distributions with respect to Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg participants in accordance with its rules and procedures, to the extent received by the Depositary.

Other Clearing Systems. Any other clearing system which the Issuer, the Indenture Trustee, the relevant Paying Agents and each relevant Purchasing Agent agree shall be available for a particular issuance of Notes, including the clearance and settlement procedures for such clearing system, will be described in the applicable Pricing Supplement.

Primary Distribution

Notes will be distributed through one or more of the clearing systems described above or any other clearing system specified in the applicable Pricing Supplement. Payment for Notes will be made on a delivery versus payment or free delivery basis, as more fully described in the applicable Pricing Supplement.

Registered Notes. The Issuer and each relevant Purchasing Agent shall agree that either global clearance and settlement procedures or specific clearance and settlement procedures should be available for the Notes of any Series, as specified in the applicable Pricing Supplement. Clearance and settlement procedures may vary from one Series of Notes to another according to the Specified Currency of the Notes of such Series. Customary clearance and settlement procedures are described under the specific clearance and settlement procedures below. Application will be made to the relevant clearing system(s) for the Notes of the relevant Series to be accepted for clearing and settlement and the applicable security identification numbers will be specified in the applicable Pricing Supplement.

Clearance and Settlement Procedures—DTC. DTC participants holding Registered Notes through DTC on behalf of investors will follow the settlement practices applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System. Registered Notes will be credited to the securities custody accounts of such DTC participants against payment in same-day funds on the settlement date.

Clearance and Settlement Procedures—Euroclear and Clearstream, Luxembourg. Investors holding their Notes through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg participants on the business day following the settlement date against payment for value on the settlement date.

Bearer Notes. Customary clearance and settlement procedures for Euroclear and Clearstream, Luxembourg applicable to bearer Eurobonds in the Specified Currency will be followed.

Secondary Market Trading

Trading between DTC participants. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled using procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System in same-day funds, if payment is made in U.S. dollars, or free of payment if payment is made in a currency other than U.S. dollars. In the latter case, separate payment arrangements outside of the DTC system are required to be made between DTC participants.

Trading between Euroclear and/or Clearstream, Luxembourg participants. Secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using procedures applicable to conventional Eurobonds in registered form.

Trading between DTC seller and Euroclear or Clearstream, Luxembourg purchaser

Single Global Note Issues. When Notes represented by a DTC Global Note are to be transferred from the account of a DTC participant (other than the Depositary) to the account of a Euroclear participant or Clearstream, Luxembourg participant, the purchaser must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct the Depositary to receive the Notes against payment or free of payment, as the case may be. After settlement has been completed, the Notes will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the account of the relevant Euroclear or Clearstream, Luxembourg participant. Credit for the Notes will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Notes will accrue from, the value date (which would be the preceding day, when settlement occurs in New York). If settlement is not completed on the intended value date (*i.e.*, the trade fails), the Euroclear or Clearstream, Luxembourg cash debit will be valued instead as of the actual settlement date.

Euroclear participants or Clearstream, Luxembourg participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the Notes are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing Notes would incur overdraft charges for one day, assuming they cleared the overdraft when the Notes were credited to their accounts. However, interest on the Notes would accrue from the value date. Therefore, in many cases, the investment income on Notes earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants can employ their usual procedures for delivering Notes to the Depositary for the benefit of Euroclear participants or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participants, a cross-market transaction will settle no differently than a trade between two DTC participants.

Dual Global Note Issues. When Notes are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg participant, the DTC participant will deliver the Notes free of payment to the appropriate account of the Custodian at DTC by 11:00 A.M. (New York time) on the settlement date together with instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg participant. Separate payment arrangements are required to be made between the Euroclear or Clearstream, Luxembourg participant and the DTC participant. The Custodian will instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of DTC and represented by the DTC Global Note and (ii) increase the amount of Notes registered in the name of the nominee of Euroclear or Clearstream, Luxembourg and represented by the Global Registered Note. The Depositary will deliver such Notes free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant participant in such clearing system on the business day following the settlement date.

Trading between a Euroclear or Clearstream, Luxembourg seller and a DTC purchaser

Single Global Note Issues. Due to time zone differences in their favor, Euroclear participants or Clearstream, Luxembourg participants may employ their customary procedures for transactions in which Notes represented by a DTC Global Note are to be transferred by the respective clearing system through the Depositary to another DTC participant. The seller must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream, Luxembourg will instruct the Depositary to credit the Notes to the DTC participant's account against payment. The payment will then be reflected in the account of the Euroclear participant or Clearstream, Luxembourg participant the following day, and receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant's account will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear participant or Clearstream, Luxembourg participant has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset overdraft charges incurred over the one-day period. If settlement is not completed on the intended value date (*i.e.*, the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant's account would instead be valued as of the actual settlement date.

As is the case with sales of Notes represented by a DTC Global Note by a DTC participant to a Euroclear or Clearstream, Luxembourg participant, participants in Euroclear and Clearstream, Luxembourg will have their accounts credited the day after their settlement date.

Dual Global Note Issues. When Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg participant to the account of a DTC participant, the relevant Euroclear or Clearstream, Luxembourg participant must provide settlement instructions for delivery of the Notes free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, by 7:45 P.M. (Brussels or Luxembourg time) one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn provide appropriate settlement instructions to the Depositary for delivery to the DTC participant. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the Custodian will deliver the Notes free of payment to the appropriate DTC account of the DTC participant and will instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee for Euroclear and Clearstream, Luxembourg and represented by the Global Registered Note and (ii) increase the amount of Notes registered in the name of the nominee of DTC and represented by the DTC Global Note.

Payments

Principal

The principal amount of the Notes of any Series will be payable at par on their Maturity Dates, subject to the provisions of the applicable Pricing Supplement.

Interest

Subject to the provisions of the applicable Pricing Supplement, each Series of interest-bearing Notes will bear interest from its date of issue at the rate per annum, in the case of a Fixed Rate Note, or pursuant to the interest rate formula, in the case of a Floating Rate Note, in each case as specified in the applicable Pricing Supplement, until the principal thereof is paid or duly made available for payment. See also "—Pricing Options—Discount Notes" and "—Pricing Options—Amortizing Notes." Accrued but unpaid interest, if any, on the principal amount of the Notes of any Series will be payable on the Maturity Dates, subject to the provisions of the applicable Pricing Supplement.

Interest Periods

Subject to the provisions of the applicable Pricing Supplement, interest payable with respect to a Series of interest-bearing Notes on each Interest Payment Date (as defined therein) will be the interest accrued from and including the later of (i) the issue date and (ii) the immediately preceding Interest Payment Date with respect to which interest on such Series of Notes has been fully paid or duly provided for, to but excluding such Interest Payment Date ("**Interest Period**"). For any Series of Floating Rate Notes listed on Euronext Dublin, at a time no later than the commencement of each Interest Period, the relevant Paying Agent shall provide a notice to Euronext Dublin stating the rate of interest, the amount of interest payable for a specific denomination and the Interest Period, if applicable.

Payment Procedures

Subject to the provisions of the applicable Pricing Supplement, the Issuer will discharge each of its payment obligations under such Series of Notes and the Indenture by causing the payment amount to be tendered to the Registered Holder or Registered Holders, in the case of Notes in registered form, or the Bearer or Bearers, in the case of Notes in bearer form, of such Series of Notes. All amounts payable to any Registered Holder of any Note issued in registered form or to any bearer of any Note issued in bearer form will be paid to such account at such bank or other financial institution as the Registered Holder of such Note in registered form or bearer of such Note issued in bearer form shall notify in accordance with the terms of the Indenture. Payments in respect of Bearer Notes will be made only outside the United States as required by applicable Treasury Department Regulations.

Unavailability of Specified Currency

If the principal of, any premium or interest on, and any Additional Amounts with respect to, any Note is payable in a Specified Currency other than U.S. dollars which is not available due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to holders of the Notes by making such payment in U.S. dollars on the basis of the most recently available bid quotation determined on the applicable determination date related to such payment from a leading foreign exchange bank in London or New York City selected by the applicable Paying Agent, for the purchase of U.S. dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all holders of Notes denominated other than in U.S. dollars scheduled to receive U.S. dollar payments. Any payment made under such circumstances in U.S. dollars where the required payment is other than in U.S. dollars will not constitute an Event of Default under the Notes.

Redemption and Repurchase of Notes

Subject to the provisions of the applicable Pricing Supplement, and except as provided with respect to a tax redemption under "—Tax Redemption", the Notes of a Series will not be redeemable, except at the applicable Maturity Date, when all Notes of such Series will be redeemed.

Optional Redemption by the Issuer

The applicable Pricing Supplement may provide that the Notes of a Series may be redeemed by the Issuer and the terms of such redemption. If so specified, the Issuer will give a notice of redemption to each holder of the Notes to be redeemed not less than 30 days nor more than 75 days prior to the date fixed for redemption, subject to the provisions of the applicable Pricing Supplement. Such notice of redemption shall also be published in a leading daily newspaper having general circulation in Ireland (which is expected to be the *Irish Times*).

Repayment at Option of Noteholder

Subject to the provisions of the applicable Pricing Supplement, the Notes will not provide any holder with the option to have the Issuer repay the Note on a date or dates specified prior to its Maturity Date. See "—Events of Default."

Repurchase of Notes

The Issuer may purchase some or all Notes of any Series in the open market or otherwise at any time, and from time to time, with the prior written consent of New York Life as to both the making of such purchase and the purchase price to be paid for such Notes; *provided* that all unmatured coupons or talons appertaining thereto are purchased therewith. If New York Life, in its sole discretion, consents to such purchase of Notes by the Issuer, then the Issuer and the Indenture Trustee agree to take such actions as may be necessary or desirable to effect the prepayment of such portion, or the entirety, of the current balance of the Funding Account under each applicable Funding Agreement as may be necessary to provide for the payment of the purchase price for such Notes. Upon such payment, the balance of the Funding Account shall be reduced (i) with respect to any purchase of Fixed Rate Notes or Floating Rate Notes, by an amount equal to the aggregate principal amount of the Notes as purchased (or the portion thereof applicable to such Funding Agreement) and (ii) with respect to any purchase of Notes other than Fixed Rate Notes or Floating Rate Notes, by an amount to be agreed between the Issuer and New York Life to reflect such prepayment under the Funding Agreement.

Replacement of Notes

At the expense of the applicable holder or holders, the Issuer will replace any Note Certificate, or coupon or talon appertaining thereto, that becomes mutilated, destroyed, lost or stolen or is apparently destroyed, lost or stolen. Each mutilated Note Certificate, coupon and talon must be surrendered to the Indenture Trustee or the Issuer, or the Indenture Trustee and the Issuer must receive evidence to their satisfaction of the destruction, loss or theft of each applicable Note Certificate, coupon or talon and there must be delivered to the Issuer and the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless and the Issuer or the Indenture Trustee must not have received notice that such Note Certificate, coupon or talon has been acquired by a protected purchaser (as defined in the UCC as currently in effect).

Prescription

Any funds deposited with or paid to the Indenture Trustee or any Paying Agent for the payment of the principal of, any premium or interest on, or any Additional Amounts or any other amounts payable with respect to, any Note of any Series and not applied but remaining unclaimed for three years after the date upon which such principal, premium, interest, Additional Amount or any other amount shall have become due and payable, shall, upon the written request of the Issuer and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Issuer by the Indenture Trustee or such Paying Agent, and the holder of any such Note of such Series shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Issuer for any payment which such holder may be entitled to collect, and all liability of the Indenture Trustee or any Paying Agent with respect to such funds shall thereupon cease.

Withholding Tax and Payments of Additional Amounts

All payments in respect of the Notes will be made without any withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or other governmental charges of whatever nature imposed or levied on behalf of any governmental authority in the United States having the power to tax, unless such withholding or deduction is required by law.

The Issuer will, subject to the exceptions and limitations set forth below, pay to the holder or holders of any Note, Additional Amounts to compensate for any withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or other governmental charges of whatever nature imposed or levied on payments in respect of such Note, on behalf of any governmental authority in the United States having the power to tax, so that the net amount received by the holder or holders under that Note, after giving effect to such withholding or deduction under the Notes will equal the amount that would have been received under the Notes had no such deduction or withholding been required; *provided* that no such Additional Amounts shall be required for or on account of:

a. any tax, duty, levy, assessment or other governmental charge imposed which would not have been imposed but for the existence of (a) any present or former connection between the holder of Notes or beneficial owner of Notes and the United States, including, without limitation, being or having been a citizen or resident thereof, or having been present, having been incorporated in, having engaged in a trade or business therein, or having (or having had) a permanent establishment or principal office therein, (b) such holder or beneficial owner's status as a controlled foreign corporation for United States federal income tax purposes within the meaning of Section 957(a) of the Code related within the meaning of Section 864(d)(4) of the Code, to New York Life, (c) such holder or beneficial owner being a bank for United States federal income tax purposes whose receipt of interest under the Funding Agreement or Note is described in Section 881(c)(3) of the Code, (d) such holder or beneficial owner being or having been an actual or constructive "10-percent shareholder" of New York Life within the meaning of Section 871(h)(3) of the Code, or (e) such holder or beneficial owner being subject to income tax withholding or backup withholding as of the date of purchase by such holder or beneficial owner;

b. any tax, duty, levy, assessment or other governmental charge imposed which would not have been imposed but for the presentation of the Notes (where presentation is required) for payment on a date more than 30 days after the date on which such payment becomes due and payable or the date on which payment is duly provided for, whichever occurs later;

c. any tax, duty, levy, assessment or other governmental charge which is imposed or withheld solely by reasons of the failure of a holder of Notes or beneficial owner of Notes to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of a holder of Notes or beneficial owner of Notes, if compliance is required by statute, by regulation, judicial or administrative interpretation, other law or by an applicable income tax treaty to which the United States is a party as a condition to exemption from such tax, duty, levy, assessment or other governmental charge;

d. any inheritance, gift, estate, personal property, sales, or transfer tax;

e. any tax, duty, levy, assessment or governmental charge that is payable otherwise than by withholding from payments in respect of the Notes;

f. any tax, duty, levy, assessment or governmental charge imposed by reason of payments on the Notes being treated as contingent interest described in section 871(h)(4) of the Code for United States federal income tax purposes, but only to the extent such treatment was disclosed in writing to the holder of Notes or beneficial owner of Notes, as the case may be, at the time such holder or beneficial owner became a holder of or beneficial owner of Notes, as the case may be;

g. any tax, duty, levy, assessment or governmental charge that would not have been imposed but for an election by a holder of Notes or beneficial owner of Notes, the effect of which is to make payment in respect of the Notes subject to United States federal income tax;

h. any tax, duty, levy, assessment or governmental charge imposed under any of Sections 1471 through 1474 of the Code, any applicable United States Treasury Regulations promulgated thereunder, or any judicial or administrative interpretation of any of the foregoing as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of any such tax, duty, levy, assessment or governmental charge imposed;

i. any tax, duty, levy, assessment or governmental charge imposed with respect to a Bearer Note issued after March 18, 2012 that is not treated as being in registered form for U.S. federal income tax purposes; or

j. any combination of items (a), (b), (c), (d), (e), (f), (g), (h) or (i).

In addition, the obligation to pay Additional Amounts shall not apply unless New York Life is similarly obligated to pay Additional Amounts under the Funding Agreement(s) securing the applicable Notes. See "Description of Certain Terms and Conditions of the Funding Agreements—Payments of Additional Amounts."

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable thereto. Except as specifically provided under this heading "Description of the Notes—Withholding Tax and Payments of Additional Amounts", the Issuer shall not be required to make any payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

Tax Redemption

If New York Life is obligated to withhold or deduct any taxes with respect to any payment under a Funding Agreement or pay any Additional Amounts, or if there is a material probability that New York Life will become obligated to withhold or deduct any such taxes or pay any Additional Amounts (in the opinion of independent counsel selected by New York Life), in each case pursuant to any change in or amendment to United States tax laws (or any regulations or rulings thereunder) or any change in position of the U.S. Internal Revenue Service (the "**IRS**") regarding the application or interpretation thereof (including, but not limited to, New York Life's receipt of a written adjustment from the IRS in connection with an audit), then New York Life may terminate such Funding Agreement by giving not less than 30 and no more than 75 days prior written notice to the Holder of such Funding Agreement, *provided* that no such notice of termination may be given earlier than 90 days prior to the earliest day on which New York Life would become obligated to pay Additional Amounts, were a payment in respect of the Funding Agreement then due. The Issuer is required to redeem the Notes of a Series if New York Life exercises its right to terminate the Funding Agreement(s) related to such Series.

Paying Agent and Listing Agent in Ireland

For so long as the Notes of any Series are admitted to the Official List and trading on the GEM and/or listed or admitted to trading on any other stock exchange, and to the extent required by the guidelines of such exchange, the Issuer will maintain a paying agent and listing agent for the Notes in Ireland.

Pricing Options

Fixed Rate Notes

Interest Payment Dates. Subject to the provisions of the applicable Pricing Supplement, interest on the Fixed Rate Notes of a Series will be payable semiannually each year on such date or dates as may be specified in the applicable Pricing Supplement (each, an "**Interest Payment Date**" with respect to such Series of Fixed Rate Notes) and on the Maturity Date.

Payment Date Not a Business Day. Subject to the provisions of the applicable Pricing Supplement, if the date on which any principal, premium, interest, Additional Amount or other payment obligation with respect to the Fixed Rate Notes of a Series is due, including any Interest Payment Date, falls on a day that is not a Business Day, the Issuer will have until the next succeeding Business Day to satisfy its payment obligation and any such payment shall be given the same force and effect as if made on the date on which such principal, premium, interest, Additional Amount or other payment obligation was due and no additional interest shall accrue as a result of payment on such succeeding Business Day.

Method of Calculating Interest. Subject to the provisions of the applicable Pricing Supplement, interest on the Fixed Rate Notes of a Series will be computed on the basis of a 360-day year of twelve 30-day months and in the case of an incomplete month, the actual number of days elapsed.

Floating Rate Notes

Generally. Interest on a Series of Floating Rate Notes will be determined by reference to one or more of the CMT Rate, the Commercial Paper Rate, EURIBOR, the Federal Funds Rate, LIBOR, the Prime Rate, SOFR, the Treasury Rate (each, an "**Interest Rate Basis**"), or such other Interest Rate Basis or interest rate formula as may be specified in the applicable Pricing Supplement.

The applicable Pricing Supplement will specify certain terms of a Series of Floating Rate Notes, including: whether such Series of Floating Rate Notes is a Series of "Regular Floating Rate Notes" or "Floating Rate/Fixed Rate Notes", the Fixed Rate Commencement Date, if applicable, Fixed Interest Rate, if applicable, Interest Rate Basis or Bases, Initial Interest Rate, if any, the first Interest Reset Date, Interest Reset Dates, Interest Payment Dates, Index Maturity, Maximum Interest Rate and/or Minimum Interest Rate, if any, and Spread and/or Spread Multiplier, if any, as such terms are defined below. If one or more of the Interest Rate Bases for any Series of Floating Rate Notes is LIBOR or the CMT Rate, the applicable Pricing Supplement will also specify the LIBOR Currency and LIBOR Page or the CMT Maturity Index and CMT Reuters Page, respectively, as such terms are defined below.

The rate at which a Series of Floating Rate Notes will bear interest will be determined as follows:

Unless such Series of Floating Rate Notes is designated as a Series of "Floating Rate/Fixed Rate Notes" or a Series of "Inverse Floating Rate Notes", or as having an Addendum attached or having "Other/Additional Provisions" apply, in each case relating to a different interest rate formula, such Series of Floating Rate Notes will be designated as a Series of "**Regular Floating Rate Notes**" and, except as described below or in the applicable Pricing Supplement, will bear interest at the rate determined by reference to the Interest Rate Basis or Bases for such Series (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any. Commencing on the first Interest Reset Date, the rate at which interest on such Regular Floating Rate Note shall be payable shall be reset as of each Interest Reset Date; *provided*, *however*, that the interest rate in effect for the period, if any, from the date of issue to the first Interest Reset Date will be the Initial Interest Rate.

If such Series of Floating Rate Notes is designated as a Series of "**Floating Rate/Fixed Rate Notes**", then, except as described below, such Series of Floating Rate Notes will bear interest at the rate determined by reference to the Interest Rate Basis or Bases for such Series (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any. Commencing on the first Interest Reset Date, the rate at which interest on such Series of Floating Rate/Fixed Rate Notes shall be payable shall be reset as of each Interest Reset Date; *provided*, *however*, that (a) the interest rate in effect for the period, if any, from the date of issue to the first Interest Reset Date will be the Initial Interest Rate and (b) the interest rate in effect (the "**Fixed Interest Rate**") for the period commencing on the date specified therefor in the applicable Pricing Supplement (the "**Fixed Rate Commencement Date**") to the Stated Maturity Date shall be the interest rate so specified in such applicable Pricing Supplement or, if no such rate is specified, the interest rate in effect thereon on the day immediately preceding the Fixed Rate Commencement Date. For the period during which the Fixed Interest Rate is in effect, interest shall be calculated and paid as specified above under "Fixed Rate Notes."

The "**Spread**" for a Series of Floating Rate Notes is the number of basis points to be added to or subtracted from the related Interest Rate Basis or Bases applicable to such Series of Floating Rate Notes. The "**Spread Multiplier**" is the percentage of the related Interest Rate Basis or Bases applicable to such Series of Floating Rate Notes by which such Interest Rate Basis or Bases will be multiplied to determine the applicable interest rate on such Series of Floating Rate Notes. The "**Index Maturity**" is the period to maturity of the instrument or obligation with respect to which the related Interest Rate Basis or Bases will be calculated.

Subject to the provisions of the applicable Pricing Supplement, the interest rate with respect to each Interest Rate Basis for a Series of Floating Rate Notes will be determined in accordance with the applicable provisions below. Subject to the provisions of the applicable Pricing Supplement and except as set forth above, the interest rate in effect on each day shall be (i) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding such Interest Reset Date or (ii) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date.

The applicable Pricing Supplement will specify the dates on which the rate of interest on a Series of Floating Rate Notes will be reset daily, weekly, monthly, quarterly, semiannually or annually or on such other specified basis (each, an "**Interest Reset Period**") and the dates on which such rate of interest will be reset (each, an "**Interest Reset Date**"). Subject to the provisions of the applicable Pricing Supplement, the Interest Reset Dates will be, in the case of a Series of Floating Rate Notes which reset:

- daily, each Business Day;
- on each U.S. Government Securities Business Day, each such U.S. Government Securities Business Day; *provided*, *however*, that in respect of any Interest Period, the last two U.S. Government Securities Business Days of such Interest Period shall be a suspension period. During a suspension period, the reference rate for each day during that suspension period will be the reference rate for the Interest Reset Date immediately prior to the first day of the suspension period;
- weekly, the Wednesday of each week (with the exception of weekly reset Floating Rate Notes as to which the Treasury Rate is an applicable Interest Rate Basis, which will reset the Tuesday of each week);
- monthly, the third Wednesday of each month;

- quarterly, the third Wednesday of March, June, September and December of each year;
- semiannually the third Wednesday of the two months specified in the applicable Pricing Supplement; and
- annually, the third Wednesday of the month specified in the applicable Pricing Supplement;

provided, however, that, with respect to each Series of Floating Rate/Fixed Rate Notes, the rate of interest thereon will not reset after the applicable Fixed Rate Commencement Date. If any Interest Reset Date for any Series of Floating Rate Notes would otherwise be a day that is not a Business Day, such Interest Reset Date will be postponed to the next succeeding Business Day, except that in the case of a Series of Floating Rate Notes as to which LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Reset Date will be the immediately preceding Business Day.

Interest Determination Date. The interest rate applicable to an Interest Reset Period commencing on the related Interest Reset Date will be the rate determined by the Calculation Agent (as hereinafter defined) as of the applicable Interest Determination Date and calculated on or prior to the Calculation Date (as hereinafter defined), except with respect to LIBOR, which will be calculated on such Interest Determination Date. The "Interest Determination Date" with respect to the Commercial Paper Rate, the Federal Funds Rate and the Prime Rate will be the Business Day immediately preceding the related Interest Reset Date; the "Interest Determination Date" with respect to the CMT Rate will be the second Business Day immediately preceding the applicable Interest Reset Date; the "Interest Determination Date" with respect to EURIBOR will be the second TARGET Settlement Date immediately preceding each Interest Reset Date; the "Interest Determination Date" with respect to LIBOR will be the second London Banking Day immediately preceding the applicable Interest Reset Date, unless the LIBOR Currency is British pounds sterling, in which case the "Interest Determination Date" will be the applicable Interest Reset Date; and the "Interest Determination Date" with respect to SOFR will be as specified in the applicable Pricing Supplement. With respect to the Treasury Rate, the "Interest Determination Date" will be the day in the week in which the applicable Interest Reset Date falls on which day Treasury Bills (as hereinafter defined) are normally auctioned (Treasury Bills are normally sold at an auction held on Monday of each week, unless such Monday is a legal holiday, in which case the auction is normally held on the immediately succeeding Tuesday although such auction may be held on the preceding Friday); *provided, however*, that if an auction is held on the Friday of the week preceding the applicable Interest Reset Date, the "Interest Determination Date" will be such preceding Friday. The "Interest Determination Date" pertaining to any Series of Floating Rate Notes the interest rate of which is determined by reference to two or more Interest Rate Bases will be the most recent Business Day which is at least two Business Days prior to the applicable Interest Reset Date for such Series of Floating Rate Notes on which each Interest Rate Basis is determinable. Each Interest Rate Basis will be determined as of such date, and the applicable interest rate will take effect on the applicable Interest Reset Date.

Notwithstanding the foregoing, any Series of Floating Rate Notes may also have either or both of the following: (i) a Maximum Interest Rate, or ceiling, that may accrue during any Interest Period and (ii) a Minimum Interest Rate, or floor, that may accrue during any Interest Period. In addition to any Maximum Interest Rate that may apply to any Series of Floating Rate Notes, the interest rate on such Series of Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

Interest Payment Dates. Subject to the provisions of the applicable Pricing Supplement and except as provided below, the date(s) on which interest on a Series of Floating Rate Notes is payable (each, an "**Interest Payment Date**" with respect to such Series of Floating Rate Notes) will be the Maturity Date and, in the case of a Series of Floating Rate Notes which reset:

- daily, weekly or monthly, the third Wednesday of each month or the third Wednesday of March, June, September and December of each year, as specified in the applicable Pricing Supplement;
- quarterly, the third Wednesday of March, June, September and December of each year;

- semiannually, the third Wednesday of the two months of each year specified in the applicable Pricing Supplement; and

- annually, the third Wednesday of the month of each year specified in the applicable Pricing Supplement.

Payment Date not a Business Day. Subject to the provisions of the applicable Pricing Supplement, if any Interest Payment Date other than the Maturity Date for a Series of Floating Rate Notes would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, except that in the case of a Series of Floating Rate Notes as to which LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day. If the Maturity Date of any Series of Floating Rate Notes falls on a day that is not a Business Day, the required payment of principal, any premium and interest, and any Additional Amounts, will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue in respect of such payment made on that next succeeding Business Day.

Calculations. All percentages resulting from any calculation on any Series of Floating Rate Notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five-one millionths of a percentage point rounded upwards (*e.g.*, 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655)), and all amounts used in or resulting from such calculation on such Series of Floating Rate Notes will be rounded, in the case of U.S. dollars, to the nearest cent or, in the case of euro or other currency, to the nearest unit (with one-half cent or unit being rounded upwards).

With respect to each Series of Floating Rate Notes, accrued interest is calculated by multiplying its principal amount by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day in the applicable Interest Period. Subject to the provisions of the applicable Pricing Supplement, the interest factor for each such day will be computed by dividing the interest rate applicable to such day by 360, in the case of any Series of Floating Rate Notes for which an applicable Interest Rate Basis is the Commercial Paper Rate, the Federal Funds Rate, LIBOR or the Prime Rate, or by the actual number of days in the year in the case of any Series of Floating Rate Notes for which an applicable Interest Rate Basis is the CMT Rate or the Treasury Rate.

The applicable Pricing Supplement will specify the "**Calculation Agent**" for a Series of Floating Rate Notes. Upon request of the Registered Holder of any Floating Rate Note in registered form or the bearer of any Floating Rate Note in bearer form, the Calculation Agent will disclose the interest rate then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next succeeding Interest Reset Date with respect to such Floating Rate Note. Subject to the provisions of the applicable Pricing Supplement, the "**Calculation Date**", if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day immediately preceding the applicable Interest Payment Date or the Maturity Date, as the case may be.

Subject to the provisions of the applicable Pricing Supplement, with respect to each Series of Floating Rate Notes, the Calculation Agent shall determine each Interest Rate Basis in accordance with the following provisions:

"**H.15 Daily Update**" means the daily update of H.15, available through the internet site of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/releases/h15/update/, or any successor site or publication.

"**H.15**" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

CMT Rate. "**CMT Rate**" means:

(i) If CMT Reuters Page FRBCMT is specified in the applicable Pricing Supplement:

a. the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified in the applicable Pricing Supplement as the yield is displayed on Reuters, Inc. (or any successor service) on page FRBCMT (or any other page as may replace the specified page on that service under the caption "Treasury Constant Maturities") ("**Reuters Page FRBCMT**") for the particular Interest Determination Date, or

b. if the rate referred to in clause (a) does not so appear on Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the particular Index Maturity and for the particular Interest Determination Date as published in H.15 under the caption "Treasury Constant Maturities", or

c. if the rate referred to in clause (b) does not so appear in H.15, the rate on the particular Interest Determination Date for the period of the particular Index Maturity as may then be published by either the Federal Reserve System Board of Governors or the Treasury Department that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15, or

d. if the rate referred to in clause (c) is not so published, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that Interest Determination Date of three leading primary United States government securities dealers in the United States (which may include the Purchasing Agents or their affiliates) (each, a "**Reference Dealer**"), selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Index Maturity, a remaining term to maturity no more than one year shorter than that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

e. if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

f. if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Index Maturity, a remaining term to maturity closest to that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

g. if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

h. if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on the particular Interest Determination Date.

(ii) If CMT Reuters Page FEDCMT is specified in the applicable Pricing Supplement:

a. the percentage equal to the one-week or one-month, as specified in the applicable Pricing Supplement, average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified in the applicable Pricing Supplement as the yield is displayed on Reuters, Inc. (or any successor service) on Page FEDCMT (or any other page as may replace the specified page on that service) ("**Reuters Page FEDCMT**"), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls, or

b. if the rate referred to in clause (a) does not so appear on Reuters Page FEDCMT, the percentage equal to the one-week or one-month, as specified in the applicable Pricing Supplement, average yield for United States Treasury securities at "constant maturity" having the particular Index Maturity and for the week or month, as applicable, preceding the particular Interest Determination Date as published in H.15 opposite the caption "Treasury Constant Maturities", or

c. if the rate referred to in clause (b) does not so appear in H.15, the one-week or one-month, as specified in the applicable Pricing Supplement, average yield for United States Treasury securities at "constant maturity" having the particular Index Maturity as otherwise announced by the FRBNY for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls, or

d. if the rate referred to in clause (c) is not so published, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Index Maturity, a remaining term to maturity no more than one year shorter than that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

e. if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

f. if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Index Maturity, a remaining term to maturity closest to that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at the time, or

g. if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular Interest Determination Date calculated by the

Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or

h. if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that Interest Determination Date.

If two United States Treasury securities with an original maturity greater than the Index Maturity specified in the applicable Pricing Supplement have remaining terms to maturity equally close to the particular Index Maturity, the quotes for the United States Treasury security with the shorter original remaining term to maturity will be used.

Commercial Paper Rate. "**Commercial Paper Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to the Commercial Paper Rate (a "**Commercial Paper Rate Interest Determination Date**"), the Money Market Yield (as hereinafter defined) on such date of the rate for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in H.15 under the caption "Commercial Paper-Nonfinancial" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper-Nonfinancial." If such rate is not yet published in H.15, H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of United States dollar commercial paper in the United States (which may include the Purchasing Agents or their affiliates) selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Pricing Supplement placed for industrial issuers whose bond rating is "Aa", or the equivalent, from a nationally recognized statistical rating organization; *provided, however,* that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"**Money Market Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

EURIBOR. EURIBOR Notes will bear interest at the rates (calculated with reference to the European inter-bank offered rate for deposits in euro, or "EURIBOR", and the Spread and/or Spread Multiplier, if any) specified in such EURIBOR Note and any applicable Pricing Supplement.

"**EURIBOR**" means the rate determined in accordance with the following provisions:

(i) With respect to any Interest Determination Date relating to a Series of EURIBOR Notes or a Series of Floating Rate Notes for which the interest rate is determined with reference to EURIBOR (a "**EURIBOR Interest Determination Date**"), the rate for deposits in euros as sponsored, calculated and published jointly by the European Banking Federation and ACI—The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity specified in the applicable Pricing Supplement, commencing on the applicable Interest Reset Date, as that rate appears on Reuters, Inc., or any successor service, on page EURIBOR01 (or any other page as may replace that specified page on that service) ("**Reuters Page EURIBOR01**") as of the Reference Time (as defined below).

(ii) If such rate does not appear on Reuters Page EURIBOR01, or is not so published by the Reference Time as specified in clause (i) above, except as provided in clause (iii) below such rate will be calculated by the Calculation Agent and will be the arithmetic mean of at least two quotations obtained by New York Life after requesting the principal Euro-zone (as defined below) offices of four major banks in the Euro-zone interbank market to provide New York Life with its offered quotation for deposits in euros for the period of the Index Maturity specified in the applicable Pricing Supplement, commencing on the applicable Interest Reset Date, to prime banks in the Euro-zone interbank market at approximately the Reference Time and in a principal amount not less than the equivalent of $1 million in euros that is representative for a single transaction in euro in that market at that time. If fewer than two such quotations are so provided, the rate on the applicable EURIBOR Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the quotations obtained by New York Life at approximately the Reference Time from four major banks in the Euro-zone for loans in euro to leading European banks, having the Index Maturity specified in the applicable Pricing Supplement commencing on the applicable Interest Reset Date and in a principal amount not less than the equivalent of $1 million in euros that is representative for a single transaction in euros in that market at that time. If the banks so selected by New York Life are not quoting as mentioned above, EURIBOR will be EURIBOR in effect on the applicable EURIBOR Interest Determination Date.

(iii) Notwithstanding clause (ii) above, if the Issuer or New York Life determines that a Benchmark Transition Event (as defined below) and its related Benchmark Replacement Date (as defined below) have occurred prior to the Reference Time in respect of any determination of EURIBOR on any date, the Benchmark Replacement (as defined below) will replace EURIBOR for all purposes relating to the relevant Series of Floating Rate Notes in respect of such determination on such date and all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer or New York Life will have the right to make Benchmark Replacement Conforming Changes (as defined below) from time to time. Any determination, decision or election that may be made by the Issuer or New York Life pursuant to this clause (iii) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or New York Life's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the relevant series of Floating Rate Notes, shall become effective without consent from any other party. In connection with any such variation to EURIBOR in accordance with this clause (iii), the Issuer and New York Life shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

"**Euro-zone**" means the region comprised of member states of the EU that have adopted the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on EU.

Federal Funds Rate. "**Federal Funds Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to the Federal Funds Rate (a "**Federal Funds Rate Interest Determination Date**"), the rate on such date for United States dollar Federal funds as published in H.15 under the heading "Federal Funds (Effective)", as such rate is displayed on Reuters, Inc. (or any successor service) on page FEDFUND 01 (or any other page as may replace such page on such service) ("**Reuters Page FEDFUND 01**"), or, if such rate does not appear on Reuters Page FEDFUND 01 or is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date for United States dollar Federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Federal Funds (Effective)." If such rate does not appear on Reuters Page FEDFUND 01 or is not yet published in H.15, H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar Federal funds arranged by three leading brokers of United States dollar Federal funds transactions in The City of New York (which may include the Purchasing Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; *provided, however*, that if the brokers so selected by the

Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

LIBOR. "**LIBOR**" means the rate determined in accordance with the following provisions:

(i) With respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to LIBOR (a "**LIBOR Interest Determination Date**"), LIBOR will be the rate for deposits in the LIBOR Currency (as defined below) having the Index Maturity specified in such applicable Pricing Supplement, commencing on such Interest Reset Date, that appears on the LIBOR Page as of the Reference Time. In the event such rate does not appear on the LIBOR Page as of the Reference Time, then New York Life will consult with an investment bank of national standing (which may include an affiliate of any of the Purchasing Agents) to determine whether there is an industry accepted substitute or successor base rate to LIBOR. If, after such consultation, New York Life determines that there is an industry accepted substitute or successor base rate, New York Life shall direct the Calculation Agent to use such substitute or successor base rate on such LIBOR Interest Determination Date. In such case, New York Life may in its sole discretion (without implying a corresponding obligation to do so) direct the Calculation Agent to implement changes to the definition of Business Day, the LIBOR Interest Determination Date and any method for obtaining the substitute or successor base rate if such rate is unavailable on the relevant Business Day, in a manner that is consistent with industry accepted practices for such substitute or successor base rate. Unless New York Life determines that there is an industry accepted substitute or successor base rate as so provided in this (i), the procedures in (ii) below will apply.

(ii) If no offered rate appears on the LIBOR Page as of the Reference Time, as specified in clause (i) above, except as provided in clause (iii) below, New York Life will select four major banks in the London interbank market (which may include affiliates of the Purchasing Agents) and will request each of their principal London offices to provide a quotation of the offered rate at which deposits in the LIBOR Currency for the period of the Index Maturity specified in the applicable Pricing Supplement, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market as of approximately the Reference Time and in a principal amount that is representative for a single transaction in the LIBOR Currency in such market at such time. If at least two quotations are provided, LIBOR will be the arithmetic average (rounded upward if necessary to the nearest 0.00001 of 1%) of the quotations provided. If less than two quotations are provided, New York Life, after consultation with an investment bank of national standing (which may include an affiliate of any of the Purchasing Agents), will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by it as of approximately 11:00 A.M., New York City time, on such LIBOR Interest Determination Date for loans in the LIBOR Currency for the period of the Index Maturity specified in the applicable Pricing Supplement, commencing on the applicable Interest Reset Date, to leading European banks and in a principal amount that is representative for a single transaction in the LIBOR Currency at such time. If three quotations are provided, LIBOR will be the arithmetic average (rounded upward if necessary to the nearest .00001 of 1%) of the quotations provided. Otherwise, New York Life, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate LIBOR in the LIBOR Currency for the period of the Index Maturity specified in the applicable Pricing Supplement or any of the foregoing lending rates, shall determine LIBOR on the relevant LIBOR Interest Determination Date in its sole discretion. Notwithstanding the foregoing, if New York Life is unable or refuses to exercise such discretion with respect to any such LIBOR Interest Determination Date, LIBOR for such LIBOR Interest Determination Date will be equal to LIBOR in effect on the most recently preceding LIBOR Interest Determination Date.

(iii) Notwithstanding clause (ii) above, if the Issuer or New York Life determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of LIBOR on any date, the Benchmark Replacement will replace LIBOR for all purposes relating to the relevant Series of Floating Rate Notes in respect of such determination on such date and all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer or New York Life will have the right to make Benchmark Replacement Conforming Changes from time to time. Any determination, decision or election that may be made by the Issuer or New York Life pursuant to this clause (iii) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or New York Life's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the relevant series of Floating Rate Notes, shall become effective without consent from any other party. In connection with any such variation to LIBOR in accordance with this clause (iii), the Issuer and New York Life shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

"**Benchmark**" means, initially, EURIBOR or LIBOR, as the case may be; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to EURIBOR or LIBOR, as the case may be, or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

"**Benchmark Replacement**" means the Interpolated Benchmark; *provided* that if the Issuer or New York Life cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or New York Life as of the Benchmark Replacement Date:

(i) only with respect to a Series of Floating Rate Notes for which the Benchmark is LIBOR, the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;

(ii) only with respect to a Series of Floating Rate Notes for which the Benchmark is LIBOR, the sum of: (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;

(iii) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Index Maturity and (b) the Benchmark Replacement Adjustment;

(iv) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment;

(v) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or New York Life as the replacement for the then-current Benchmark for the applicable Corresponding Index Maturity giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar or euro denominated floating rate notes as the case may be, at such time and (b) the Benchmark Replacement Adjustment.

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or New York Life as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or New York Life giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar or euro denominated floating rate notes at such time.

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Index Maturity" solely when such Index Maturity is longer than the Interest Period and other administrative matters) that the Issuer or New York Life decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or New York Life decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or New York Life determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or New York Life determines is reasonably necessary).

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark:

(i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or

(ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"**Compounded SOFR**" means the compounded average of SOFRs for the applicable Corresponding Index Maturity, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Issuer or New York Life in accordance with:

(i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; *provided* that:

(ii) if, and to the extent that, the Issuer or New York Life determines that Compounded SOFR cannot be determined in accordance with clause (i) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or New York Life giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

"**Corresponding Index Maturity**" with respect to a Benchmark Replacement means an Index Maturity (including overnight) having approximately the same length (disregarding Business Day adjustment) as the applicable Index Maturity for the then-current Benchmark.

"**FRBNY's Website**" means the website of the FRBNY at http://www.newyorkfed.org, or any successor source.

"**Interpolated Benchmark**" with respect to the Benchmark means the rate determined for the Corresponding Index Maturity by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Index Maturity and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Index Maturity.

"**ISDA Definitions**" means the 2006 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"**ISDA Fallback Adjustment**" means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable Index Maturity.

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable Index Maturity excluding the applicable ISDA Fallback Adjustment.

"**LIBOR Currency**" means, with respect to a Series of Floating Rate Notes as to which LIBOR shall be calculated, the currency specified in the applicable Pricing Supplement or, if no such currency is specified in the applicable Pricing Supplement, United States dollars.

"**LIBOR Page**" means, with respect to a Series of Floating Rate Notes as to which LIBOR shall be calculated, the display on Reuters (or any successor service) on the page specified in such applicable Pricing Supplement (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the LIBOR Currency.

"**Reference Time**" with respect to any determination of the Benchmark means (1) if the Interest Rate Basis is EURIBOR, 11:00 A.M., Brussels time, on the applicable EURIBOR Interest Determination Date, (2) if the Interest Rate Basis is LIBOR, 11:00 A.M., London time, on the applicable LIBOR Interest Determination Date, and (3) if the Interest Rate Basis is not EURIBOR or LIBOR as a result of a Benchmark Transition Event, the time determined by the Issuer or New York Life in accordance with the Benchmark Replacement Conforming Changes.

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the FRBNY, or a committee officially endorsed or convened by the Federal Reserve Board and/or the FRBNY or any successor thereto.

"**Term SOFR**" means the forward-looking term rate for the applicable Corresponding Index Maturity based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

For purposes of the preceding definitions of "Compounded SOFR" and "Term SOFR," "**SOFR**" with respect to any day means the secured overnight financing rate published for such day by the FRBNY, as the administrator of the benchmark, (or a successor administrator) on the FRBNY's Website.

Prime Rate. "**Prime Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to the Prime Rate (a "**Prime Rate Interest Determination Date**"), the rate on such date as such rate is published in H.15 under the caption "Bank Prime Loan" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Bank Prime Loan." If such rate is not yet published in H.15, H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 Page (as hereinafter defined) as such bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates so appear on the Reuters Screen US PRIME 1 Page for such Prime Rate Interest Determination Date, then the Prime Rate shall be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include affiliates of the Purchasing Agents) in The City of New York selected by the Calculation Agent; *provided*, *however*, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"**Reuters Screen US PRIME 1 Page**" means the display on the Reuter Money 3000 Service (or any successor service) on the "US PRIME 1" page (or such other page as may replace the US PRIME 1 page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

SOFR. "**SOFR**" means, with respect to any Interest Reset Date:

(i) the Secured Overnight Financing Rate in respect of the U.S. Government Securities Business Day immediately preceding such Interest Reset Date as provided by the FRBNY, as the administrator of such rate (or a successor administrator) on the FRBNY's Website at 5:00 p.m. (New York time) on such Interest Reset Date; or

(ii) If the Secured Overnight Financing Rate does not appear on such Interest Reset Date as specified in clause (i) above, unless both a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have occurred, the Secured Overnight Financing Rate in respect of the last U.S. Government Securities Business Day on which the Secured Overnight Financing Rate was published on the FRBNY's Website; or

(iii) If a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have occurred, the rate that was recommended as the replacement for the Secured Overnight Financing Rate by the Federal Reserve Board and/or FRBNY or a committee officially endorsed or convened by the Federal Reserve Board and/or FRBNY for the purpose of recommending a replacement for the Secured Overnight Financing Rate (which rate may be produced by a Federal Reserve Bank or other designated administrator, and which rate may include any adjustments or spreads); provided that if no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Event, then the rate for each Interest Reset Date occurring on or after the SOFR Index Cessation Effective Date will be determined as if (a) references to SOFR were references to OBFR, (b) references to U.S. Government Securities Business Day were references to New York City Banking Day, (c) references to SOFR Index Cessation Event were references to OBFR Index Cessation Event and (d) references to SOFR Index Cessation Effective Date were references to OBFR Index Cessation Effective Date; and provided further that, if no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Event and an OBFR Index Cessation Event has occurred, then the rate for each Interest Reset Date occurring on or after the SOFR Index Cessation Effective Date will be determined as if (x) references to SOFR were references to FOMC Target Rate, (y) references to U.S. Government

Securities Business Day were references to New York City Banking Day and (z) references to the FRBNY's Website were references to the Federal Reserve's Website.

(iv) The following definitions apply to the preceding definition of "SOFR":

"**Federal Reserve's Website**" means the website of Federal Reserve System Board of Governors currently at http://www.federalreserve.gov, or any or any successor website of the Federal Reserve System Board of Governors.

"**FOMC Target Rate**" means, the short-term interest rate target set by the Federal Open Market Committee and published on the Federal Reserve's Website or, if the Federal Open Market Committee does not target a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee and published on the Federal Reserve's Website (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range).

"**New York City Banking Day**" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City.

"**OBFR**" means, with respect to any Interest Reset Date, the daily Overnight Bank Funding Rate in respect of the New York City Banking Day immediately preceding such Interest Reset Date as provided by the FRBNY, as the administrator of such rate (or a successor administrator), on the FRBNY's Website at 5:00 p.m. (New York time) on such Interest Reset Date.

"**OBFR Index Cessation Effective Date**" means, in respect of an OBFR Index Cessation Event, the date on which the FRBNY (or any successor administrator of OBFR), ceases to publish the OBFR, or the date as of which the OBFR may no longer be used.

"**OBFR Index Cessation Event**" means the occurrence of one or more of the following events:

a. a public statement by the FRBNY (or a successor administrator of the OBFR) announcing that it has ceased or will cease to publish or provide the OBFR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the OBFR;

b. the publication of information which reasonably confirms that the FRBNY (or a successor administrator of the OBFR) has ceased or will cease to provide the OBFR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the OBFR; or

c. a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the OBFR that applies to, but need not be limited to, fixed income securities and derivatives, to the extent that such public statement has been acknowledged in writing by ISDA as an "OBFR Index Cessation Event" under the ISDA Definitions.

"**Secured Overnight Financing Rate**" means the Reference Rate provided by the FRBNY, as the administrator of such Reference Rate (or a successor administrator) on the FRBNY's Website.

"**SIFMA**" means the Securities Industry and Financial Markets Association.

"**SOFR Index Cessation Effective Date**" means, in respect of a SOFR Index Cessation Event, the date on which the FRBNY (or any successor administrator of the Secured Overnight Financing Rate), ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used.

"**SOFR Index Cessation Event**" means the occurrence of one or more of the following events:

a. a public statement by the FRBNY (or a successor administrator of the Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate;

b. the publication of information which reasonably confirms that the FRBNY (or a successor administrator of the Secured Overnight Financing Rate) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate; or

c. a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the Secured Overnight Financing Rate that applies to, but need not be limited to, fixed income securities and derivatives, to the extent that such public statement has been acknowledged in writing by ISDA as a "SOFR Index Cessation Event" under the ISDA Definitions.

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. Government Securities.

With respect to any Series of Floating Rate Notes for which the "Interest Rate" specified in the applicable Pricing Supplement is determined by reference to the "Accrued Interest Compounding Factor", the amount of interest accrued and payable for each Interest Period will be equal to the product of (i) the outstanding principal amount of such Series of Floating Rate Notes multiplied by (ii) the product of (a) the Interest Rate for the relevant Interest Period multiplied by (b) the quotient of the actual number of calendar days in such Interest Period divided by 360. The Accrued Interest Compounding Factor is a compounded average of SOFR calculated for each day during the relevant Observation Period, as determined for each Interest Period in accordance with the specific formula and other provisions set forth below.

"**Accrued Interest Compounding Factor**" means a rate of return of a daily compounded interest investment calculated in accordance with the formula set forth below:

$$\left[\prod_{i=1}^{do}\left(1+\frac{SOFRi\ x\ ni}{360}\right)-1\right]x\frac{360}{d}$$

Where:

"d_0", for any Observation Period, is the number of U.S. Government Securities Business Days in the relevant Observation Period.

"i" is a series of whole numbers from one to d_0, each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Observation Period.

"SOFRi", for any day "i" in the relevant Observation Period, is a reference rate equal to SOFR in respect of that day.

"ni" for any day "i" in the relevant Observation Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day.

"d" is the number of calendar days in the relevant Observation Period.

"Observation Period" in respect of each Interest Period means the period from, and including the date two U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date two U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period.

For these calculations, the Interest Rate in effect on any U.S. Government Securities Business Day will be the applicable rate as reset on that date. The Interest Rate applicable to any other day is the Interest Rate from the immediately preceding U.S. Government Securities Business Day.

Treasury Rate. "**Treasury Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined by reference to the Treasury Rate (a "**Treasury Rate Interest Determination Date**"), the rate from the auction held on such Treasury Rate Interest Determination Date (the "**Auction**") of direct obligations of the United States ("**Treasury Bills**") having the Index Maturity specified in the applicable Pricing Supplement under the caption "INVESTMENT RATE" on the display on Reuters (or any successor service) on page USAUCTION 10 (or any other page as may replace such page on such service) or page USAUCTION 11 (or any other page as may replace such page on such service) or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as hereinafter defined) of the rate for such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield of the auction rate of such Treasury Bills as announced by the Treasury Department. In the event that the auction rate of Treasury Bills having the Index Maturity specified in the applicable Pricing Supplement is not so announced by the Treasury Department, or if no such Auction is held, then the Treasury Rate will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Pricing Supplement as published in H.15 under the caption "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market." If such rate is not yet published in H.15, H.15 Daily Update or another recognized electronic source, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three primary United States government securities dealers (which may include the Purchasing Agents or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Supplement; *provided, however,* that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"**Bond Equivalent Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Discount Notes

The Issuer may issue one or more Series of Notes that have an Issue Price (as specified in the applicable Pricing Supplement) that is less than 100% of the principal amount thereof (*i.e.* par) by more than a percentage equal to the product of 0.25% and the number of full years to the Stated Maturity Date ("**Discount Notes**"). A Series of Discount Notes may not bear any interest currently or may bear interest at a rate that is below market rates at the time of issuance. The difference between the Issue Price of a Series of Discount Notes and par is referred to as the

"**Discount**." In the event of redemption, repayment or acceleration of maturity of a Series of Discount Notes, the amount payable to the holders of such Discount Notes will be equal to the sum of:

- the Issue Price (increased by any accruals of Discount) and, in the event of any redemption of such Series of Discount Notes, if applicable, multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable); and

- any unpaid interest accrued on such Series of Discount Notes to the date of the redemption, repayment or acceleration of maturity, as the case may be.

For purposes of any Series of Discount Notes, "**Initial Redemption Percentage**" and "**Annual Redemption Percentage Reduction**" shall have the meaning as described in the applicable Pricing Supplement.

For purposes of determining the amount of Discount that has accrued as of any date on which a redemption, repayment or acceleration of maturity occurs for a Series of Discount Notes, a Discount will be accrued using a constant yield method. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates for the applicable Series of Discount Notes (with ratable accruals within a compounding period), a coupon rate equal to the initial coupon rate applicable to the applicable Series of Discount Notes and an assumption that the maturity of such Series of Discount Notes will not be accelerated. If the period from the date of issue to the first Interest Payment Date for a Series of Discount Notes (the "**Initial Period**") is shorter than the compounding period for such Series of Discount Notes, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then the period will be divided into a regular compounding period and a short period with the short period being treated as provided in the preceding sentence. The accrual of the applicable Discount may differ from the accrual of original issue discount for purposes of the Code, certain Series of Discount Notes may not be treated as having original issue discount within the meaning of the Code, and certain Series of Notes other than Discount Notes may be treated as issued with original issue discount for federal income tax purposes. See "Certain Tax Considerations."

Amortizing Notes

The Issuer may issue one or more Series of Notes with the amount of principal thereof and interest thereon payable in installments over their terms ("**Amortizing Notes**"). Subject to the provisions of the applicable Pricing Supplement, interest on each Series of Amortizing Notes will be computed on the basis of a 360-day year of twelve 30-day months. Payments with respect to a Series of Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof.

Covenants

Under the Indenture, the Issuer has made certain covenants regarding payment of principal, any premium and interest and any Additional Amounts, maintenance of offices or agencies, holding of trust money for Note payments, protection of the Series Collateral and delivery of an annual statement as to compliance with conditions, performance of obligations and adherence to covenants under the Indenture. Among other covenants, the Issuer has agreed that it will not, so long as any Notes of a Series are Outstanding (as defined in the Indenture):

- sell, transfer, exchange, assign, lease, convey or otherwise dispose of any of its assets generally or assets of the relevant Series of the Issuer (whenever acquired), including, without limitation, any portion of the Series Collateral securing its obligations with respect to the Notes of such Series, except as otherwise permitted by the Indenture, the relevant Series Indenture, the Trust Agreement or the relevant Series Trust Agreement;

- engage in any business or activity other than in connection with, or relating to the execution and delivery of, and the performance of its obligations under, the Trust Agreement, any Series Trust Agreement, the Indenture, any Series Indenture, the Purchase Agreement, any Terms Agreement, the Support Agreement and any Funding Agreement; the issuance and sale of any Notes pursuant to the Indenture and any Series

Indenture; holding the Contribution (as defined in the Trust Agreement); and the transactions contemplated by, and the activities necessary or incidental to, any of the foregoing, except as otherwise permitted by the Indenture, any Series Indenture, the Trust Agreement, any Series Trust Agreement or any Funding Agreement;

- incur or otherwise become liable for, directly or indirectly, any debt except for the Notes or as otherwise contemplated under the Indenture, any Series Indenture, the Trust Agreement or any Series Trust Agreement;

- permit the validity or effectiveness of the Indenture, the relevant Series Indenture, or the security interest in or assignment for collateral purposes of the applicable Series Collateral to be impaired, or permit such security interest to be amended, hypothecated, subordinated, terminated or discharged; permit any person to be released from any covenants or obligations under any relevant Funding Agreement securing the Notes of any Series, except as expressly permitted by the Indenture, the relevant Series Indenture, the Trust Agreement, the relevant Series Trust Agreement or any relevant Funding Agreement; create, incur, assume, or permit any lien or other encumbrance (other than a lien with respect to the Series Collateral securing the Notes of any Series) on any of its properties or assets owned on the date of the relevant Series Indenture or thereafter acquired, or any interest therein or the proceeds thereof; or permit a lien with respect to the applicable Series Collateral not to constitute a valid first priority perfected security interest in the Series Collateral securing the Notes of such Series;

- amend, modify or fail to comply with any material provision of the Trust Agreement or the relevant Series Trust Agreement except for any amendment or modification of the Trust Agreement or the relevant Series Trust Agreement permitted thereunder or under the Indenture, or the relevant Series Indenture;

- own any subsidiary or lend or advance any funds to, or make any investment in, any person, except for the investment of any of its funds held by the Indenture Trustee, a Paying Agent or the Administrative Trustee as provided in the Indenture, any Series Indenture, the Trust Agreement or any Series Trust Agreement;

- directly or indirectly declare or pay a distribution or make any distribution or other payment to the Trust Beneficial Owner or the Series Beneficial Owner, or redeem or otherwise acquire or retire for value any debt other than the Notes; *provided* that the Issuer may:

    - declare or pay a distribution or make any distribution or other payment to the Trust Beneficial Owner or the Series Beneficial Owner in compliance with the Trust Agreement or any Series Trust Agreement if the Issuer has paid or made provision for the payment of all amounts due to be paid on the Notes of such Series prior to the next scheduled payment under the relevant Funding Agreement(s); and

    - pay all of its debt, liabilities, obligations and expenses, the payment of which is provided for under the Support Agreement;

- become required to register as an "investment company" under, and as such term is defined in, the Investment Company Act;

- enter into any transaction of merger or consolidation, or liquidate or dissolve itself (or, to the fullest extent permitted by law, suffer any liquidation or dissolution), or acquire by purchase or otherwise all or substantially all the business or assets of, or any stock or other evidence of beneficial ownership of, any other person, except as otherwise permitted by the Indenture, any Series Indenture, the Trust Agreement, or any Series Trust Agreement;

- take any action that would cause the Issuer, or the relevant Series of the Issuer not to be either ignored or treated as a grantor trust for United States federal income tax purposes;

- issue any Notes unless:
  - the Issuer has purchased or will simultaneously purchase one or more Funding Agreements from New York Life;
  - New York Life has affirmed in writing to the Issuer that it has made, or will simultaneously make, changes to its books and records to reflect the grant by the Issuer of a security interest in, and an assignment for collateral purposes by the Issuer of, the relevant Funding Agreement by the Issuer to the Indenture Trustee in accordance with the terms of such Funding Agreement; and
  - the Issuer has taken or will simultaneously take such other steps as may be necessary to cause the Indenture Trustee's security interest in, or assignment to the Indenture Trustee for collateral purposes of, the relevant Series Collateral to be perfected for purposes of the UCC (as defined below), subject to no prior lien, encumbrance or claim or effective against the Issuer's creditors and subsequent purchasers of such Series Collateral pursuant to insurance or other state laws;
- make any deduction or withholding from the principal of, or any premium or interest on, the Notes of any Series (other than amounts that may be required to be withheld or deducted from such payments under the Code or any other applicable tax law, including without limitation by reason of the treatment of the Notes for U.S. income tax purposes as representing an interest in the Issuer) by reason of the payment of any taxes levied or assessed upon any portion of any relevant Series Collateral except to the extent specified in the Indenture, the applicable Series Indenture or the applicable Pricing Supplement;
- have any employees or agents other than the Administrative Trustee or any other persons necessary to conduct its business and enter into transactions contemplated under the Indenture, any Series Indenture, the Trust Agreement, any Series Trust Agreement, the Purchase Agreement, any Terms Agreement, the Support Agreement or any Funding Agreement;
- have an interest in any bank account other than:
  - the accounts required under or permitted by the Indenture, any Series Indenture, the Trust Agreement, any Series Trust Agreement, the Purchase Agreement, any Terms Agreement or any Funding Agreement; and
  - other accounts expressly permitted by the Indenture Trustee; provided that any such further accounts or such interest of the Series of the Issuer therein shall be charged or otherwise secured in favor of the Indenture Trustee on terms acceptable to the Indenture Trustee;
- permit any affiliate, employee or officer of New York Life or any Purchasing Agent to be a trustee of the Issuer; or
- commingle the assets of any Series of the Issuer with its assets generally, any assets of any other Series of the Issuer or any assets of any of the Issuer's affiliates, or guarantee any obligation of any of the Issuer's affiliates.

"**UCC**" means, with respect to any applicable jurisdiction, the Uniform Commercial Code as in effect from time to time in the applicable jurisdiction.

Events of Default

Each of the following events which shall have occurred and be continuing will be an "**Event of Default**" under the Notes of a particular Series (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- default in the payment when due and payable of the principal of, or any premium on, any Note of such Series and continuance of such default for a period of three Business Days;

- default in the payment when due and payable of any interest on, or any Additional Amounts with respect to, any Note of such Series and continuance of such default for a period of five Business Days;

- any "Event of Default," as such term is defined in any Funding Agreement securing the Notes of such Series, by New York Life under such Funding Agreement;

- failure by the Issuer to observe or perform any covenant contained in the Notes of such Series, in the Indenture or in the applicable Series Indenture (other than a covenant, default in performance, or a breach, of which is specifically addressed elsewhere in this section) for a period of 30 days (or such other time period as specifically set forth in the Indenture or an applicable Note Certificate or Series Indenture) after the date on which written notice specifying such failure, stating that such notice is a "Notice of Default" thereunder and demanding that the Issuer remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Issuer by the Indenture Trustee, or to the Issuer and the Indenture Trustee by the holder or holders of at least 25% of the aggregate principal amount of the Notes of all Series affected thereby at the time Outstanding;

- the Indenture or the applicable Series Indenture for any reason shall cease to be in full force and effect or shall be declared null and void, or the Indenture Trustee shall fail to have or maintain a validly created and first priority perfected security interest (or the equivalent thereof) in the Series Collateral required to secure the Notes of such Series, except as expressly permitted by the Indenture or the applicable Series Indenture; or any person shall successfully claim, as finally determined by a court of competent jurisdiction, that any lien for the benefit of the holder or holders of the Notes of such Series and any other person for whose benefit the Indenture Trustee is or will be holding the applicable Series Collateral is void, junior to any other lien or that the enforcement thereof is materially limited because of any preference, fraudulent transfer, conveyance or similar law;

- an involuntary case or other proceeding shall be commenced against the Issuer seeking liquidation, reorganization or other relief with respect to the Issuer or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Issuer or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Issuer under the federal bankruptcy laws as now or hereafter in effect;

- the Issuer shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, shall admit in writing any of the foregoing, or shall take any trust action to authorize any of the foregoing; or

- any other Event of Default provided in any supplemental indenture or the applicable Series Indenture.

Without limiting the foregoing, neither the adoption of a plan of reorganization nor the implementation of such a plan pursuant to Article 73 of the New York Insurance Law (or any successor provision) by New York Life shall constitute an Event of Default.

If one or more Events of Default shall have occurred and be continuing with respect to the Notes of such Series, then, and in every such event, unless the principal of all of the Notes of such Series shall have already become due and payable, either the Indenture Trustee or the holder or holders of not less than 25% of the aggregate principal amount of the Notes of such Series then Outstanding (each such Series voting as a separate class) by notice in writing to the Issuer (and to the Indenture Trustee if given by such holder or holders), may declare the entire principal and premium (if any) of all the Notes of such Series and any interest accrued thereon and any Additional Amounts due and owing, and any other amounts payable with respect thereto, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable; *provided* that, if any Event of Default specified in the sixth or seventh bullets above occurs with respect to the Issuer, or if any Event of Default specified in the third bullet above that would cause any Funding Agreement securing the Notes of a Series to become automatically and immediately due and payable occurs with respect to New York Life, then without any notice to the Issuer (or the Indenture Trustee) or any other act by the Indenture Trustee or any holder of any Notes of such Series, the entire principal and premium (if any) of all the Notes of such Series and any interest accrued thereon and any Additional Amounts due and owing, and any other amounts payable with respect thereto, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the Issuer under the Indenture; and *provided further* that, if any Event of Default specified in the third or fifth bullets above shall have occurred and be continuing with respect to all Series of Notes then Outstanding, either the Indenture Trustee or the holder or holders of not less than 25% of the aggregate principal amount of the Notes of all Series then Outstanding (treated as a single class) by notice in writing to the Issuer (and to the Indenture Trustee if given by such holder or holders), may declare the entire principal and premium (if any) of all the Notes of all Series, any interest accrued thereon and any Additional Amounts due and owing, and any other amounts payable with respect thereto to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

Notwithstanding the preceding paragraph, if at any time after the principal and premium (if any) of the Notes of such Series, any interest accrued and any Additional Amounts due and owing and any other amounts payable with respect thereto (or all the Notes of all Series if the second proviso of the preceding paragraph is applicable) shall have been so declared due and payable and before any judgment or decree for the payment of the funds due shall have been obtained or entered as hereinafter provided, the Issuer shall pay or shall deposit with the Indenture Trustee a sum sufficient to pay all due and payable interest on, any Additional Amounts due and owing, and any other amounts payable with respect thereto, on all the Notes of such Series (or all the Notes of all Series if the second proviso of the preceding paragraph is applicable) and the principal and premium (if any) of any and all Notes of such Series (or all the Notes of all Series if the second proviso of the preceding paragraph is applicable) which shall have become due and payable otherwise than by acceleration pursuant to the preceding paragraph (with interest on such principal and, to the extent that payment of such interest is enforceable under applicable law, on any overdue interest and any other amounts payable on the Notes, at the same rate as the rate of interest specified in the Note Certificates representing the Notes of such Series (or all the Notes of all Series if the second proviso of the preceding paragraph is applicable) to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith, and if any and all Events of Default under the Indenture or any applicable Series Indenture, other than the non-payment of the principal of, and any premium on, the Notes of such Series (or all the Notes of all Series if the second proviso of the preceding paragraph is applicable) which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided herein, then and in every such case the holder or holders of a majority of the aggregate principal amount of the Notes of such Series then Outstanding (or all the Notes of all Series, all voting as a single class, if the second proviso of the preceding paragraph is applicable) by written notice to the Issuer and to the Indenture Trustee, may waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Any funds collected by the Indenture Trustee following an Event of Default, and any funds that may then be held or thereafter received by the Indenture Trustee as security with respect to the Notes of any Series will be applied first to the payment of Priority Payments before any payment of the amounts then due and unpaid on the Notes of such Series. See "Risk Factors—Risk Factors Relating to the Notes—Following an Event of Default Under the Relevant Series of Notes, Payment of Certain Expenses Will Precede Payments Under the Relevant Series of Notes."

Certain Rights of Holders

Except as otherwise described below, the holder or holders of a majority of the aggregate principal amount of the Notes of any Series at the time Outstanding (with each Series voting as a separate class) shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee by the Indenture or the applicable Series Indenture, *provided* that:

- such direction shall not be otherwise than in accordance with applicable law and the provisions of the Indenture or the applicable Series Indenture; and

- subject to the applicable provisions of the Indenture, the Indenture Trustee shall have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, shall determine that the action or proceeding so directed may not lawfully be taken or if the Indenture Trustee in good faith by its board of directors, the executive committee, or a trust committee of directors or responsible officers of the Indenture Trustee shall determine that the action or proceedings so directed would involve the Indenture Trustee in personal liability or if the Indenture Trustee in good faith shall so determine that the actions or forbearances specified in or pursuant to such direction shall be unduly prejudicial to the interests of any holder of any Note of a Series so affected not joining in the giving of such direction, it being understood that subject to the applicable provisions of the Indenture, the Indenture Trustee shall have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such holder.

Nothing in the Indenture or any Series Indenture shall impair the right of the Indenture Trustee in its discretion to take any action deemed proper by the Indenture Trustee and which is not inconsistent with such direction by the holder or holders of Notes.

No holder of the Notes of a Series shall have any right by virtue or by availing of any provision of the Indenture or applicable Series Indenture, to institute any action or proceeding at law or equity or in bankruptcy or otherwise, upon or under or with respect to the Indenture, the applicable Series Indenture or any agreement or instrument included in the applicable Series Collateral or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy under the Indenture, unless:

- such holder has previously given written notice to the Indenture Trustee of a continuing Event of Default with respect to such Series of Notes;

- the holder or holders of Notes representing not less than 25% of the aggregate principal amount of the Notes of such Series then Outstanding shall have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in its own name as the Indenture Trustee;

- such holder or holders have offered to the Indenture Trustee indemnity or security satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

- the Indenture Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

- no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by the holder or holders of Notes representing at least 66⅔% of the aggregate principal amount of the Outstanding Notes of such Series;

it being understood and intended that no holder or holders of Notes of such Series shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture or the applicable Series Indenture to affect, disturb or prejudice the rights of any other holder of any Note of such Series or to obtain or to seek to obtain priority or preference over any other holder of the relevant Series to enforce any right under the Indenture or the applicable Series Indenture, except in the manner provided in the Indenture or the applicable Series Indenture and for the equal and ratable benefit of all the holders of the Notes of the relevant Series.

Application of Funds Collected Under the Indenture

Any funds collected by the Indenture Trustee upon the occurrence and during the continuation of an Event of Default under the Indenture and the applicable Series Indenture will be applied in the following order at the date or dates fixed by the Indenture Trustee and, in case of the distribution of such funds on account of principal, any premium and interest, and any Additional Amounts, upon presentation of the Note Certificate or Note Certificates representing the Notes of such Series or the applicable coupons and the notation thereon of the payment if only partially paid or upon the surrender thereof if fully paid:

- *first*: to the payment of costs and expenses, including reasonable compensation to the Indenture Trustee, each Agent and each predecessor Indenture Trustee and their respective agents and attorneys and of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except those adjudicated in a court of competent jurisdiction to be the result of any such Indenture Trustee's negligence or bad faith, in an aggregate amount of no more than $500,000 for all Series of Notes Outstanding;

- *second*: to the payment of principal, any premium and interest, any Additional Amounts and any other amounts then due and owing on the Notes of such Series, ratably, without preference or priority of any kind, according to the aggregate principal amounts due and payable on such Notes;

- *third*: to the payment of any other Obligations then due and owing with respect to such Series of Notes, ratably, without preference or priority of any kind; and

- *fourth*: to the payment of any remaining balance to the Issuer for distribution by the Administrative Trustee in accordance with the Trust Agreement and the applicable Series Trust Agreement.

If no Event of Default has occurred and is continuing, any funds collected by the Indenture Trustee under the Indenture and the applicable Series Indenture in respect of the Notes of a Series shall be applied in the following order at the date or dates fixed by the Indenture Trustee and, in case of the distribution of such funds on account of principal, any premium and interest, and any Additional Amounts, upon presentation of the Note Certificate or Note Certificates representing the Notes of such Series or the applicable coupons and the notation thereon of the payment if only partially paid or upon the surrender thereof if fully paid:

- *first*: to the payment of principal, any premium and interest, any Additional Amounts, and any other amounts then due and owing on the Notes of such Series, ratably, without preference or priority of any kind, according to the aggregate principal amounts due and payable on such Notes;

- *second*: to the payment of any other Obligations then due and owing with respect to such Series of Notes, ratably, without preference or priority of any kind; and

- *third*: to the payment of any remaining balance to the Issuer for distribution by the Administrative Trustee in accordance with the Trust Agreement and the applicable Series Trust Agreement.

The Indenture Trustee may make distributions in cash or in kind or, on a ratable basis, in any combination thereof.

Modifications and Amendments of the Indenture

Modifications and Amendments Without Consent of Holders

The Issuer and the Indenture Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture, or the Indenture together with the applicable Series Indenture, for one or more of the following purposes without the consent of any holders:

- for the Issuer to convey, transfer, assign, mortgage or pledge to the Indenture Trustee as security for the Notes of one or more Series any property or assets;

- to add to covenants of the Issuer such further covenants, restrictions, conditions or provisions as the Issuer and the Indenture Trustee shall consider to be for the protection of each holder, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in the Indenture or the applicable Series Indenture; provided, that, in respect of any such additional covenant, restriction, condition or provision such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Indenture Trustee upon such an Event of Default or may limit the right of the holder or holders of a majority of the aggregate principal amount of the Notes of such Series to waive such an Event of Default;

- to cure any ambiguity or to correct or supplement any provision contained in the Indenture, any supplemental indenture, any applicable Series Indenture or any Note Certificate which may be defective or inconsistent with any other provision contained in the Indenture, any supplemental indenture, any applicable Series Indenture or any Note Certificate; or to make such other provisions in regard to matters or questions arising under the Indenture, any supplemental indenture, any applicable Series Indenture or any Note Certificate as the Issuer and the Indenture Trustee may deem necessary or desirable and which shall not adversely affect the interests of the holders of the Notes in any material respect;

- to add additional Events of Default;

- to evidence and provide for the acceptance of appointment under the Indenture by a successor trustee with respect to the Notes of one or more Series and to add to or change any of the provisions of the Indenture and any Series Indenture as shall be necessary to provide for or facilitate the administration of the trusts under the Indenture and any Series Indenture by more than one trustee pursuant to the applicable requirements of the Indenture;

- to change or eliminate any of the provisions of the Indenture; provided, however, that any such change or elimination shall become effective only when there is no Note Outstanding of any Series created prior to the execution of such supplemental indenture which is entitled to the benefit of or bound by such provisions; or

- to effect any amendment or alteration of the terms of a Floating Rate Note contemplated under the Benchmark Replacement Provision described under "—Pricing Options—Floating Rate Notes," including an amendment of the amount of interest due on such Floating Rate Note.

Modifications and Amendments With Consent of Holders

With the consent of the holder or holders of not less than 66⅔% in aggregate principal amount of the Notes at the time Outstanding of all Series affected by such supplemental indenture (voting as a single class), the Issuer and the Indenture Trustee may, from time to time and at any time, enter into a supplemental indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture, any supplemental indenture, any Series Indenture or any Note Certificate or of modifying in any manner the rights of the holders of Notes of each such Series; *provided*, that no such supplemental indenture shall:

- change the applicable Stated Maturity Date or reduce the principal thereof, or reduce the rate or extend the time of payment of interest or any amount payable thereon, or impair or affect the right of any holder of Notes to institute suit for the payment thereof without the consent of the holder of each Note so affected or modify any redemption or repayment provisions applicable to such Series of Notes;

- reduce the aforesaid percentage of Notes of any Series, the consent of which is required for any such supplemental indenture, without the consent of the holder of each Note so affected;

- permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture or the applicable Series Indenture with respect to any part of the applicable Series Collateral or terminate the lien of the Indenture and the applicable Series Indenture on any of the applicable Series Collateral or deprive the holder of any Note of such Series of the applicable Security Interest; or

- modify or alter the provisions of the definition of the term "Outstanding."

Indenture Trustee

Under the Indenture and each Series Indenture, if an Event of Default with respect to any Series of Notes has occurred and is continuing, the Indenture Trustee is obligated to exercise such of the rights and powers vested in it by the Indenture and the applicable Series Indenture, and to use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

Except if an Event of Default with respect to the Notes of any Series has occurred and is continuing (and has not been cured or waived), the Indenture Trustee has undertaken to perform such duties and only such duties with respect to such Series of Notes as are specifically set forth in the Indenture and the applicable Series Indenture. No implied covenants or obligations shall be read into the Indenture or the applicable Series Indenture against the Indenture Trustee.

No provision of the Indenture or any Series Indenture shall be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act or its willful misconduct, except that:

- this paragraph shall not be construed to limit the effect of the immediately preceding paragraph;

- in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of the Indenture and the applicable Series Indenture, but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein);

- the Indenture Trustee shall not be liable for any error of judgment made in good faith by any responsible officer of the Indenture Trustee, unless it shall be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

- the Indenture Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holder or holders of not less than a majority of the aggregate principal amount of the Outstanding Notes of any affected Series relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under the Indenture or the applicable Series Indenture with respect to the Notes of such Series;

- no provision of the Indenture or any Series Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such liability is not reasonably assured to it; and

- the Indenture Trustee shall not be liable for the acts or omissions of its delegates, custodians, nominees, agents or attorneys appointed by it without negligence and in good faith; provided, however, that the foregoing shall not be construed to relieve the Indenture Trustee from liability hereunder for its own actions or omissions in serving as an Agent, if and to the extent it shall also serve as an Agent.

The Indenture Trustee may resign at any time with respect to one or more or all Series of Notes by giving not less than 90 days' prior written notice (which may be given in a supplemental indenture) thereof to the Issuer and to the holders of such Notes as provided in the Indenture and each applicable Series Indenture. Upon receiving such notice of resignation, the Issuer shall promptly cause a successor indenture trustee with respect to the applicable Series to be appointed by written instrument in duplicate, executed by the Issuer, one copy of which instrument shall be delivered to the resigning Indenture Trustee and one copy to the successor indenture trustee of such Series. If no successor indenture trustee shall have been so appointed with respect to any Series and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor indenture trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor indenture trustee.

If at any time:

- the Indenture Trustee shall cease to be eligible to serve as Indenture Trustee under the requirements of the Indenture or the applicable Series Indenture and shall fail to resign with respect to the Notes of each applicable Series pursuant to the applicable provisions of the Indenture or after written request by the Issuer or any holder of Notes, or

- the Indenture Trustee shall become incapable of acting with respect to the Notes of the applicable Series of Notes or shall be adjudged as bankrupt or insolvent, or a receiver or liquidator of the Indenture Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, except during the existence of an Event of Default, the Issuer may remove the Indenture Trustee with respect to the applicable Series and appoint a successor indenture trustee with respect to the applicable Series of Notes by written instrument, in duplicate, one copy of which instrument shall be delivered to the Indenture Trustee so removed and one copy to the successor indenture trustee. If an instrument of acceptance by a successor indenture trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor indenture trustee with respect to the Notes.

In addition to the right of petition given to the resigning Indenture Trustee and the right of removal given to the Issuer pursuant to the two preceding paragraphs, any holder who has been a holder of Notes for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor indenture trustee or the removal of the Indenture Trustee and the appointment of a successor indenture trustee, as the case may be. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor indenture trustee or remove the Indenture Trustee and appoint a successor indenture trustee, as the case may be.

The holder or holders of a majority of the aggregate principal amount of the Notes of each Series at the time Outstanding may at any time remove the Indenture Trustee with respect to the Notes of such Series and appoint a successor indenture trustee with respect to the Notes of such Series by delivering to the Indenture Trustee so removed, to the successor indenture trustee so appointed and to the Issuer the evidence required for such action by the Indenture and the applicable Series Indenture.

Any resignation or removal of the Indenture Trustee with respect to any Series and any appointment of a successor indenture trustee with respect to such Series shall become effective upon acceptance of appointment by the successor indenture trustee all in accordance with the applicable provisions of the Indenture.

The Issuer shall advise all rating agencies that are then rating the program or the Notes of any Series of any change in the identity of the Indenture Trustee.

Meetings of Holders

A meeting of holders of Notes of any Series may be called at any time and from time to time pursuant to the Indenture and any applicable Note Certificate or Series Indenture to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Indenture or the applicable Series Indenture to be made, given or taken by such holders of Notes of such Series.

Unless otherwise provided in a Note Certificate representing the Notes of a particular Series or the applicable Series Indenture, the Indenture Trustee may at any time call a meeting of holders of Notes of any Series for any purpose specified in the preceding paragraph, to be held at such time and at such place in the City of New York or the city in which the Corporate Trust Office is located, or if Notes of such Series shall have been issued as Bearer Notes, in London or such other place outside the United States, as the Indenture Trustee shall determine. Notice of every meeting of such holders of Notes of any Series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, must be given not less than 21 nor more than 180 days prior to the date fixed for the meeting.

Any resolution passed or decision taken at any meeting of holders of Notes of a Series duly held in accordance with the Indenture and the applicable Series Indenture will be binding on all of the holders of Notes of such Series, and any coupons or talons appertaining thereto, whether or not such holders were present or represented at the meeting.

Non-Recourse Enforcement

Notwithstanding anything to the contrary contained in the Indenture, any supplemental indenture, any Series Indenture, any Pricing Supplement or any Note Certificate, other than as described below, none of New York Life or any of its officers, directors, affiliates, employees or agents or any of the Administrative Trustee, the Trust Beneficial Owner, the Series Beneficial Owner or any Purchasing Agent, or any of their respective officers, directors, affiliates, employees or agents (the "**Non-Recourse Parties**"), will be personally liable for the payment of any principal, premium, interest, Additional Amounts, or any other amounts at any time owing under the terms of any Notes. If any Event of Default shall occur with respect to any Notes of any Series, the right of the holder or holders of Notes of such Series and the Indenture Trustee on behalf of such holder or holders, in connection with a claim on the Notes of such Series shall be limited solely to a proceeding against the relevant Series Collateral.

Neither such holder or holders nor the Indenture Trustee on behalf of such holder or holders will have the right to proceed against the Non-Recourse Parties or the assets of any other Series of the Issuer to enforce the Notes (except that to the extent they exercise their rights, if any, to seize the relevant Funding Agreement(s), they may enforce the relevant Funding Agreement(s) against New York Life) or for any deficiency judgment remaining after foreclosure of any property included in the relevant Series Collateral.

Nothing contained in this section "—Non-Recourse Enforcement" shall in any manner or way constitute or be deemed a release of the debt or other obligations evidenced by the Notes of any Series or otherwise affect or impair the enforceability against the assets of the relevant Series of the Issuer of the liens, assignments, rights and Security Interests created by or pursuant to the Indenture, the applicable Series Indenture, the relevant Series Collateral or any other instrument or agreement evidencing, securing or relating to the indebtedness or the obligations evidenced by the Notes of a Series. Nothing in this section "—Non-Recourse Enforcement" shall preclude the holders from foreclosing upon any property included in the relevant Series Collateral or any other rights or remedies in law or in equity against the assets of the Issuer with respect to the relevant Series of the Issuer.

Holders may not seek to enforce rights with respect to any Notes (i) by commencing any recovery or enforcement proceedings against the Issuer generally or with respect to the relevant Series of the Issuer, (ii) by applying to wind up the Issuer, (iii) otherwise than through the Indenture Trustee in exercise of powers, appointing a receiver or administrative trustee to the Issuer or any of the assets of the Issuer generally or with respect to the relevant Series of the Issuer, (iv) by making any statutory demand upon the Issuer generally or with respect to the relevant

Series of the Issuer under applicable law, or (v) in any other manner except as may be provided in the Indenture, and any applicable Note Certificate or Series Indenture.

Notices

All notices regarding Registered Notes of a Series will be mailed to the registered holders thereof as their names appear in the applicable Note Register maintained by the Registrar.

All notices shall be deemed to have been given upon (i) in the case of Registered Holders, the mailing by first class mail, postage prepaid, of such notices to each Registered Holder entitled thereto at such Registered Holder's registered address as recorded in the applicable Note Register and publication in a leading daily newspaper having general circulation in Ireland (which is expected to be the *Irish Times*), (ii) in the case of holders of Bearer Notes, publication in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*), and (iii)(a) so long as the Notes of a Series are admitted to the Official List and trading on the GEM, publication of such notice to each holder of the Notes of such Series in the English language on the website of Euronext Dublin at www.ise.ie via the Companies Announcement Service or (b) so long as the Notes of a Series are listed on a securities exchange other than Euronext Dublin or if the publication required in (iii)(a) is not practicable, in one other leading English language daily newspaper with general circulation in Europe and in the Principal Financial Center with the greatest nexus to such other securities exchange, if such Series is so listed.

Until such time as any Definitive Bearer Notes are issued, there may, so long as Temporary Global Bearer Notes or Permanent Global Bearer Notes are held in their entirety on behalf of the applicable clearing corporation, be substituted for such publication in such newspaper, the delivery of the relevant notice to the applicable clearing corporation for communication by it to the beneficial owners of interests in the Temporary Global Bearer Notes and Permanent Global Bearer Notes; *provided, however*, that, such publication will nevertheless be made as described in the immediately preceding paragraph in respect of Bearer Notes listed on Euronext Dublin or other applicable securities exchange. Any such notice shall be deemed to have been given to the beneficial owners of interests in the Temporary Global Bearer Notes and Permanent Global Bearer Notes on the seventh day after the day on which said notice was given to the applicable clearing corporation.

Neither the failure to give notice, nor any defect in any notice given, to any particular holder of a Note will affect the sufficiency of any notice with respect to any other holder of any Note.

Any such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by holders of Notes of a Series shall be filed with the Indenture Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Governing Law; Submission to Jurisdiction

Pursuant to Section 5-1401 of the General Obligations Law of the State of New York, the Indenture, each Series Indenture and the Notes of each Series shall be governed by, and construed in accordance with, the laws of the State of New York, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the ownership of, and the security interest in, each applicable Funding Agreement constituting an asset of the relevant Series of the Issuer or remedies under the Indenture or the applicable Series Indenture in respect thereof may be governed by the laws of a jurisdiction other than the State of New York.

All judicial proceedings brought against the Issuer or the Indenture Trustee arising out of or relating to the Indenture, any Series Indenture, any Note or any assets of the Issuer generally or the applicable Series of the Issuer may be brought in a United States Federal court located in the City of New York, the Borough of Manhattan; *provided* that the Pricing Supplement for any Series of Notes may specify other jurisdictions as to which the Issuer and the Indenture Trustee may consent to the nonexclusive jurisdiction of its courts with respect to such Series of Notes. Under the terms of the Indenture and each relevant Series Indenture, the Issuer and the Indenture Trustee will each accept generally and unconditionally the nonexclusive jurisdiction of such court, waive any defense of *forum non* *conveniens* and irrevocably agree to be bound by any judgment rendered thereby in connection with the Indenture, the applicable relevant Series Indenture, any Note or any portion of the relevant Series Collateral.

DESCRIPTION OF CERTAIN TERMS AND CONDITIONS OF THE FUNDING AGREEMENTS

This section provides an overview of certain terms and conditions of the Funding Agreements. This overview is not complete and investors should read the detailed provisions of the Funding Agreements. Capitalized terms used in this overview have the same meanings as those used in the Funding Agreements unless the context otherwise requires.

General

Funding Agreements are unsecured obligations of New York Life. In connection with each Series of Notes, the Issuer will purchase from New York Life and will take delivery from New York Life, one or more Funding Agreements, as specified in each applicable Pricing Supplement. In connection with the offering and sale of a Series of Notes, the Issuer will pledge, collaterally assign and grant a security interest in the applicable Series Collateral, including each applicable Funding Agreement, to the Indenture Trustee as collateral to secure the Issuer's obligations under the applicable Series of Notes.

Insolvency of New York Life

In the event of New York Life's insolvency, Funding Agreements will be subject to the provisions of the Liquidation Act, which establish the priority of distributions from the estate of an insolvent New York life insurance company. Willkie Farr & Gallagher LLP, special counsel for New York Life, has opined that in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to New York Life, under New York law as in effect on the date of this Offering Memorandum, the claims under each Funding Agreement with respect to (i) payments of principal and interest would be accorded a priority equal to that of policyholders of New York Life (*i.e.* would rank *pari passu* with the claims of policyholders of New York Life) and superior to the claims of general creditors of New York Life and (ii) payments of Additional Amounts (as defined herein) would rank *pari passu* with the claims of general creditors of New York Life.

Such opinion of counsel is based upon certain facts, assumptions and qualifications (as set forth therein), is only an opinion and does not constitute a guarantee, and is not binding upon any court, including without limitation a court presiding over any rehabilitation, liquidation, conservation, dissolution or reorganization of New York Life under the Liquidation Act. The obligations of New York Life under the Funding Agreements are not guaranteed by any other persons, including, but not limited to, any of its subsidiaries or affiliates.

Payments

The terms of each Funding Agreement securing the obligations of the Issuer under a Series of Notes will be structured so that New York Life will be obligated to make payments at such times and in such amounts as shall permit the Issuer to meet its scheduled obligations with respect to payments of interest, premium, if any, principal and any other amounts due under the applicable Series of Notes.

Payments of Additional Amounts

Subject to the provisions of the applicable Pricing Supplement, under each Funding Agreement, New York Life will agree to pay Additional Amounts to the Issuer to compensate for any withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or other governmental charges of whatever nature imposed or levied on behalf of any governmental authority in the United States having the power to tax, unless such withholding or deduction is required by law. If any such withholding or deduction is required or if any such withholding or deduction is required under the related Notes, then New York Life will pay such Additional Amounts so that the net amount received by the Holder of the Funding Agreement or the holder of such Notes will equal the amount that would have been received under the Funding Agreement and the related Notes had no such deduction or withholding been required; *provided* that New York Life shall not be required to make any payment of any Additional Amount for or on account of:

(i) any tax, duty, levy, assessment or other governmental charge imposed which would not have been imposed but for the existence of (a) any present or former connection between the Holder of the Funding Agreement or the holder or beneficial owner of any Notes ("**Noteholder**") and the United States, including, without limitation, being or having been a citizen or resident thereof, or having been present, having been incorporated in, having engaged in a trade or business therein, or having (or having had) a permanent establishment or principal office therein, (b) such Holder's or Noteholder's status as a controlled foreign corporation for United States federal income tax purposes within the meaning of Section 957(a) of the Code related within the meaning of Section 864(d)(4) of the Code, to New York Life, (c) such Holder or Noteholder being a bank for United States federal income tax purposes whose receipt of interest under the Funding Agreement is described in Section 881(c)(3) of the Code, or (d) such Holder or Noteholder being subject to income tax withholding or backup withholding as of the date of purchase by such Holder or Noteholder;

(ii) any tax, duty, levy, assessment or other governmental charge imposed which would not have been imposed but for the presentation of the Funding Agreement or the related Notes (where presentation is required) for payment on a date more than 30 days after the date on which such payment becomes due and payable or the date on which payment is duly provided for, whichever occurs later;

(iii) any tax, duty, levy, assessment or other governmental charge which is imposed or withheld solely by reasons of the failure of the Holder of the Funding Agreement or Noteholder to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of a Holder or Noteholder, if compliance is required by statute, by regulation, judicial or administrative interpretation, other law or by an applicable income tax treaty to which the United States is a party as a condition to exemption from such tax, duty, levy, assessment or other governmental charge;

(iv) any inheritance, gift, estate, personal property, sales or transfer tax;

(v) any tax, duty, levy, assessment or other governmental charge that is payable otherwise than by withholding from payments in respect of the Funding Agreements or the related Notes;

(vi) any tax, duty, levy, assessment or governmental charge imposed by reason of payments on the Funding Agreement being treated as contingent interest described in section 871(h)(4) of the Code for United States federal income tax purposes, but only to the extent such treatment was disclosed in writing to the Holder of the Funding Agreement or Noteholder, as the case may be, at the time such Holder or Noteholder became a Holder of the Funding Agreement or a Noteholder, as the case may be;

(vii) any tax, duty, levy, assessment, or governmental charge that would not have been imposed but for an election by the Holder of the Funding Agreement or Noteholder, the effect of which is to make payment in respect of the Funding Agreement or the Notes subject to United States federal income tax;

(viii) any tax, duty, levy, assessment or governmental charge imposed under any of Sections 1471 through 1474 of the Code, any applicable United States Treasury Regulations promulgated thereunder, or any judicial or administrative interpretation of any of the foregoing as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of any such tax, duty, levy, assessment or governmental charge imposed;

(ix) any tax, duty, levy, assessment or governmental charge imposed with respect to a Bearer Note issued after March 18, 2012 that is not treated as being in registered form for U.S. federal income tax purposes; or

(x) any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii) or (ix) above.

Tax Redemption

If New York Life is obligated to withhold or deduct any taxes with respect to any payment under a Funding Agreement or pay any Additional Amounts, or if there is a material probability that New York Life will become obligated to withhold or deduct any such taxes or pay any Additional Amounts (in the opinion of independent counsel selected by New York Life), in each case pursuant to any change in or amendment to United States tax laws (or any regulations or rulings thereunder) or any change in position of the IRS regarding the application or interpretation thereof (including, but not limited to, New York Life's receipt of a written adjustment from the IRS in connection with an audit), then New York Life may terminate such Funding Agreement by giving not less than 30 and no more than 75 days prior written notice to the Holder of such Funding Agreement, *provided* that no such notice of termination may be given earlier than 90 days prior to the earliest day on which New York Life would become obligated to pay Additional Amounts, were a payment in respect of the Funding Agreement then due. The Issuer is required to redeem the Notes of a Series if New York Life exercises its right to terminate the Funding Agreement(s) related to such Series.

Events of Default

Each Funding Agreement will provide that an Event of Default (as used therein) will occur upon the occurrence of one or any combination of the following:

- if New York Life fails to make a payment of interest or an Additional Amount and such failure continues for a period of five Business Days (as defined in the relevant Funding Agreement);

- if New York Life fails to make a payment of principal in accordance with the relevant Funding Agreement and such failure continues for a period of three Business Days; or

- if New York Life is dissolved or has a resolution passed or proceeding instituted for its winding-up, liquidation, rehabilitation or similar arrangement (other than pursuant to a consolidation, amalgamation or merger).

Without limiting the foregoing, neither the adoption of a plan of reorganization nor the implementation of such a plan pursuant to Article 73 of the New York Insurance Law (or any successor provision) by New York Life shall constitute an Event of Default.

Representations and Warranties of New York Life and the Holder

Under each Funding Agreement, each of New York Life and the Holder of the Funding Agreement will represent to the other party that:

- it has the power to enter into the relevant Funding Agreement and to consummate the transactions contemplated thereby;

- the Funding Agreement has been duly authorized, executed and delivered. The Funding Agreement constitutes a legal, valid and binding obligation. The Funding Agreement is enforceable in accordance with the terms thereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights, and subject as to enforceability of general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law; and

- the execution and delivery of the Funding Agreement and the performance of obligations thereunder do not and will not constitute or result in a default, breach, violation, or the creation of any lien or encumbrance on any of its property under its certificate, articles or charter of incorporation, by-laws, or any agreement, instrument, judgment, injunction or order by which it is bound, or by which its respective properties may be bound or affected.

Restrictions on Transfer

Each Funding Agreement will contain provisions prohibiting the Holder thereof from transferring or assigning the Funding Agreement or any right to receive payments under the Funding Agreement to any other person without the express written consent of New York Life and the written affirmation of New York Life that it has changed its books and records to reflect the transfer or assignment or right to receive payments under the Funding Agreement.

The following additional conditions must be satisfied in order to effectuate any assignment of any Funding Agreement: (i) the Funding Agreement may only be transferred through a book entry system maintained by New York Life within the meaning of Treasury Regulations Section 1.871-14 (c)(1)(i) and (ii) New York Life shall have received from the proposed assignee such representations, certificates, documentation and opinions as New York Life may deem necessary and appropriate.

Supplemental Agreements

Within six months of the date of issue of the initial Funding Agreement securing the Notes of a Series, New York Life may issue to the initial holder of the Funding Agreement one or more additional Funding Agreements and may provide in any such additional Funding Agreement that such additional Funding Agreement shall constitute part of the same obligation of New York Life as the initial Funding Agreement (any such additional Funding Agreement, a "**Supplemental Agreement**"), and such Supplemental Agreement shall be subject to the same terms and conditions as the initial Funding Agreement (including those set forth in the Account Specification Appendix to the applicable Funding Agreement), except that the Effective Date, the Deposit Amount, the Net Deposit Amount, the amount of the first interest payment, if any, and any other different terms specified in each applicable Funding Agreement may be different with respect to such Supplemental Agreement; provided that the issuance of such Supplemental Agreement satisfies the conditions of Treasury Regulation Section 1.1275-2(k)(2)(ii) and constitutes a "Qualified Reopening" under Treasury Regulation Section 1.1275-2(k)(3)(ii) or (iii) (in each case without regard to subparagraph (A) thereof).

Governing Law

Each Funding Agreement will be governed by, and construed in accordance with, the laws of the State of New York.

Collateral Custodian

Each Funding Agreement relating to a Series of Notes will be held in a custodial account for the Indenture Trustee in the State of Delaware by the Collateral Custodian or by such other party as may be specified in the applicable Pricing Supplement.

ERISA AND OTHER BENEFIT PLAN CONSIDERATIONS

*The following is a summary of certain considerations associated with the purchase, holding and, to the extent relevant, disposition, of the Notes by (i) an employee benefit plan subject to Title I of ERISA, (ii) a plan described in and subject to Section 4975 of the Code, including an IRA and a Keogh plan, (iii) a plan, account or other arrangement subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (collectively, "**Similar Laws**") and (iv) any entity whose underlying assets include "plan assets" by reason of the investment in such entity by any such employee benefit or retirement plan described above.*

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit employee benefit plans subject to ERISA ("**ERISA Plans**"), as well as Individual Retirement Accounts ("**IRAs**") and Keogh plans subject to Section 4975 of the Code (together with ERISA Plans, "**Plans**"), from engaging in certain transactions involving "plan assets" (within the meaning of ERISA) with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code ("**Parties in Interest**") with respect to such Plans. As a result of New York Life's business, New York Life may be a Party in Interest with respect to certain Plans. Where New York Life is a Party in Interest with respect to a Plan (either directly or by reason of its ownership of its subsidiaries), the purchase and holding of the Notes by or on behalf of the Plan may be a prohibited transaction under Section 406 of ERISA and Section 4975 of the Code, unless exemptive relief were available under an applicable prohibited transaction exemption.

Accordingly, the Notes may not be purchased or held by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "**Plan Asset Entity**") or any person investing "plan assets" of any Plan, unless such purchaser or holder, and such purchase, is eligible for the exemptive relief available under one or more PTCEs issued by the DOL, including PTCE 96-23 (relating to transactions determined by "in-house asset managers"), 95-60 (relating to transactions involving insurance company general accounts), 91-38 (relating to transactions involving bank collective investment funds), 90-1 (relating to transactions involving insurance company pooled separate accounts) or 84-14 (relating to transactions determined by independent "qualified professional asset managers"), or under the statutory exemption provided by Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions for "adequate consideration" with certain parties in interest that are not fiduciaries) (the "**Service Provider Exemption**"), or under another applicable prohibited transaction exemption. Any fiduciary or other Plan investor considering whether to purchase or hold Notes should consult with its counsel regarding the availability of exemptive relief under the foregoing exemptions. There can be no assurance that all of the conditions of any such exemptions or any other exemption will be satisfied at the time that the Notes are acquired, or thereafter, if the facts relied upon for utilizing a prohibited transaction exemption change. Also, the scope of the exemptive relief provided by the exemption might not cover all acts which might be construed as prohibited transactions.

Each purchaser or holder of the Notes or any beneficial interest therein will be deemed to have represented by its purchase and holding thereof that either (i) it is not a Plan or a Plan Asset Entity and is not acquiring the Notes on behalf of or with "plan assets" of a Plan or Plan Asset Equity or (ii) its purchase holding and disposition of the Notes or any beneficial interest therein is exempt from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code under DOL PTCE 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1, PTCE 84-14, the Service Provider Exemption or another applicable exemption.

Without regard to whether one of the above exemptions applies to a Plan's acquisition or holding of a Note, the Notes may not be purchased or held by any Plan, or any person investing Plan assets of any Plan, if New York Life or any of its affiliates (i) has investment or administrative discretion with respect to the assets of the Plan used to effect such purchase; (ii) has authority or responsibility to give, or regularly gives, investment advice with respect to such assets, for a fee, subject to other requirements and conditions provided under ERISA and the regulations thereunder; or (iii) unless PTCE 95-60, 91-38 or 90-1 applies, is an employer maintaining or contributing to such Plan.

Plan Assets

The DOL has promulgated a regulation, 29 C.F.R. §2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity. Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets are deemed to include both the equity interest itself and an undivided interest in each of the entity's underlying assets, unless it is established either that the entity is an "operating company," as defined in the Plan Asset Regulation or less than 25% of the total value of each class of equity interest in the entity is held by "Benefit Plan Investors" (the "**25% Test**"). Benefit Plan Investors are defined in the Plan Asset Regulation to mean (i) any "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (ii) any "plan" described in Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code and (iii) any entity whose underlying assets include "plan assets" by reason of an employee benefit plan's or a plan's investment in such entity.

It is not anticipated that (i) the Notes will constitute "publicly offered securities" for purposes of the Plan Asset Regulation, (ii) the Issuer will be an investment company registered under the Investment Company Act or (iii) the Issuer will qualify as an operating company within the meaning of the Plan Asset Regulation. In addition, there is no intent to monitor or take any other measures to assure satisfaction of the 25% Test.

The Plan Asset Regulation defines an "equity interest" as an interest other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. There is very little pertinent authority on the issue of what constitutes an equity security for purposes of the Plan Asset Regulation. The DOL has stated in the Preamble to the Plan Asset Regulation (the "**Preamble**") that the reference to local law provides an initial frame of reference for determinations whether an interest is indebtedness and the question of which law applies for purposes of determining whether an instrument is treated as equity or indebtedness should be made under the law governing questions regarding interpretation of the instrument. Moreover, the DOL stated in the Preamble that the determination of whether any particular investment has substantial equity features is an inherently factual question that must be resolved on a case-by-case basis but that it would be appropriate, in the DOL's view, to take into account whether the equity features of an instrument are such that a Plan's investment in the instrument would be a practical vehicle for the indirect provision of investment management services.

Whether the Notes should be treated as debt or equity for purposes of the Plan Asset Regulation is not certain. While the Notes may be treated as indebtedness for U.S. federal income tax purposes (as described in "Certain Tax Considerations"), such characterization is not conclusive that the Notes will be treated as debt under the Plan Asset Regulation. There is no legal authority that clarifies the relationship between the standards used for Plan Asset Regulation purposes and the standards used for U.S. federal income tax purposes in evaluating the proper characterization of a security as debt or equity. Each prospective investor should make its own assessment as to whether or not the Notes will be respected as debt for purposes of the Plan Asset Regulation, and should consult with its own legal advisers concerning the potential consequences under the fiduciary responsibility and prohibited transaction provisions of ERISA, Section 4975 of the Code and any applicable Similar Law of an investment in the offered Notes with the assets of a Plan. There can be no assurance that the Notes would be characterized by the DOL or others as indebtedness on the date of issuance or at any given time thereafter.

If the Notes were treated under the Plan Asset Regulation as equity interests, any assets held by the Issuer, including the Funding Agreements, would be treated as plan assets of Plans holding Notes if, immediately after the most recent acquisition (including any redemption) of the Notes (or any class of equity interest in the Issuer), the 25% Test is not satisfied and 25% or more of the total value of any class of equity interest in the Issuer is held by Benefit Plan Investors. No assurance can be given that Benefit Plan Investors will hold less than 25% of the total value of the Notes at the completion of an offering or thereafter.

If the assets of the Issuer were deemed to be plan assets under ERISA, then an investing Plan's assets would be considered to include an undivided interest in the Funding Agreements held by the Issuer. In addition, certain persons providing services to the Issuer could become Parties in Interest with respect to an investing Plan and could be subject to the fiduciary responsibility provisions of ERISA, the prohibited transaction provisions of ERISA and Section 4975 of the Code with respect to transactions involving the assets of the Issuer. In this regard, if any person were deemed to have discretionary authority or discretionary control respecting the management of the Issuer or exercises any authority or control respecting management or disposition of the Funding Agreements held by the Issuer, such person or persons could be deemed to be fiduciaries. A fiduciary of a Plan should consider whether the purchase or holding of Notes could result in a delegation of fiduciary authority if the Issuer were deemed to hold plan assets under ERISA, and, if so, whether such a delegation of authority is permissible under the Plan's governing instrument or any investment management agreement with the Plan. However, since the Administrative Trustee may be viewed as having no discretionary authority with respect to the Funding Agreements, even if the Funding Agreements were treated as Plan Assets of a Plan holding a Note, an investor may determine that the Administrative Trustee should be treated as having acted in an administrative or ministerial capacity, rather than a fiduciary capacity, with respect to the Funding Agreements. Each prospective investor should make its own assessment regarding whether the Administrative Trustee would constitute a fiduciary if the assets of the Issuer were considered to be plan assets under ERISA.

Non-ERISA Plans

Governmental plans (as defined in Section 3(32) of ERISA), church plans (as described in Section 3(33) of ERISA) for which no election has been made under Section 410(d) of the Code and foreign plans (as described in Section 4(b)(4) of ERISA) (collectively "**Non-ERISA Plans**") while not subject to Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Laws. The fiduciary of a Non-ERISA Plan considering an investment in the Notes must make its own determination that such investment is permissible under any applicable Similar Laws. Each purchaser or holder of the Notes or any beneficial interest therein will be deemed to have represented by its purchase and holding thereof that either (i) it is not a Non-ERISA Plan or an entity the assets of which are treated as including the assets of a Non-ERISA Plan and is not acquiring the Notes on behalf or with the assets of any such Non-ERISA Plan or entity or (ii) its purchase, holding and disposition of the Notes or any beneficial interest therein will not violate any Similar Laws.

General Considerations

Notwithstanding the above, the sale of the Notes of a particular Series to Plans, or to persons acting on behalf of or investing "plan assets" of Plans, might not be allowed, or might only be allowed subject to certain additional conditions.

The considerations set forth above are only intended as an overview and may not be applicable depending upon a Plan's specific facts and circumstances. No view is expressed as to whether an investment in Notes (and any continued holding of the Notes) is appropriate or permissible for any Plan or Non-ERISA Plan. Plan fiduciaries should consult their own advisors with respect to the advisability of an investment in the Notes, and potentially adverse consequences of such investment, including without limitation, the possible effects of changes in applicable laws.

CERTAIN TAX CONSIDERATIONS

The information provided below does not purport to be a complete overview of the United States tax law and practice currently applicable. Prospective investors should consult with their own professional advisors.

United States Federal Income Taxation

The following is a general discussion of certain U.S. federal income tax consequences of the purchase, ownership and disposition of Notes to U.S. Holders and Non-U.S. Holders (each as defined below) that purchase the Notes at their issue price pursuant to the original offering and hold the Notes as capital assets within the meaning of the Code. This discussion is for general information only and does not address all aspects of U.S. federal income taxation that may be relevant to U.S. Holders and Non-U.S. Holders in light of their particular circumstances, or that may be relevant to certain types of investors subject to special treatment under U.S. federal income tax laws (for example, (i) banks, tax-exempt organizations, regulated investment companies, real estate investment trusts, insurance companies, dealers in securities or traders in securities who elect the mark-to-market method of accounting, (ii) persons holding Notes as part of a straddle, hedge, conversion transaction or other integrated investment, (iii) U.S. Holders whose functional currency is not the U.S. dollar, (iv) former citizens or residents of the United States, some of whom may be subject to special rules, (v) investors in partnerships or other pass-through entities) or (vi) accrual method taxpayers that file applicable financial statements as described in Section 451(b) of the Code. In addition, this discussion does not address the effects of the tax on "investment income" imposed under Section 1411 of the Code, alternative minimum taxes, federal estate or gift taxes or state, local or foreign taxes. Furthermore, the discussion below is based upon provisions of the Code, the legislative history thereof, final, temporary and proposed regulations thereunder, and rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified (including changes in effective dates, and possibly with retroactive effect) so as to result in U.S. federal income tax consequences different from those discussed below.

For purposes of the following discussion, a "**U.S. Holder**" means a beneficial owner of a Note that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate or trust treated as a domestic estate or trust.

For purposes of the following discussion, a **"Non-U.S. Holder"** means a beneficial owner (other than a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) of a Note that is not a U.S. Holder for U.S. federal income tax purposes.

If a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of a partner or an equity interest owner of such other entity or arrangement will generally depend upon the status of the person and the activities of the partnership or other entity or arrangement treated as a partnership. If you are a partner of a partnership or an equity interest owner of another entity or arrangement treated as a partnership holding Notes, you should consult your tax advisors.

Tax Treatment of the Issuer and the Notes

In the opinion of Willkie Farr & Gallagher LLP, special U.S. federal income tax counsel to the Issuer ("**Special Tax Counsel**"), under current law and based on certain facts and assumptions contained in such opinion, the Issuer will not be treated as an association or a publicly traded partnership taxable as a corporation.

New York Life and the Issuer will treat the Notes as debt of New York Life for U.S. federal, state and local income and franchise tax purposes. Each holder and beneficial holder of Notes, by acceptance of such Notes, will also agree to treat the Notes as debt of New York Life for U.S. federal, state and local income and franchise tax purposes. The remainder of this discussion assumes the Notes are properly treated as debt of New York Life for U.S. federal income tax purposes.

An opinion of Special Tax Counsel is not binding on the IRS or the courts, and no ruling on any of the consequences or issues discussed herein will be sought from the IRS. Accordingly, persons considering the purchase of Notes should consult their own tax advisors about the U.S. federal income tax consequences of an investment in the Notes and the application of U.S. federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdictions, to their particular situations.

United States Taxation of U.S. Holders

Interest Income and Original Issue Discount and Premium

Except as described below, U.S. Holders of Notes generally will include payments of stated interest received in respect of the Notes as ordinary interest income in the taxable year when received or accrued in accordance with their method of accounting for U.S. federal income tax purposes.

In general, if the issue price of the Notes, determined by the aggregate first price at which a substantial amount of the Notes are sold to the Holders, is less than the "stated redemption price at maturity" of the Notes by more than the statutory *de minimis* amount, a U.S. Holder will be considered to have purchased its Notes with original issue discount ("**OID**")**.** If a U.S. Holder acquires Notes with OID, then regardless of such Holder's method of accounting, the Holder will be required to accrue OID on the Notes on a constant yield basis and include such accruals in gross income.

In general, if the issue price of a Note exceeds the "stated redemption price at maturity" of the Note, a U.S. Holder will be considered to have purchased its Notes at a premium. In this event, a U.S. Holder may elect to amortize such premium, based on a constant yield basis, as an offset to interest income, whether or not such U.S. Holder has received any cash payment from the Issuer with respect to the Notes. If a U.S. Holder makes such an election, the election will apply to all taxable debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies, and all taxable debt instruments acquired thereafter, and is irrevocable without the consent of the IRS. Any amount of amortized bond premium will decrease the U.S. Holder's tax basis in a Note. "**Stated redemption price at maturity**" means the sum of all payments to be received on a Note other than payments of "**qualified stated interest**" (defined generally as stated interest that is unconditionally payable at least annually at a single fixed rate or in the case of a variable rate debt instrument, at a "qualified floating rate", an "objective rate", a combination of a single fixed rate and one or more "qualified floating rates" or one "qualified inverse floating rate", or a combination of "qualified floating rates" that generally does not operate in a manner that accelerates or defers interest payments on such Note).

Short-Term Notes.

Notes that have a fixed maturity of one year or less ("**short-term notes**") will be treated as having been issued with OID. In general, an individual or other cash method U.S. Holder is not required to accrue such OID unless the U.S. Holder elects to do so. If such an election is not made, any gain recognized by the U.S. Holder on the sale, exchange or maturity of the short-term note will be ordinary income to the extent of the OID accrued on a straight-line basis, or upon election under the constant yield method (based on daily compounding), through the date of sale, exchange, redemption, disposition or maturity, and a portion of the deductions otherwise allowable to the U.S. Holder for interest on borrowings allocable to the short-term note will be deferred until a corresponding amount of income on the short-term note is realized. U.S. Holders who report income for U.S. federal income tax purposes under the accrual method, and certain other holders including banks and dealers in securities, are required to accrue OID on a short-term note on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding).

Sale, Exchange or Retirement of Notes

In general, a U.S. Holder of a Note will have an adjusted tax basis in such Note equal to the cost of the Note to such holder, increased by any amount includible in income by such holder as OID and reduced (but not below zero) by amortized premium and any payments other than payments of qualified stated interest on the Note. Upon a sale, exchange, retirement, or other disposition of a Note, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other disposition (less any accrued but unpaid interest, which would be taxable as interest) and the U.S. Holder's adjusted tax basis in such Note. Such gain or loss will be long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of any such disposition, subject to the rules described below for a Foreign Currency Note (as defined below). A non-corporate U.S. Holder is currently entitled to preferential treatment for the excess of net long-term capital gains over net short-term capital losses. The ability of a U.S. Holder to offset capital losses against ordinary income is limited.

Foreign Currency Notes

The following overview describes special rules that apply, in addition to the rules described above, to Notes that are denominated in, or provide for payments determined by reference to, a currency or currency unit other than the United States dollar ("**Foreign Currency Notes**"). The amount of stated interest paid with respect to a Foreign Currency Note that is includible in income by a cash method of accounting U.S. Holder is the U.S. dollar value of the amount paid, as determined on the date of receipt by the U.S. Holder using the spot rate of exchange on such date. In the case of stated interest paid to a U.S. Holder that uses the accrual method of accounting, and in the case of OID for all U.S. Holders, such U.S. Holder is required to include in income the U.S. dollar value of the amount of interest income or OID that accrued during the accrual period. The U.S. dollar value of such accrued interest income is determined by translating such income at the average rate of exchange for the accrual period or, at the U.S. Holder's election, at the spot rate of exchange on the last day of the accrual period.

Sale, Exchange or Retirement of a Foreign Currency Note.

The amount realized with respect to a sale, exchange, retirement or other disposition of a Foreign Currency Note generally will be (i) in the case of a cash basis taxpayer, the U.S. dollar value of the payment received determined on the date of the disposition of such Note (using the spot rate on such date) or (ii) in the case of an accrual basis taxpayer, the U.S. dollar value of the payment received determined on the date of disposition of such Note (or, if such taxpayer elects, the settlement date of the sale of such Note) (using the spot rate on such date). Gain or loss that is recognized will be ordinary income or loss to the extent it is attributable to fluctuations in exchange rates between the date of purchase (or basis adjustment) and the date of disposition.

United States Taxation of Non-U.S. Holders

Provided the Notes are sold and delivered and payments are made in accordance with the terms of the Notes, and subject to the discussion of backup withholding and FATCA withholding below, payments of principal and interest (including OID) with respect to the Notes by or on behalf of the Issuer or any of its paying agents to a Non-U.S. Holder, assuming such income is not effectively connected with the conduct of a trade or business in the United States, will not be subject to United States federal withholding tax pursuant to the "Portfolio Interest Exemption" if: (i) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of New York Life entitled to vote within the meaning of Section 871(h)(3) of the Code and regulations thereunder; (ii) the Non-U.S. Holder is not a "controlled foreign corporation" that is related within the meaning of Section 864(d)(4) of the Code to New York Life; (iii) the Non-U.S. Holder is not a bank for United States federal income tax purposes whose receipt of interest on the Note is described in Section 881(c)(3)(A) of the Code; (iv) interest on the Notes is not contingent interest within the meaning of Section 871(h)(4)(A) of the Code; (v) the Note is in registered form for U.S. federal income tax purposes; and (vi) (a) the Non-U.S. Holder certifies to New York Life and the Issuer or a paying agent making payments on behalf of the Issuer, that it is not a U.S. Holder, (b) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "**Financial Institution**") that holds the Note certifies to New York Life and the Issuer or a paying agent making payments on behalf of the Issuer under penalties of perjury that the certification referred to in clause (a) has been received from the beneficial owner by it or by another intermediary Financial Institution and the Financial Institution furnishes the payor with a copy thereof, or (c) the Non-U.S. Holder provides the certification in clause (a) to a "qualified intermediary" or a "withholding foreign partnership," and ensures that certain other conditions are met (satisfaction of the foregoing referred to as eligibility for the "**Portfolio Interest Exemption**"). For these purposes, the certificate stating that the beneficial owner is not a U.S. Holder is valid only if it is signed under penalties of perjury, and contains the beneficial owner's name and permanent residence address. The beneficial owner's certification may be provided on an applicable IRS Form W-8 (or such successor form as the IRS may prescribe). In the case of Notes held by a non-withholding foreign partnership, the foreign partnership generally is required to provide Form W-8IMY (or such successor form as the IRS may prescribe) and to attach thereto an appropriate certification by each partner, with a look-through rule applying in the case of tiered partnerships.

If a Non-U.S. Holder does not satisfy the requirements in the preceding paragraph, payments of interest made to such Non-U.S. Holder generally will be subject to the 30% U.S. federal withholding tax, unless such Non-U.S. Holder provides a properly executed (i) IRS Form W-8BEN-E or W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (ii) IRS Form W-8ECI (or other applicable form) stating that interest paid on the Note is not subject to withholding tax because it is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the United States. A Note with a maturity date of 183 days or less is also generally not subject to a 30% U.S. federal withholding tax.

Subject to the discussion of backup withholding and FATCA withholding below, any gain realized by a Non-U.S. Holder on the sale, exchange, redemption or other taxable disposition of a Note generally will not be subject to U.S. federal income tax or withholding tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States (or, if provided in an applicable tax treaty, is attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder), in which case such gain will be taxed on a net income basis in the same manner as interest that is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States and, in the case of a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes, may also be subject to a 30% branch profits tax (or such lower rate as may be provided by an applicable tax treaty), or (ii) in the case of a Non-U.S. Holder that is an individual, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange, redemption or other taxable disposition and certain other conditions are met.

Backup Withholding and Information Reporting

The description below is general in nature and beneficial owners of the Notes should consult their tax advisors regarding the application of backup withholding and information reporting to their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if available.

Backup withholding tax is not an additional tax. Rather, any amounts withheld from a payment to a beneficial owner under the backup withholding rules are allowed as a refund or a credit against such beneficial owner's United States federal income tax, provided that the required information is furnished to the IRS on a timely basis.

U.S. Holders

Under U.S. federal income tax law, information reporting requirements apply to interest (including OID) and principal payments made to, and to the proceeds of sales before maturity by, certain non-corporate U.S. Holders. In addition, a backup withholding tax will apply to such payments if (i) the non-corporate U.S. Holder fails to furnish such non-corporate U.S. Holder's taxpayer identification number ("**TIN**") (which, for an individual, would be his or her Social Security Number) to the payor in the manner required, (ii) the non-corporate U.S. Holder furnishes an incorrect TIN and the payor is so notified by the IRS, (iii) the payor is notified by the IRS that it has failed properly to report payments of interest and dividends or (iv) in certain circumstances, the non-corporate U.S. Holder fails to certify, under penalties of perjury, that it has not been notified by the IRS that it is subject to backup withholding for failure properly to report interest and dividend payments. Backup withholding will not apply with respect to payments made to certain exempt recipients, such as corporations (within the meaning of Section 7701(a) of the Code) and tax-exempt organizations. Exempt recipients that are not subject to backup withholding and do not provide an IRS Form W-9 may nonetheless be treated as a foreign payee subject to withholding under FATCA, and withheld upon at the 30% rate discussed below under "—'FATCA' Legislation Affecting Taxation of Notes Held By or Through Foreign Entities."

Non-U.S. Holders

In the case of a Non-U.S. Holder, backup withholding and information reporting will not apply to payments of principal, premium and interest (including OID) on a Note if such Non-U.S. Holder provides the required certification to establish an exemption from the withholding of United States federal income tax (*e.g.* a Form W-8BEN-E or W-8BEN) or otherwise establishes an exemption, provided that (i) New York Life, the Issuer or its paying agent, as the case may be, does not have actual knowledge that the payee is a U.S. person and (ii) certain other conditions are satisfied. Similarly, unless the payor has actual knowledge that the payee is a U.S. person, backup withholding will not apply to (i) payments of interest (including OID, if any) made outside the United States to certain offshore accounts and (ii) payments on the sale, exchange, retirement or other disposition of such Notes effected outside the United States. However, information reporting (but not backup withholding) will apply to (i) payments of interest made by a payor outside the United States and (ii) payments on the sale, exchange, retirement or other disposition of a Note effected outside the United States if payment is made by a payor that is, for U.S. federal income tax purposes, (a) a U.S. person, (b) a controlled foreign corporation, (c) a U.S. branch of a foreign bank or foreign insurance company, (d) a foreign partnership controlled by U.S. persons or engaged in a United States trade or business or (e) a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period, unless such payor or broker has in its records documentary evidence that the beneficial owner is not a U.S. person and certain other conditions are met or the beneficial owner otherwise establishes an exemption.

"FATCA" Legislation Affecting Taxation of Notes Held By or Through Foreign Entities

The provisions of the Foreign Account Tax Compliance Act, or "FATCA," generally impose a withholding tax of 30% on interest income (including OID) from debt obligations of U.S. issuers paid to a foreign financial institution, unless such institution either (i) enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of the institution, as well as certain account holders that are foreign entities with U.S. owners) or (ii) in the event that an applicable intergovernmental agreement and implementing legislation are adopted, complies with modified requirements including in some cases providing local revenue authorities with similar account holder information. FATCA also generally imposes a withholding tax of 30% on interest income (including OID) from such obligations paid to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity. Current provisions of the Code and Treasury Regulations that govern FATCA treat gross proceeds from the sale or other disposition of debt obligations that can produce U.S.-source interest (such as the Notes) as subject to FATCA withholding after December 31, 2018. However, under recently proposed Treasury Regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization), such gross proceeds are not subject to FATCA withholding. Under certain circumstances, a beneficial owner of such obligations might be eligible for refunds or credits of FATCA taxes. The Issuer will not be required to pay Additional Amounts with respect to any taxes withheld under FATCA. U.S. return disclosure obligations (and related penalties for failure to disclose) are also imposed on U.S. individuals that hold certain specified foreign financial assets (which include financial accounts in foreign financial institutions). Investors are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Notes.

Registered Form Requirement

Interest paid to a Non-U.S. Holder on a Bearer Note that is not treated as being in "registered form" for U.S. federal income tax purposes with a maturity of more than 183 days will be subject to a 30% withholding tax unless the beneficial owner of the amount establishes eligibility for an exemption from withholding other than the Portfolio Interest Exemption, including eligibility for a reduced rate of withholding under an income tax treaty. However, the Issuer will not issue any Bearer Notes that are treated as not in "registered form" for U.S. federal income tax purposes.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN UNITED STATES OR OTHER TAX LAWS.

PLAN OF DISTRIBUTION

General

The Notes will be offered from time to time by the Issuer to or through the Purchasing Agents acting as principals or agents. Pursuant to the Purchase Agreement: (i) the Purchasing Agents, individually or in a syndicate, may purchase the Notes, as principals from the Issuer for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by any such Purchasing Agent or, if so specified in the applicable Pricing Supplement, for resale at a fixed offering price or (ii) in the alternative, the Issuer may agree with a Purchasing Agent that such Purchasing Agent will utilize its reasonable efforts on an agency basis on the Issuer's behalf to solicit offers to purchase Notes at 100% of the principal amount thereof, unless otherwise specified in the applicable Pricing Supplement.

Subject to the provisions of the applicable Pricing Supplement, any Note sold to a Purchasing Agent as principal will be purchased by that Purchasing Agent at a price equal to 100% of the principal amount thereof less a percentage of the principal amount equal to the commission described below in connection with agency sales. A Purchasing Agent may sell Notes it has purchased from the Issuer as principal to certain dealers less a concession equal to all or any portion of the discount received in connection with that purchase. A Purchasing Agent may allow, and dealers may reallow, a discount to certain other dealers. After the initial offering of Notes, the offering price, the concession and the reallowance may be changed.

Subject to the provisions of the applicable Pricing Supplement, the Issuer will pay a commission to a Purchasing Agent, ranging from 0% to 0.875% of the principal amount of each Note, depending upon its stated maturity, sold through that Purchasing Agent as its agent.

The Issuer reserves the right to withdraw, cancel or modify the offer made hereby without notice and may reject offers in whole or in part. Each Purchasing Agent will have the right, in its discretion reasonably exercised, to reject in whole or in part any offer to purchase Notes received by it on an agency basis.

The Purchasing Agents also may impose a penalty bid. This occurs when a particular Purchasing Agent repays to the Purchasing Agents a portion of the underwriting discount received by it because one of the Purchasing Agents or its affiliates have repurchased notes sold by or for the account of such Purchasing Agent in stabilizing or short covering transactions.

In connection with any Tranche of Notes, the Purchasing Agent or Purchasing Agents (if any) named as the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)), in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Tranche of Notes is made and, if begun, may cease at any time, but it shall, in any event, end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any such stabilizing shall be conducted in compliance with all relevant laws, guidelines and regulations.

Neither the Issuer nor any of the Purchasing Agents makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Issuer nor any of the Purchasing Agents makes any representation that the Purchasing Agents will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

None of the Purchasing Agents is under any obligation to make a market in the Notes and, to the extent that such market making is commenced by any of the Purchasing Agents, it may be discontinued at any time. Given the restrictions on and risks related to transfer, there is no assurance that a secondary market will develop or, if it does develop, that it will provide holders of Notes with liquidity or that it will be sustained. Prospective investors should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes until the maturity of such Notes.

Each of the Purchasing Agents severally and not jointly has represented, warranted and agreed with respect to offers and sales outside the United States that it will (to the best of its knowledge after due inquiry) comply with all applicable laws and regulations in each country or jurisdiction outside of the United States in or from which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Memorandum for such Notes or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the Issuer and New York Life shall have no responsibility therefor.

The Issuer has agreed to indemnify the several Purchasing Agents against certain liabilities, including liabilities under the Securities Act.

The Purchasing Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Purchasing Agents and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Purchasing Agents and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Purchasing Agents and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

United States

The Notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "Purchase and Transfer Restrictions."

Each of the Purchasing Agents has represented, warranted and agreed, and each further Purchasing Agent appointed under the Program will be required to represent, warrant and agree, that it will make offers and sales of the Notes only to persons whom it reasonably believes to be (i) qualified institutional buyers as defined in Rule 144A under the Securities Act or (ii) to persons other than "U.S. persons" in "offshore transactions" (each as defined in Regulation S). Each purchaser of Notes, in making its purchase, will be deemed to have made certain acknowledgments, representations and agreements as set forth herein under "Purchase and Transfer Restrictions."

The Issuer is not subject to the reporting requirements of the Exchange Act. The Issuer has agreed that, at any time while the Notes are outstanding, it will furnish the holders of Notes and prospective purchasers designated by such holders, upon request, the information required to be delivered by Rule 144A(d)(4) under the Securities Act.

Except as otherwise defined in the preceding paragraphs, terms used therein have the meanings given to them by Rule 144A and Regulation S under the Securities Act.

Each Purchasing Agent, agent or dealer participating in the offerings of Bearer Notes will represent, warrant and agree, and each further Purchasing Agent appointed under the Program will be required to represent, warrant and agree, that it will treat Global Bearer Notes issued by the Issuer with a maturity in excess of 183 days as in "registered form" for U.S. federal income tax purposes.

"**Restricted Period**" as used in the preceding paragraph shall be the period beginning on the earlier of the first date the Notes of a Series are offered to persons other than the Purchasing Agents or the issue date and ending on the date 40 days after the issue date; *provided, however,* that all offers and sales of the Notes by the Issuer or any of the Purchasing Agents of Notes held by the Issuer or such Purchasing Agent as part of an unsold allotment shall be deemed to be made during the Restricted Period.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Purchasing Agents are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area and United Kingdom

Each Purchasing Agent has represented and agreed, and each further Purchasing Agent appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in any Relevant State. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Purchasing Agent has represented, warranted and agreed, and each further Purchasing Agent appointed under the Program will be required to represent, warrant and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons (1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or (2) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the U.K.

Hong Kong

Each Purchasing Agent has represented, warranted and agreed, and each further Purchasing Agent appointed under the Program will be required to represent, warrant and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**")) other than: (a) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

Japan

Each Purchasing Agent understands that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act no. 25 of 1948, as amended), and such Purchasing Agent has represented, warranted and agreed, and each further Purchasing Agent appointed under the Program will be required to represent, warrant and agree, that it will not, directly or indirectly, offer or sell any Notes in Japan or to or for the benefit of any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

Singapore

Each Purchasing Agent has acknowledged, and each further Purchasing Agent appointed under the Program will be required to acknowledge, that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, each Purchasing Agent has represented, warranted and agreed, and each further Purchasing Agent appointed under the Program will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

PURCHASE AND TRANSFER RESTRICTIONS

Other than with respect to the listing of certain Notes on the relevant securities exchange as may be specified in the applicable Pricing Supplement, no action has been or will be taken by the Issuer that would permit a public offering of the Notes, or possession or distribution of this Offering Memorandum or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Each Purchasing Agent has severally and not jointly covenanted that it will not solicit offers to purchase, or offer or sell, Notes by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act. Persons into whose hands this Offering Memorandum, any applicable Pricing Supplement or any other offering material comes must comply with all applicable laws and regulations, including anti-money laundering rules, applicable to the issuance and sale of securities in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute this Offering Memorandum, any applicable Pricing Supplement or any other offering material, in all cases at their own expense.

Selling and transfer restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the applicable Pricing Supplement (in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to this Offering Memorandum.

The Notes have not been and will not be registered under the Securities Act or any state or foreign securities laws and, unless so registered, may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act and applicable state or foreign securities laws.

Each initial purchaser, subsequent purchaser and transferee (each, a "purchaser") of a beneficial interest in the Notes will be deemed to have represented, warranted and agreed that:

- It understands that the Notes have not been and will not be registered under the Securities Act or any other securities law and may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, a United States person except in accordance with applicable laws and the following provisions.

- It understands that the Issuer has not been and will not be registered as an investment company under the Investment Company Act.

- Either (i) it is not, and is not acquiring the Notes or any beneficial interest therein on behalf of or with "plan assets" of a Plan, a Plan Asset Entity, a Non-ERISA Plan or an entity the assets of which are treated as including the assets of a Non-ERISA Plan or (ii)(A) in the case of a Plan or Plan Asset Entity, its purchase, holding and disposition of the Notes or any beneficial interest therein is exempt from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code under DOL PTCE 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1, PTCE 84-14, the Service Provider Exemption or another applicable exemption, or (B) in the case of a Non-ERISA Plan or entity the assets of which are treated as including the assets of a Non-ERISA Plan, its purchase, holding and disposition of the Notes or any beneficial interest therein will not violate any Similar Laws. This representation shall be deemed made on each day from the date on which the purchaser acquires the Notes through and including the date on which the purchaser disposes of the Notes.

- It understands that the Notes may not be transferred to, or acquired or held by, an insurer domiciled in the State of Arkansas, a health maintenance organization, farmers' mutual aid association or other Arkansas domestic company regulated by the Arkansas Insurance Department.

- It is its intent and it understands it is the intent of the Issuer, for purposes of United States Federal, state and local income and franchise taxes, that the Notes be treated as indebtedness of New York Life, and it agrees to such treatment and agrees to take no action inconsistent with such treatment.

- It understands that any offer, sale, pledge or other transfer of Notes is subject to the restrictions set forth in the Indenture, the applicable Series Indenture and the Notes.

- It will inform each person to whom the Notes or any beneficial interests therein are offered, resold, pledged or otherwise transferred of the restrictions on the transfer of the Notes.

- It acknowledges that the Issuer, the Purchasing Agents and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

- It understands that, unless the Issuer determines otherwise in accordance with applicable law, certificates representing the Notes will bear a legend reflecting these representations and agreements.

Each purchaser of a beneficial interest in a Temporary Global Registered Note will be deemed to have represented, warranted and agreed that:

- It understands that such Notes may be offered, sold, pledged or otherwise transferred only (i)(a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (b) in compliance with Rule 144A to an institutional investor that the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A acquiring such Notes for its own account or for the account of a qualified institutional buyer, whom the transferor has informed, in each case, that the offer, sale, pledge or transfer is being made in reliance on Rule 144A, (ii) in accordance with all applicable laws and (iii) in accordance with the restrictions set forth in the Indenture, the applicable Series Indenture and the Notes.

Each purchaser of a beneficial interest in a Temporary Global Bearer Note will be deemed to have represented, warranted and agreed that:

- It understands that such Notes may be offered, sold, pledged or otherwise transferred only (i) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (ii) in accordance with all applicable laws and (iii) in accordance with the restrictions set forth in the Indenture, the applicable Series Indenture and the Notes.

After the expiration of the applicable Distribution Compliance Period, any offer, sale, pledge and other transfer, within the United States or to, or for the benefit of a U.S. person, of any Notes initially sold pursuant to Regulation S, that is otherwise permitted by, and is in accordance with, all applicable laws and the restrictions set forth in the Indenture, the applicable Series Indenture and the Notes, may be made only to (i) an institutional investor that the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A acquiring such Notes for its own account or for the account of a qualified institutional buyer, whom the transferor has informed, in each case, that such offer, sale, pledge, or transfer is being made in reliance on Rule 144A or (ii) an institutional investor that is an “accredited investor” within the meaning of Rule 501(a) under the Securities Act acquiring such Notes in a transaction exempted from the registration requirements of the Securities Act.

Each purchaser of a beneficial interest in Notes sold pursuant to Rule 144A will be deemed to have represented, warranted and agreed that:

- If it should offer, sell, pledge or otherwise transfer the Notes it will only do so (i) in compliance with the Securities Act and other applicable laws, (ii) in accordance with the restrictions set forth in the Indenture, the applicable Series Indenture and the Notes and (iii) only (a) in compliance with Rule 144A to an institutional investor that the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A acquiring such Notes for its own account or for the account of a qualified institutional buyer, whom the transferor has informed, in each case, that the offer, sale, pledge or transfer is being made in reliance on Rule 144A, (b) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act or (c) pursuant to any other exemption from the registration requirements of the Securities Act, subject to the receipt by the Issuer or the Indenture Trustee of an opinion of counsel or such other evidence which they may reasonably require (obtained at the expense of the holder of such Note) that such offer, sale or transfer is in compliance with the Securities Act and other applicable laws and is in accordance with the restrictions set forth in the Indenture, the applicable Series Indenture and the Notes.

- It is a qualified institutional buyer within the meaning of Rule 144A, it is acquiring such Notes for its own account or for the account of a qualified institutional buyer and it is aware, and each Beneficial Note Owner has been advised that the offer, sale, pledge or other transfer of such Notes to it is being made in reliance on Rule 144A.

- If it is acquiring any Notes for the account of one or more qualified institutional buyers, it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each such account.

In addition, each purchaser of a beneficial interest in the Notes will be deemed to have represented, warranted and agreed that:

- It understands that, in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to New York Life under New York law as in effect on the date of the Offering Memorandum, the claims under each Funding Agreement with respect to (i) payments of principal and interest would be accorded a priority equal to that of policyholders of New York Life (i.e. would rank pari passu with the claims of policyholders of New York Life) and superior to the claims of general creditors of New York Life and (ii) payments of Additional Amounts (as defined herein) would rank pari passu with the claims of general creditors of New York Life.

- It understands that in the event of New York Life's insolvency, rehabilitation or liquidation, claims under the Funding Agreements will not be covered by The Life Insurance Company Guaranty Corporation of New York.

- It understands that the obligations of New York Life under the Funding Agreements are not obligations of, and are not guaranteed by, any other person.

- It understands that no person is permitted to distribute, market, sell, represent or otherwise refer to the Notes as an insurance product, contract or policy or funding agreement or as a direct interest in any insurance product, contract or policy or funding agreement.

- It understands that because the primary assets of the Issuer will be one or more funding agreements issued by a life insurance company, there is a risk that the transfer of the Notes could subject the parties to such transfer to regulation under the insurance laws of jurisdictions implicated by the transfer. Among other things, it is likely that if the Notes were to be deemed to be contracts of insurance, the ability of a holder to sell the Notes in secondary market transactions or otherwise would be substantially impaired and, to the extent any such sales could be effected, the proceeds realized from any such sales would be materially and adversely affected.

The Bearer Notes (including Bearer Notes in global form) are subject to United States Federal tax law requirements. The Issuer will not issue any Bearer Notes with a maturity in excess of 183 days that are treated as not in "registered form" for U.S. federal income tax purposes.

LEGAL MATTERS

Certain matters regarding the Notes and their offering will be passed upon on the date hereof:

- for the Issuer and New York Life by Willkie Farr & Gallagher LLP (as to New York law and United States Federal securities law);
- for the Issuer and New York Life by Willkie Farr & Gallagher LLP (as to United States Federal tax law);
- for the Issuer and the Purchasing Agents by Sidley Austin LLP (as to New York law, United States Federal law and certain insurance regulatory matters); and
- for the Issuer and the Administrative Trustee by Richards, Layton & Finger, P.A. (as to Delaware law).

Certain matters (as to New York law) will be passed upon on the date hereof for New York Life by the General Counsel of New York Life or another officer in the Office of the General Counsel of New York Life.

Willkie Farr & Gallagher LLP has from time to time represented, and continues to represent, one or more of the Purchasing Agents.

GENERAL INFORMATION

Irish Listing

Application will be made to Euronext Dublin for the Notes issued during the period of 12 months from the date of this Offering Memorandum to be admitted to the Official List and trading on the GEM. However, Notes may be listed on another securities exchange or not listed on any regulated market or securities exchange.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the GEM.

If any European and/or national legislation is adopted and is implemented or takes effect in Ireland in a form that would require either New York Life or the Issuer to publish or produce its financial statements according to accounting principles that are materially different from SAP or that would otherwise impose requirements on either of New York Life or the Issuer that such entity in good faith determines are impracticable or unduly burdensome, New York Life or the Issuer may elect to de-list the Notes. Each of New York Life and the Issuer will use its reasonable efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or system outside the EU, as the Issuer and New York Life may decide with the prior approval of the relevant Purchasing Agent(s). If such an alternative admission is not available to New York Life or the Issuer, or is, in either such entity's opinion, unduly burdensome, an alternative admission may not be obtained. Notice of any de-listing and/or alternative admission will be given as described in "General Information—Notices" herein.

Authorizations

The Issuer's initial and ongoing participation in the Program, including updating Program documents, establishing additional Series and issuing additional Notes with respect to each such additional Series, is authorized under the Trust Agreement. New York Life's acts in connection with the establishment of the Program and its ongoing acts thereunder were authorized pursuant to resolutions adopted by the Investment Committee of the Board of Directors on July 15, 2003 (ratified by the Board of Directors on July 16, 2003) and pursuant to resolutions adopted by the Investment Committee of the Board of Directors on May 18, 2004 and May 20, 2008 (ratified by the Board of Directors on May 19, 2004 and May 21, 2008, respectively) and on November 19, 2019.

Clearance

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In addition, the Issuer will make an application with respect to the Notes to be accepted for trading in book-entry form by DTC. With respect to each Series of Notes, any applicable CUSIP number, together with any applicable ISIN and/or common code will be specified in the applicable Pricing Supplement. The applicable Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Litigation

The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

Material pending litigation and regulatory matters affecting New York Life and certain risks related to its business presented by such matters are discussed in Note 15 of the 2019 Statutory Financial Statements. New York Life has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which New York Life is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on New York Life's financial position or profitability.

Notices

All notices regarding Registered Notes of a Series will be mailed to the registered holders thereof as their names appear in the applicable Note Register maintained by the Registrar.

All notices shall be deemed to have been given upon (i) in the case of Registered Holders, the mailing by first class mail, postage prepaid, of such notices to each Registered Holder entitled thereto at such Registered Holder's registered address as recorded in the applicable Note Register and publication in a leading daily newspaper having general circulation in Ireland (which is expected to be the *Irish Times*), (ii) in the case of holders of Bearer Notes, publication in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*), and (iii)(a) so long as the Notes of a Series are admitted to the Official List and trading on the GEM, publication of such notice to each holder of the Notes of such Series in the English language on the website of Euronext Dublin at www.ise.ie via the Companies Announcement Service or (b) so long as the Notes of a Series are listed on a securities exchange other than Euronext Dublin or if the publication required in (iii)(a) is not practicable, in one other leading English language daily newspaper with general circulation in Europe and in the Principal Financial Center with the greatest nexus to such other securities exchange, if such Series is so listed.

Foreign Language

The language of this Offering Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Independent Accountants

The Statutory Financial Statements as of December 31, 2019, 2018 and 2017 and for each of the three years in the period ended December 31, 2019 included in this Offering Memorandum have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting. PricewaterhouseCoopers LLP is a member of the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board.

No Material Adverse Change

There has been no material adverse change in the prospects of New York Life since December 31, 2019 (the date of the last published annual audited statutory financial statements of New York Life) nor has there been any material change in its financial or trading position since December 31, 2019.

Transferability

Subject to the selling and transfer restrictions described under "Purchase and Transfer Restrictions" and "Plan of Distribution" and subject to the terms and conditions of the Notes, as described in "Description of the Notes", the Notes will be freely transferable.

Documents Available

For the life of the Program and for as long as Notes are listed on the Official List of Euronext Dublin and admitted to trading on the GEM, upon request the Issuer will provide without charge copies of the following documents:

(i) this Offering Memorandum;

(ii) the Indenture, each Series Indenture, the Trust Agreement, each Series Trust Agreement and the Certificate of Trust (all as defined herein);

(iii) the Charter and By-Laws of New York Life;

(iv) the Statutory Financial Statements and all audited statutory financial statements of New York Life (including any notes thereto) filed with the NYSDFS after the date hereof;

(v) all annual unaudited statutory financial statements of New York Life (including any notes, schedules and supplements thereto) filed with the NYSDFS after the date hereof;

(vi) all quarterly unaudited statutory financial statements of New York Life (including any notes and schedules thereto) filed with the NYSDFS after the date hereof;

(vii) any amendments and supplements to this Offering Memorandum that remain in effect at the time of the offering of the Series of Notes and which have not been modified or superseded by any other amendment, supplement or document incorporated by reference in this Offering Memorandum;

(viii) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the registration document;

(ix) all financial statements of the Issuer generally and with respect to the applicable Series of the Issuer prepared after the date hereof, if any;

(x) a copy of each Funding Agreement relating to any Series of Notes listed on any securities exchange (*provided*, that, with respect to the offering of any Series of Notes not listed on any securities exchange, a copy of each Funding Agreement relating to such Series of Notes will be available for inspection and can be obtained free of charge by a holder of any Notes of such Series); and

(xi) all amendments and supplements to this Offering Memorandum and each Pricing Supplement relating to any Series of Notes listed on any securities exchange prepared by the Issuer from time to time (*provided*, that, with respect to the offering of any Series of Notes not listed on any securities exchange, a copy of each Pricing Supplement relating to such Series of Notes will be available for inspection and can be obtained free of charge by a holder of any Notes of such Series).

Copies of such documents may also be inspected in physical format during normal business hours at the office of the Issuer located at c/o Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, DE 19890. In addition, copies of such documents will be available in physical format free of charge from the principal office of the Paying Agent for Notes listed on Euronext Dublin and from the relevant Paying Agent(s) with respect to Notes not listed on any securities exchange.

This Offering Memorandum and any amendment or supplement to this Offering Memorandum or new offering memorandum, as the case may be, will be published on the website of Euronext Dublin at www.ise.ie.

The information on any web site mentioned in this Offering Memorandum or any web site directly or indirectly linked to any web site mentioned in this Offering Memorandum is not a part of, or incorporated by reference into, this Offering Memorandum and investors in the Notes should not rely on it.

Other than as set forth above under "Documents Available" or as provided in any supplement hereto, and any Pricing Supplement, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

FORM OF PRICING SUPPLEMENT

Pricing Supplement No. ● dated ●

New York Life Global Funding

Legal Entity Identifier: 635400DPNHEAUHB7ZI15
$19,000,000,000

GLOBAL DEBT ISSUANCE PROGRAM
Notes due •

[Principal Amount of Notes]

This Pricing Supplement should be read in conjunction with the Offering Memorandum dated March 27, 2020 [and the supplement[s] to it dated • [and •]] (the "Offering Memorandum") relating to the $19,000,000,000 Global Debt Issuance Program of New York Life Global Funding (the "Issuer").

[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA AND UNITED KINGDOM RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

FOR SINGAPORE RESIDENTS ONLY – The Notes may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (as amended or modified from time to time, the "SFA") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

PART A – CONTRACTUAL TERMS

Terms used herein and not otherwise defined herein shall have the meanings ascribed in the Offering Memorandum. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Offering Memorandum. Full information regarding the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing in physical format during normal business hours at the registered office of the Issuer located at c/o Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, DE 19890. In addition, copies of the Offering Memorandum and this Pricing Supplement will be available in physical format free of charge from the Paying Agent.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

[For Notes denominated in sterling, if the Notes have a maturity of less than one year from the date of their issue, the minimum Authorized Denomination of the Notes must be £100,000 (or its equivalent in another currency).]

1.	Issuer:	New York Life Global Funding
2.	(i) Series Number:	●
	(ii) Tranche Number:	●
	[(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	
3.	Specified Currency or Currencies:	●
4.	Principal Amount of Notes [admitted to trading]:	●
5.	Issue Price:	● per cent of the Principal Amount of the Notes [plus accrued interest from [*insert date*]*(in the case of fungible issues only if applicable*)]
6.	Authorized Denominations:	● *(N.B. Notes listed on Euronext Dublin or any regulated market as defined under Directive 2014/65/EU shall have Authorized Denominations of at least €100,000 or the equivalent thereof in another currency. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area or U.K. exchange; and (ii) only offered in the European Economic Area or the U.K. in circumstances where a prospectus is not required to be published under the Prospectus Regulation or not offered within the European Economic Area or the U.K., Authorized Denominations of at least €100,000 of the equivalent thereof in another currency are not required.)*

7.	[(i)] Issue Date:	●
	[(ii)] Interest Commencement Date if different from the Issue Date:	[●/Not Applicable]
8.	Stated Maturity Date:	[*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9.	Interest Rate:	[• % Fixed Rate] [CMT Rate / Commercial Paper Rate / Money Market Yield / Federal Funds Rate / EURIBOR / LIBOR / Prime Rate / SOFR / Treasury Rate / Bond Equivalent +/– • % Floating Rate] [Zero Coupon] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100]% of their nominal amount.]
11.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
12.	Method of distribution:	[Syndicated/Non-syndicated]
13.	Status of the Notes:	Secured Non-Recourse Notes

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate[(s)] of Interest:	● per cent per annum [payable [annually/semi-annually/quarterly/monthly] in arrears]
	(ii) Interest Payment Date(s):	● in each year, commencing on ● [adjusted in accordance with the Business Day Convention specified below / not adjusted] [*N.B. This will need to be amended in the case of long or short coupons]*
	(iii) Fixed Coupon Amount[(s)]:	● per ● in Authorized Denomination
	(iv) Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]

(v) Day Count Fraction:	[Actual/365 / Actual/Actual (Historical) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Actual/Actual (Bond)]
(vi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention]
(vii) Determination Dates:	● in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual/other)*
(viii) Regular Interest Record Dates:	[*specify each Regular Interest Record Date*]
15. Floating Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i) Designation:	Regular Floating Rate Notes
(ii) Interest Payment Dates:	● in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Center(s) for the definition of "Business Day"]*/not adjusted]
(iii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention]
(iv) Business Center(s):	[The financial center most closely connected to the Benchmark – *specify if not London*] See Reference Rate above
(v) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vi) Calculation Agent:	● *[Either the Indenture Trustee or another Calculation Agent appointed by the Issuer.]* [In the event that the Calculation Agent resigns, or its appointment is terminated by the Issuer, the Issuer shall appoint a successor Calculation Agent promptly and in no event later than the next succeeding date upon which the Rate(s) of Interest is/are to be determined.]

(vii) Screen Rate Determination:	●
- Reference Rate:	[CMT Rate / Commercial Paper Rate / Money Market Yield / Federal Funds Rate / EURIBOR / LIBOR / Prime Rate / SOFR / Treasury Rate / Bond Equivalent]
- Index Maturity:	●
- Interest Determination Date(s) [and Relevant Time(s)]:	● *(Second London Banking Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Interest Accrual Period(s):	●
- Relevant Screen Page:	[*specify Relevant Screen Page*] *(In the case of EURIBOR, if not Reuters Page EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
(viii) Spread:	[+/-]● percent per annum
(ix) Day Count Fraction:	[Actual/365 / Actual/Actual (Historical) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Actual/Actual (Bond)]
(x) Interest Reset Dates:	[*specify each Interest Reset Date and note whether it is subject to adjustment*]
(xi) Regular Interest Record Dates:	[*specify each Regular Interest Record Date*]
16. Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i) [Amortization/Accrual] Yield:	● per cent per annum
(ii) Reference Price:	●
(iii) Day Count Fraction:	●

PROVISIONS RELATING TO REDEMPTION

17.	Optional Redemption by the Issuer:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Optional Redemption Date(s):	●
(ii)	Optional Redemption Amount(s) of each Note:	● per Note of ● authorized denomination
(iii)	Notice period[2]:	●
18.	Repayment at Option of Noteholder:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Optional Redemption Date(s):	●
(ii)	Optional Redemption Amount(s) of each Note:	● per Note of ● authorized denomination
(iii)	Notice period[3]:	●
(iv)	Determination Date(s):	●
19.	Early Redemption Amount:	
	Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on an Event of Default or other early redemption:	● per Note of ● authorized denomination

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20.	Form of Notes:	[Bearer Notes]

2 If setting notice periods which are different to those provided in the Offering Memorandum, the practicalities of distribution of information through intermediaries should be considered, for example, clearing systems and custodians, as well as any other notice requirements which may apply.

3 See foot note 2 *supra*.

[Registered Notes:

Rule 144A Global Registered Notes:

The Notes will initially be represented by one or more DTC Global Notes deposited with Citibank, N.A., as custodian for, and registered in the name of a nominee of, DTC as depositary.

Regulation S Global Registered Notes:

Notes sold outside of the United States in accordance with Regulation S will initially be issued in the form of one or more Temporary Global Registered Notes. Upon the expiration of the applicable Distribution Compliance Period, beneficial interests in a Temporary Global Registered Note will be exchangeable for beneficial interests in one or more Permanent Global Registered Notes, as and to the extent provided in the Temporary Global Registered Note.

The Temporary Global Registered Notes and the Permanent Global Registered Notes will be deposited [with Citibank N.A. as custodian for, and registered in the name of a nominee of, DTC as depositary]/[with a common depositary and registered in the name of Citivic Nominees Limited as nominee for Euroclear and Clearstream, Luxembourg].]

21.	Principal Financial Center(s) or other special provisions relating to Interest Payment Dates:	[New York, New York and London, England] [specify any additional principal financial center]
22.	Details relating to Amortizing Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
23.	Definitive Notes at Request of Holder:	[Applicable/Not Applicable]

DISTRIBUTION

24.	(i) If syndicated, names of Managers:	[Not Applicable*/give names*]
	(ii) Stabilizing Manager(s) (if any):	[Not Applicable*/give names*]
25.	If non-syndicated, name of Dealer:	[Not Applicable*/give name*]

INFORMATION RELATING TO THE FUNDING AGREEMENT

26.	Funding Agreement Provider:	New York Life Insurance Company ("New York Life")
27.	Funding Agreement Number:	● (the "Relevant Funding Agreement")
28.	Deposit Amount:	●
29.	Effective Date:	●

30.	Maturity Date:	●

RATINGS

31.	Ratings:	The Notes are expected to be rated: [Fitch: ●] [S&P: ●] [Moody's: ●] The Program is rated: [Moody's: ●] [[Insert credit rating agency/ies] [is/are] not established in the European Union and [has/have] not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [insert the name of the relevant EU-registered credit rating agency/ies] in accordance with Regulation (EC) No. 1060/2009.] The ratings of the Notes should be evaluated independently from similar ratings of other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

OPERATIONAL INFORMATION

32.	CUSIP Number(s):	●
33.	ISIN Code(s):	●
34.	Common Code(s):	●
35.	CFI Code(s):	[As set out on the website of the Association of National Number Agencies (ANNA)/Not Applicable]
36.	FISN Code(s):	[As set out on the website of the Association of National Number Agencies (ANNA)/Not Applicable]
37.	Relevant Clearing System(s):	[Depository Trust Company/Euroclear and Clearstream, Luxembourg]
38.	Delivery:	[Delivery [against/free of] payment]
39.	Name and addresses of additional Paying Agent(s) (if any):	●

40. Tradeable Amount:	[So long as the Bearer Notes are represented by a Temporary Global Bearer Note or Permanent Global Bearer Note and the relevant clearing system(s) so permit, such Notes shall be tradeable only in principal amounts of at least [the Authorized Denomination (or if more than one Authorized Denomination, the lowest Authorized Denomination)] provided hereon and integral multiples of the tradeable amount in excess thereof provided in the relevant Pricing Supplement.]

PART B – OTHER INFORMATION

1. LISTING

(i) Listing:	[Euronext Dublin / None]
(ii) Admission to trading:	[Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the GEM with effect from [ ].] [Not Applicable.]
(iii) Estimate of total expenses related to admission to trading:	●

2. USE OF PROCEEDS

The proceeds from the current sale of the Notes, net of certain expenses, underwriting discounts and commissions or similar applicable compensation will be used by the Issuer to purchase the Relevant Funding Agreement from New York Life.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE AND THE OFFER OF THE NOTES

[Except as discussed in "Plan of Distribution" in the Offering Memorandum, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue and the offer of the Notes.]

4. [*FIXED RATE NOTES ONLY* – YIELD

Indication of yield:	●
	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. [LISTING AND ADMISSION TO TRADING APPLICATION

This Pricing Supplement comprises the pricing supplement required to list and have admitted to trading the issue of Notes described herein on Euronext Dublin pursuant to the Issuer's $19,000,000,000 Global Debt Issuance Program.]

6. RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [● has been extracted from ●. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by ●, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

[*Signature page follows*]

Signed on behalf of

New York Life Global Funding,
with respect to Series [●]

By: Wilmington Trust Company,
not in its individual capacity
but solely as Administrative Trustee

By:___________________________

INDEX TO STATUTORY FINANCIAL STATEMENTS OF NEW YORK LIFE

Page

Statutory Financial Statements at and for the years ended December 31, 2019 and 2018

Statutory Financial Statements at and for the years ended December 31, 2018 and 2017

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Report of Independent Auditors

To the Board of Directors of New York Life Insurance Company:

We have audited the accompanying statutory financial statements of New York Life Insurance Company (the "Company"), which comprise the statutory statements of financial position as of December 31, 2019, 2018 and 2017, and the related statutory statements of operations, of changes in surplus, and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the New York State Department of Financial Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America are material.

PricewaterhouseCoopers LLP, PricewaterhouseCoopers Center, 300 Madison Avenue, New York, NY 10017
T: (646) 471 3000, F: (813) 286 6000, www.pwc.com/us

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2019, 2018 and 2017, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Company as of December 31, 2019, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services described in Note 2.

Emphasis of Matter

As disclosed in Note 11 to the financial statements, the Company has entered into significant related party transactions with its affiliates. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

New York, New York
March 12, 2020

NEW YORK LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS
(STATUTORY BASIS)

DECEMBER 31, 2019 and 2018

NEW YORK LIFE INSURANCE COMPANY

STATUTORY STATEMENTS OF FINANCIAL POSITION

	December 31, 2019	December 31, 2018
	(in millions)	
Assets		
Bonds	$ 112,477	$ 106,077
Common and preferred stocks	10,657	10,318
Mortgage loans	18,322	17,554
Policy loans	11,502	11,208
Other invested assets	9,953	9,671
Cash, cash equivalents and short-term investments	2,292	2,835
Derivatives	788	648
Real estate	1,985	1,486
Total cash and invested assets	167,976	159,797
Deferred and uncollected premiums	1,984	1,938
Investment income due and accrued	1,670	1,494
Other assets	6,603	6,354
Separate accounts assets	10,998	10,453
Total assets	$ 189,231	$ 180,036
Liabilities and surplus		
Liabilities:		
Policy reserves	$ 114,951	$ 109,968
Deposit funds	23,451	21,909
Dividends payable to policyholders	1,980	1,911
Policy claims	625	747
Borrowed money	402	501
Amounts payable under security lending agreements	630	653
Derivatives	365	342
Funds held under coinsurance	3,879	4,048
Other liabilities	6,025	5,369
Interest maintenance reserve	522	535
Asset valuation reserve	3,371	2,594
Separate accounts liabilities	10,998	10,453
Total liabilities	167,199	159,030
Surplus:		
Surplus notes	2,987	1,994
Unassigned surplus	19,045	19,012
Total surplus	22,032	21,006
Total liabilities and surplus	$ 189,231	$ 180,036

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY

STATUTORY STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2019	2018
	(in millions)	
Income		
Premiums	$ 15,963	$ 17,085
Net investment income	7,164	7,338
Other income	209	184
Adjustment in funds withheld	—	(3,886)
Total income	23,336	20,721
Benefits and expenses		
Benefit payments:		
Death benefits	4,039	3,940
Annuity benefits	1,285	1,280
Health and disability insurance benefits	272	257
Surrender benefits	2,315	2,386
Payments on matured contracts	3,633	5,517
Other benefit payments	584	482
Total benefit payments	12,128	13,862
Additions to reserves	5,037	2,291
Net transfers to (from) separate accounts	104	(1,706)
Adjustment in funds withheld	155	149
Operating expenses	3,405	3,308
Total benefits and expenses	20,829	17,904
Gain from operations before dividends and income taxes	2,507	2,817
Dividends to policyholders	2,043	1,974
Gain from operations before income taxes	464	843
Federal and foreign income taxes	(31)	(442)
Net gain from operations	495	1,285
Net realized capital losses, after tax and transfers to interest maintenance reserve	(117)	(75)
Net income	$ 378	$ 1,210

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CHANGES IN SURPLUS

	Years Ended December 31,	
	2019	2018
	(in millions)	
Surplus, beginning of year	$ 21,006	$ 20,357
Net income	378	1,210
Change in liability for pension and postretirement plans	(418)	248
Change in asset valuation reserve	(777)	58
Change in nonadmitted assets	(519)	17
Change in net deferred income tax	241	(93)
Change in reserve valuation basis	(26)	(236)
Change in net unrealized capital gains on investments	1,157	(550)
Issuance of surplus notes	993	—
Other adjustments, net	(3)	(5)
Surplus, end of year	$ 22,032	$ 21,006

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2019	Years Ended December 31, 2018
	(in millions)	
Cash flows from operating activities:		
Premiums received	$ 15,938	$ 17,087
Net investment income received	6,445	6,301
Other	277	249
Total received	22,660	23,637
Benefits and other payments	11,839	13,673
Net transfers to (from) separate accounts	112	(1,702)
Operating expenses	3,058	2,748
Dividends to policyholders	1,973	1,964
Federal income taxes paid (received)	50	(863)
Total paid	17,032	15,820
Net cash from operating activities	5,628	7,817
Cash flows from investing activities:		
Proceeds from investments sold	4,860	6,102
Proceeds from investments matured or repaid	13,640	12,871
Cost of investments acquired	(25,687)	(29,168)
Net change in policy loans and premium notes	(294)	(332)
Net cash used in investing activities	(7,481)	(10,527)
Cash flows from financing and miscellaneous activities:		
Net proceeds from surplus notes	993	—
Other changes in borrowed money	(99)	4
Net inflows from deposit contracts	925	3,729
Net change in amounts payable under security lending agreements	(23)	(26)
Other miscellaneous uses	(486)	(582)
Net cash from financing and miscellaneous activities	1,310	3,125
Net increase (decrease) in cash, cash equivalents and short-term investments	(543)	415
Cash, cash equivalents and short-term investments, beginning of year	2,835	2,420
Cash, cash equivalents and short-term investments, end of year	$ 2,292	$ 2,835

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY

STATUTORY STATEMENTS OF CASH FLOWS (supplemental)

	Years Ended December 31,	
	2019	2018
	(in millions)	
Supplemental disclosures of cash flow information:		
Non-cash activities during the year not included in the Statutory Statements of Cash Flows:		
Transfer of assets between investment types	$ 1,069	$ 1,124
Depreciation/amortization on fixed assets	$ 221	$ 203
Capitalized interest on bonds and other invested assets	$ 110	$ 115
Merger/spinoff/exchange/conversion/transfer of equity investment to equity investment	$ 21	$ 27
Other invested assets stock distribution	$ 17	$ 4
Capital contribution to affiliated other invested asset	$ 8	$ 38
Exchange/conversion of bond investment to equity investment	$ 8	$ 17
Capitalized deferred interest on mortgage loans	$ 8	$ 1
Return of capital from affiliated other invested asset	$ 7	$ —
Low-income housing tax credit future commitments	$ 2	$ 9
Transfer of equity to charitable organizations	$ —	$ 100
Other	$ 1	$ 1

See accompanying notes to financial statements.

NOTE 1 – NATURE OF OPERATIONS

New York Life Insurance Company (the "Company"), a mutual life insurance company domiciled in New York State, and its subsidiaries offer a wide range of insurance and investment products and services including life insurance, annuities, long-term care, insurance pension products, disability insurance, mutual funds, securities brokerage, financial planning, trust services, capital financing, and investment advisory services. The Company and its subsidiaries its insurance and annuity products throughout the United States and its territories, Mexico and Canada, primarily through the Company's career agency force, but also through third party banks, brokers and independent financial advisors. The Company and its subsidiaries provide investment management and advisory services in the United States, Europe, Asia and Australia.

Pending Acquisition

On December 17, 2019, the Company entered into a definitive agreement with Cigna Corporation and its subsidiary, Cigna Holding Company (together, "Cigna"), to acquire Cigna's group life and group disability insurance business (the "Group Business") for a purchase price of $6.3 billion, subject to adjustment. The acquisition of the Group Business will include the purchase by the Company of two insurance companies through which the Group Business is primarily conducted, Life Insurance Company of North America and Cigna Life Insurance Company of New York. The acquisition is expected to close in 2020, subject to receipt of applicable regulatory approvals and satisfaction of other customary closing conditions.

NOTE 2 – BASIS OF PRESENTATION

The accompanying financial statements have been prepared using accounting practices prescribed by the New York State Department of Financial Services ("NYSDFS" or "statutory accounting practices"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the U.S. ("U.S. GAAP").

NYSDFS recognizes only statutory accounting practices prescribed or permitted by the State of New York for determining and reporting the financial position and results of operations of an insurance company and for determining its solvency under New York Insurance Law. The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed practices by the State of New York. Prescribed statutory accounting practices include state laws and regulations. Permitted statutory accounting practices encompass accounting practices that are not prescribed; such practices differ from state to state, may differ from company to company within a state, and may change in the future. The Company has no permitted practices.

NOTE 2 - BASIS OF PRESENTATION (continued)

A reconciliation of the Company's net income and capital and surplus at December 31, 2019 and 2018 between practices prescribed or permitted by the State of New York and NAIC SAP is shown below (in millions):

	SSAP #	F/S Page	2019	2018
Net income, State of New York basis	XXX	XXX	$ 378	$ 1,210
State prescribed practices:				
1. NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums[1]	61	3,4,6[3]	9	1
2. NYSDFS Seventh Amendment to Regulation No. 172 admitted unearned reinsurance premium[2]	61	3,4,6[3]	(4)	(2)
Net income, NAIC SAP	XXX	XXX	$ 383	$1,209

A reconciliation of the Company's capital and surplus at December 31, 2019 and 2018 between practices prescribed by the State of New York and NAIC SAP is shown below (in millions):

	SSAP #	F/S Page	2019	2018
Capital and surplus, State of New York basis	XXX	XXX	$ 22,032	$ 21,006
State prescribed practices:				
1. NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums[1]	61	3,4,6[3]	132	124
2. NYSDFS Seventh Amendment to Regulation No. 172 admitted unearned reinsurance premium[2]	61	3,4,6[3]	(54)	(50)
Capital and surplus, NAIC SAP	XXX	XXX	$ 22,110	$ 21,080

[1] NYSDFS Circular Letter No. 11 (2010) clarified the accounting for deferred premium assets when reinsurance is involved.
[2] NYSDFS Regulation 172 was amended to allow for the admission of an unearned reinsurance premium asset.
[3] Financial statement line items include: Deferred and uncollected premiums (Assets), Premiums (Operations), and Premiums received (Cash Flows)

Out-of-Period Adjustment

In 2019, the Company recorded an out-of-period adjustment related to an overstatement of its investment in New York Life Insurance and Annuity Corporation ("NYLIAC"), one of its wholly-owned insurance subsidiaries. The overstatement was due to an error in the insurance reserves reported by NYLIAC for its fixed deferred annuity product with guaranteed income, which caused NYLIAC's reserves to be understated in prior years. The out of period adjustment resulted in a decrease in the Company's common stock investments and a decrease in the Company's surplus of $126 million. The decrease in surplus was reflected in Change in Net Unrealized Capital Gains on Investments in the Statutory Statements of Changes in Surplus. Management evaluated the impact of the error and concluded that it was not material to previously issued financial statements and the impact of correcting the error in 2019 is not material to the current year financial statements.

Statutory vs. U.S. GAAP Basis of Accounting

Financial statements prepared under NAIC SAP as determined under New York State Insurance Law vary from those prepared under U.S. GAAP. The primary differences that apply to the financial statements of the Company are as follows:

- investments in subsidiaries and other controlled entities, including partnerships, limited liability companies and joint ventures, are not consolidated with the financial statements of the Company, whereas under U.S. GAAP, consolidated financial statements are prepared;

NOTE 2 - BASIS OF PRESENTATION (continued)

- contracts that have any mortality or morbidity risk, regardless of significance, and contracts with life contingent annuity purchase rate guarantees are classified as insurance contracts, whereas under U.S. GAAP, only contracts that have significant mortality or morbidity risk are classified as insurance contracts otherwise they are accounted for in a manner consistent with the accounting for interest bearing or other financial instruments;

- the costs related to acquiring insurance contracts (principally commissions), policy issue expenses and sales inducements are charged to income in the period incurred, whereas under U.S. GAAP, these costs are deferred when related directly to successful sales and amortized over the periods benefited;

- life insurance and annuity reserves are based on different statutory methods and assumptions than they are under U.S. GAAP;

- dividends on participating policies are recognized for the full year when approved by the board of directors of the Company, whereas under U.S. GAAP, they are accrued when earned by policyholders;

- certain policies which do not pass through all investment gains to policyholders are maintained in separate accounts, whereas under U.S. GAAP reports, these policies in the general account assets and liabilities of the Company;

- reinsurance agreements are accounted for as reinsurance on an NAIC SAP and U.S. GAAP basis if certain risk transfer provisions have been met. NAIC SAP requires the reinsurer to assume insurance risk, regardless of the significance of the loss potential, whereas U.S. GAAP requires that there is a reasonable possibility that the reinsurer may realize significant loss from assuming insurance risk; under U.S. GAAP, certain reinsurance assumed by the Company is accounted for at fair value based on the election of the fair value option, whereas this treatment is not allowed under NAIC SAP; assets and liabilities from reinsurance transactions are reported net of reinsurance, whereas under U.S. GAAP, assets and liabilities from reinsurance transactions are reported gross of reinsurance;

- U.S. GAAP requires that for certain reinsurance agreements, whereby assets are retained by the ceding insurer (such as funds withheld or modified coinsurance) and a return is paid based on the performance of underlying investments, that the liabilities for these reinsurance arrangements must be adjusted to reflect the fair value of the invested assets; NAIC SAP does not contain a similar requirement;

- investments in subsidiaries, controlled and other affiliated entities as defined in Statements of Statutory Accounting Principles ("SSAP") No. 97, "Investments in Subsidiary, Controlled and Affiliated Entities" ("SCAs"), including partnerships, limited liability companies and joint ventures, are accounted for under the equity method. Under the equity method, domestic insurance subsidiaries are recorded at their underlying audited statutory surplus. Nonpublic non-insurance subsidiaries and other controlled entities are recorded at their underlying audited GAAP equity. Foreign insurance subsidiaries are recorded at their underlying audited GAAP equity with certain adjustments. In the absence of an admissible audit, the entire investment is nonadmitted. Changes in the value of such investments are recorded as unrealized gains or losses. The earnings of such investments are recorded in net investment income only when dividends are declared. Under U.S. GAAP, these investments are consolidated;

- investments in noncontrolled partnerships and limited liability companies are accounted for under the equity method for both NAIC SAP and U.S. GAAP. Under the statutory equity method, undistributed income and capital gains and losses for these investments are reported in surplus as unrealized gains or losses, whereas under U.S. GAAP, in many cases, for investment companies, unrealized gains and losses are included in net investment income.

- investments in bonds are generally carried at amortized cost or values as prescribed by the NYSDFS, whereas under U.S. GAAP, investments in bonds that are classified as available for sale or trading are carried at fair value, with changes in fair value of bonds classified as available for sale reflected in equity, and changes in fair value of bonds classified as trading reflected in earnings;

- an asset valuation reserve ("AVR") based on a formula prescribed by the NAIC is established as a liability to offset potential non-interest related investment losses. Changes in the AVR are recorded directly to surplus, whereas under U.S. GAAP, no AVR is recognized;

NOTE 2 - BASIS OF PRESENTATION (continued)

- realized gains and losses resulting from changes in interest rates are deferred in the interest maintenance reserve ("IMR") and amortized into investment income over the remaining life of the investment sold, whereas under U.S. GAAP, the gains and losses are recognized in income at the time of sale;

- corporate securities deemed to be other-than-temporarily impaired are written down to fair value, whereas under U.S. GAAP, if certain conditions are met, credit impairments on corporate securities are recorded based on the net present value of future cash flows expected to be collected, discounted at the current book yield. Also, if certain conditions are met, the non-credit portion of the impairment on a loan-backed or structured security is not accounted for whereas under U.S. GAAP, if certain conditions are met, the non-credit portion of the impairment on a debt security is recorded through other comprehensive income. A non-credit loss exists when the fair value of a security is less than the present value of projected future cash flows expected to be collected;

- deferred income taxes exclude state income taxes and are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with changes in the net deferred tax reflected as a component of surplus, whereas under U.S. GAAP, deferred income taxes include federal and state income taxes and changes in deferred taxes are reflected in either earnings or other comprehensive income;

- a tax loss contingency is required to be established if it is more likely than not that a tax position will not be sustained upon examination by taxing authorities. If a loss contingency is greater than 50 percent of the tax benefit associated with a tax position, the loss contingency is increased to 100 percent, whereas under U.S. GAAP the amount of the benefit for any uncertain tax position is the largest amount that is greater than 50 percent likely of being realized upon settlement;

- certain assets, such as intangible assets, overfunded pension plan assets, furniture and equipment, and unsecured receivables are considered nonadmitted and excluded from assets, whereas they are included in assets under U.S. GAAP subject to a valuation allowance, as appropriate;

- goodwill held by an insurance company is admitted subject to a 10% limitation on surplus and amortized over the useful life of the goodwill, not to exceed 10 years, and goodwill held by non-insurance subsidiaries is assessed in accordance with U.S. GAAP, subject to certain limitations for holding companies and foreign insurance subsidiaries, whereas under the U.S. GAAP private company accounting alternative elected by the Company in 2019, goodwill is amortized over the useful life of the goodwill, not to exceed 10 years, and is tested for impairment, but it is not subject to the 10% limitation on surplus;

- fair value is required to be used in the determination of the expected return on the plan assets component of the net periodic benefit cost of pension and other postretirement obligations, whereas under U.S. GAAP, the market-related value of plan assets is used. The market-related value of plan assets can be either fair value or a calculated value that recognizes asset gains or losses over a period not to exceed five years;

- surplus notes are included as a component of surplus, whereas under U.S. GAAP, they are presented as a liability;

- contracts that contain an embedded derivative are not bifurcated between components and are accounted for consistent with the host contract or the whole instrument is accounted for as a derivative if certain criteria are met, whereas under U.S. GAAP, either the contract is recorded at fair value with changes in the fair value included in earnings or the embedded derivative needs to be bifurcated from the host contract and accounted for separately;

- certain derivative instruments are carried at amortized cost, whereas under U.S. GAAP, all derivative instruments are carried at fair value; and

- changes in the fair value of derivative instruments not carried at amortized cost are recorded as unrealized capital gains or losses and reported as changes in surplus, whereas under U.S. GAAP, these changes are generally reported through earnings unless they qualify and are designated for cash flow or net investment hedge accounting.

NOTE 2 - BASIS OF PRESENTATION (continued)

The effects on the financial statements of the above variances between NAIC SAP as determined under New York State Insurance Law and U.S. GAAP are material to the Company.

The following table reconciles the Company's statutory capital and surplus determined in accordance with statutory accounting practices with consolidated equity, excluding non-controlling interests, determined on a U.S. GAAP basis at December 31, 2019 and 2018 (in millions):

	2019	2018
Capital and surplus	$ 22,032	$ 21,006
AVR	3,371	2,594
Capital and surplus and AVR	25,403	23,600
Adjustments to statutory basis for:		
Mark-to-market on investments, pre-tax and deferred acquisition costs ("DAC")	13,772	1,174
DAC asset	6,718	8,314
Removal of AVR of domestic insurance companies	1,562	1,214
Inclusion of statutory accounting nonadmitted assets	1,404	1,048
Dividends payable to policyholders	717	671
Liability for pension and other postretirement benefits	—	659
Removal of IMR of domestic insurance companies	620	640
Sales inducement asset	528	579
Inclusion of goodwill in excess of statutory limitations	440	439
Net assets of separate accounts	437	25
Differences in reserve valuation bases for future policy benefits and policyholders' account balances	(1,608)	(1,297)
Net adjustment for deferred taxes	(3,930)	(1,890)
Reclassification of surplus notes to liabilities	(2,984)	(1,991)
Other	(67)	(66)
Total adjustments	17,609	9,519
Total consolidated U.S. GAAP equity, excluding non-controlling interests	$ 43,012	$ 33,119

NOTE 2 - BASIS OF PRESENTATION (continued)

The following table reconciles the Company's statutory net income determined in accordance with statutory accounting practices with consolidated net income determined on a U.S. GAAP basis for the years ended December 31, 2019 and 2018 (in millions):

	2019	2018
Net gain from operations	$ 495	$ 1,285
Net realized capital losses	(117)	(75)
Statutory net income	378	1,210
Adjustments to statutory net income for:		
Inclusion of GAAP net investment gains (losses)	1,736	(709)
Net income from subsidiaries (less dividends to the Company)	1,415	142
Net capitalization of DAC	272	240
Dividends to policyholders	41	15
Inclusion of GAAP earnings of limited partnerships, net of distributions	(4)	6
Removal of IMR capitalization, net of amortization	(5)	(126)
Inclusion of deferred income taxes	(94)	(222)
Differences in reserve valuation bases for future policy benefits and policyholders' account balances	(461)	651
Fair value adjustment of certain liabilities	(619)	303
Other	61	(64)
Total adjustments	2,342	236
Total consolidated U.S. GAAP net income	$ 2,720	$ 1,446

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Management is also required to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

Bonds

Bonds other than loan-backed and structured securities are stated at amortized cost using the interest method. Bonds in or near default (rated NAIC 6) are stated at the lower of amortized cost or fair value. Refer to Note 9 - Fair Value Measurements for discussion on the valuation approach and methods for bonds.

Loan-backed and structured securities, which are included in bonds, are valued at amortized cost using the interest method including current assumptions of projected cash flows. Loan-backed and structured securities in or near default (rated NAIC 6) are stated at the lower of amortized cost or fair value. Amortization of premium or accretion of discount from the purchase of these securities considers the estimated timing and amount of cash flows of the underlying loans, including prepayment assumptions based on data obtained from external sources or internal estimates. Projected future cash flows are updated monthly, and the amortized cost and effective yield of the securities are adjusted as necessary to reflect historical prepayment experience and changes in estimated future prepayments. For high credit quality loan-backed and structured securities (those rated AA or above at the date of acquisition), the adjustments to amortized cost are recorded as a charge or credit to net investment income in accordance with the retrospective method. For loan-backed and structured securities that are not of high credit quality (those rated below AA at date of acquisition), certain floating rate securities and securities with the potential for a loss of a portion of the original investment due to contractual

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

prepayments (e.g., interest only securities), the effective yield is adjusted prospectively for any changes in estimated cash flows. Refer to Note 9 - Fair Value Measurements for discussion on the valuation approach and methods for bonds.

All acquisitions of securities are recorded in the financial statements on a trade date basis except for the acquisitions of private placement bonds, which are recorded on the funding date.

Preferred Stocks

Preferred stocks in “good standing” (NAIC designation of 1 to 3) are valued at amortized cost. Preferred stocks “not in good standing” (NAIC designation of 4 to 6) are valued at the lower of amortized cost or fair value. Refer to Note 9 - Fair Value Measurements for discussion on the valuation approach and methods for preferred stocks.

Common Stocks

Common stocks include the Company's investments in unaffiliated stocks, which includes investments in shares of SEC registered investment funds as well as regulated foreign open-end investment funds, and two direct, wholly owned U.S. insurance subsidiaries: NYLIAC and NYLIFE Insurance Company of Arizona ("NYLAZ"). The Company also has investments in non-insurance subsidiaries organized as limited liability companies, which are included in Other invested assets in accordance with NAIC SAP.

Investments in common stocks of U.S. insurance subsidiaries are carried at the value of their audited underlying U.S. statutory surplus. Unaffiliated common stocks are carried at fair value. Unrealized gains and losses are reflected in surplus, net of deferred taxes. Refer to Note 9 - Fair Value Measurements for a discussion on the valuation approach and methods for common stocks.

Dividends and distributions from subsidiaries other than those deemed a return of capital are recorded as a component of net investment income when declared and changes in the equity of subsidiaries are recorded as unrealized gains or losses in surplus, net of deferred taxes.

Other than Temporary Impairments

The cost basis of bonds and equity securities is adjusted for impairments in value that are deemed to be other than temporary. An other-than-temporary loss is recognized in net income when it is anticipated that the amortized cost will not be recovered. Factors considered in evaluating whether a decline in value is other than temporary include: (1) whether the decline is substantial; (2) the duration that the fair value has been less than cost; (3) the financial condition and near-term prospects of the issuer; and (4) the Company’s ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value.

When a bond (other than loan-backed and structured securities), preferred stock or common stock is deemed other-than-temporarily impaired, the difference between the investments’ amortized cost and its fair value is recognized as a realized loss and reported in net income if the loss is credit related, or deferred in the IMR if interest related for bonds.

For loan-backed and structured securities, the entire difference between the security’s amortized cost and its fair value is recognized in net income only when the Company (a) has the intent to sell the security or (b) it does not have the intent and ability to hold the security to recovery. If neither of these two conditions exists, a realized loss is recognized in net income for the difference between the amortized cost basis of the security and the net present value of projected future cash flows expected to be collected. The net present value is calculated by discounting the Company’s best estimate of projected future cash flows at the effective interest rate implicit in the loan-backed or structured security prior to impairment.

The determination of cash flow estimates in the net present value calculation is subjective and methodologies will vary, depending on the type of security. The Company considers all information relevant to the collectability of the security, including past events, current conditions, and reasonably supportable assumptions and forecasts in developing the estimate of cash flows expected to be collected. This information generally includes, but may not be limited to, the remaining payment terms of the security, estimated prepayment speeds, defaults, recoveries upon liquidation of the

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

underlying collateral securing the notes, the financial condition of the issuer(s), credit enhancements and other third-party guarantees. In addition, other information, such as industry analyst reports and forecasts, sector credit ratings, the financial condition of the bond insurer for insured fixed income securities and other market data relevant to the collectability may also be considered, as well as the expected timing of the receipt of insured payments, if any. The estimated fair value of the collateral may be used to estimate recovery value if the Company determines that the security is dependent on the liquidation of the collateral for recovery.

The new cost basis of an impaired security is not adjusted for subsequent increases in estimated fair value. In periods subsequent to the recognition of an other-than-temporary impairment ("OTTI"), the impaired bond security is accounted for as if it had been purchased on the measurement date of the impairment. Accordingly, the discount (or reduced premium) based on the new cost basis may be accreted (or amortized) into net investment income in future periods based on prospective changes in cash flow estimates, to reflect adjustments to the effective yield.

Mortgage Loans

Mortgage loans on real estate are carried at unpaid principal balances, net of discounts, premiums, deferred origination fees related to points, and specific valuation allowances, and are collateralized. Specific valuation allowances are established for the excess carrying value of the mortgage loan over the estimated fair value of the collateral as an unrealized loss in surplus when it is probable that based on current information and events, the Company will be unable to collect all amounts due under the contractual terms of the loan agreement. Fair value of the collateral is estimated by performing an internal or external current appraisal. If impairment is deemed to be other-than-temporary, which can include a loan modification that qualifies as a troubled debt restructuring (“TDR”), a direct write-down is recognized as a realized loss reported in net income, and a new cost basis for the individual mortgage loan, which is equal to the fair value of the collateral, less costs to obtain and sell, is established. Refer to Note 9 - Fair Value Measurements for a discussion of the valuation approach and methods for mortgage loans.

The Company accrues interest income on mortgage loans to the extent it is deemed collectible. The Company places loans on non-accrual status, and ceases to recognize interest income when management determines that the collection of interest and repayment of principal is not probable. Any accrued but uncollected interest is reversed out of interest income once a loan is put on non-accrual status. Interest payments received on mortgage loans where interest payments have been deemed uncollectible are recognized on a cash basis and recorded as interest income. If a determination is made that the principal will not be collected, the interest payment received is used to reduce the principal balance. If a mortgage loan has any investment income due and accrued that is 90 days past due and collectible, the investment income will continue to accrue but all accrued interest related to the mortgage loan is reported as a nonadmitted asset, until such time that it has been paid or is deemed uncollectible.

Real Estate

Real estate includes properties that are directly-owned and real estate property investments that are directly and wholly-owned through a limited liability company and meet certain criteria. Real estate held for the production of income and home office properties are stated at cost less accumulated depreciation and encumbrances. Real estate held for sale is stated at the lower of cost less accumulated depreciation or fair value, less encumbrances and estimated costs to sell. If there is an indication that the carrying amount of the real estate may not be recoverable, then it must be tested for impairment. If the carrying amount of a real estate investment exceeds its undiscounted cash flows, an OTTI is recorded as a realized loss in net income, calculated as the difference between the carrying amount of the real estate investment and the fair value of the real estate investment. Depreciation of real estate held for the production of income and home office properties is calculated using the straight-line method over the estimated lives of the assets, generally 40 years. Costs of permanent improvements are depreciated over their estimated useful life.

Policy Loans

Policy loans are stated at the aggregate balance due. The excess of the unpaid balance of a policy loan that exceeds the cash surrender value is nonadmitted.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Invested Assets

Other invested assets include investments in limited partnerships and limited liability companies, including investments in non-insurance subsidiaries, investments in low-income housing tax credits (“LIHTC”) and other invested assets.

Investments in non-insurance subsidiaries organized as limited liability companies are carried as an asset provided the entity’s U.S. GAAP equity is audited. In the absence of an admissible audit, the entire investment is nonadmitted. Generally, each of the Company’s non-insurance subsidiary limited liability companies, except New York Life Enterprises ("NYLE"), NYLIFE LLC and NYL Investors LLC ("NYL Investors"), has a U.S. GAAP audit and are stated as follows: (1) foreign insurance subsidiaries that have U.S. GAAP audits are stated at U.S. GAAP equity adjusted for certain assets that are disallowed under statutory accounting practices, otherwise the investment is nonadmitted; (2) non-insurance subsidiaries are carried at U.S. GAAP equity unless they are engaged in certain transactions that are for the benefit of the Company or its affiliates and receive 20% or more of their revenue from the Company or its affiliates. In this case, non-insurance subsidiaries are carried at U.S. GAAP equity adjusted for the same items as foreign insurance subsidiaries; (3) all other assets and liabilities in a downstream holding company are accounted for in accordance with the appropriate NAIC SAP guidance.

Limited partnerships which have admissible audits are carried at the underlying audited equity of the investee. The Company nonadmits the entire investment when an admissible audit is not performed. The financial statements of limited partnership equity method investees are usually not received in time for the Company to apply the equity method at each reporting period. Therefore, the equity pick-up on these investments has been recorded on a one to three-month lag.

The cost basis of limited partnerships and limited liability companies is adjusted for impairments in value deemed to be other-than-temporary, with the difference between cost and carrying value, which approximates fair value, recognized as a realized loss reported in net income. The new cost basis of an impaired limited partnership or limited liability company is not adjusted for subsequent increases in the underlying audited equity of the investee

Dividends and distributions from limited partnerships and limited liability companies, other than those deemed a return of capital, are recorded in net investment income. Undistributed earnings are included in unrealized gains and losses and are reflected in surplus, net of deferred taxes.

LIHTC investments, which are included in other invested assets, are recorded at proportional amortized cost and include remaining unfunded commitments. The carrying value of the investment is amortized into income in proportion to the actual and projected future amounts of tax credits and deductible losses. The amortization is recorded through net investment income.

Derivative Instruments

Derivative instruments that qualify and are designated for hedge accounting are valued in a manner consistent with the items being hedged. Periodic payments and receipts on these derivatives are recorded on an accrual basis within net investment income for hedges of fixed income securities, other income for hedges of liabilities, and net realized capital gains and losses for hedges of net investments in foreign operations. Net realized gains and losses are recognized upon termination or maturity of these contracts in a manner consistent with the hedged item and when subject to the IMR, are transferred to the IMR, net of taxes.

To qualify for hedge accounting, the hedge relationship is designated and formally documented at inception, which means any time prior to the first quarterly hedge effectiveness assessment date, by detailing the particular risk, management objective and strategy for the hedge. This includes the item and risk that is being hedged, the derivative that is being used, as well as how effectiveness is being assessed. A derivative must be highly effective in accomplishing the objective of offsetting either changes in fair value or cash flows for the risk being hedged. The hedging relationship is considered highly effective if the changes in fair value or cash flows of the hedging instrument are within 80% to 125% of the inverse changes in the fair value or cash flows of the hedged item. The Company formally assesses effectiveness of its hedging relationships both at the hedge inception and on a quarterly basis over the life of the hedge

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

relationship in accordance with its risk management policy. The Company assesses hedge effectiveness qualitatively on a quarterly basis if (1) the initial quantitative prospective assessment demonstrates that the relationship is expected to be highly effective and (2) at inception, the Company is able to reasonably support an expectation of high effectiveness on a qualitative basis in subsequent periods. The Company continually assesses the credit standing of the derivative counterparty and, if the counterparty is deemed to be no longer creditworthy, the hedge relationship will no longer be considered effective.

The Company discontinues hedge accounting prospectively if: (1) it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; (2) the derivative expired or is sold, terminated, or exercised; (3) it is probable that the forecasted transaction will not occur, or (4) management determines that designation of the derivative as a hedge instrument is no longer appropriate. Derivative instruments that do not qualify or are not designated for hedge accounting are carried at fair value and changes in fair value are recorded in surplus as unrealized gains and losses, net of deferred taxes. Periodic payments and receipts on these derivatives are recorded on an accrual basis within net investment income for hedges of fixed income securities and other income for hedges of liabilities and net realized capital gains and losses for hedges of foreign net investments and credit default swaps. Upon termination or maturity the gains or losses on these contracts are recognized in net realized capital gains and losses, net of taxes. Realized gains or losses on terminated or matured derivatives, which are subject to the IMR, are transferred to the IMR, net of taxes.

Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents includes cash on hand, amounts due from banks and highly liquid debt instruments that have original maturities of three months or less at date of purchase and are carried at amortized cost. Cash and cash equivalents also include money market mutual funds which are stated at fair value. Short-term investments consist of securities with remaining maturities of one year or less, but greater than three months at the time of acquisition and are carried at amortized cost, which approximates fair value.

AVR and IMR

The AVR is used to stabilize surplus from fluctuations in the market value of bonds, stocks, mortgage loans, real estate, limited partnerships and other investments. Changes in the AVR are accounted for as direct increases or decreases in surplus. The IMR captures interest related realized gains and losses on sales (net of taxes) of bonds, preferred stocks, mortgage loans, interest related other-than-temporary impairments (net of taxes) and realized gains or losses (net of taxes) on terminated interest rate related derivatives which are amortized into net income over the expected years to maturity of the investments sold or the item being hedged using the grouped method. An interest related other-than-temporary impairment occurs when the Company has the intent to sell an investment at the reporting date, before recovery of the cost of the investment. For loan-backed and structured securities, the non-interest related other-than-temporary impairment is booked to the AVR, and the interest related portion to the IMR.

Loaned Securities and Repurchase Agreements

The Company enters into securities lending agreements whereby certain investment securities are loaned to third-parties. Securities loaned are treated as financing arrangements. With respect to securities loaned, in order to reduce the Company's risk under these transactions, the Company requires initial cash collateral equal to 102% of the fair value of domestic securities loaned. The Company records an offsetting liability in amounts payable under security lending agreements. The Company monitors the fair value of securities loaned with additional collateral obtained as necessary. The borrower of the loaned securities is permitted to sell or repledge those securities.

The Company enters into dollar roll repurchase agreements to sell and repurchase securities. Assets to be repurchased are the same, or substantially the same, as the assets sold. The Company agrees to sell securities at a specified price and repurchase the securities at a lower price. The Company receives cash in the amount of the sales proceeds and establishes a liability equal to the repurchase amount. The difference between the sale and repurchase amounts represents deferred income which is earned over the life of the agreement. The liability for repurchasing the assets is included in borrowed money.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company enters into tri-party reverse repurchase agreements to purchase and resell short-term securities. The Company receives securities as collateral, having a fair value at least equal to 102% of the purchase price paid by the Company for the securities and the Company's designated custodian takes possession of this collateral. The Company is not permitted to sell or repledge these securities. The collateral is not recorded on the Company's financial statements. However, if the counterparty defaults, the Company would then exercise its rights with respect to the collateral, including a sale of the collateral. The fair value of the securities held as collateral is monitored daily and additional collateral is obtained, where appropriate, to protect against credit exposure. The Company records the amount paid for securities purchased under agreements to resell in cash, cash equivalents and short-term investments.

Premiums and Related Expenses

Life premiums are recognized as revenue when due. Annuity considerations are recognized as revenue when received. Commissions and other costs associated with acquiring new business are charged to operations as incurred. Premiums on guaranteed interest contracts ("GICs") with purchase rate guarantees, which introduce an element of mortality risk, are recorded as income when received. Amounts received or paid under deposit type contracts without mortality or morbidity risk are not reported as income or benefits but are recorded directly as an adjustment to the liability for deposit funds.

Net Investment Income

Income from investments, including amortization of premium, accrual of discount and similar items, is recorded within net investment income, unless otherwise stated herein.

Dividends to Policyholders

The liability for dividends to policyholders consists principally of dividends expected to be paid during the subsequent year. The allocation of dividends is approved annually by the Board of Directors and is determined by means of formulas, which reflect the relative contribution of each group of policies to divisible surplus. A portion of the Company's 2019 annual declaration of policyholder dividends included a guarantee of a minimum aggregate amount of dividends to be paid.

Policy Reserves

Policy reserves are based on mortality tables and valuation interest rates, which are consistent with statutory requirements and are designed to be sufficient to provide for contractual benefits. The Company holds reserves greater than those developed under the minimum statutory reserving rules when the valuation actuary determines that the minimum statutory reserves are inadequate. Actual results could differ from these estimates and may result in the establishment of additional reserves. The valuation actuary monitors actual experience and, where circumstances warrant, revises assumptions and the related estimates for policy reserves. Refer to Note 12 - Insurance Liabilities for a discussion of reserves in excess of minimum NAIC requirements.

Federal Income Taxes

Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years. Deferred federal income tax assets ("DTAs") and deferred federal income tax liabilities ("DTLs") are recognized for expected future tax consequences of temporary differences between statutory and taxable income. Temporary differences are identified and measured using a balance sheet approach whereby statutory and tax balance sheets are compared. Changes in DTAs and DTLs are recognized as a separate component of surplus (except for the net deferred tax asset related to unrealized gains, which is included in unrealized gains and losses). Net DTAs are admitted to the extent permissible under NAIC SAP. Gross DTAs are reduced by a statutory valuation allowance, if it is more likely than not that some portion or all of the gross DTA will not be realized. The Company is required to establish a tax loss contingency if it is more likely than not that a tax position will not be sustained. The amount of the contingency reserve is management's best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve is equal to the entire tax benefit.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company files a consolidated federal income tax return with certain of its domestic insurance and non-insurance subsidiaries. The consolidated income tax provision or benefit is allocated among the members of the group in accordance with a tax allocation agreement. This tax allocation agreement provides that each member of the group computes its share of the consolidated tax provision or benefit, in general, on a separate company basis, and may, where applicable, include the tax benefits of operating or capital losses utilizable in the Company's consolidated returns. Intercompany tax balances are settled quarterly on an estimated basis with a final settlement occurring within 30 days of the filing of the consolidated tax return. Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years.

On December 22, 2017, the Tax Cuts and Jobs Act (“TCJA”) was signed into law, making significant changes to the U.S. Internal Revenue Code ("IRC").

On February 8, 2018, the NAIC issued Interpretation 18-01 ("INT 18-01") to address the reporting and updating of estimates that companies are required to reflect as various accounting adjustments in their financial statements as a result of the TCJA. This guidance provides that, although some accounting computations may be considered complete, other accounting computations or assessments may be considered incomplete when the financial statements are filed. As such, for those items which are incomplete but for which a reasonable estimate can be made, those amounts should be recorded as provisional in the financial statements not to extend beyond one year of the TCJA enactment date of December 22, 2017. See Note 16 - Income Taxes for additional information on the TCJA and the INT 18-01 provisional amounts.

Separate Accounts

The Company has established both non-guaranteed and guaranteed separate accounts with varying investment objectives which are segregated from the Company’s general account and are maintained for the benefit of separate accounts policyholders. The Company has market value guaranteed separate accounts, for which supplemental separate account assets are used to fund the excess of the actuarial liability for future guaranteed payments over the market value of the assets. Assets held in non-guaranteed separate accounts and market value guaranteed separate accounts are stated at market value. Assets held in guaranteed book value separate accounts are carried at the same basis as the general account.

The liability for separate accounts represents policyholders’ interests in the separate accounts assets, excluding liabilities representing due and accrued transfers to the general account. The liability for non-guaranteed and guaranteed market value separate accounts represents policyholders’ interests in the separate accounts assets, including accumulated net investment income and realized and unrealized gains and losses on those assets. For the book value guaranteed separate accounts, the liability represents amounts due to policyholders pursuant to the terms of the contract.

Funds Held Under Coinsurance

Funds held under coinsurance primarily represent balances payable related to certain reinsurance assumed contracts that were partially retroceded. The balances are determined based on the percent of the liabilities retroceded, including certain insurance related payables and receivables as stipulated by the reinsurance agreements. Refer to Note 13 - Reinsurance for additional discussion on assumed reinsurance.

Other Assets and Liabilities

Other assets primarily consist of cash value on corporate owned life insurance, net DTA, current tax receivable, receivables from subsidiaries and affiliates, and interest in annuity contracts. Corporate owned life insurance is carried at cash surrender value with changes in cash surrender value reported in Other income in the accompanying Statutory Statements of Operations.

Other liabilities primarily consist of accrued expenses, amounts withheld by the Company, employee benefit plan liabilities, derivative liabilities, current tax liabilities, and obligations under structured settlement agreements.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonadmitted Assets

Under statutory accounting practices, certain assets are designated as nonadmitted assets and are not included in the accompanying Statutory Statements of Financial Position since these assets are not permitted by the NYSDFS to be taken into account in determining the Company’s financial condition. Nonadmitted assets typically include furniture and equipment, agents' debit balances, DTA not realizable within three years, receivables over 90 days old and overfunded plan assets on qualified benefit plans, and the value of certain entities for which a permissible audit has not been performed. Changes to nonadmitted assets are reported as a direct adjustment to surplus in the accompanying Statutory Statements of Changes in Surplus.

Fair Value of Financial Instruments and Insurance Liabilities

Fair value of various assets and liabilities are included throughout the notes to the financial statements. Specifically, fair value disclosure of investments held is reported in Note 6 - Investments. Fair values for derivative instruments are included in Note 7 - Derivative Instruments and Risk Management. Fair values for insurance liabilities are reported in Note 12 - Insurance Liabilities. The aggregate fair value of all financial instruments summarized by type is included in Note 9 - Fair Value Measurements.

Contingencies

Amounts related to contingencies are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable.

At the inception of a guarantee (except unlimited guarantees and guarantees made to or on behalf of wholly owned subsidiaries), the Company recognizes an initial liability at fair value for the obligations it has undertaken, regardless of the probability of performance under the guarantee. This includes guarantees made on behalf of affiliates other than wholly owned subsidiaries unless the guarantee is deemed unlimited.

Foreign Currency Translation and Transactions

The Company’s Canadian insurance operations are stated in Canadian dollars, with a single foreign currency adjustment of the net value reflected in unrealized gains and losses as a component of surplus. For all other foreign currency items, income and expenses are translated at the average exchange rate for the period while assets and liabilities are translated using the spot rate in effect at the date of the statements. Changes in the asset and liability values due to fluctuations in foreign currency exchange rates including translating foreign investments included in limited partnerships and other invested assets are recorded as unrealized capital gains and losses in surplus until the asset is sold or exchanged or the liability is settled. Upon settlement, previously recorded unrealized capital gains and losses are reversed, and the foreign exchange gain or loss for the entire holding period is recorded as a realized capital gain or loss in net income.

Benefit Plans

The Company maintains various tax-qualified and non-qualified plans that provide defined benefit pension and other postretirement benefits covering eligible U.S. employees and agents. A December 31st measurement date is used for all defined benefit pension and other postretirement benefit plans.

The Company recognizes the funded status of each of the pension and postretirement plans on the accompanying Statutory Statements of Financial Position. The funded status of a plan is measured as the difference between plan assets at fair value and the projected benefit obligation (“PBO”) for pension plans or the accumulated postretirement benefit obligation (“APBO”) for other postretirement plans.

The PBO is defined as the actuarially calculated present value of vested and non-vested pension benefits accrued based on service accruals through the measurement date and anticipated future compensation levels. This is the basis upon which pension liabilities and net periodic benefit cost are determined. The PBO of the defined benefit pension plans is determined using a variety of actuarial assumptions, from which actual results may vary.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The APBO represents the actuarially calculated present value of other postretirement benefits attributed to employee services rendered through the measurement date. This is the valuation basis upon which postretirement benefit liabilities and net periodic postretirement benefit cost are determined. The APBO is determined using a variety of actuarial assumptions, from which actual results may vary.

For pension and postretirement benefits, the Company recognizes the net periodic benefit cost as an expense in the accompanying Statutory Statements of Operations.

Net periodic benefit cost is determined using management estimates and actuarial assumptions to derive service cost, interest cost, and expected return on plan assets for a particular year. Net periodic benefit cost also includes the applicable amortization of any prior service cost (credit) arising from the increase (decrease) in prior years' benefit costs due to plan amendments. These costs are amortized into net periodic benefit cost over the expected service years of employees whose benefits are affected by such plan amendments. Actual experience related to plan assets and/or the benefit obligations may differ from that originally assumed when determining net periodic benefit cost for a particular period and future assumptions may change, resulting in gains or losses. To the extent such aggregate gains or losses exceed 10 percent of the greater of the benefit obligations or the market value of assets of the plan; they are amortized into net periodic benefit cost over the expected service years of employees expected to receive benefits under the plans.

The obligations and expenses associated with these plans require an extensive use of assumptions such as the discount rate, expected rate of return on plan assets, rate of future compensation increases, healthcare cost trend rates, as well as assumptions regarding participant demographics such as rate and age at retirements, withdrawal rates, and mortality. Management, in consultation with its external consulting actuarial firm, determines these assumptions based upon a variety of factors such as historical performance of the plan and its assets, currently available market and industry data, and expected benefit payout streams. The assumptions used may differ materially from actual results due to, among other factors, changing market and economic conditions and changes in participant demographics.

The Company also sponsors tax-qualified defined contribution plans for substantially all U.S. employees and agents. The defined contribution plan for employees matches a portion of employees' contributions. Accordingly, the Company recognizes compensation cost for current matching contributions. The defined contribution plan for agents provides for discretionary Company contributions for eligible agents. Accordingly, the Company recognizes compensation cost for current discretionary contributions. As all contributions are transferred timely to the trust for these plans, no liability for matching or discretionary contributions is recognized in the accompanying Statutory Statements of Financial Position.

The Company also maintains for certain eligible participants a non-qualified unfunded arrangement that credits deferral amounts and matching contributions with respect to compensation in excess of the amount that may be taken into account under the tax-qualified defined contribution plan because of applicable Internal Revenue Service ("IRS") limits. Accordingly, the Company recognizes compensation cost for current matching contributions and holds a liability for these benefits, which is included in Other liabilities in the accompanying Statutory Statements of Financial Position.

The Company provides certain benefits to eligible employees during employment for paid absences and after employment but before retirement. A liability for these benefits is accrued when the benefit is incurred.

NOTE 4 – BUSINESS RISKS AND UNCERTAINTIES

The Company is exposed to an array of risks, including, but not limited to, regulatory actions, financial risk, risks associated with its investments and operational risk, including cyber security.

The Company is regulated by the insurance departments of the states and territories where it is licensed to do business. Although the federal government does not directly regulate the business of insurance, federal legislation and administrative policies can significantly and adversely affect the insurance industry and the Company. The Company is unable to predict whether any administrative or legislative proposals, at either the federal or state level, will be adopted in the future, or the effect, if any, such proposals would have on the Company.

NOTE 4 – BUSINESS RISKS AND UNCERTAINTIES (continued)

The Company's insurance liabilities and assets under management are exposed to market risk, policyholder behavior risk and mortality/longevity risk. Market volatility and other equity market conditions may affect the Company’s exposure to risks related to guaranteed death benefits and guaranteed living benefits on variable annuity and certain variable universal life products issued by NYLIAC. Furthermore, the level of sales of the Company’s insurance and investment products is influenced by many factors, including general market rates of interest, the strength, weakness and volatility of equity markets, and terms and conditions of competing products.

The Company is exposed to the risks normally associated with an investment portfolio, which include interest rate, liquidity, credit and counterparty risks. The Company controls its exposure to these risks by, among other things, closely monitoring and managing the duration and cash flows of its assets and liabilities, maintaining a large percentage of its portfolio in highly liquid securities, engaging in a disciplined process of underwriting, reviewing and monitoring credit risk, and by devoting significant resources to develop and periodically update its risk management policies and procedures.

The Company relies on technology systems and solutions to conduct business and to retain, store, protect, and manage confidential information. The failure of the Company’s technology systems and solutions, or those of a vendor, for any reason has the potential to disrupt its operations, result in the loss of customer business, damage the Company’s reputation, and expose the Company to litigation and regulatory action, all of which could adversely impact its profitability.

NOTE 5 – RECENT ACCOUNTING PRONOUNCEMENTS

Changes in Accounting Principles

Accounting changes adopted to conform to the provisions of NAIC SAP or other state prescribed accounting practices are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is generally reported as an adjustment to unassigned surplus in the period of the change in accounting principle. Generally, the cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

In 2018, the NAIC adopted revisions to the disclosure requirements under SSAP 51R “Life Contracts,” SSAP 52 “Deposit-Type Contracts” and SSAP 61 “Life, Deposit-type and Accident and Health Reinsurance.” The adopted revisions require new disclosures on liquidity for life products and variable annuity products. The new disclosures, which are required in 2019, have been included in Note 12 - Insurance Liabilities.

In 2019, the NAIC adopted revisions to the required disclosures under SSAP 100R “Fair Value.” The revisions adopt with modification new fair value disclosure changes under U.S. GAAP. The new requirements eliminate some previously required disclosures and provide clarification on disclosures for investments where the net asset value ("NAV") as a practical expedient to fair value is used for investments in funds that meet certain criteria. The updated disclosures have been reflected in Note 9 - Fair Value Measurements.

In 2019, the NAIC adopted revisions to SSAP 86 “Derivatives.” The revisions incorporate the hedge effectiveness documentation provisions reflected under U.S. GAAP. The revisions, among others, allow companies to perform subsequent assessments of hedge effectiveness qualitatively if certain conditions are met and allow companies more time to perform the initial quantitative hedge effectiveness assessment. The adoption of this guidance did not have an impact on the Company.

In 2019, the NAIC adopted revisions to the required disclosures under SSAP 92 “Postretirement Benefits other than Pensions” and SSAP 102 “Pensions.” The revisions adopt with modification some of the new disclosure requirements for postretirement benefits and pensions under U.S. GAAP. The revised disclosures have been included in Note 14 - Benefit Plans.

NOTE 5 – RECENT ACCOUNTING PRONOUNCEMENTS (continued)

In 2018, the NAIC adopted revisions to SSAP 21 "Other Admitted Assets." The revisions provide clarifying guidance when the reporting entity is the owner and beneficiary of a life insurance policy. Specifically, the guidance requires for the life insurance policy to meet the life insurance criteria provided in Internal Revenue Code §7702 in order to be an admitted asset. Adoption of this guidance did not have an impact on the Company. The revised guidance also requires new disclosures, which have been included in Note 11 - Related Party Transactions.

Future Adoption of New Accounting Pronouncements

In 2016, the NAIC announced that enough states had passed the new standard valuation law to make the Principle Based Reserving ("PBR") valuation manual operative. Under PBR for life products (VM-20), companies will hold the higher of: a) the reserve using prescribed assumptions or b) the reserve computed using a single prescribed economic scenario or c) the reserve based on a wide range of future economic conditions. Under PBR for variable annuity products (VM-21), the reserve is the higher of: a) the reserve based on a wide range of future economic conditions computed using prescribed experience factors and b) the reserve based on a wide range of future economic conditions computed using justified company experience factors. For life products, the new standards are mandatory for policies issued on or after January 1, 2020. For variable annuity products, the new standards are mandatory for old and new business as of January 1, 2020. Since VM-21 applies to all inforce variable annuity business and not just new business, companies are allowed a 3-year phase-in period, which allows companies to linearly grade to the January 1, 2020 impact over 3 years through 2022. The Company is currently assessing the impact of adopting PBR.

NOTE 6 - INVESTMENTS

Bonds

The carrying value and estimated fair value of bonds by maturity at December 31, 2019 and 2018, were as follows (in millions):

	2019		2018	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less	$ 5,580	$ 5,711	$ 4,601	$ 4,650
Due after one year through five years	29,603	30,781	26,693	26,946
Due after five years through ten years[(1)]	40,158	42,691	38,550	38,311
Due after ten years	37,136	42,828	36,233	38,225
Total	$ 112,477	$ 122,011	$ 106,077	$ 108,132

[(1)] Includes affiliated bonds issued by Madison Capital Funding LLC ("MCF") and New York Life Investment Management Holdings LLC ("NYL Investments"). Refer to Note 11 - Related Party Transactions for a more detailed discussion of related party investments.

Corporate bonds are shown based on contractual maturity. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage and asset-backed securities ("ABS") are not due at a single maturity date and therefore are shown based on the expected cash flows of the underlying loans, which includes estimates of anticipated future prepayments.

In addition to the information disclosed above, short-term investments with a carrying value of $40 million and $16 million at December 31, 2019 and 2018, respectively, and cash equivalents with a carrying value of $2,394 million and $2,994 million at December 31, 2019 and 2018, respectively, are due in one year or less. Carrying value approximates fair value for these investments.

NOTE 6 - INVESTMENTS (continued)

At December 31, 2019 and 2018, the distribution of gross unrealized gains and losses on bonds were as follows (in millions):

	2019			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	$ 5,257	$ 642	$ 17	$ 5,882
All other governments	838	182	—	1,020
U.S. special revenue and special assessment	23,119	2,502	23	25,598
Industrial and miscellaneous unaffiliated	80,377	6,313	105	86,585
Parent, subsidiaries, and affiliates	2,885	41	1	2,925
Hybrid securities	1	—	—	1
Total	$ 112,477	$ 9,680	$ 146	$ 122,011

	2018			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	$ 5,088	$ 404	$ 60	$ 5,432
All other governments	942	143	3	1,082
U.S. special revenue and special assessment	22,461	1,290	289	23,462
Industrial and miscellaneous unaffiliated	74,825	2,275	1,707	75,393
Parent, subsidiaries, and affiliates	2,760	2	—	2,762
Hybrid securities	1	—	—	1
Total	$ 106,077	$ 4,114	$ 2,059	$ 108,132

Common and Preferred Stocks

The following table presents the carrying value and change in unrealized gains (losses) of common and preferred stocks at December 31, 2019 and 2018 (in millions):

	2019		2018	
	Carrying Value	Change in Unrealized Gains (Losses)	Carrying Value	Change in Unrealized Gains (Losses)
Common stock of insurance subsidiaries	$ 9,462	$ 573	$ 8,890	$ (408)
Unaffiliated common stock	1,118	159	1,363	(158)
Preferred stock	77	1	65	1
Total	$ 10,657	$ 733	$ 10,318	$ (565)

Mortgage Loans

The Company's mortgage loans are diversified by property type, location and borrower, and are collateralized. The maximum and minimum lending rates for new commercial mortgage loans funded during 2019 were 6.4% and 3.0% and funded during 2018 were 8.4% and 3.4%, respectively. The maximum percentage of any one commercial loan to the value of the collateral at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages, was 92.4% (average percentage was 53.6% and 53.1% at December 31, 2019 and December 31, 2018, respectively). The maximum percentage of any residential loan to the value of the collateral at the time of the loan was 80% (average percentage was 40.8% and 45.8% at December 31, 2019 and December 31, 2018, respectively). The Company has no significant credit risk exposure to any one individual borrower.

NOTE 6 - INVESTMENTS (continued)

Under certain mortgage loan agreements, the Company and other unrelated third party lenders hold interest in the mortgage loans. Under these agreements, the Company is not able to unilaterally foreclose on the mortgage loan in an event of default. At December 31, 2019 and 2018, the Company had mortgage loans outstanding under this type of agreement of $3,003 million and $2,920 million, respectively. In addition, NYLIAC participates in mortgage loans originated by the Company whereby NYLIAC's consent may be required in order to foreclose on a mortgage loan. Refer to Note 11-Related Party Transactions for more detail on these transactions.

At December 31, 2019 and 2018, the distribution of the mortgage loan portfolio by property type and geographic location was as follows ($ in millions):

	2019		2018	
	Carrying Value	**% of Total**	**Carrying Value**	**% of Total**
Property type:				
Apartment buildings	$ 6,653	36.3%	$ 5,907	33.7%
Office buildings	4,794	26.2	4,625	26.3
Retail facilities	3,566	19.5	3,732	21.3
Industrial	2,985	16.3	3,047	17.4
Hotels	317	1.7	233	1.3
Residential	2	—	4	—
Other	5	—	6	—
Total	$ 18,322	100.0%	$ 17,554	100.0%

	2019		2018	
	Carrying Value	**% of Total**	**Carrying Value**	**% of Total**
Geographic location:				
Central	$ 5,134	28.0%	$ 4,454	25.4%
South Atlantic	4,398	24.0	4,870	27.7
Pacific	3,851	21.0	3,477	19.8
Middle Atlantic	3,601	19.7	3,420	19.5
New England	1,316	7.2	1,333	7.6
Other	22	0.1	—	—
Total	$ 18,322	100.0%	$ 17,554	100.0%

At December 31, 2019 and 2018, no mortgage loans and less than $1 million mortgage loans, respectively, were past due past due 90 days and over.

The Company maintains a watchlist of commercial mortgage loans that may potentially be impaired. The general guidelines analyzed to include commercial loans within the watchlist are loan-to-value ratio ("LTV"), asset performance such as debt service coverage ratio, lease rollovers, income and expense hurdles, major tenant or borrower issues, the economic climate, and catastrophic events, among others. Loans placed on the watchlist generally take priority in being revalued in the Company's inspection/evaluation commercial loan program that revalues properties securing commercial mortgage loans. The guideline for analyzing residential loans occurs once a loan is 60 or more days delinquent. At that point, an appraisal or broker's price opinion of the underlying asset is obtained.

NOTE 6 - INVESTMENTS (continued)

Fair value of the collateral for commercial mortgages (excluding credit loans) over $5 million is updated every three years, unless a more current appraisal is warranted. Commercial mortgages less than $5 million have an on-site inspection performed by an external inspection service every 3 years as well. If the loan is determined to be troubled, the loan is more frequently monitored as to its status. LTV, which is based on collateral values, is deemed as one of the key mortgage loan indicators to assess credit quality and to assist in identifying problem loans. At December 31, 2019 and 2018, LTVs on the Company's mortgage loans were as follows (in millions):

	2019							
Loan to Value % (By Class)	**Apartment Bldgs**	**Office Bldgs**	**Retail Facilities**	**Industrial**	**Hotel**	**Residential**	**Other**	**Total**
Above 95%	$ —	$ —	$ 85	$ —	$ —	$ —	$ —	$ 85
91% to 95%	—	—	—	—	—	—	—	—
81% to 90%	—	—	—	—	—	—	—	—
71% to 80%	758	204	41	—	—	—	—	1,003
Below 70%	5,895	4,590	3,440	2,985	317	2	5	17,234
Total	$ 6,653	$ 4,794	$ 3,566	$ 2,985	$ 317	$ 2	$ 5	$ 18,322

	2018							
Loan to Value % (By Class)	**Apartment Bldgs**	**Office Bldgs**	**Retail Facilities**	**Industrial**	**Hotel**	**Residential**	**Other**	**Total**
Above 95%	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
91% to 95%	—	—	—	—	—	—	—	—
81% to 90%	—	89	—	—	—	—	—	89
71% to 80%	651	—	163	—	—	—	—	814
Below 70%	5,256	4,536	3,569	3,047	233	4	6	16,651
Total	$ 5,907	$ 4,625	$ 3,732	$ 3,047	$ 233	$ 4	$ 6	$ 17,554

Real Estate

At December 31, 2019 and 2018, the carrying value of the Company's real estate portfolio consisted of the following (in millions):

	2019	**2018**
Investment property	$ 1,684	$ 1,215
Properties for Company use	296	265
Acquired through foreclosure	5	5
Total real estate	$ 1,985	$ 1,486

Accumulated depreciation on real estate at December 31, 2019 and 2018 was $639 million and $557 million, respectively. Depreciation expense for the years ended December 31, 2019 and 2018 was $63 million and $51 million, respectively, and was recorded as an investment expense, a component of Net investment income in the accompanying Statutory Statements of Operations. During 2019 and 2018, the Company recognized $5 million and $13 million, respectively, in realized gains on the disposition of investment property.

In addition to the above, the Company owns real estate in certain proprietary LLC structures, which are included within Other invested assets in the accompanying Statutory Statements of Financial Position, of $827 million and $867 million for the years ended December 31, 2019 and 2018, respectively.

NOTE 6 - INVESTMENTS (continued)

Other Invested Assets

The carrying value of other invested assets at December 31, 2019 and 2018 consisted of the following (in millions):

	2019	2018
Limited partnerships and limited liability companies	$ 8,454	$ 8,066
Affiliated non-insurance subsidiaries	1,128	1,136
Other investments	136	121
LIHTC investments	112	145
Derivative collateral	73	87
Loans to affiliates	50	116
Total other invested assets[1]	$ 9,953	$ 9,671

[1] At December 31, 2019 and 2018, the Company had $433 million and $93 million, respectively, of investments in other invested assets that were nonadmitted, and therefore, excluded from the amounts.

Net investment income (loss) and change in unrealized gains (losses) for other invested assets for the years ended December 31, 2019 and 2018 consisted of the following (in millions):

	2019		2018	
	Net Investment Income (Loss)	Change in Unrealized Gains (Losses) [1]	Net Investment Income (Loss)	Change in Unrealized Gains (Losses) [1]
Limited partnerships and limited liability companies	$ 670	$ 98	$ 749	$ 179
Affiliated non-insurance subsidiaries	454	353	312	(193)
LIHTC investments	(34)	—	(46)	—
Other investments	6	—	6	—
Loans to affiliates	3	—	5	(3)
Total other invested assets	$ 1,099	$ 451	$ 1,026	$ (17)

[1] Includes unrealized foreign exchange gains (losses) of ($50) million and ($21) million in 2019 and 2018, respectively.

Limited partnerships and limited liability companies primarily consist of limited partnership interests in leveraged buy-out funds, real estate funds, mezzanine funds and other private equity investments. Distributions, other than those deemed a return of capital, are recorded as net investment income. Undistributed earnings are included in unrealized gains and losses in surplus.

Affiliated non-insurance subsidiaries consist of the Company's limited liability company investments in NYL Investments, NYL Investors, NYLE, NYLIFE LLC and MCF. Refer to Note 11 - Related Party Transactions for a more detailed discussion of the Company's transactions with related parties. Dividends are recorded in net investment income when declared and changes in the equity of subsidiaries are recorded in Unrealized gains and losses in surplus in the accompanying Statutory Statements of Financial Position.

Other investments consist primarily of investments in surplus notes and other investments with characteristics of debt. Interest earned on these investments is included in Net investment income in the accompanying Statutory Statements of Operations.

NOTE 6 - INVESTMENTS (continued)

The Company receives tax credits related to its investments in LIHTC partnerships. The Company's unexpired tax credits on its investments in LIHTC expire within a range of 1 year to 10 years. During 2019 and 2018, the Company recorded amortization on these investments under the proportional amortized cost method which is included in net investment income of $34 million and $46 million, respectively. The Company recorded tax credits and other tax benefits on these investments of $41 million and $72 million for 2019 and 2018, respectively. The minimum holding period required for the Company's LIHTC investments extends from 1 year to 12 years. The LIHTC investments are periodically subject to regulatory reviews by housing authorities where the properties are located. The Company is not aware of any adverse issues related to such regulatory reviews. The Company's investment in LIHTC partnerships includes $13 million and $15 million of unfunded commitments at December 31, 2019 and 2018, respectively.

For loans to affiliates, refer to Note 11 - Related Party Transactions, which includes a more detailed discussion of the Company's loans to affiliates.

Assets on Deposit or Pledged as Collateral

At December 31, 2019 and 2018, the Company's restricted assets (including pledged collateral) were as follows ($ in millions):

	2019							
	Gross (Admitted and Nonadmitted) Restricted						Percentage	
Restricted Asset Category	Total General Account (G/A)	Total S/A Restricted Assets	Total	Total From Prior Year	Increase (Decrease)	Total Admitted Restricted	Gross (Admitted and Non-admitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Collateral held under security lending agreements	$ 629	$ —	$ 629	$ 652	$ (23)	$ 629	0.33%	0.33%
Subject to reverse repurchase agreements	308	—	308	342	(34)	308	0.16%	0.16%
Subject to dollar repurchase agreements	—	17	17	—	17	17	0.01%	0.01%
Letter stock or securities restricted as to sale - excluding Federal Home Loan Bank ("FHLB") capital stock	35	—	35	32	3	35	0.02%	0.02%
FHLB capital stock	174	—	174	202	(28)	174	0.09%	0.09%
On deposit with states	263	—	263	250	13	263	0.14%	0.14%
Pledged as collateral to FHLB (including assets backing funding agreements)	2,832	—	2,832	3,584	(752)	2,832	1.49%	1.50%
Reinsurance collateral assets(1)	9,701	—	9,701	10,134	(433)	9,701	5.09%	5.13%
Total restricted assets	$ 13,942	$ 17	$ 13,959	$ 15,196	$ (1,237)	$ 13,959	7.33%	7.38%

(1) Includes assets of $8,321 million which are permanently restricted and inure solely to the benefit of the reinsured policyholders.

NOTE 6 - INVESTMENTS (continued)

	2018					
	Gross (Admitted and Nonadmitted) Restricted				Percentage	
Restricted Asset Category	Total General Account (G/A)	Total From Prior Year	Increase (Decrease)	Total Admitted Restricted	Gross (Admitted and Non-admitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Collateral held under security lending agreements	$ 652	$ 678	$ (26)	$ 652	0.36%	0.36%
Subject to reverse repurchase agreements	342	315	27	342	0.19%	0.19%
Subject to dollar repurchase agreements	—	—	—	—	—%	—%
Letter stock or securities restricted as to sale - excluding FHLB capital stock	32	22	10	32	0.02%	0.02%
FHLB capital stock	202	156	46	202	0.11%	0.11%
On deposit with states	250	227	23	250	0.14%	0.14%
Pledged as collateral to FHLB (including assets backing funding agreements)	3,584	2,630	954	3,584	1.97%	1.99%
Reinsurance collateral assets(1)	10,134	10,565	(431)	10,134	5.58%	5.63%
Total restricted assets	$ 15,196	$ 14,593	$ 603	$ 15,196	8.37%	8.44%

(1) Includes assets of $8,674 million which are permanently restricted and inure solely to the benefit of the reinsured policyholders.

Loaned Securities and Repurchase Agreements

The Company participates in securities lending programs whereby securities, which are included in investments, are loaned to third-parties for the purpose of enhancing income on securities held through reinvestment of cash collateral received upon lending. For securities lending transactions, the Company requires initial collateral, usually in the form of cash, equal to 102% of the fair value of domestic securities loaned. The borrower of the loaned securities is permitted to sell or repledge those securities. At December 31, 2019 and 2018, the Company recorded cash collateral received under these agreements of $629 million and $652 million, respectively, and established a corresponding liability for the same amount, which is included in amounts payable under security lending agreements. For securities lending transactions, the carrying value of securities classified as bonds and on loan at December 31, 2019 was $576 million, with a fair value of $616 million. At December 31, 2018, the carrying value was $660 million, with a fair value of $638 million. The reinvested collateral is reported in bonds, and Cash, cash equivalent and short-term investments in the accompanying Statutory Statements of Financial Position. The total fair value of all reinvested collateral positions was $644 million and $663 million at December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, there were no separate account securities lending agreements.

The Company participates in dollar repurchase agreements to sell and repurchase securities. The purchaser of the securities is permitted to sell or repledge those securities. The liability for repurchasing the assets is included in Borrowed money in the accompanying Statutory Statements of Financial Position. At December 31, 2019, the Company was a party to dollar repurchase agreements in the separate accounts for $17 million. The Company had no dollar repurchase agreements in 2019 and 2018 in the general account and no dollar repurchase agreements in 2018 in the separate accounts.

At December 31, 2019, the carrying value and fair value of securities held under agreements to purchase and resell was $308 million, which were classified as tri-party reverse repurchase agreements and included in Cash, cash equivalents, and short-term investments in the accompanying Statutory Statements of Financial Position. The securities had a weighted average maturity of two days and a weighted average yield of 1.5%. At December 31, 2018, the carrying value and fair value of securities held under agreements to purchase and resell was $342 million, which were classified as tri-party reverse repurchase agreements and included in Cash, cash equivalents, and short-term investments in the

NOTE 6 - INVESTMENTS (continued)

accompanying Statutory Statements of Financial Position. The securities had a weighted average maturity of two days and a weighted average yield of 2.9%.

Collateral Received

At December 31, 2019 and 2018, assets received as collateral are reflected within the accompanying Statutory Statements of Financial Position, along with a liability to return such collateral were as follows ($ in millions):

	2019			
Cash Collateral Assets	**Book/Adjusted Carrying Value**	**Fair Value**	**% of Total Assets (Admitted and Nonadmitted)**	**% of Total Admitted Assets**
Securities lending	$ 629	$ 629	0.4%	0.4%
Derivatives	429	429	0.2	0.2
Total (General Account)	$ 1,058	$ 1,058	0.6%	0.6%
Cash received on repurchase transactions (Separate Account)[1]	$ 17	$ 17	0.2%	0.2%

[1] % of Total Assets is calculated based on Total Separate Account Assets.

	2018			
Cash Collateral Assets	**Book/Adjusted Carrying Value**	**Fair Value**	**% of Total Assets (Admitted and Nonadmitted)**	**% of Total Admitted Assets**
Securities lending	$ 652	$ 652	0.4%	0.4%
Derivatives	321	321	0.2	0.2
Total	$ 973	$ 973	0.6%	0.6%

Cash received on securities lending transactions and repurchase agreements is then reinvested in short-term investments and bonds with various maturities.

	2019		2018	
Recognized Obligation to Return Collateral Asset	**Amount**	**% of Total Liabilities**	**Amount**	**% of Total Liabilities**
Amounts payable under securities lending agreements	$ 629	0.4%	$ 652	0.4%
Other liabilities (derivatives)	429	0.3	321	0.2
Total (General Account)	$ 1,058	0.7%	$ 973	0.7%
Separate accounts liabilities (repurchase transactions)[1]	$ 17	0.2%	—	—

[1] % of Total Liabilities is calculated based on Total Separate Account Liabilities.

NOTE 6 - INVESTMENTS (continued)

Composition of Collateral Received

The following tables present the terms and amounts of cash collateral received under security lending transactions and dollar repurchase agreements for the following types of securities loaned at December 31, 2019 and 2018 (in millions):

	2019					
	Remaining Contractual Maturity of the Agreements					
	Open	30 days or less	31 to 60 days	61 to 90 days	Greater than 90 days	Total
U.S. Treasury	$ 116	$ —	$ —	$ —	$ —	$ 116
U.S. government corporation & agencies	10	—	17 [1]	—	—	27
Foreign governments	9	—	—	—	—	9
U.S. corporate	409	—	—	—	—	409
Foreign corporate	85	—	—	—	—	85
Non-agency asset backed securities	—	—	—	—	—	—
Total securities lending transactions	$ 629	$ —	$ 17	$ —	$ —	$ 646

[1] Represents the only dollar repurchase agreements transactions in this table which are held in the separate account

	2018					
	Remaining Contractual Maturity of the Agreements					
	Open	30 days or less	31 to 60 days	61 to 90 days	Greater than 90 days	Total
U.S. Treasury	$ 10	$ —	$ —	$ —	$ —	$ 10
U.S. government corporation & agencies	13	—	—	—	—	13
Foreign governments	2	—	—	—	—	2
U.S. corporate	507	—	—	—	—	507
Foreign corporate	119	—	—	—	—	119
Non-agency asset backed securities	—	—	—	—	—	—
Total securities lending transactions	$ 652	$ —	$ —	$ —	$ —	$ 652

At December 31, 2018, there was no separate account securities cash collateral received under securities lending agreements.

NOTE 6 - INVESTMENTS (continued)

Reinvestment of Collateral Received

The following tables present the term and aggregate fair value at December 31, 2019 and 2018 from the reinvestment of all collateral received in securities lending and dollar repurchase agreements (in millions):

	2019		2018	
Period to Maturity	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
30 days or less	$ 380	$ 380	$ 414	$ 414
31 to 60 days	79	79	29	29
61 to 90 days	18	18	5	5
91 to 120 days	5	5	—	—
121 to 180 days	34	34	12	12
181 to 365 days	24	24	47	47
1 to 2 years	102	103	82	81
2 to 3 years	15	15	63	63
Greater than 3 years	3	3	12	12
Total collateral reinvested	$ 660	$ 661	$ 664	$ 663

To help manage the mismatch of maturity dates between the security lending transactions and the related reinvestment of the collateral received, the Company invests in highly liquid assets.

Reverse Repurchase Agreement Transactions

The following table provides contractual maturity related to tri-party reverse repurchase agreements at December 31, 2019 and 2018 (in millions):

	2019		2018	
	Maximum Balance	**Ending Balance**	**Maximum Balance**	**Ending Balance**
Open - No Maturity	$ —	$ —	$ —	$ —
Overnight	$ —	$ —	$ —	$ —
2 Days to 1 Week	$ 321	$ 308	$ 348	$ 342
> 1 Week to 1 Month	$ —	$ —	$ —	$ —
> 1 Month to 3 Months	$ —	$ —	$ —	$ —
> 3 Months to 1 Year	$ —	$ —	$ —	$ —
> 1 Year	$ —	$ —	$ —	$ —

At December 31, 2019 and 2018, the Company did not have any defaulted reverse repurchase agreements.

NOTE 6 - INVESTMENTS (continued)

The following table presents the fair value of securities acquired under tri-party reverse repurchase agreement transactions, which were all NAIC rating of 1, for all four quarters of 2019 and 2018 (in millions):

	Maximum Balance	Ending Balance
Fourth Quarter 2019	$ 321	$ 308
Third Quarter 2019	$ 282	$ 275
Second Quarter 2019	$ 283	$ 276
First Quarter 2019	$ 346	$ 278
Fourth Quarter 2018	$ 348	$ 342
Third Quarter 2018	$ 349	$ 345
Second Quarter 2018	$ 353	$ 346
First Quarter 2018	$ 400	$ 326

The following table presents the securities at fair value pledged as collateral used in tri-party reverse repurchase agreement transactions by remaining contractual maturity for four quarters of 2019 and 2018 (in millions):

	Overnight and Continuous	30 Days or Less	31 to 90 Days	> 90 Days
Maximum Balance				
Fourth Quarter 2019	$ —	$ —	$ —	$ 327
Third Quarter 2019	$ —	$ —	$ —	$ 287
Second Quarter 2019	$ —	$ —	$ —	$ 289
First Quarter 2019	$ —	$ —	$ —	$ 352
Fourth Quarter 2018	$ —	$ —	$ —	$ 355
Third Quarter 2018	$ —	$ —	$ —	$ 356
Second Quarter 2018	$ —	$ —	$ —	$ 360
First Quarter 2018	$ —	$ —	$ —	$ 347
Ending Balance				
Fourth Quarter 2019	$ —	$ —	$ —	$ 314
Third Quarter 2019	$ —	$ —	$ —	$ 281
Second Quarter 2019	$ —	$ —	$ —	$ 281
First Quarter 2019	$ —	$ —	$ —	$ 283
Fourth Quarter 2018	$ —	$ —	$ —	$ 349
Third Quarter 2018	$ —	$ —	$ —	$ 352
Second Quarter 2018	$ —	$ —	$ —	$ 352
First Quarter 2018	$ —	$ —	$ —	$ 332

At December 31, 2019, the Company did not have a recognized receivable for return of collateral or a recognized liability to return collateral.

NOTE 6 - INVESTMENTS (continued)

Insurer Self-Certified Securities

The following represents securities for which the Company does not have all the information required for the NAIC to provide an NAIC designation, but for which the Company is receiving timely payments of principal and interest. These securities are referred to as "5GI Securities" ($ in millions):

	2019			2018		
Investments	**Number of 5GI Securities**	**Carrying Value**	**Estimated Fair Value**	**Number of 5GI Securities**	**Carrying Value**	**Estimated Fair Value**
General account:						
Bonds	22	$ 14	$ 16	14	$ 4	$ 4
Loan-backed and structured securities	5	4	4	2	3	3
Preferred stock - amortized cost	1	10	12	2	3	3
Preferred stock - fair value	1	2	2	2	6	6
Total general account	29	$ 30	$ 34	20	$ 16	$ 16
Separate account:						
Bonds	2	$ 3	$ 3	—	$ —	$ —
Loan-backed and structured securities	1	—	—	—	—	—
Preferred stock - amortized cost	—	—	—	—	—	—
Preferred stock - fair value	—	—	—	—	—	—
Total separate account	3	$ 3	$ 3	—	$ —	$ —

Wash Sales

In the course of the Company's investment management activities, securities may be sold and repurchased within 30 days of the sale date to meet individual portfolio objectives and to achieve the ongoing rebalancing of exposure.

The details by NAIC designation of 3 or below, or unrated, of securities sold during the year ended December 31, 2019 and 2018 and reacquired within 30 days of the sale date are as follows ($ in millions):

		2019			
Description	**NAIC Designation**	**Number of Transactions**	**Book Value of Securities Sold**	**Cost of Securities Repurchased**	**Realized Gains (Losses)**
Bonds	NAIC 3	—	$ —	$ —	$ —
Bonds	NAIC 4	—	—	—	—
Bonds	NAIC 5	—	—	—	—
Bonds	NAIC 6	—	—	—	—
Preferred stock	NAIC 3	—	—	—	—
Preferred stock	NAIC 4	—	—	—	—
Preferred stock	NAIC 5	—	—	—	—
Preferred stock	NAIC 6	—	—	—	—
Common stock		3	5	5	—
		3	$ 5	$ 5	$ —

NOTE 6 - INVESTMENTS (continued)

		2018			
Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Realized Gains (Losses)
Bonds	NAIC 3	4	$ 1	$ 1	$ —
Bonds	NAIC 4	9	2	2	—
Bonds	NAIC 5	1	—	—	—
Bonds	NAIC 6	—	—	—	—
Preferred stock	NAIC 3	2	—	—	—
Preferred stock	NAIC 4	—	—	—	—
Preferred stock	NAIC 5	—	—	—	—
Preferred stock	NAIC 6	—	—	—	—
Common stock		740	170	170	3
		756	$ 173	$ 173	$ 3

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT

The Company uses derivative instruments to manage interest rate, equity, and currency risk. These derivative instruments include foreign currency and bond forwards, interest rate options, interest rate and equity futures, interest rate, inflation, and foreign currency swaps. The Company does not engage in derivative instrument transactions for speculative purposes.

The Company may enter into exchange traded futures and over-the-counter ("OTC") derivative instruments. Exchange traded derivatives are executed through regulated exchanges and require daily posting of initial and variation margin. The Company is exposed to credit risk resulting from default of the exchange.

OTC derivatives may either be cleared through a clearinghouse ("OTC-cleared") or transacted between the Company and a counterparty under bilateral agreements ("OTC-bilateral"). Similar to exchange traded futures, OTC-cleared derivatives require initial and daily variation margin collateral postings. When transacting OTC-cleared derivatives, the Company is exposed to credit risk resulting from default of the clearinghouse and/or default of the Futures Commission Merchant (e.g. clearinghouse agent).

When transacting OTC-bilateral derivatives, the Company is exposed to the potential default of its OTC-bilateral counterparty. The Company deals with a large number of highly rated OTC-bilateral counterparties, thus limiting its exposure to any single counterparty. The Company has controls in place to monitor credit exposures of OTC-bilateral counterparties by limiting transactions within specified dollar limits and continuously assessing the creditworthiness of its counterparties. The Company uses master netting agreements and adjusts transaction levels, when appropriate, to minimize risk. The Company's policy is to not offset amounts for derivatives executed with the same counterparty under the same master netting agreement with the associated collateral.

Credit risk is managed by entering into transactions with creditworthy counterparties and obtaining collateral where appropriate. All of the net credit exposure for the Company from derivative contracts is with investment-grade counterparties. For OTC-cleared and exchange traded derivatives, the Company obtains collateral through variation margin which is adjusted daily based on the parties' net derivative position.

For OTC-bilateral derivatives, the Company obtains collateral in accordance with the terms of credit support annexes ("CSAs") negotiated as part of the master agreements entered into with most OTC-bilateral counterparties. The CSA defines the terms under which collateral is transferred between the parties in order to mitigate credit risk arising from "in the money" derivative positions. The CSA requires that an OTC-bilateral counterparty post collateral to secure its anticipated derivative obligation, taking into account netting arrangements. In addition, certain of the Company's CSAs require that if the Company's (or its counterparty's) credit rating were to fall below a specified rating assigned by a credit rating agency, the other party could request immediate payout on all transactions under the CSAs or full collateralization of the positions there under. Cash collateral is invested in short-term investments. The aggregate fair value of all OTC-bilateral derivative

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

instruments with credit-risk related contingent features that are in a net liability position at December 31, 2019 and 2018 was $43 million and $76 million, respectively, for which the Company has posted collateral with a fair value of $40 million and $74 million, respectively. If the credit contingent features had been triggered at December 31, 2019, the Company estimates that it would have to post $3 million for a downgrade that would trigger full collateralization.

The Company may be exposed to credit-related losses in the event that an OTC-bilateral counterparty fails to perform its obligations under its contractual terms. In contractual arrangements with OTC-bilateral counterparties that do not include netting provisions, in the event of default, credit exposure is limited to the positive fair value of derivatives at the reporting date. In contractual arrangements with OTC-bilateral counterparties that include netting provisions, in the event of default, credit exposure is limited to the net fair value, if positive, of all derivatives at the reporting date. At December 31, 2019, the Company held collateral for derivatives of $376 million, including $53 million of securities. At December 31, 2018, the Company held collateral for derivatives of $262 million, including $49 million of securities. Fair value of derivatives in a net asset position, net of collateral, was $21 million and $15 million at December 31, 2019 and 2018, respectively.

Interest Rate Risk Management

The Company enters into various types of interest rate derivatives primarily to minimize exposure to fluctuations in interest rates on assets and liabilities held by the Company.

Interest rate swaps are used by the Company to hedge interest rate risk for individual and portfolios of assets. Interest rate swaps are agreements with other parties to exchange, at specified intervals, the difference between interest amounts calculated by reference to an agreed upon notional value. Generally, no cash is exchanged at the onset of the contract and no principal payments are made by either party. The Company does not act as an intermediary or broker in interest rate swaps.

Inflation swaps are used by the Company to hedge inflation risk of certain policyholder liabilities linked to the U.S. Consumer Price Index.

Interest rate (Treasury) futures are used by the Company to manage duration of the Company's fixed income portfolio. Interest rate futures are exchange traded contracts to buy or sell a bond at a specific price at a future date.

Interest rate options are used by the Company to hedge the risk of increasing interest rates on policyholder liabilities. Under these contracts, the Company will receive payments from counterparties should an agreed upon interest rate level be reached and payments will continue to increase under the option contract until an agreed upon interest rate ceiling, if applicable.

Replication Transactions

Bond forwards are paired with investment grade bonds to replicate the return and price risk of long-dated fixed income securities.

Currency Risk Management

The primary purpose of the Company’s foreign currency hedging activities is to protect the value of foreign currency denominated assets and liabilities, which the Company has acquired or incurred or anticipates acquiring or incurring, and net investments in foreign subsidiaries from the risk of changes in foreign exchange rates.

Foreign currency swaps are agreements with other parties to exchange, at specified intervals, principal and interest in one currency for the same in another, at a fixed exchange rate, which is generally set at inception and calculated by reference to an agreed upon notional value. Generally, only principal payments are exchanged at the onset and the end of the contract.

Foreign currency forwards involve the exchange of foreign currencies at a specified future date and at a specified price. No cash is exchanged at the time the agreement is entered into.

Equity Risk Management

The Company enters into equity futures transactions to hedge equity exposure in the general account portfolio.

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

The following tables present the notional amount, gross fair value and carrying value of derivative instruments that are qualifying and designated for hedge accounting, by type of hedge designation, and those that are not designated for hedge accounting at December 31, 2019 and 2018 (in millions):

	2019					
			Fair Value[2]		Carrying Value[3]	
Derivative Type	**Primary Risk Exposure**	**Notional Amount[1]**	**Asset**	**Liability**	**Asset**	**Liability**
Derivatives qualifying and designated						
Cash flow hedges:						
Foreign currency swaps	Currency	$ 60	$ 8	$ —	$ 8	$ —
Interest rate swaps	Interest	39	11	—	—	—
Replications:						
Bond forwards	Interest	10	—	1	—	—
Total return swaps	Interest	—	—	—	—	—
Total derivatives qualifying and designated		109	19	1	8	—
Net investment hedges:						
Foreign currency forwards	Currency	74	—	1	—	1
Total derivatives qualifying and designated		183	19	2	8	1
Derivatives not designated						
Foreign currency forwards	Currency	49	—	1	—	1
Foreign currency swaps	Currency	9,538	411	94	411	94
Futures	Equity	516	—	1	—	1
Inflation swaps	Interest	476	—	95	—	95
Interest rate options	Interest	52,423	2	2	2	2
Interest rate swaps	Interest	2,482	367	171	367	171
Total derivatives not designated		65,484	780	364	780	364
Total derivatives		$ 65,667	$ 799	$ 366	$ 788	$ 365

[1] Notional amount of derivative instruments generally does not represent the amount exchanged between the parties engaged in the transaction.
[2] For a discussion of valuation methods for derivative instruments refer to Note 9 – Fair Value Measurements.
[3] The carrying value of all derivatives is reported within Derivatives in the accompanying Statutory Statements of Financial Position.

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

	2018									
			Fair Value[2]				Carrying Value[3]			
Derivative Type	Primary Risk Exposure	Notional Amount[1]	Asset		Liability		Asset		Liability	
Derivatives qualifying and designated										
Cash flow hedges:										
Foreign currency swaps	Currency	$ 85	$	12	$	—	$	14	$	—
Interest rate swaps	Interest	39		9		—		—		—
Net investment hedges:										
Foreign currency forwards	Currency	74		2		—		2		—
Total derivatives qualifying and designated		198		23		—		16		—
Derivatives not designated										
Foreign currency forwards	Currency	47		2		—		2		—
Foreign currency swaps	Currency	7,227		336		182		336		182
Futures	Interest	21		—		—		—		—
Inflation swaps	Interest	476		1		71		1		71
Interest rate options	Interest	61,734		12		—		12		—
Interest rate swaps	Interest	2,564		281		89		281		89
Total derivatives not designated		72,069		632		342		632		342
Total derivatives		$ 72,267	$	655	$	342	$	648	$	342

[1] Notional amount of derivative instruments generally does not represent the amount exchanged between the parties engaged in the transaction.
[2] For a discussion of valuation methods for derivative instruments refer to Note 9 - Fair Value Measurements.
[3] The carrying value of all derivatives is reported within Derivatives in the accompanying Statutory Statements of Financial Position.

Cash Flow Hedges

The Company's cash flow hedges primarily include hedges of floating rate securities and foreign currency denominated assets and liabilities. Derivative instruments used in cash flow hedges that meet criteria indicating that they are highly effective are valued and reported in a manner that is consistent with the hedged asset or liability.

The Company designates and accounts for the following qualified cash flow hedges: (1) interest rate swaps used to convert floating rate investments to fixed rate investments; (2) foreign currency swaps used to hedge the foreign currency cash flow exposure of foreign currency denominated investments and liabilities; and (3) interest rate swaps to hedge the interest rate risk associated with forecasted transactions.

Net Investment Hedges

Foreign currency forwards, designated as net investment hedges, are used by the Company to hedge currency risk associated with its net investment in foreign operations. The changes in fair value of the derivative, to the extent it is highly effective as a hedge, are treated in a manner consistent with the hedged item.

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

The following table presents the effects of derivatives in cash flow and net investment hedging relationships for the years ended December 31, 2019 and 2018 (in millions):

	Surplus[1]		Net Realized Capital Gains (Losses)		Net Investment Income		Other Income	
Derivative Type	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Foreign currency swaps	$ (6)	$ 5	$ 5	$ —	$ 1	$ 1	$ —	$ —
Interest rate swaps	—	—	—	—	1	1	—	—
Foreign currency forwards	(3)	7	—	—	—	—	—	—
Total	$ (9)	$ 12	$ 5	$ —	$ 2	$ 2	$ —	$ —

[1] The amount of gain or (loss) recognized in surplus is reported within Change in net unrealized gains (losses) on investments in the accompanying Statutory Statements of Changes in Surplus.

Derivatives Not Designated

The following table summarizes the surplus and net income impact on derivative instruments not designated for hedge accounting for the years ended December 31, 2019 and 2018 (in millions):

	Surplus[1]		Net Realized Capital Gains (Losses)		Net Investment Income		Other Income	
Derivative Type	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Foreign currency forwards	$ (2)	$ (8)	$ 3	$ 26	$ —	$ —	$ —	$ —
Foreign currency swaps	161	77	(40)	(12)	55	44	(64)	(42)
Futures	(8)	—	(4)	—	—	—	—	—
Inflation swaps	(25)	(11)	—	—	—	—	(5)	(3)
Interest rate options	10	32	—	(10)	(22)	(38)	—	—
Interest rate swaps	5	(26)	—	(1)	13	12	(7)	(3)
Total	$ 141	$ 64	$ (41)	$ 3	$ 46	$ 18	$ (76)	$ (48)

[1] The amount of gain or (loss) recognized in surplus is reported as a Change in net unrealized gains (losses) on investments in the accompanying Statutory Statements of Changes in Surplus.

NOTE 8 – SEPARATE ACCOUNTS

Separate Accounts Activity

The Company utilizes separate accounts to record and account for assets and liabilities for particular lines of business and/or transactions. The Company reported separate accounts assets and liabilities from employee benefit plans (group annuity) and funding agreements product lines.

The Company has market value guaranteed separate accounts for which supplemental separate accounts assets are used to fund the excess of the actuarial liabilities for future guaranteed payments over the market value of the assets.

In accordance with the domiciliary state procedures for approving items within separate accounts, the classification of the separate accounts listed above is subject to Section 4240 of the New York State Insurance Law. In addition, the separate accounts listed above are supported through affirmative approval of the plans of operations by the New York State Department of Financial Services.

NOTE 8 – SEPARATE ACCOUNTS (continued)

The assets legally and not legally insulated from the general account at December 31, 2019 and 2018 are attributed to the following products or transactions (in millions):

	2019		2018	
Product or Transaction	**Legally Insulated Assets**	**Separate Accounts Assets (Not Legally Insulated)[2]**	**Legally Insulated Assets**	**Separate Accounts Assets (Not Legally Insulated)[3]**
Employee benefit plans (group annuity)	$ 10,939	$ (21)	$ 10,085	$ (32)
Funding agreements	—	—	337	2
Supplemental account[1]	—	80	—	61
Total	$ 10,939	$ 59	$ 10,422	$ 31

[1] The supplemental account is used to fund the excess of the actuarial liability for future guaranteed payments over the market value of the guaranteed separate account assets. The Company evaluates separate accounts surplus quarterly and transfers funds to (or from) the supplemental separate account as necessary. These transfers are reported as Net transfers to separate accounts in the accompanying Statutory Statements of Operations.

[2] Separate accounts assets classified as not legally insulated assets support $30 million of payable for securities, $17 million of borrowed funds, $4 million of investment servicing fees payable, $3 million of other liabilities, $3 million of remittances and items not allocated, and $2 million of other transfers to the general account due or accrued (net).

[3] Separate accounts assets classified as not legally insulated assets support $23 million of payable for securities, $7 million of remittances and items not allocated, $3 million of investment servicing fee payable, $3 million of other liabilities, partially offset by $5 million of other transfers from the general account due or accrued (net).

Guaranteed Separate Accounts

The Company maintained assets in guaranteed separate accounts at December 31, 2019 and 2018 as follows (in millions):

	2019	2018
Market value separate accounts[1]	$ 2,740	$ 2,921
Book value separate accounts	5,328	4,843
Total guaranteed separate accounts assets	$ 8,068	$ 7,764

[1] Includes assets maintained in the supplemental account of $80 million and $61 million at December 31, 2019 and 2018, respectively.

Certain market value separate accounts provide a minimum guaranteed interest rate. For these separate accounts, at contract discontinuance, the contract holder is entitled to an immediate payout of market value, or an installment payout of the guaranteed amount, or for certain contracts, a lump sum payout of the guaranteed amount at the end of a specific number of years, as set forth in the contract.

The book value separate account guarantees principal and interest during active status and at the contract discontinuance, the contract holder is entitled to a book value payout, if 12 months advance notice is provided. Alternatively, the contract holder may elect discontinuance with at least 10 days notice and receive an immediate lump sum payment subject to a termination adjustment factor (tied to an external index). The factor will not be greater than 1.

To compensate the general account for the risk taken for minimum guarantees in certain contracts, the separate account has paid risk charges as follows for the past five years (in millions):

Year	Amount
2019	$ 11
2018	$ 13
2017	$ 16
2016	$ 16
2015	$ 14

NOTE 8 – SEPARATE ACCOUNTS (continued)

For the years ended December 31, 2019, 2018, 2017, 2016 and 2015, the general account of the Company did not make any payments toward separate accounts guarantees.

Non-Guaranteed Separate Accounts

The Company currently maintains non-guaranteed separate accounts with assets of $2,929 million and $2,689 million at December 31, 2019 and 2018, respectively. Separate accounts funding non-guaranteed benefits provide no guarantee of principal or interest, and payout is at fair value at contract discontinuance.

Information regarding the separate accounts of the Company at and for the years ended December 31, 2019 and 2018 is as follows (in millions):

	2019			
	Indexed	Non-Indexed Guarantee less than or equal to 4%	Non-Guaranteed Separate Accounts	Total
Premiums and considerations	$ —	$ 1,779	$ —	$ 1,779
Reserves at 12/31:				
For accounts with assets at:				
Fair value	$ —	$ 2,691	$ 2,927	$ 5,618
Amortized cost	—	5,321	—	5,321
Total reserves	$ —	$ 8,012	$ 2,927	$ 10,939
By withdrawal characteristics:				
With fair value adjustment	$ —	$ 5,321	$ —	$ 5,321
At fair value	—	2,691	2,927	5,618
Total reserves	$ —	$ 8,012	$ 2,927	$ 10,939

	2018			
	Indexed	Non-Indexed Guarantee less than or equal to 4%	Non-Guaranteed Separate Accounts	Total
Premiums and considerations	$ —	$ 1,922	$ —	$ 1,922
Reserves at 12/31:				
For accounts with assets at:				
Fair value	$ —	$ 2,907	$ 2,687	$ 5,594
Amortized cost	—	4,828	—	4,828
Total reserves	$ —	$ 7,735	$ 2,687	$ 10,422
By withdrawal characteristics:				
With fair value adjustment	$ —	$ 4,828	$ —	$ 4,828
At fair value	—	2,907	2,687	5,594
Total reserves	$ —	$ 7,735	$ 2,687	$ 10,422

NOTE 8 – SEPARATE ACCOUNTS (continued)

The following is a reconciliation of net transfers from the general account to the separate accounts (in millions):

	2019	2018
Transfers as reported in the Separate Accounts Statement:		
Transfers to separate accounts	$ 1,778	$ 1,922
Transfers from separate accounts	(1,674)	(3,628)
Net transfers to (from) separate accounts	$ 104	$ (1,706)

NOTE 9 – FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, "Fair Value Measurements". Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are based on the inputs to the valuation as follows:

Level 1 Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. Active markets are defined as a market in which many transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Observable inputs other than level 1 prices, such as quoted prices in active markets for similar assets or liabilities; quoted prices in markets that are not active for identical or similar assets or liabilities, or other model driven inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Valuations are generally obtained from third-party pricing services for identical or comparable assets or liabilities or through the use of valuation methodologies using observable market inputs.

Level 3 Instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions in pricing the asset or liability. Pricing may also be based upon broker quotes that do not represent an offer to transact. Prices are determined using valuation methodologies such as option pricing models, discounted cash flow models and other similar techniques. Non-binding broker quotes, which are utilized when pricing service information is not available, are reviewed for reasonableness based on the Company’s understanding of the market, and are generally considered Level 3. To the extent the internally developed valuations use significant unobservable inputs, they are classified as Level 3.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

Determination of Fair Value

The Company has an established and well-documented process for determining fair value. Security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from nationally recognized third-party pricing services. For most private placement securities, the Company applies a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. For private placement securities that cannot be priced through these processes, the Company uses internal models and calculations. All other securities are submitted to independent brokers for prices. The Company performs various analyses to ascertain that the prices represent fair value. Examples of procedures performed include, but are not limited to, back testing recent trades, monitoring trading volumes, and performing variance analysis of monthly price changes using different thresholds based on asset type. The Company also performs an annual review of all third-party pricing services. During this review, the Company obtains an understanding of the process and sources used by the pricing service to ensure that they maximize the use of observable inputs, the pricing service's frequency of updating prices, and the controls that the pricing service uses to ensure that their prices reflect market assumptions. The Company also selects a sample of securities and obtains a more detailed understanding from each pricing service regarding how they derived the price assigned to each security. Where inputs or prices do not reflect market participant assumptions, the Company will challenge these prices and apply different methodologies that will enhance the use of observable inputs and data. The Company may use non-binding broker quotes or internal valuations to support the fair value of securities that go through this formal price challenge process.

In addition, the Company has a pricing committee that provides oversight over the Company's prices and fair value process for securities. The committee meets quarterly and is responsible for the review and approval of the Company's valuation procedures. The committee is also responsible for the review of pricing exception reports as well as the review of significant inputs used in the valuation of assets that are valued internally.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

The following tables present the carrying value and estimated fair value of the Company's financial instruments at December 31, 2019 and 2018 (in millions):

	2019					
	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV as a Practical Expedient
Assets:						
Bonds	$ 122,011	$ 112,477	$ —	$ 118,723	$ 3,288	$ —
Preferred stocks	102	77	—	55	47	—
Common stocks[(1)]	1,118	1,118	936	—	181	—
Mortgage loans	19,086	18,322	—	—	19,086	—
Cash, cash equivalents and short-term investments	2,292	2,292	256	2,036	—	—
Derivatives	799	788	—	797	2	—
Derivatives collateral	73	73	—	73	—	—
Other invested assets[(1)]	309	290	—	143	166	—
Investment income due and accrued	1,670	1,670	—	1,670	—	—
Separate accounts assets	11,060	10,998	1,265	8,595	—	1,200
Total assets	$ 158,520	$ 148,105	$ 2,457	$ 132,092	$22,770	$ 1,200
Liabilities:						
Deposit fund contracts:						
Funding agreements	$ 21,005	$ 20,733	$ —	$ —	$21,005	$ —
Annuities certain	36	32	—	—	36	—
Other deposit funds	633	633	—	—	633	—
Premiums paid in advance	103	103	—	103	—	—
Derivatives	366	365	1	363	2	—
Derivatives collateral	429	429	—	429	—	—
Borrowed money	402	402	—	402	—	—
Amounts payable under security lending agreements	629	629	—	629	—	—
Separate accounts liabilities - deposit type contracts	—	—	—	—	—	—
Total liabilities	$ 23,603	$ 23,691	$ 2	$ 2,289	$21,678	$ —

(1) Excludes investments accounted for under the equity method.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

	2018					
	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV as a Practical Expedient
Assets:						
Bonds	$ 108,132	$ 106,077	$ —	$ 104,555	$ 3,577	$ —
Preferred stocks	80	65	—	39	41	—
Common stocks(1)	1,363	1,363	1,155	—	208	—
Mortgage loans	17,482	17,554	—	—	17,482	—
Cash, cash equivalents and short-term investments	2,835	2,835	341	2,494	—	—
Derivatives	656	648	—	644	12	—
Derivatives collateral	87	87	—	87	—	—
Other invested assets(1)	390	379	—	128	262	—
Investment income due and accrued	1,494	1,494	—	1,494	—	—
Separate accounts assets	10,412	10,453	1,250	8,060	14	1,088
Total assets	$ 142,931	$ 140,955	$ 2,746	$ 117,501	$21,596	$ 1,088
Liabilities:						
Deposit fund contracts:						
Funding agreements	$ 19,038	$ 19,218	$ —	$ —	$19,038	$ —
Annuities certain	44	42	—	—	44	—
Other deposit funds	534	534	—	—	534	—
Premiums paid in advance	98	98	—	98	—	—
Derivatives	342	342	—	342	—	—
Derivatives collateral	321	321	—	321	—	—
Borrowed money	501	501	—	501	—	—
Amounts payable under security lending agreements	652	652	—	652	—	—
Separate accounts liabilities - deposit type contracts	338	338	1	337	—	—
Total liabilities	$ 21,868	$ 22,046	$ 1	$ 2,251	$19,616	$ —

(1) Excludes investments accounted for under the equity method.

Bonds

Securities priced using a pricing service are generally classified as Level 2. The pricing service generally uses an income-based valuation approach by using a discounted cash-flow model or it may also use a market approach by looking at recent trades of a specific security to determine fair value on public securities or a combination of the two. Typical inputs used by these pricing services include, but are not limited to: benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds.

Private placement securities are primarily priced using a market approach such as a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. Specifically, the Barclays Investment Grade Corporate Index is used for investment-grade securities and the Citi High Yield Cash Index is used for below investment-grade securities. These indices are two widely recognized, reliable and well regarded benchmarks by participants in the financial services industry, which represent the broader U.S. public bond markets. The spreads derived from each matrix are adjusted for liquidity. The liquidity premium is standardized and based on market transactions. These securities are classified as Level 2.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

Certain private placement securities that cannot be priced using the matrix pricing described above, are priced by an internally developed discounted cash flow model or are priced based on internal calculations. The model uses observable inputs with a discount rate based off spreads of comparable public bond issues, adjusted for liquidity, rating and maturity. The Company assigns a credit rating for private placement securities based upon internal analysis. The liquidity premium is usually based on market transactions. These securities are classified as Level 2.

For some of the private placement securities priced through the model, the liquidity adjustments may not be based on market data, but rather, calculated internally. If the impact of the liquidity adjustment, which usually requires the most judgment, is not significant to the overall value of the security, the security is still classified as Level 2. If it is deemed to be significant, the security is classified as Level 3.

The valuation techniques for most Level 3 bonds are generally the same as those described in Level 2. However, if the investments are less liquid or are lightly traded, there is generally less observable market data, and therefore these investments will be classified as Level 3. Circumstances where observable market data are not available may include events such as market illiquidity and credit events related to the security. In addition, certain securities are priced based upon internal valuations using significant unobservable inputs. If a security could not be priced by a third-party vendor or through internal pricing models, broker quotes are received and reviewed by each investment analyst. These inputs may not be observable. Therefore, Level 3 classification is determined to be appropriate.

Included in bonds are affiliated bonds from MCF and NYL Investments. The affiliated bond from MCF had a carrying value of $2,285 million and a fair value of $2,284 million at December 31, 2019 and a carrying value $2,160 million and a fair value of $2,161 million at December 31, 2018. The fair value of this security is calculated internally and may include inputs that may be not observable. Therefore, this security is classified as Level 3. The affiliated bond from NYL Investments had a carrying value of $600 million and a fair value of $641 million at December 31, 2019 and a carrying value of $600 million and a fair value of $602 million at December 31, 2018. The fair value of this security is calculated internally using observable inputs and is therefore classified at Level 2.

Preferred Stocks

Preferred stocks valued using prices from third-party pricing services generally use a discounted cash flow model or a market approach to arrive at the security's fair value and are classified as Level 2. Preferred stocks classified as Level 3 are valued based on internal valuations where significant inputs are deemed to be unobservable.

Common Stocks

These securities are mostly comprised of exchange traded U.S. and foreign common stock and mutual funds. The fair value of these securities is primarily based on unadjusted quoted prices in active markets that are readily and regularly available and are classified as Level 1. Common stocks priced through an internal valuation where significant inputs are deemed to be unobservable, including securities issued by government organizations where fair value is fixed, are classified as Level 3.

Mortgage Loans

The estimated fair value of mortgage loans is determined using an income approach, based upon the present value of the expected cash flows discounted at an interpolated treasury yield plus a spread. The spread is based on management's judgment and assumptions and it takes into account property type, LTV and remaining term of each loan. The spread is a significant component of the pricing inputs. These investments are classified as Level 3.

Cash, Cash Equivalents, Short-term Investments and Investment Income Due and Accrued

Cash on hand and money market mutual funds are classified as Level 1. Cash overdrafts (i.e. outstanding checks) are classified as Level 2. Due to the short-term maturities of cash equivalents, short term investments, and investment income due and accrued, carrying value approximates fair value and is classified as Level 2.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

Derivatives

The fair value of derivative instruments is generally derived using valuation models that use an income approach, except for derivatives that are exchange-traded, which are valued using quoted prices in an active market. Where valuation models are used, the selection of a particular model depends upon the contractual terms of, and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation model inputs include contractual terms, yield curves, foreign exchange rates, equity prices, credit curves, measures of volatility and other factors. Exchange-traded derivatives are valued using a market approach as fair value is based on quoted prices in active market and are classified as Level 1. OTC derivatives that trade in liquid markets, where model inputs are observable for substantially the full term, are classified as Level 2. Derivatives that are valued based upon models with any significant unobservable market inputs or inputs from less actively traded markets, or where the fair value is solely derived using broker quotations, are classified as Level 3.

Derivatives Collateral

The carrying value of these instruments approximates fair value since these assets and liabilities are generally short-term in nature.

Other Invested Assets

Other invested assets are principally comprised of LIHTC investments, affiliated loans and certain other investments with characteristics of debt. The fair value of the affiliated loans and the LIHTC investments are derived using an income valuation approach, which is based on a discounted cash flow calculation using a discount rate that is determined internally. These investments are classified as Level 3 because the discount rate used is based on management's judgment and assumptions. Refer to Note 11 - Related Party Transactions for details on intercompany investments and Note 6 - Investments for details on LIHTC investments. The fair value of investments with debt characteristics is derived using an income valuation approach, which is based on a discounted cash flow calculation that may or may not use observable inputs. The fair value of investments with debt characteristics is derived using an income valuation approach, which is based on a discounted cash flow calculation that may or may not use observable inputs. For affiliated loans due within one year, carrying value is deemed to approximate fair value due to the short-term nature of these investments. These investments are classified as Level 2.

Separate Accounts Assets

Separate accounts assets reported as Level 1 in the fair value hierarchy are comprised of cash and common stocks. Common stocks are generally traded on an exchange. Separate accounts assets reported as Level 2 relate to investments in U.S. government and treasury securities, corporate bonds and mortgage-backed securities. These separate accounts assets are valued and assigned within the fair value hierarchy, consistent with the methodologies described herein for similar financial instruments held within the general account of the Company.

The separate accounts also invest in limited partnerships and hedge fund investments. These investments are valued based on the latest NAV received.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

The following tables provide additional information for investments that are measured at fair value using NAV as a practical expedient, as allowed under authoritative guidance, for investments that meet specified criteria (in millions):

2019

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund	Long/short equity, futures, options, foreign exchange arbitrage	$ 378	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	30-90 days (Assets subject to lock-up periods)
Hedge fund	Distressed securities, multi-strategy	7	—	N/A	N/A
Private equity	Leverage buyout, mezzanine financing, distressed securities	815	504	N/A	N/A
		$ 1,200	$ 504		

2018

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund	Long/short equity, futures, options, foreign exchange arbitrage	$ 349	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	0 - 90 days (Assets subject to lock-up periods)
Hedge fund	Distressed securities, multi-strategy	14	—	Semi-Annual, Quarterly	60 - 90 days (Assets subject to lock-up periods)
Private equity	Leverage buyout, mezzanine financing, distressed securities	702	550	N/A	N/A
Collective investment trust	Investment grade fixed income	23	—	On request	N/A
		$ 1,088	$ 550		

Deposit Fund Contracts

For funding agreements backing medium term notes, fair values are based on available market prices for the notes. For other funding agreements and annuities certain liabilities, fair values are estimated using discounted cash flow calculations based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. For all other deposit funds, the fair value is estimated to be equal to the account value since they can be withdrawn at anytime and without prior notice.

Premiums Paid in Advance

For premiums paid in advance, the carrying value of the liability approximates fair value.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

Borrowed Money

Borrowed money consists of intercompany borrowings and other financing arrangements. Due to the short-term nature of the transactions, the carrying value approximates fair value. The Company had no repurchase agreements at December 31, 2019 and 2018 in the general account. The Company had repurchase agreements at December 31, 2019 and had no repurchase agreements at December 31, 2018 in the separate account.

Amounts Payable Under Securities Lending Agreements

Amounts due under securities lending consists of cash collateral received under securities lending agreements. Due to the short-term nature of the transactions, the carrying value approximates fair value.

Separate Accounts Liabilities – Deposit Type Contracts

For deposit type contracts, which are funding agreements, the proceeds from which are invested primarily in fixed income securities, the carrying value of the liability approximates the fair value of the invested assets. These assets are valued using the same methods described for separate accounts assets and are classified as Level 2. The Company had no separate accounts deposit type contract liabilities at December 31, 2019.

The following tables present the balances of assets and liabilities measured and carried at fair value or NAV at December 31, 2019 and 2018 (in millions):

	2019				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as a Practical Expedient	Total
Assets at fair value					
Bonds					
U.S. corporate	$ —	$ —	$ 11	$ —	$ 11
Non-agency CMBS	—	5	—	—	5
Non-agency ABS	—	3	—	—	3
Total bonds	—	8	11	—	19
Preferred stocks	—	2	2	—	4
Common stocks	936	—	181	—	1,117
Derivatives	—	778	2	—	780
Separate accounts assets	1,265	3,204	—	1,200	5,669
Total assets at fair value	$ 2,201	$ 3,992	$ 196	$ 1,200	$ 7,589
Liabilities at fair value					
Derivatives	$ 1	$ 360	$ 2	$ —	$ 363
Separate accounts liabilities - derivatives	—	—	—	—	—
Total liabilities at fair value	$ 1	$ 360	$ 2	$ —	$ 363

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

	2018				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as a Practical Expedient	Total
Assets at fair value					
Bonds					
U.S. corporate	$ —	$ 17	$ —	$ —	$ 17
Non-agency CMBS	—	4	—	—	4
Non-agency ABS	—	3	4	—	7
Total bonds	—	24	4	—	28
Preferred stocks	—	6	10	—	16
Common stocks	1,155	—	208	—	1,363
Derivatives	—	620	12	—	632
Separate accounts assets	1,250	3,269	3	1,088	5,610
Total assets at fair value	$ 2,405	$ 3,919	$ 237	$ 1,088	$ 7,649
Liabilities at fair value					
Derivatives	$ —	$ 342	$ —	$ —	$ 342
Separate accounts liabilities - derivatives[1]	1	—	—	—	1
Total liabilities at fair value	$ 1	$ 342	$ —	$ —	$ 343

(1) The total gains (losses) included in surplus for separate accounts assets are offset by an equal amount for separate accounts liabilities, which results in a net zero impact on surplus for the Company.

The tables below present a reconciliation of Level 3 assets and liabilities for the years ended December 31, 2019 and 2018 (in millions):

	2019									
	Balance at 1/1	Transfers into Level 3	Transfers out of Level 3	Total Gains (Losses) Included in Net Income	Total Gains (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31
Assets:										
Bonds:										
U.S. corporate	$ —	$ 11	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 11
Non-agency ABS	4	—	(4)	—	—	—	—	—	—	—
Total bonds	4	11	(4)	—	—	—	—	—	—	11
Common stocks	208	5	(1)	(1)	(1)	41	—	(70)	—	181
Preferred stocks	10	—	(8)	—	—	—	—	—	—	2
Derivatives	12	—	—	(22)	10	2	—	—	—	2
Separate accounts assets(1)	3	—	(3)	—	—	—	—	—	—	—
Total	$ 237	$ 16	$ (16)	$ (23)	$ 9	$ 43	$ —	$ (70)	$ —	$ 196
Liabilities:										
Derivatives	$ —	$ —	$ —	$ —	$ —	$ 2	$ —	$ —	$ —	$ 2
Total	$ —	$ —	$ —	$ —	$ —	$ 2	$ —	$ —	$ —	$ 2

(1) The total gains (losses) included in surplus for separate accounts assets are offset by an equal amount for separate accounts liabilities, which results in a net zero impact on surplus for the Company.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

	2018										
	Balance at 1/1	Change in Accounting Principle[2]	Transfers into Level 3	Transfers out of Level 3	Total Gains (Losses) Included in Net Income	Total Gains (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31
Bonds:											
Non-agency ABS	$ 2	$ —	$ 3	$ (2)	$ —	$ (1)	$ 2	$ —	$ —	$ —	$ 4
Total bonds	2	—	3	(2)	—	(1)	2	—	—	—	4
Common stocks	158	—	5	—	1	—	158	—	(114)	—	208
Preferred stocks	10	—	—	(2)	—	—	2	—	—	—	10
Derivatives	9	—	—	—	(49)	32	35	—	(15)	—	12
Separate accounts assets[1]	839	(837)	3	—	1	(1)	—	—	(2)	—	3
Total	$ 1,018	$ (837)	$ 11	$ (4)	$ (47)	$ 30	$ 197	$ —	$ (131)	$ —	$ 237

[1] The total gains (losses) included in surplus for separate accounts assets are offset by an equal amount for separate accounts liabilities, which results in a net zero impact on surplus for the Company.

[2] In accordance with SSAP 100R, separate accounts assets which pertained primarily to investments in private equities and hedge funds were permitted to be shown as NAV as practical expedient instead of fair value.

Transfers Between Levels

Transfers between levels may occur due to changes in valuation sources, or changes in the availability of market observable inputs, which generally are caused by changes in market conditions such as liquidity, trading volume or bid-ask spreads, or as a result of a security measured at amortized cost at the beginning of the period, but measured at estimated fair value at the end of the period, or vice versa due to a ratings downgrade or upgrade.

Transfers into and out of Level 3

The Company's basis for transferring assets and liabilities into and out of Level 3 is based on changes in the observability of data, a change in the security's measurement.

Transfers into Level 3 totaled $16 million for the year ended December 31, 2019, which primarily relates to $11 million of a U.S. corporate security that was measured at amortized cost at the beginning of the period and measured at fair value at the end of the period, and $5 million of common stocks that were transferred into level 3 due to Corporate Actions. Transfers out of Level 3 totaled $16 million for the year ended December 31, 2019, which primarily relates to $8 million of non-redeemable preferred stocks, $4 million of non-agency asset-backed securities, and $3 million of separate accounts assets that were measured at fair value at the beginning of the period and measured at amortized cost at the end of the period.

Transfers into Level 3 totaled $11 million for the year ended December 31, 2018, which primarily relates to $5 million of common stocks and $3 million of bonds. $3 million of the common stocks had a level change from 1 to 3 while the remainder was transferred into level 3 due to corporate actions. All of the bonds was related to a non-agency asset-backed security that was measured at amortized cost at the beginning of the period and measured at fair market value at the end of the period. Transfers out of Level 3 totaled $4 million for the year ended December 31, 2018, which primarily relates to $2 million of a non-agency asset-backed security that has a level change from 3 to 2; and preferred stocks of $2 million, which was measured at fair market value at the beginning of the period and of which $1 million was impaired down to zero at the end of the period and the remainder was measured at amortized cost at the end of the period.

NOTE 10 – INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES

The components of net investment income for the years ended December 31, 2019 and 2018 were as follows (in millions):

	2019	2018
Bonds	$ 4,662	$ 4,461
Common and preferred stocks	51	641
Mortgage loans	848	711
Policy loans	604	586
Other invested assets	1,113	1,040
Short-term investments	45	29
Derivatives	48	20
Real estate	278	239
Gross investment income	7,649	7,727
Investment expenses	(571)	(493)
Net investment income	7,078	7,234
Amortization of IMR	86	104
Net investment income, including amortization of IMR	$ 7,164	$ 7,338

Due and accrued investment income is excluded from surplus when amounts are over 90 days past due or collection is uncertain.

The following table shows the Company's securities redeemed or otherwise disposed of as a result of a callable feature (including make whole call provisions) and the amount of investment income generated as a result of a prepayment penalty and/or acceleration fee, which is included in Bonds in the table above ($ in millions):

	2019		2018	
	General Account	Separate Account	General Account	Separate Account
Number of cusips	214	67	183	17
Investment income	$ 45	$ 4	$ 48	$ 1

NOTE 10 – INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

For the years ended December 31, 2019 and 2018, net realized capital gains (losses) were as follows (in millions):

	2019	2018
Bonds	$ 46	$ (35)
Common and preferred stocks	96	52
Other invested assets	(193)	(165)
Real estate	5	13
Derivatives	(37)	3
Other[1]	68	—
Net realized capital gains (losses) before tax and transfers to IMR	$ (15)	$ (132)
Less:		
Capital gains tax expense (benefit)	21	(35)
Net realized capital gains (losses) after-tax transferred to IMR	81	(22)
Net realized capital gains (losses) after-tax and transfers to IMR	$ (117)	$ (75)

(1) Primarily includes foreign exchange gains on foreign currency funding agreements.

Proceeds from investments in bonds sold were $3,486 million and $4,759 million for the years ended December 31, 2019 and 2018, respectively. Gross gains of $141 million and $133 million in 2019 and 2018, respectively, and gross losses of $14 million and $128 million in 2019 and 2018, respectively, were realized on these sales. The Company computes gains and losses on sales under the specific identification method.

The following table provides a summary of OTTI losses included as realized capital losses for the years ended December 31, 2019 and 2018 (in millions):

	2019	2018
Other invested assets	$ (188)	$ (185)
Bonds	(74)	(45)
Common and preferred stocks	(10)	(6)
Total	$ (272)	$ (236)

Refer to Note 20 - Loan-Backed and Structured Security Impairments for a list with each loan-backed and structured security at a CUSIP level where the present value of cash flows expected to be collected is less than the amortized cost basis during the current year.

NOTE 10 – INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

The following tables present the Company's gross unrealized losses and fair values for bonds and equity securities aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2019 and 2018 (in millions):

	2019					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses[1]
Bonds						
U.S. governments	$ 664	$ 13	$ 88	$ 4	$ 752	$ 17
All other governments	9	—	5	—	14	—
U.S. Special Revenue and Special Assessment	1,560	17	371	6	1,931	23
Industrial and miscellaneous unaffiliated	4,016	53	2,511	53	6,527	106
Parent, subsidiaries, and affiliates	2,284	1	—	—	2,284	1
Total bonds	$ 8,533	$ 84	$ 2,975	$ 63	$ 11,508	$ 147
Equity securities (unaffiliated)						
Common stocks	$ 7	$ 2	$ —	$ —	$ 7	$ 2
Preferred stocks	2	—	2	—	4	—
Total equity securities	9	2	2	—	11	2
Total	$ 8,542	$ 86	$ 2,977	$ 63	$ 11,519	$ 149

(1) Includes unrealized losses of $1 million related to NAIC 6 bonds included in the statutory carrying amount.

	2018					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses[1]
Bonds						
U.S. governments	$ 308	$ 5	$ 919	$ 55	$ 1,227	$ 60
All other governments	50	1	83	2	133	3
U.S. Special Revenue and Special Assessment	3,442	85	3,963	204	7,405	289
Industrial and miscellaneous unaffiliated	32,921	1,006	12,673	702	45,594	1,708
Hybrid securities	1	—	—	—	1	—
Total bonds	$ 36,722	$ 1,097	$ 17,638	$ 963	$ 54,360	$ 2,060
Equity securities (unaffiliated)						
Common stocks	$ 584	$ 53	$ 13	$ 1	$ 597	$ 54
Preferred stocks	16	1	8	—	24	1
Total equity securities	600	54	21	1	621	55
Total	$ 37,322	$ 1,151	$ 17,659	$ 964	$ 54,981	$ 2,115

(1) Includes unrealized losses of $1 million related to NAIC 6 rated bonds included in the statutory carrying amount.

NOTE 10 – INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

At December 31, 2019, the gross unrealized loss on bonds and equity securities was comprised of approximately 1,514 and 21 different securities, respectively, which are included in the table above. Of the total amount of bond unrealized losses, $95 million, or 65%, is related to investment grade securities and $52 million, or 35%, is related to below investment grade securities. At December 31, 2018, the gross unrealized loss on bonds and equity securities was comprised of approximately 6,764 and 485 different securities, respectively, which are included in the table above. Of the total amount of bond unrealized losses, $1,737 million, or 84%, is related to investment grade securities and $324 million, or 16%, is related to below investment grade securities. Investment grade is defined as a security having a credit rating from the NAIC of 1 or 2; a rating of Aaa, Aa, A or Baa from Moody's or a rating of AAA, AA, A or BBB from Standard & Poor's ("S&P"); or a comparable internal rating if an externally provided rating is not available.

The amount of gross unrealized losses for bonds where fair value had declined by 20% or more of the amortized cost, totaled $8 million. The period of time that each of these securities has continuously been below amortized cost by 20% or more consists of $6 million for six months or less, less than 1 million for greater than six months through 12 months, and $1 million for greater than 12 months. In accordance with the Company's impairment policy, the Company performed quantitative and qualitative analysis to determine if the decline was temporary. For those securities where the decline was considered temporary, the Company did not recognize an impairment when it had the ability and intent to hold until recovery.

The change in unrealized capital gains (losses) for the years ended December 31, 2019 and 2018 were as follows (in millions):

	Change in Unrealized Gains (Losses)		Change in Unrealized Foreign Exchange Gains (Losses)		Change in Total Unrealized Gains (Losses)	
	2019	2018	2019	2018	2019	2018
Bonds	$ 1	$ 3	$ 97	$ (168)	$ 98	$ (165)
Preferred stocks	1	1	—	—	1	1
Common stocks (unaffiliated)	159	(156)	—	(2)	159	(158)
Common stocks (affiliated)	573	(408)	—	—	573	(408)
Mortgage Loans	(11)	—	—	—	(11)	—
Cash, cash equivalents and short-term investments	—	—	—	(2)	—	(2)
Derivatives	135	69	(3)	7	132	76
Other invested assets	501	4	(50)	(21)	451	(17)
Aggregate write-ins	—	—	(181)	136	(181)	136
Total change in unrealized on investments	1,359	(487)	(137)	(50)	1,222	(537)
Capital gains tax expense (benefit)	(64)	(13)	—	—	(64)	(13)
Total change in unrealized capital gains (losses), net of tax	$ 1,295	$ (500)	$ (137)	$ (50)	$ 1,158	$ (550)

NOTE 11 – RELATED PARTY TRANSACTIONS

Capital Contributions

For the years ended December 31, 2019 and 2018, the Company made the following capital contributions to its insurance and holding company subsidiaries (in millions):

	2019	2018
NYLE	$ 8	$ 40
NYLIFE LLC	—	3
Total	$ 8	$ 43

Dividends Received

For the years ended December 31, 2019 and 2018, the Company recorded the following dividend distributions from its insurance and holding company subsidiaries (in millions):

	2019	2018
NYL Investments	$ 213	$ 129
MCF	121	93
NYL Investors	120	90
NYLAZ	10	—
NYLIAC	—	600
Total	$ 464	$ 912

During 2019 and 2018, the Company received a return of capital from NYLE of $7 million and $448 million, respectively.

Loan Agreements

On December 31, 2015, the Company and NYLIAC entered into a note funding agreement with MCF (as amended from time to time, the “MCF Note Agreement”), and acquired a variable funding note issued by MCF thereunder (the “2015 Note”). On July 1, 2018, the 2015 Note was canceled and reissued (the “2018 Note”). The 2018 Note, which is included in Bonds in the accompanying Statutory Statements of Financial Position, had an outstanding balance for the Company of $2,285 million and $2,160 million at December 31, 2019 and 2018, respectively. During 2019 and 2018, the Company recorded interest income from MCF under the MCF Note Agreement of $105 million and $106 million, respectively, which was included in Net investment income in the accompanying Statutory Statements of Operations. Pursuant to the MCF Note Agreement and 2018 Note, the Company and NYLIAC may provide an aggregate of up to $5,200 million in funding to MCF for lending and equity investment commitments, as well as for business expenses. All outstanding advances made to MCF under the MCF Note Agreement, together with unpaid interest thereon, will be due in full on December 31, 2025.

On January 29, 2019, the Company and New York Life Capital Corporation (“NYLCC”), a wholly owned subsidiary of NYLIFE LLC, entered into a five-year $1,500 million revolving credit facility (the "Credit Facility") with a syndicate of lenders. The Credit Facility expires on January 29, 2024. The Company and NYLCC are borrowers under the Credit Facility. The Credit Facility replaced a five-year $1,250 million revolving credit facility, effective April 13, 2016, that the Company entered into with a syndicate of lenders, which was terminated on January 29, 2019. NYLCC’s commercial paper capacity is $3,000 million. During 2019 and 2018, this credit facility was not used, no interest was paid and no outstanding balance was due.

At December 31, 2019 and 2018, the Company had a bond with NYL Investments with a carrying value of $600 million. During both 2019 and 2018, the Company recorded interest income from NYL Investments totaling $26 million.

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

On August 19, 2015, the Company entered into a loan agreement with Cordius CIG, a sub-fund of Cordius, which is a Société d'Investissement à Captial Variable (a "SICAV"). A SICAV is an open-ended collective investment product common in Western Europe and is similar to an open-ended mutual fund in the U.S. Cordius is an indirect affiliate of the Company. Under this agreement, which was amended and restated at September 29, 2017, the Company issued a loan to Cordius CIG for €100 million. Cordius CIG paid down €50 million on the loan during 2016. The loan had a carrying value, translated in U.S.dollars, of $57 million at December 31, 2018. In 2019, Cordius CIG paid down the remaining €50 million on the loan and the loan agreement was terminated effective July 24, 2019. At December 31, 2018, the loan was included in Limited partnerships and Other invested assets in the accompanying Statutory Statements of Financial Position. During both 2019 and 2018, the Company recorded interest income on the loan totaling less than $1 million, which was included in net investment income.

The Company has entered into three separate loan agreements with NYL Investors. The loans had an outstanding balance totaling $50 million and $59 million at December 31, 2019 and 2018, respectively. The loans are variable rate loans with maturity dates of April 2031, May 2030 and April 2027. The loans are included in Limited partnerships and Other invested assets in the accompanying Statutory Statements of Financial Position. During both 2019 and 2018, the Company recorded interest income on the loans totaling $3 million, which was included in net investment income.

Service Agreements

The Company is party to an investment advisory agreement with NYL Investors, as amended from time to time, to receive investment advisory and administrative services from NYL Investors. The payments are required to be made within 90 days from the time of billing. For the years ended December 31, 2019 and 2018, the total cost of these services to the Company was $192 million and $174 million, respectively.

Under various written agreements, the Company has agreed to provide certain of its direct and indirect subsidiaries with certain services and facilities including but not limited to the following: accounting, tax and auditing services, legal services, actuarial services, electronic data processing operations, and communications operations. The Company is reimbursed for the identified costs associated with these services and facilities. Such costs amounting to $1,071 million and $1,150 million for the years ended December 31, 2019 and 2018, respectively, were incurred by the Company and billed to its subsidiaries. The terms of the agreements require that these amounts be settled in cash within 90 days.

At December 31, 2019 and 2018, the Company reported a net amount of $69 million and $38 million, respectively, due from subsidiaries and affiliates. The terms of the underlying agreements generally require that these amounts be settled in cash within 90 days.

Other Agreements

In connection with a $150 million land acquisition of a fee simple estate in land underlying an office building and related improvements and encumbered by a ground lease located at 1372 Broadway, New York, New York by the Company (73.8% interest) and NYLIAC (26.2% interest), the Company and NYLIAC entered into a Tenancy In Common Agreement dated June 11, 2012 in which the agreement sets forth the terms that govern, in part, each entity's interest in the property. For both of the years ended December 31, 2019 and 2018, income earned amounted to $8 million.

A real estate property acquired through foreclosure is called a REO Portfolio. NYLIAC's interests in commercial mortgage loans are primarily held in the form of participations in mortgage loans originated or acquired by the Company. NYLIAC's interests in the ownership of REO Portfolio is called REO Ownership Interest. Under the participation agreement for the mortgage loans, it is agreed between the Company and NYLIAC that NYLIAC's proportionate interest (as evidenced by a participation certificate) in the underlying mortgage loan, including without limitation, the principal balance thereof, all interest which accrues thereon, and all proceeds generated there from, will be pari passu with the Company's and pro rata based upon the respective amounts funded by the Company and NYLIAC in connection with the applicable mortgage loan origination or acquisition. Consistent with the participation arrangement, all mortgage loan documents name the Company (and not both NYLIAC and the Company) as the lender but are held for the benefit of both the Company and NYLIAC pursuant to the applicable participation agreement. The Company retains general decision making authority with respect to each mortgage loan, although certain decisions require NYLIAC's approval.

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

The Company has purchased various corporate owned life insurance policies from NYLIAC for the purpose of informally funding certain benefits for the Company's employees and agents. These policies were issued to the Company on the same terms as policies sold to unrelated customers. For the years ended December 31, 2019 and 2018, the cash surrender value of these policies amounted to $4,138 million and $4,022 million, respectively, and is included with Other assets in the accompanying Statutory Statements of Financial Position. Of the $4,138 million cash surrender value at December 31, 2019, $3,176 million is invested in NYLIAC's general account and $962 million is invested in NYLIAC's separate accounts products. The investments in NYLIAC's separate accounts are allocated into the following categories based on primary underlying investment characteristics: 7% bonds, 20% stocks, 72% cash and short-term investments, and 1% real estate. During 2019 and 2018, the Company recorded income related to these policies of $200 million and $90 million, respectively, and is included in Other income in the accompanying Statutory Statements of Operations.

The Company has issued $9,084 million and $8,673 million at December 31, 2019 and 2018, respectively, of single premium annuities to NYLIAC in connection with NYLIAC's obligation under structured settlement agreements. NYLIAC has directed the Company to make the payments under the annuity contracts directly to beneficiaries under the structured settlement agreements.

The Company is the assumed obligor for certain structured settlement agreements with unaffiliated insurance companies, beneficiaries and other non-affiliated entities. To satisfy its obligations under these agreements, the Company owns single premium annuities issued by NYLIAC. The obligations are based upon the actuarially determined present value of expected future payments. Interest rates used in establishing such obligations range from 8.25% to 8.75%. The Company has directed NYLIAC to make the payments under the annuity contracts directly to the beneficiaries under the structured settlement agreements. At December 31, 2019 and 2018, the carrying value of the annuity contracts and the corresponding obligations amounted to $147 million and $145 million, respectively.

In the ordinary course of business, the Company enters into reinsurance agreements with its subsidiaries and affiliates. Material reinsurance agreements have been disclosed in Note 13 – Reinsurance.

In the ordinary course of business, the Company enters into numerous arrangements with its affiliates. In addition, in the ordinary course of business, the Company may enter into guarantees and/or keepwells between itself and its affiliates. Material guarantee agreements have been disclosed in Note 15 - Commitments and Contingencies.

NOTE 12 – INSURANCE LIABILITIES

Liabilities for policy reserves, deposit funds and policy claims at December 31, 2019 and 2018 were as follows (in millions):

	2019	2018
Life insurance reserves	$ 82,277	$ 78,574
Annuity reserves and supplementary contracts with life contingencies	27,632	26,605
Accident and health reserves (including long-term care)	4,343	4,067
Asset adequacy and special reserves	699	722
Total policy reserves	114,951	109,968
Deposit funds	23,451	21,909
Policy claims	625	747
Total liabilities for policy reserves, deposit funds and policy claims	$ 139,027	$ 132,624

NOTE 12 – INSURANCE LIABILITIES (continued)

Life Insurance Reserves

Reserves for life insurance policies are maintained principally using the 1941, 1958, 1980, 2001, and 2017 Commissioners' Standard Ordinary (“CSO”) Mortality Tables and the 1958 and 1980 Commissioners’ Extended Term (“CET”) Mortality Tables under the net level premium method, the Commissioners' Reserve Valuation Method (“CRVM”), or Modified Preliminary Term (“MPT”) with valuation interest rates ranging from 2.0% to 6.0%.

The tabular interest for life insurance has been determined by a formula as described in the NAIC instructions.

The tabular less actual reserve released has been determined by a formula as described in the NAIC instructions.

The tabular cost for individual life insurance for seven year term, for certain survivorship whole life policies, and for ancillary coverage has been determined by a formula as described in the NAIC instructions. For all other coverages, including the bulk of individual life, the tabular cost has been determined from the basic data for the calculation of policy reserves.

The Company has established policy reserves on contracts issued January 1, 2001 and later that exceed the minimum amounts determined under Appendix A-820, “Minimum Life and Annuity Reserve Standards” of NAIC SAP by approximately $649 million and $418 million in 2019 and 2018, respectively.

The Company waives deductions of deferred fractional premiums upon death of the insured and returns a portion of the final premium beyond the date of death. No surrender values are promised in excess of the total reserves. Certain substandard policies are valued on tables that are multiples of the standard table. Other substandard policies were valued as equivalent to standard lives on the basis of insurance age. Additional reserves were held on account of anticipated extra mortality for policies subject to extra premiums.

At December 31, 2019 and 2018, the Company had $42,929 million and $29,210 million, respectively, of insurance in-force for which the gross premiums were less than the net premiums according to the standard of valuation set by the state of New York.

The Company has elected to establish reserves pursuant to NAIC Valuation Manual Appendix A and Valuation Manual Appendix C for contracts issued in 2019 and 2018, as allowed during the first three years following the operating date of the Valuation Manual.

In 2019 and 2018, the Company recorded a $26 million and $33 million, respectively, increase in reserves for blended whole life insurance sold under the Group Membership business operation to reflect an updated valuation methodology. This change in valuation basis was reported as a direct reduction in surplus in the accompanying Statutory Statements of Changes Surplus.

Annuity Reserves and Supplementary Contracts Involving Life Contingencies

Tabular interest for group annuity contracts has been determined from the basic data for the calculation of policy reserves as described in the NAIC instructions.

Reserves for supplementary contracts involving life contingencies and annuities involving current mortality risks are based principally on 1951 Group Annuity Mortality (“GAM”), 1960 Mod. a-49, 1971 Individual Annuity Mortality (“IAM”), 1983 Table A, A2000, 2012 Individual Annuity Reserving table ("IAR") and the Commissioners’ Annuity Reserve Valuation Method (“CARVM”) with assumed interest rates ranging from 2.0% to 9.5%.

In 2018, the Company recorded a $6 million increase in reserves for single premium buy-out deferred annuity contracts to reflect an updated valuation methodology. This change in valuation basis was reported as a direct reduction in surplus in the accompanying Statutory Statements of Changes in Surplus.

NOTE 12 – INSURANCE LIABILITIES (continued)

In 2018, the Company established an additional actuarial reserve of $200 million based on asset adequacy analysis for structured settlement contracts. In 2019, $60 million of the additional asset adequacy reserves for structured settlement contracts was released, and a corresponding $60 million was established based on asset adequacy analysis for guaranteed products. These amounts are included in Additions to reserves in the accompanying Statutory Statements of Operations.

Generally, owners of annuities in payout status are not able to withdraw funds from their policies at their discretion.

Accident and Health Reserves (Including Long-term Care)

Reserves for accident and health policies are valued consistent with interest rate and morbidity tables, where applicable.

Claim reserves and unpaid claim liabilities were $1,420 million and $1,371 million at December 31, 2019 and 2018, respectively. During 2019 and 2018, $195 million and $176 million was paid for incurred losses and loss adjustment expenses attributable to insured events of prior years, respectively. Additionally, during 2019, there was $11 million of favorable prior-year loss development, the result of ongoing analysis of recent loss development trends. Reserves remaining for prior years at December 31, 2019 were $1,166 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on long-term care, group medical (discontinued in 2013), disability income and Medicare supplement insurance.

Original estimates were adjusted as additional information became known regarding individual claims. The Company had no unfavorable prior year loss development on retrospectively rated policies included in this decrease. However, the business to which it relates is subject to premium adjustments.

In 2018, the Company recorded a $197 million increase in formulaic reserves for long-term care contracts. This change in valuation basis was reported as a direct reduction in surplus in the accompanying Statutory Statements of Changes in Surplus. This was offset by a $195 million decrease in asset adequacy reserves for long-term care contracts, which is included in Additions to reserves in the accompanying Statutory Statements of Operations.

Participating Policies

Individual and group life participating policies represent 99.4% of total individual and group life insurance inforce. The Company paid dividends in the amount of $1,937 million and $1,932 million to individual and group life policyholders at December 31, 2019 and 2018, respectively, and did not allocate any additional income to such policyholders.

Deposit Funds

Deposit funds at December 31, 2019 and 2018 were as follows (in millions):

	2019	2018
GICs without life contingencies (including funding agreements)	$ 20,733	$ 19,218
Dividend accumulations or refunds and other deposit funds	2,333	2,308
Supplemental contracts without life contingencies	303	282
Continued interest accounts	50	59
Annuities certain	32	42
Total deposit funds	$ 23,451	$ 21,909

The weighted average interest rate on all GICs without life contingencies was 2.21% and 2.33% at December 31, 2019 and 2018, respectively. The weighted average remaining maturity was 2 years, 10 months and 2 years, 8 months at December 31, 2019 and 2018, respectively. Withdrawal prior to maturity is generally not permitted.

GICs without life contingencies issued by the Company include funding agreements issued to special purpose entities (“SPEs”) and the FHLB of NY.

NOTE 12 – INSURANCE LIABILITIES (continued)

The SPEs purchase the funding agreements with the proceeds from medium term notes issued by the SPE, which have payment terms substantially identical to the funding agreements issued by the Company. At December 31, 2019 and 2018, the balance under funding agreements sold by the Company to the SPEs was $16,615 million and $14,527 million, respectively.

The Company is a member of the FHLB of NY and issues funding agreements to the FHLB of NY in exchange for cash. The proceeds from the sale of these funding agreements are invested to earn a spread. The funding agreements are issued through the general account and are included in the liability for Deposit funds in the accompanying Statutory Statements of Financial Position. When a funding agreement is issued, the Company is required to post collateral in the form of eligible securities including mortgage-backed, government and agency debt instruments for each of the advances received. Upon any event of default by the Company, the FHLB of NY's recovery on the collateral is limited to the amount of the Company's liability to the FHLB of NY.

The amount of FHLB of NY common stock held, in aggregate, exclusively in the Company's general account at December 31, 2019 and 2018 was as follows (in millions):

	2019	2018
Membership stock - class B[(1)]	$ 47	$ 41
Activity stock	127	161
Aggregate total	$ 174	$ 202
Actual or estimated borrowing capacity as determined by the insurer	$ 8,832	$ 8,349

[(1)] Membership stock is not eligible for redemption.

The amount of collateral pledged to the FHLB of NY at December 31, 2019 and 2018 was as follows (in millions):

	Fair Value	Carrying Value	Aggregate Total Borrowing
Current year general account	$ 4,324	$ 4,090	$ 2,832
Prior year general account	$ 4,674	$ 4,645	$ 3,584

The maximum amount of collateral pledged to the FHLB of NY during the years ended December 31, 2019 and 2018 was as follows (in millions):

	Fair Value	Carrying Value	Aggregate Total Borrowing
Current year general account	$ 5,107	$ 4,983	$ 3,509
Prior year general account	$ 4,674	$ 4,645	$ 3,584

The following table reflects the amount borrowed from the FHLB of NY in the form of funding agreements at December 31, 2019 and 2018 (in millions):

	2019	2018
Funding agreements issued	$ 2,832	$ 3,584
Funding agreement reserves established	$ 2,832	$ 3,584
Maximum amount borrowed during the year	$ 3,509	$ 3,584

The Company does not have any prepayment obligations for these funding agreement arrangements.

NOTE 12 – INSURANCE LIABILITIES (continued)

Withdrawal Characteristics of Annuity Reserves and Deposit Funds

The following tables reflect the withdrawal characteristics of annuity reserves and deposit fund liabilities at December 31, 2019 and 2018 ($ in millions):

Individual Annuities

	2019				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 18	$ —	$ —	$ 18	—%
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	18	—	—	18	—
At book value without adjustment	3	—	—	3	—
Not subject to discretionary withdrawal	8,750	—	—	8,750	100
Total	$ 8,771	$ —	$ —	$ 8,771	100%
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2018				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 19	$ —	$ —	$ 19	—%
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	19	—	—	19	—
At book value without adjustment	5	—	—	5	—
Not subject to discretionary withdrawal	8,517	—	—	8,517	100
Total	$ 8,541	$ —	$ —	$ 8,541	100%
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

NOTE 12 – INSURANCE LIABILITIES (continued)

Group Annuities

	2019				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 7,702	$ 5,321	$ —	$ 13,023	44%
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	2,691	2,927	5,618	19
Total with adjustment or at fair value	7,702	8,012	2,927	18,641	63
At book value without adjustment	1,495	—	—	1,495	5
Not subject to discretionary withdrawal	9,664	—	—	9,664	32
Total	$ 18,861	$ 8,012	$ 2,927	$ 29,800	100%
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2018				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 8,058	$ 4,828	$ —	$ 12,886	46%
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	2,570	2,687	5,257	19
Total with adjustment or at fair value	8,058	7,398	2,687	18,143	64
At book value without adjustment	1,280	—	—	1,280	5
Not subject to discretionary withdrawal	8,726	—	—	8,726	31
Total	$ 18,064	$ 7,398	$ 2,687	$ 28,149	100%
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

NOTE 12 – INSURANCE LIABILITIES (continued)

Deposit-Type Contracts

	2019				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ —	$ —	$ —	$ —	—%
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	—	—	—	—	—
At book value without adjustment	3,583	—	—	3,583	15
Not subject to discretionary withdrawal	19,868	—	—	19,868	85
Total	$ 23,451	$ —	$ —	$ 23,451	100%
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2018				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ —	$ —	$ —	$ —	—%
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	337	—	337	2
Total with adjustment or at fair value	—	337	—	337	2
At book value without adjustment	3,318	—	—	3,318	15
Not subject to discretionary withdrawal	18,591	—	—	18,591	84
Total	$ 21,909	$ 337	$ —	$ 22,246	100%
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

NOTE 12 – INSURANCE LIABILITIES (continued)

Withdrawal Characteristics of Life Insurance Reserves

The following tables reflect the withdrawal characteristics of life insurance reserves at December 31, 2019 and 2018 ($ in millions):

	2019					
	General Account			Separate Accounts Guaranteed and Non-guaranteed		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender, or policy loans:						
Term policies with cash value	$ —	$ 1	$ 404	$ —	$ —	$ —
Universal life	7	7	7	—	—	—
Universal life with secondary guarantees	—	—	—	—	—	—
Indexed universal life	—	—	—	—	—	—
Indexed universal life with secondary guarantees	—	—	—	—	—	—
Indexed life	—	—	—	—	—	—
Other permanent cash value life insurance	—	77,447	80,641	—	—	—
Variable life	—	—	—	—	—	—
Variable universal life	—	—	—	—	—	—
Miscellaneous reserves	—	—	—	—	—	—
Not subject to discretionary withdrawal or no cash values:						
Term policies without cash value	—	—	3,009	—	—	—
Accidental death benefits	—	—	53	—	—	—
Disability - active lives	—	—	469	—	—	—
Disability - disabled lives	—	—	623	—	—	—
Miscellaneous reserves	—	—	726	—	—	—
Total life insurance (gross)	7	77,455	85,932	—	—	—
Reinsurance ceded	—	3,174	3,657	—	—	—
Total life insurance (net)	$ 7	$ 74,281	$ 82,275	$ —	$ —	$ —

NOTE 12 – INSURANCE LIABILITIES (continued)

	2018					
	General Account			Separate Accounts Guaranteed and Non-guaranteed		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender, or policy loans:						
Term policies with cash value	$ —	$ 1	$ 398	$ —	$ —	$ —
Universal life	8	8	8	—	—	—
Universal life with secondary guarantees	—	—	—	—	—	—
Indexed universal life	—	—	—	—	—	—
Indexed universal life with secondary guarantees	—	—	—	—	—	—
Indexed life	—	—	—	—	—	—
Other permanent cash value life insurance	—	74,584	76,753	—	—	—
Variable life	—	—	—	—	—	—
Variable universal life	—	—	—	—	—	—
Miscellaneous reserves	—	—	—	—	—	—
Not subject to discretionary withdrawal or no cash values:						
Term policies without cash value	—	—	3,386	—	—	—
Accidental death benefits	—	—	53	—	—	—
Disability - active lives	—	—	389	—	—	—
Disability - disabled lives	—	—	638	—	—	—
Miscellaneous reserves	—	—	711	—	—	—
Total life insurance (gross)	8	74,593	82,336	—	—	—
Reinsurance ceded	—	3,284	3,763	—	—	—
Total life insurance (net)	$ 8	$ 71,309	$ 78,573	$ —	$ —	$ —

NOTE 13 – REINSURANCE

The Company enters into ceded reinsurance agreements in the normal course of its insurance business to reduce overall risk and to be able to issue life insurance policies in excess of its retention limits. The Company also participates in assumed reinsurance with third parties in acquiring additional business. Both assumed and ceded reinsurance transactions are discussed in further details below.

For the years ended December 31, 2019 and 2018, individual and group life reinsurance activity was as follows (in millions):

	2019	2018
Premiums:		
Direct	$ 15,627	$ 16,545
Assumed	828	1,027
Ceded	(492)	(488)
Net premiums	$ 15,963	$ 17,084
Policyholder benefits assumed	$ 1,186	$ 1,306
Policyholder benefits ceded	$ 643	$ 671
Reinsurance recoverable	$ 93	$ 145

Reinsurance Assumed

The Company assumes on a coinsurance basis 100% of the obligations and liabilities of John Hancock Life Insurance Company (U.S.A.) and one of its affiliates ("John Hancock") closed block primarily participating whole life insurance policies ("Closed Block"). The Company retrocedes 40% of those obligations and liabilities to John Hancock on a funds-withheld arrangement. The assets received from this transaction are pledged as collateral and are contractually restricted, the majority of which are held in reinsurance trust for the Company's obligations to John Hancock.

The insurance related revenue from the reinsured policies, including net investment income from the contractually restricted assets, after satisfying certain related expenses and taxes, inure solely to the benefit of those reinsured policyholders and will not be available to the Company's policyholders.

For the years ended December 31, 2019 and 2018, reserves related to the Closed Block reinsurance transaction were as follows (in millions):

	2019	2018
Reserves assumed	$ 8,155	$ 8,439
Reserves ceded	(3,262)	(3,376)
Reserves net	$ 4,893	$ 5,063

Effective April 1, 2018, the Company’s coinsurance with funds withheld and modified coinsurance agreements with NYLIAC were terminated, as NYLIAC fully recaptured the risks related to this business. The Company received a recapture fee from NYLIAC in the amount of $21 million pre-tax. Prior to the recapture, the Company had assumed 90% of a block of in-force life insurance business from NYLIAC consisting of universal life and variable universal life products assumed using a combination of coinsurance with funds withheld for the fixed portion maintained in the general account and modified coinsurance (“MODCO”) for policies in the separate accounts. An experience refund was paid to NYLIAC at the end of each accounting period for 100% of the profits in excess of $5 million per year. Experience refunds paid in 2018 were $2 million, which was reported in Premiums in the accompanying Statutory Statements of Operations.

NOTE 13 - REINSURANCE (continued)

Reinsurance Ceded

The Company enters into ceded reinsurance agreements in the normal course of its insurance business to reduce overall risk and to be able to issue life insurance policies in excess of its retention limits. Currently, the Company cedes the mortality risk on new business for term and employees' whole life insurance policies on a quota-share yearly renewable term basis. Most of the ceded reinsurance business is on an automatic basis. The quota share currently ceded generally ranges from 25% to 76% with a minimum size policy ceded of either $1 million or $2 million for term and no minimum size for employees' whole life. Cases in excess of the Company's retention and certain substandard cases are ceded on a facultative reinsurance basis. The majority of the Company's facultative reinsurance is for substandard cases in which it typically cedes 90%.

The ceding of risk does not discharge the Company from its primary obligations to policyholders. To the extent that the assuming reinsurers become unable to meet their obligations under reinsurance contracts, the Company remains contingently liable. Each reinsurer is reviewed to evaluate its financial stability before entering into each reinsurance contract and throughout the period that the reinsurance contract is in place.

Life insurance ceded was 11% of total life insurance in-force at both December 31, 2019 and 2018. The reserve reductions taken for life insurance reinsured were $3,657 million and $3,763 million for the years ended December 31, 2019 and 2018, respectively.

The Company has reinsurance agreements with New York Life Agents Reinsurance Company ("NYLARC"). NYLARC is a life insurance company wholly owned by NYLARC Holding Company, Inc., whose shareholders consist of the Company's top agents who meet certain criteria and who may also be agents of NYLIAC or NYLAZ. NYLARC reinsures a portion of certain life insurance products sold by its shareholders. NYLARC's purpose is to retain high production agents, and increase the volume and quality of the business that they submit to the Company and NYLIAC.

NOTE 14 – BENEFIT PLANS

Defined Benefit Plans

The Company maintains various tax-qualified and non-qualified defined benefit pension plans covering eligible U.S. employees and agents. The tax-qualified plan for employees includes both a traditional formula and a cash balance formula. The applicability of these formulas to a particular plan participant is generally determined by age and date of hire. Under the traditional formula, benefits are based on final average earnings and length of service. The cash balance formula credits employees' accounts with a percentage of eligible pay each year based on years of service, along with annual interest credits at rates based on IRS guidelines. Benefits under the tax-qualified plan for agents are based on length of service and earnings during an agent's career. The non-qualified pension plans provide supplemental benefits in excess of the maximum benefits applicable to a tax-qualified plan.

The tax-qualified defined benefit pension plans of the Company are funded solely by Company contributions. The Company's funding policy is to make annual contributions that are no less than the minimum amount needed to comply with the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the IRC of 1986, as amended, and no greater than the maximum amount deductible for federal income tax purposes. In 2019, the Company did not make any voluntary contributions to the tax-qualified plans. In 2018, the Company made voluntary contributions to the tax-qualified plans for employees and agents of $300 million and $200 million, respectively. No contributions were required to satisfy the minimum funding requirements under ERISA and the IRC.

The Company has established separate irrevocable grantor trusts covering certain of the non-qualified arrangements to help protect non-qualified payments thereunder in the event of a change in control of the Company. The grantor trusts are not subject to ERISA.

NOTE 14 – BENEFIT PLANS (continued)

Other Postretirement Benefits

The Company provides certain health care and life benefits for eligible retired employees and agents (and their eligible dependents). Employees are eligible for retiree health and life benefits if they are at least age 55 with 10 or more years of service with the Company. Agents are generally eligible for retiree health and life benefits if they meet certain age and service criteria on the date they terminate service. In either case, an employee or agent must be enrolled in active health care coverage on the date they terminate service to be eligible for retiree coverage.

Employees and agents who retired prior to January 1, 1993 and agents who were active on December 31, 1992 and met certain age or service criteria on that date do not make contributions toward retiree health care coverage. All other eligible employees and agents may be required to contribute towards retiree health care coverage. The Company pays the entire life insurance costs for retired employees and agents.

The Company has established two separate Voluntary Employees Beneficiary Association ("VEBA") Trusts, the Employees' Life and Health Benefit Trust ("Employee VEBA") and the Agents' Life and Health Benefit Trust ("Agent VEBA"). The Employee VEBA is currently exclusively used to fund a portion of the postretirement health and life benefits for retired employees, and the Agent VEBA is currently exclusively used to fund a portion of the postretirement health and life benefits for retired agents. In addition, the tax-qualified pension plan for agents includes a medical-benefit component to fund a portion of the postretirement obligations for retired agents and their dependents in accordance with IRC Section 401(h). The Company pays the remaining balance of these costs.

Postemployment Benefits and Compensated Absences

The Company provides compensated absences to eligible employees during employment, and certain benefits to eligible employees and agents after termination of service. These benefits include, but are not limited to, salary continuation during medical and pregnancy leaves, short-term disability-related benefits, and continuation of health care benefits.

Plan Assets

Each tax-qualified pension plan currently invests in two group annuity contracts which are held in separate trusts: one contract is an immediate participation guarantee ("IPG") contract relating to the Company's general account ("GA Contract"), and the other contract relates to the Company's pooled separate accounts ("SA Contract"). The Company is the issuer of the GA and SA Contracts. In addition, certain assets are directly invested in third-party real estate investment funds. Total tax-qualified plan assets at December 31, 2019 and 2018 were as follows (in millions):

	Tax-qualified Pension Plans	
	2019	**2018**
GA Contracts[1]	$ 4,282	$ 4,219
SA Contracts[2]	2,927	2,687
Third-party real estate investment funds	416	395
Cash	1	1
Total plan assets	$ 7,626	$ 7,302

[1] The GA Contracts are included in the Company's assets and policy reserves liabilities in the accompanying Statutory Statements of Financial Position.
[2] The SA Contracts are included in the Company's separate accounts assets and liabilities in the accompanying Statutory Statements of Financial Position.

Under the GA Contract, NYL Investors manages the assets in the portion of the Company's general account in which the GA Contract participates. The GA Contract provides for the payment of an annual administrative charge based on a percentage of the assets maintained in the fixed account under the contract. Under the SA Contract, certain registered investment advisory subsidiaries of NYL Investments act as investment managers for the pooled separate accounts. The SA Contract provides for the payment of separate annual fees for the management and administration of each separate account.

NOTE 14 – BENEFIT PLANS (continued)

The assets of each of the VEBA Trusts are invested in MainStay and Vanguard mutual funds, trust owned life insurance ("TOLI") and cash and cash equivalents. Total assets of the other postretirement plans (including VEBA Trusts and 401(h) component) at December 31, 2019 and 2018 were as follows (in millions):

	Other Postretirement Plans	
	2019	2018
TOLI policies	$ 465	$ 395
Vanguard mutual funds	208	173
MainStay Mackay International Equity Fund	72	56
IPG Contract (401(h) component)[(1)]	32	30
Cash and cash equivalents	9	11
Total plan assets	$ 786	$ 665

[(1)] The GA Contracts are included in the Company's assets and policy reserves liabilities in the accompanying Statutory Statements of Financial Position.

New York Life Investments Management LLC ("NYLIM") serves as investment manager of the MainStay Mackay International Equity Fund. The TOLI policies are corporate sponsored universal life ("CSUL") and corporate sponsored variable universal life ("CSVUL") policies issued by NYLIAC. CSVUL policy premiums are invested in certain insurance dedicated funds offered in connection with variable products for which NYLIM serves as investment advisor.

The investment objectives for the tax-qualified pension plans and VEBA Trusts are: (1) to maintain sufficient income and liquidity to fund benefit payments; (2) to preserve the capital value of the plans and trusts; (3) to increase the capital value of the plans and trusts; and (4) to earn a long-term rate of return, which meets or exceeds the plans' and trusts' assumed actuarial rates of return. Under the investment policies for the tax-qualified pension plans, the plans' assets are to be invested primarily in a balanced and diversified mix of high quality equities, fixed income securities, group annuity contracts, private equity investments, real estate investments, hedge fund investments, cash equivalents, and such other assets as may be appropriate. Under the investment policies for the VEBA Trusts, the assets of the trusts are to be invested primarily in insurance contracts (variable and/or fixed) and/or mutual funds, which in turn, invest in a balanced and diversified mix of high quality equities, fixed income securities, cash equivalents, and such other assets as may be appropriate. The Board of Trustees (the "Trustees") monitor and review investment performance to ensure assets are meeting investment objectives.

The Trustees have established a broad investment strategy targeting an asset allocation for both the tax-qualified pension plans, and for the VEBA Trusts. Diversifying each asset class by style and type further enhances this allocation. In developing this asset allocation strategy, the Trustees took into account, among other factors, the information provided to them by the plans' actuary, information relating to the historical investment returns of each asset class, the correlations of those returns, and input from the plans' investment consultant. The Trustees regularly review the plans' asset allocations versus the targets and make adjustments as appropriate.

The percentage of target allocation and asset allocation, by asset category, for the tax-qualified pension plans and the VEBA Trusts at December 31, 2019 and 2018, were as follows:

	Tax-qualified Pension Plans				VEBA Trust			
	Target Allocation		Asset Allocation		Target Allocation		Asset Allocation	
Asset Category	2019	2018	2019	2018	2019	2018	2019	2018
Fixed income securities	65%	65%	64%	65%	30%	30%	30%	33%
Equity securities	35	35	36	35	70	70	70	67
Total	100%	100%	100%	100%	100%	100%	100%	100%

NOTE 14 – BENEFIT PLANS (continued)

The pooled separate accounts under the SA Contracts and the third-party real estate investment funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The fair values (refer to Note 9 - Fair Value Measurements for description of levels) of the tax-qualified pension plans' assets at December 31, 2019 and 2018 were as follows (in millions):

	2019				
Asset Category	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Cash	$ 1	$ —	$ —	$ —	$ 1
Fixed income securities:					
IPG contract	—	—	4,282	—	4,282
High yield bond separate accounts	—	—	—	373	373
Absolute return hedge fund separate account	—	—	—	7	7
Municipal bond separate account	—	—	—	231	231
Equity securities:					
Private equity separate accounts	—	—	—	824	824
Indexed equity separate account	—	—	—	374	374
International equity separate account	—	—	—	552	552
Small cap core separate account	—	—	—	183	183
Long/short equity hedge fund separate account	—	—	—	383	383
Morgan Stanley prime property fund	—	—	—	175	175
Invesco core real estate - U.S.A. fund	—	—	—	154	154
JPMorgan strategic property fund	—	—	—	87	87
Total assets accounted for at fair value	$ 1	$ —	$ 4,282	$ 3,343	$ 7,626

NOTE 14 – BENEFIT PLANS (continued)

	2018				
Asset Category	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Total
Cash	$ 1	$ —	$ —	$ —	$ 1
Fixed income securities:					
IPG contract	—	—	4,219	—	4,219
High yield bond separate accounts	—	—	—	328	328
Absolute return hedge fund separate account	—	—	—	14	14
Municipal bond separate account	—	—	—	195	195
Equity securities:					—
Private equity separate accounts	—	—	—	711	711
Indexed equity separate account	—	—	—	243	243
International equity separate account	—	—	—	518	518
Small cap core separate account	—	—	—	154	154
Long/short equity hedge fund separate account	—	—	—	359	359
Large cap enhanced separate account	—	—	—	165	165
Morgan Stanley prime property fund	—	—	—	165	165
Invesco core real estate - U.S.A. fund	—	—	—	146	146
JPMorgan strategic property fund	—	—	—	84	84
Total assets accounted for at fair value	$ 1	$ —	$ 4,219	$ 3,082	$ 7,302

The fair values of other postretirement benefit plan assets at December 31, 2019 and 2018 were as follows (in millions):

	2019				
Asset Category	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Total
Cash, cash equivalents, and short-term investments	$ —	$ 9	$ —	$ —	$ 9
Fixed income securities:					
CSUL policies	—	—	160	—	160
IPG contract	—	—	32	—	32
Vanguard Bond Market Index Fund	55	—	—	—	55
Equity securities:					
Vanguard Institutional Index Fund	153	—	—	—	153
MainStay Mackay International Equity Fund	72	—	—	—	72
CSVUL MainStay VP Mackay S&P 500 Indexed Equity Fund	—	—	262	—	262
CSVUL MainStay VP Mackay International Equity Fund	—	—	43	—	43
Total assets accounted for at fair value	$ 280	$ 9	$ 497	$ —	$ 786

NOTE 14 – BENEFIT PLANS (continued)

	2018				
Asset Category	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Cash, cash equivalents, and short-term investments	$ —	$ 11	$ —	$ —	$ 11
Fixed income securities:					
CSUL policies	—	—	157	—	157
IPG contract	—	—	30	—	30
Vanguard Bond Market Index Fund	42	—	—	—	42
Equity securities:					
Vanguard Institutional Index Fund	131	—	—	—	131
MainStay Mackay International Equity Fund	56	—	—	—	56
CSVUL MainStay VP Mackay S&P 500 Indexed Equity Fund	—	—	206	—	206
CSVUL MainStay VP Mackay International Equity Fund	—	—	32	—	32
Total assets accounted for at fair value	$ 229	$ 11	$ 425	$ —	$ 665

Determination of Fair Values

The following is a description of the valuation methodologies used to determine fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

IPG Contract

The fair value of the IPG contract is its contract value, which represents contributions made, plus interest earned, less funds used to pay claims, premiums and fees. The IPG contract is classified as Level 3 due to the fact that the contract value relies on internal reports that are unobservable by third-party market participants.

Investments in Pooled Separate Accounts and Real Estate Funds

The pooled separate accounts and real estate investment funds NAV represents the fair value of each unit held by the tax-qualified pension plans and is the level at which transactions occur. The real estate investment funds include the Morgan Stanley Prime Property Fund, Invesco Core Real Estate - U.S.A. Fund, and JP Morgan Strategic Property Fund and invest primarily in real estate and real estate related assets. The investments are measured using NAV as a practical expedient, and are not required to be leveled.

NOTE 14 – BENEFIT PLANS (continued)

The following tables provide further information about the separate accounts and real estate investment funds (in millions):

2019

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
High yield bond separate accounts	High yield bonds	$ 373	$ —	Daily, Pending Market Conditions	N/A
Absolute return hedge fund separate accounts	Multi-strategy and distressed securities	$ 7	$ —	N/A	30-90 days (Assets subject to lock-up periods)
Municipal bond separate account	Municipal bonds	$ 231	$ —	Daily, Pending Market Conditions	N/A
Long/short equity hedge fund separate accounts	Long/short equity, futures, options, foreign exchange, arbitrage	$ 383	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	30-90 days (Assets subject to lock-up periods)
Private equity separate accounts	Leveraged buyout, mezzanine financing, distressed securities	$ 824	$ 504	N/A	N/A
Equity separate accounts	Indexed, large cap enhanced, international, and small core funds	$ 1,109	$ —	Daily, Pending Market Conditions	N/A
Real estate investment funds	Real estate and real estate related assets	$ 416	$ —	Quarterly	45 - 90 days (subject to availability of funds)

2018

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
High yield bond separate accounts	High yield bonds	$ 328	$ —	Daily, Pending Market Conditions	N/A
Absolute return hedge fund separate accounts	Multi-strategy and distressed securities	$ 14	$ —	Semi-Annual and Quarterly	60-90 days (Assets subject to lock-up periods)
Municipal bond separate account	Municipal bonds	$ 195	$ —	Daily, Pending Market Conditions	N/A
Long/short equity hedge fund separate accounts	Long/short equity, futures, options, foreign exchange, arbitrage	$ 359	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	90 days or less (Assets subject to lock-up periods)
Private equity separate accounts	Leveraged buyout, mezzanine financing, distressed securities	$ 711	$ 550	N/A	N/A
Equity separate accounts	Indexed, large cap enhanced, international, and small core funds	$ 1,080	$ —	Daily, Pending Market Conditions	N/A
Real estate investment funds	Real estate and real estate related assets	$ 395	$ —	Quarterly	45 - 90 days (subject to availability of funds)

NOTE 14 – BENEFIT PLANS (continued)

Mutual Funds

The MainStay Mackay International Equity Fund and the Vanguard Funds are all open end registered mutual funds which are priced using a daily NAV. The prices are publicly published, and there are no restrictions on contributions and withdrawals. As such, they are classified as Level 1.

CSUL and CSVUL Policies

The CSUL and the CSVUL policies are reported at cash surrender value. These policies have surpassed their surrender charge period; therefore, their cash value and their contract value are equal. These policies are classified as Level 3 since the valuation relies on unobservable inputs to these policies. There is also no secondary market for these assets.

Cash, Cash Equivalents and Short-Term Investments

The carrying value of cash is equivalent to its fair value and is classified as Level 1 in the fair value hierarchy as the amounts are available on demand. Due to the short-term maturities, the carrying value of short-term investments and cash equivalents is presumed to approximate fair value and is classified as Level 2.

The following presents the change in plan assets of the defined benefit pension plans and postretirement benefit plans for December 31, 2019 and 2018 (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
Change in Plan Assets	**2019**	**2018**	**2019**	**2018**
Fair value of plan assets at beginning of year	$ 7,302	$ 6,973	$ 665	$ 701
Actual return (loss) on plan assets	657	148	132	(24)
Contributions by employer	54	554	55	64
Contributions by plan participants	—	—	13	13
Benefits paid	(387)	(373)	(79)	(89)
Fair value of plan assets at end of year	$ 7,626	$ 7,302	$ 786	$ 665

Benefit Plan Obligations

The PBO for pension benefits represents the present value of estimated future benefit obligations and includes assumptions for future compensation increases. Accumulated benefit obligations ("ABO") differ from PBO in that it does not take into consideration future salary increases. Actuarial gains and losses primarily reflect the difference between expected and actual results from the impact of assumption changes related to discount rates, future compensation levels and mortality assumptions, as well as other items.

NOTE 14 – BENEFIT PLANS (continued)

The following table details the change in benefit obligation for the years ended December 31, 2019 and 2018, respectively (in millions):

	Pension Plan Benefits				Postretirement Plan Benefits			
	Overfunded		Underfunded		Overfunded		Underfunded	
Change in Benefit Obligation	2019	2018	2019	2018	2019	2018	2019	2018
Benefit obligation at beginning of year	$ —	$ 7,092	$ 7,666	$ 1,077	$ —	$ —	$ 1,537	$ 1,627
Service cost	—	146	154	22	—	—	23	27
Interest cost	—	235	304	36	—	—	62	55
Contribution by plan participants	—	—	—	—	—	—	13	13
Actuarial (gain) loss	—	(510)	1,216	(59)	—	—	242	(96)
Benefits paid	—	(320)	(387)	(53)	—	—	(79)	(89)
Benefit obligation at end of year	$ —	$ 6,643	$ 8,953	$ 1,023	$ —	$ —	$ 1,798	$ 1,537

The aggregate amount of the accumulated benefit obligation for defined benefit pension plans was $8,454 million and $7,278 million for December 31, 2019 and 2018. No plans were overfunded at December 31, 2019. At December 31, 2018, the defined benefit pension plans were overfunded by $659 million.

The increase in the benefit obligation at December 31, 2019 was primarily driven by actuarial losses of $1,458 million, which were largely the result of a decrease in the weighted-average discount rate used to measure liabilities. The decrease in the benefit obligation at December 31, 2018 was primarily driven by actuarial gains of $665 million, which were largely the result of an increase in the weighted-average discount rate.

Net Periodic Benefit Cost

The net periodic benefit cost represents the annual accounting expense recognized by the Company and is included in Operating expenses in the accompanying Statutory Statements of Operations. The components of net periodic benefit cost were as follows (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
Components of Net Periodic Benefit Cost	2019	2018	2019	2018
Service cost	$ 154	$ 168	$ 23	$ 27
Interest cost	304	271	62	55
Expected return on plan assets	(464)	(460)	(45)	(47)
Amortization of losses	140	178	8	10
Amortization of prior service credit	(4)	(3)	(16)	(17)
Amortization of nonvested prior service cost	—	—	23	23
Net periodic benefit cost	$ 130 [1]	$ 154 [1]	$ 55 [2]	$ 51 [2]

[1] Includes pension plan costs charged to subsidiaries of $44 million and $50 million for the years ended December 31, 2019 and 2018, respectively. The liabilities for these plans are included with the liabilities for the corresponding plan of the Company.

[2] Includes postretirement costs charged to subsidiaries of $8 million and $10 million for the years ended December 31, 2019 and 2018, respectively. The liabilities for these plans are included with the liabilities for the corresponding plan of the Company.

Benefit Plan Assumptions

Benefit obligations are reported based on certain actuarial assumptions, which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions could occur in the near term and would be material to the financial statements.

NOTE 14 – BENEFIT PLANS (continued)

Weighted-average assumptions used to determine benefit obligations at December 31, 2019 and 2018 were as follows:

	Pension Plan Benefits		Postretirement Plan Benefits	
	2019	2018	2019	2018
Discount rate for benefit obligations	3.34%	4.45%	3.43%	4.52%
Rate of compensation increase:				
Employees	4.90%	4.90%	4.90%	4.90%
Agents	6.00%	6.00%	N/A	N/A
Interest crediting rates for cash balance plan	3.68%	4.88%	N/A	N/A

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2019 and 2018 were as follows:

	Pension Plan Benefits		Postretirement Plan Benefits	
	2019	2018	2019	2018
Discount rate for benefit obligations	4.45%	3.76%	4.52%	3.82%
Service cost discount rate	4.63%	3.90%	4.75%	4.01%
Effective rate of interest on benefit obligation	4.07%	3.39%	4.15%	3.47%
Expected long-term rate of return on plan assets	6.50%	6.50%	6.75%	6.75%
Rate of compensation increase:				
Employees	4.90%	4.90%	4.90%	5.10%
Agents	6.00%	6.00%	N/A	N/A
Interest crediting rates for cash balance plan	3.68%	4.88%	N/A	N/A

The Company uses a full yield curve approach to determine its U.S. pension and other postretirement benefit obligations as well as the service and interest cost components of net periodic benefit cost.

The discount rates used are based on hypothetical AA yield curves represented by a series of spot discount rates from half a year to 99 years. The spot rate curves are derived from a direct calculation of the implied forward curve, based on the included bond cash flows. Each bond issue underlying the yield curve is required to be non-callable, with a rating of AA, when averaging all available ratings by Moody’s Investor Services, Standard & Poor’s and Fitch. Additionally, each bond must have at least $300 million par outstanding to ensure it is sufficiently marketable. Finally, the outlier bonds (i.e. those whose yields to maturity significantly deviate from the average yield in each maturity grouping) are removed. The yields are used to discount future pension and other postretirement plan cash flows at an interest rate specifically applicable to the timing of each respective cash flow. For disclosure purposes, the sum of these discounted cash flows are totaled into a single present value and an equivalent weighted-average discount rate is calculated by imputing the singular interest rate that equates the total present value of the stream of future cash flows.

The Company utilizes a full yield curve approach in the calculation of the service and interest cost components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to their relevant underlying projected cash flows. The current approach provides a more precise measurement of service and interest cost by improving the correlation between projected benefit cash flows and their corresponding spot rates.

The expected long-term return on assets for the tax-qualified pension plans and the VEBA Trusts is based on (1) an evaluation of the historical behavior of the broad financial markets, (2) the plan’s target asset allocation, and (3) the future expectations for returns for each asset class, modified by input from the plans' investment consultant based on the current economic and financial market conditions.

NOTE 14 – BENEFIT PLANS (continued)

The assumed health care cost trend rates used in measuring the APBO were as follows:

	2019		2018	
	Before 65	Age 65 and older	Before 65	Age 65 and older
Following year	7.50%	8.50%	7.75%	8.75%
Ultimate rate to which cost increase is assumed to decline	4.75%	4.75%	4.75%	4.75%
Year in which the ultimate trend is received	2028	2028	2028	2028

For dental plans, the annual rate of increase in the per capita cost of covered health care benefits is assumed to be 5.00% per year for all participants.

Amounts Recognized in the Statements of Financial Position

The components of funded status and assets and liabilities recognized at December 31, 2019 and 2018 were as follows (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
Components	2019	2018	2019	2018
Prepaid benefit costs	$ 2,671	$ 2,719	$ —	$ —
Overfunded plan assets	$ (2,671)	$ (2,060)	$ —	$ —
Accrued benefit costs	$ 684	$ 656	$ 630	$ 630
Liability for pension benefits	$ 643	$ 367	$ 382	$ 242
Assets and liabilities recognized				
Nonadmitted plan assets	$ —	$ (659)	$ —	$ —
Liabilities recognized	$ 1,327	$ 1,023	$ 1,012	$ 872

Increases or decreases in the funded status are reported as direct adjustments to surplus. Any overfunded plan assets are nonadmitted. Associated deferred tax assets are also recorded and admitted to the extent that contributions will be made over the next three tax years.

Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost were as follows (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
	2019	2018	2019	2018
Items not yet recognized as a component of net periodic benefit cost - prior year	$ 2,427	$ 2,860	$ 242	$ 283
Net prior service cost recognized	4	3	16	17
Net nonvested prior service credit recognized	—	—	(23)	(23)
Net gain (loss) arising during the year	1,023	(258)	156	(25)
Net loss recognized	(140)	(178)	(8)	(10)
Items not yet recognized as a component of net periodic benefit cost - current year	$ 3,314	$ 2,427	$ 383	$ 242

NOTE 14 – BENEFIT PLANS (continued)

Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost were as follows (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
	2019	2018	2019	2018
Net nonvested prior service cost	$ —	$ —	$ 99	$ 122
Net prior service credit	$ (17)	$ (21)	$ (133)	$ (150)
Net recognized losses	$ 3,331	$ 2,448	$ 417	$ 269

Cash Flows

The Company's funding policy for the tax-qualified pension plans is to make annual contributions that are no less than the minimum amount needed to comply with the requirements of the ERISA and the IRC, and no greater than the maximum amount deductible for federal income tax purposes. The Company does not have any regulatory contribution requirements for 2020.

Prefunding contributions can be made to either of the VEBA Trusts to partially fund postretirement health and life benefits other than pensions. The Company does not expect to make any prefunding contributions to either of the VEBA Trusts in 2020.

The estimated future benefit payments are based on the same assumptions used to measure the benefit obligations at December 31, 2019. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in millions):

	Pension Plan Benefits	Postretirement Plan Benefits	Postemployment Plan Benefits
2020	$ 414	$ 68	$ 9
2021	$ 428	$ 71	$ 9
2022	$ 440	$ 73	$ 10
2023	$ 452	$ 75	$ 10
2024	$ 465	$ 77	$ 11
2025-2029	$ 2,495	$ 409	$ 63

The Company expects to pay approximately $52 million of non-qualified pension plan benefits during 2020. The Company expects to pay approximately $50 million for other postretirement benefits during 2020.

For both years ended December 31, 2019 and 2018, the Company paid $60 million in gross benefit payments related to health benefits. For the years ended December 31, 2019 and 2018, the Company did not receive any gross subsidy receipts.

Defined Contribution Plans

The Company maintains various tax-qualified and non-qualified defined contribution plans covering eligible U.S. employees and agents (401(k) plans). For employees, the plans provide for pre-tax, after-tax and/or after-tax Roth salary reduction contributions (subject to maximums) and Company matching contributions of up to 4% of annual salary (base plus eligible incentive pay are considered). For the years ended December 31, 2019 and 2018, the Company's matching contributions to the employees' tax-qualified plan totaled $38 million and $37 million, respectively. A non-qualified plan credits participant and Company matching contributions with respect to compensation in excess of the amount that may be taken into account under the tax-qualified plan.

For agents, the plan provides for pre-tax and or/after-tax Roth commission reduction agreements, subject to maximums.

NOTE 14 – BENEFIT PLANS (continued)

The Company annually determines the level of Company contributions to the agents' plan. Contributions are based on each participant's net renewal commissions, net renewal premiums and cash values for the plan year on certain policies for which the participant is the original writing agent. For the years ended December 31, 2019 and 2018, the Company's contributions to the agents' tax-qualified plan totaled $2 million for both years. There is no non-qualified plan for agents.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Support and Credit Agreements

The Company has a credit agreement with NYLAZ (which is a wholly-owned subsidiary of the Company), dated August 11, 2004 and amended and restated November 16, 2015, whereby NYLAZ may borrow from the Company up to $10 million. During 2019 and 2018, the credit facility was not used, no interest was paid and there was no outstanding balance due.

The Company has a credit agreement with NYLIAC, dated September 30, 1993, as amended, whereby NYLIAC may borrow from the Company up to $490 million. During 2019 and 2018, the credit facility was not used, no interest was paid and there was no outstanding balance due.

In addition, the Company has a credit agreement with NYLIAC, dated April 1, 1999, as amended, under which the Company may borrow from NYLIAC up to $490 million. During 2019 and 2018, the credit facility was not used, no interest was paid and there was no outstanding balance due.

NYLCC, a wholly-owned subsidiary of NYLIFE LLC (which is a wholly-owned subsidiary of the Company), has a credit agreement with the Company dated October 1, 1997, and amended on December 21, 2016, whereby NYLCC has agreed to make loans to the Company in an amount up to, but not exceeding, $2,500 million from proceeds from the issuance of commercial paper. The Company had loans payable to NYLCC of $402 million and $501 million at December 31, 2019 and 2018, respectively, included in Borrowed money in the accompanying Statutory Statements of Financial Position. These loans have various maturities, latest being April 6, 2020, with a weighted average interest rate of 1.78% and 2.46% for 2019 and 2018, respectively. The Company recorded interest expense of $10 million and $9 million during the years ended December 31, 2019 and 2018, respectively.

The Company has a credit agreement with NYL Investors, dated April 1, 2015 whereby the Company has agreed to make loans to NYL Investors in an amount up to, but not exceeding, $10 million. During 2019 and 2018, the credit facility was not used, no interest was paid and there was no outstanding balance due.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

Guarantees

At December 31, 2019, the Company had the following outstanding guarantees (in millions):

	Nature and Circumstances of Guarantee and Key Attributes	Liability Recognition of Guarantee	Ultimate Financial Statement Impact if Action Under the Guarantee is Required	Maximum Potential Amount of Future Payments (Undiscounted) the Company Could be Required to Make Under the Guarantee	Current Status of Payment or Performance Risk of Guarantee
1.	On July 11, 2008, the Company executed an agreement to indemnify GoldPoint Partners LLC (formerly known as NYLCAP Manager LLC) for capital contributions that may be required in connection with GoldPoint Partner's indemnification obligations to NYLCAP Select Manager Fund, LP.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.	Expenses would increase	$25	The Company oversees the operations of GoldPoint Partners LLC and assesses the risk to be minimal.
2.	On January 17, 2012, the Company executed an agreement to indemnify GoldPoint Partners LLC for capital contributions that may be required in connection with GoldPoint Partners LLC's indemnification obligations to NYLCAP Select Manager Fund II, L.P.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.	Expenses would increase	$25	The Company oversees the operations of GoldPoint Partners LLC and assesses the risk to be minimal.
3.	On April 7, 2015, the Company executed an agreement to indemnify GoldPoint Partners LLC for capital contributions that may be required in connection with GoldPoint Partners LLC's indemnification obligations to NYLCAP Select Manager Fund III, L.P.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.	Expenses would increase	$25	The Company oversees the operations of GoldPoint Partners LLC and assesses the risk to be minimal.
4.	On September 28, 1995, the Company entered into a support agreement with NYLCC to maintain a positive net worth of NYLCC of at least $1. Since NYLCC only makes loans to the Company or its participating wholly owned subsidiaries, the Company would only be obligated under the guarantee in the event that one of the participating subsidiaries defaulted under its loan.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.	None. The financial statement impact of performance under the guarantee would be offset by an increase in SCA associated with the defaulting subsidiary's debt release.	$740	Based on NYLCC's financial position and operations, the Company considers the risk of performance to be minimal.
5.	On November 7, 2007, the Company issued a guarantee to the Bank of New York ("BoNY") unconditionally guaranteeing the debts of MCF in connection with a standby letter of credit entered between MCF and BoNY. MCF provides revolving loans to third parties. The borrower sometimes requires a line of credit to be issued by a bank to back the revolving loan. In order for BoNY to enter into this line of credit, they required the Company to provide a guarantee on behalf of MCF.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.	Expenses would increase	$100	The Company, in the ordinary course of business, provides MCF with capital and financing to meet their obligations. The Company views the risk of performance under this guarantee to be minimal.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

	Nature and Circumstances of Guarantee and Key Attributes	Liability Recognition of Guarantee	Ultimate Financial Statement Impact if Action Under the Guarantee is Required	Maximum Potential Amount of Future Payments (Undiscounted) the Company Could be Required to Make Under the Guarantee	Current Status of Payment or Performance Risk of Guarantee
6.	The Company issues funding agreements to New York Life Global Funding, which issues, or has issued notes to investors. If any taxing authority imposes withholding taxes on the payments due under the funding agreements or such notes (for example, as a result of a law change), the Company is required, in certain instances, to increase the payments on the funding agreements to make up for the amounts required to be withheld.	Exempt. Related party guarantee that is unlimited.	Expenses would increase	The Company cannot estimate the maximum liability. The Company cannot anticipate the risk or amount that taxing authorities may withhold taxes.	The Company does not view its risk of performance under the guarantee to be significant. Additionally, if withholding becomes required, the Company is permitted to terminate the funding agreements.
7.	The Company has entered into certain arrangements with various regulators whereby the Company agreed to maintain NYLAZ's capital and surplus at certain levels.	Exempt. Related party guarantee that is unlimited.	None	Unlimited	Capital contributions to wholly owned subsidiaries would not affect the Company's financial position.
8.	The Company along with several other insurance companies entered into a supplemental benefits reinsurance and participation agreement with Guaranty Association Benefits Company (GABC), a captive insurance company created to assume and reinsure certain restructured annuity obligations of Executive Life Insurance Company of New York (ELNY). The participating life insurance companies agreed to assure that each individual payee under ELNY contracts will receive from GABC total annuity benefits due to the payee.	$0	Expenses would increase	Unlimited	Based on an analysis performed by an independent risk management firm, the Company does not anticipate that any further funding will be required.
9.	On September 12, 2012, the Company issued a guarantee for the full and punctual payment of all amounts that are or may become due and payable by NYL Cayman Holdings Ltd., NYLE, and Seguros Monterrey New York Life S.A. to Ace INA International Holdings Ltd. in connection with the sale by NYL Cayman Holdings Ltd., NYLE and Seguros Monterrey New York Life S.A. of New York Life Worldwide Capital, LLC, the holding company for Fianzas Monterrey, S.A. and its subsidiary, Operadora FMA, S.A. de C.V.	Exempt. Guarantee is on behalf of previously wholly owned subsidiaries.	Expenses would increase	Unlimited	The Company views the risk of performance under this guarantee as remote.
10.	On June 25, 2013, the Company issued a guarantee for the full and timely payment of certain indemnity payments that may become due and payable by NYLE to Yuanta Financial Holding Co., Ltd. in connection with the sale by NYLE of New York Life Insurance Taiwan Corporation.	Exempt. Guarantee is on behalf of previously wholly owned subsidiaries.	Expenses would increase	Unlimited	The Company views the risk of performance under this guarantee as remote.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

Guarantee Obligations (in millions):

a.	Aggregate maximum potential of future payments of all guarantees (undiscounted) the guarantor could be required to make under guarantees[1]	$	915
b.	Current contingent liability recognized in financial statement		
	1. Noncontingent liabilities	$	—
	2. Contingent liabilities	$	—
c.	Ultimate financial statement impact if action under the guarantee is required		
	1. Investments in SCA	$	—
	2. Joint venture	$	—
	3. Dividends to stockholders	$	—
	4. Expense	$	175
	5. Other	$	—

[1] Excludes guarantees where maximum potential is unlimited or not quantified.

Litigation

The Company and/or its subsidiaries are defendants in individual and/or alleged class action suits arising from their agency sales force, insurance (including variable contracts registered under the federal securities law), investment, retail securities, employment and/or other operations, including actions involving retail sales practices. Some of the actions seek substantial or unspecified compensatory and punitive damages. The Company and/or its subsidiaries are also from time to time involved in various governmental, administrative, and investigative proceedings and inquiries.

Notwithstanding the uncertain nature of litigation and regulatory inquiries, the outcome of which cannot be predicted, the Company believes that, after provisions made in the financial statements, the ultimate liability that could result from litigation and proceedings would not have a material adverse effect on the Company's financial position; however, it is possible that settlements or adverse determinations in one or more actions or other proceedings in the future could have a material adverse effect on the Company's operating results for a given year.

Lease Commitments

The Company leases office space, distribution facilities, and certain office equipment under various agreements with various expiration dates. The leases contain provisions for payment of real estate taxes, building maintenance, electricity, and rent escalations.

Rent expense for all leases amounted to $139 million and $142 million for the years ended December 31, 2019 and 2018, respectively, of which $62 million and $66 million was billed to subsidiaries in accordance with an intercompany cost sharing arrangement for the years ended December 31, 2019 and 2018, respectively.

Future minimum lease payments under non-cancellable operating leases with original or remaining lease terms in excess of one year at December 31, 2019 were as follows (in millions):

Year	Real Property	Equipment	Total
2020	$ 118	$ 9	$ 127
2021	113	8	121
2022	100	5	105
2023	87	4	91
2024	71	4	75
Thereafter	212	3	215
Total	$ 701	$ 33	$ 734

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

In connection with the sale of one of its home office properties in 1995, the Company had entered into an agreement, as amended in 2009 and 2019, to lease back a portion of the building through 2024, with total future lease obligations of $37 million at December 31, 2019 that are included in the above table.

The following lease agreements were terminated early during the year ended December 31, 2019:

Lease	Termination Date	Expiration Date
Central Carolina Sales Office, Columbia, SC	12/31/2019	04/30/2021
Dallas Real Estate Office, Plano, TX	04/30/2019	04/30/2021

Assessments

Most of the jurisdictions in which the Company is licensed to transact business require life insurers to participate in guaranty associations which are organized to pay contractual benefits pursuant to insurance policies issued by impaired, insolvent or failed life insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the line of business in which the impaired, insolvent or failed life insurer is engaged. Some states permit member insurers to recover assessments through full or partial premium tax offsets.

Liens

Several commercial banks have customary security interests in certain assets of the Company to secure potential overdrafts and other liabilities of the Company that may arise under custody, securities lending and other banking agreements with such banks.

Other Commitments and Contingencies

At December 31, 2019 and 2018, contractual commitments to extend credit for commercial mortgage loans were $1,687 million and $1,343 million, respectively, at both fixed and variable rates of interest. These commitments are diversified by property type and geographic location. There were no contractual commitments to extend credit under residential loan agreements at December 31, 2019 and 2018.

At December 31, 2019 and 2018, the Company and its guaranteed separate accounts had outstanding contractual obligations to acquire additional private placement securities for $912 million and $1,075 million, respectively.

Unfunded commitments on limited partnerships, limited liability companies and other invested assets amounted to $3,499 million and $3,686 million at December 31, 2019 and 2018, respectively. Unfunded commitments on LIHTC amounted to $13 million and $15 million at December 31, 2019 and 2018, respectively. At December 31, 2019, unfunded commitments on LIHTC are included in Other invested assets, with an offset in Other liabilities in the accompanying Statutory Statements of Financial Position.

NOTE 16 – INCOME TAXES

The components of the net DTAs and DTLs were as follows at December 31, 2019 and 2018 (in millions):

	2019			2018			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross DTAs	$ 3,142	$ 667	$ 3,809	$ 2,991	$ 648	$ 3,639	$ 151	$ 19	$ 170
Statutory valuation allowance	—	—	—	—	—	—	—	—	—
Adjusted gross DTAs	3,142	667	3,809	2,991	648	3,639	151	19	170
Nonadmitted DTAs[1]	111	—	111	—	—	—	111	—	111
Subtotal net admitted DTAs	3,031	667	3,698	2,991	648	3,639	40	19	59
Gross DTLs	1,074	1,067	2,141	1,192	956	2,148	(118)	111	(7)
Net admitted DTAs/(DTLs)[2]	$ 1,957	$ (400)	$ 1,557	$ 1,799	$ (308)	$ 1,491	$ 158	$ (92)	$ 66

[1] DTAs are nonadmitted primarily because they are not expected to be realized within three years of the Statutory Statements of Financial Position date.

[2] The total net admitted DTAs are included in Other assets in the accompanying Statutory Statements of Financial Position.

The admission calculation components for the years ended December 31, 2019 and 2018 were as follows (paragraph references throughout Note 16 are to paragraphs of SSAP No. 101 "Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10") (in millions):

	December 31, 2019			December 31, 2018			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through loss carrybacks (Paragraph 11.a)	$ —	$ 35	$ 35	$ —	$ —	$ —	$ —	$ 35	$ 35
Adjusted gross DTA expected to be realized (excluding the amount of DTA from paragraph 11.a above) after application of the threshold limitation (the lesser of paragraph 11.b.i and 11.b.ii below):	1,267	255	1,522	1,184	306	1,491	83	(51)	31
Adjusted gross DTA expected to be realized following the balance sheet date (Paragraph 11.b.i)	1,267	255	1,522	1,184	306	1,491	83	(51)	31
Adjusted gross DTA allowed per limitation threshold (Paragraph 11.b.ii)	N/A	N/A	3,034	N/A	N/A	2,872	N/A	N/A	162
Adjusted gross DTA (excluding the amount of DTA from paragraphs 11.a and 11.b above) offset by gross DTL (Paragraph 11.c)	1,764	377	2,141	1,807	341	2,148	(43)	36	(7)
DTA admitted as the result of application of SSAP 101 (Total of paragraphs 11.a, 11.b, 11.c)	$ 3,031	$ 667	$ 3,698	$ 2,991	$ 648	$ 3,639	$ 40	$ 19	$ 59

NOTE 16 - INCOME TAXES (continued)

The ratio used to determine the applicable period used in paragraph 11.b.i above and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in paragraph 11.b.ii above are as follows at December 31, 2019 and 2018 ($ in millions):

	2019	2018
Ratio percentage used to determine recovery period and threshold limitation amount	957%	899%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in paragraph 11.b.ii above	$ 20,227	$ 19,149

There was no impact on adjusted gross and net admitted DTAs due to tax planning strategies at December 31, 2019 and 2018. The Company did not use reinsurance in its tax planning strategies.

The Company had no unrecognized DTLs at December 31, 2019 and 2018. Additionally, the Company had no adjustments to gross DTAs because of a change in circumstances that causes a change in judgment about the realizability of the related DTAs.

The TCJA significantly changed U.S. tax law primarily by lowering the corporate income tax rate from 35% to 21% beginning in 2018. Net deferred taxes and net admitted DTAs were decreased by $104 million in 2018 to reflect the 21% corporate income tax rate.

For tax years beginning January 1, 2018, the TCJA limits life insurance reserves for tax purposes to the greater of the net surrender value or 92.81% of NAIC required reserves. In general, the TCJA will result in lower life insurance reserves for tax purposes than under pre-TCJA law. Tax accounting for these changes required the restatement of December 31, 2017 life insurance tax reserves calculated using pre-TCJA rules to the amounts required to be held under the TCJA. This revaluation requires establishing a “gross up” in which an additional DTA for the revised statutory to tax difference is recorded. The TCJA also requires the recapture of prior years’ tax benefits from the higher life insurance reserves. This recapture is paid ratably over eight years beginning in 2018 and was recorded as a provisional amount in the financial statements for the year ended December 31, 2017 as a DTL in an equal amount to the additional DTA.

The tax accounting was completed within the measurement period, as defined in INT 18-01. On the basis of life insurance tax reserve computations that were completed in 2018, an additional measurement period tax reserve increase of $184 million was recognized to the DTL and $184 million offset to the DTA, resulting in a total DTL of $486 million with a corresponding adjustment of $486 million to the DTA at December 31, 2018.

Significant components of the current federal and foreign income taxes for the years ended December 31, 2019 and 2018 were as follows (in millions):

	2019	2018	Change
Federal[1]	$ (33)	$ (443)	$ 410
Foreign	2	1	1
Subtotal	(31)	(442)	411
Federal income tax on net capital gains	21	(35)	56
Total federal and foreign income taxes	$ (10)	$ (477)	$ 467

[1] The Company had investment tax credits of $60 million and $119 million for the years ended December 31, 2019 and 2018, respectively.

NOTE 16 - INCOME TAXES (continued)

The tax effects of temporary differences that give rise to DTAs and DTLs for the years ended December 31, 2019 and 2018 were as follows (in millions):

	2019	2018	Change
DTAs			
Ordinary:			
Policyholder reserves	$ 1,128	$ 1,161	$ (33)
Deferred acquisition costs	591	570	21
Compensation and benefits accrual	534	485	49
Policyholder dividends accrual	200	218	(18)
Fixed assets	210	177	33
Receivables - nonadmitted	40	163	(123)
Pension accrual	351	147	204
Investments	51	39	12
Unearned premium reserves	1	1	—
Other	36	30	6
Subtotal	3,142	2,991	151
Nonadmitted	111	—	111
Admitted ordinary DTAs	3,031	2,991	40
Capital:			
Investments	666	646	20
Real estate	1	2	(1)
Subtotal	667	648	19
Nonadmitted	—	—	—
Admitted capital DTAs	667	648	19
Total admitted DTAs	3,698	3,639	59
DTLs			
Ordinary:			
Policyholder reserves	387	546	(159)
Deferred and uncollected premiums	431	425	6
Fixed assets	185	151	34
Investments	68	69	(1)
Other	3	2	1
Subtotal	1,074	1,192	(118)
Capital:			
Investments	1,002	891	111
Real estate	65	65	—
Subtotal	1,067	956	111
Total DTLs	2,141	2,148	(7)
Net admitted DTAs	$ 1,557	$ 1,491	$ 66
Deferred income tax (expense)/benefit on change in net unrealized capital gains (losses)			$ (64)
Decrease in net deferred taxes related to other items			241
Decrease in DTAs nonadmitted			(111)
Total change in net admitted DTAs			$ 66

NOTE 16 - INCOME TAXES (continued)

The Company's income tax expense (benefit) for the years ended December 31, 2019 and 2018 differs from the amount obtained by applying the statutory rate of 21% to net gain from operations after dividends to policyholders and before federal income taxes for the following reasons (in millions):

	2019	2018	Change
Net gain from operations after dividends to policyholders and before federal and foreign income taxes at statutory rate	$ 97	$ 177	$ (80)
Net realized capital losses at statutory rate	(3)	(28)	25
Nonadmitted assets	131	(163)	294
Prior year audit liability and settlement	(32)	(35)	3
Contiguous country branch income	(1)	(2)	1
Stock contribution to the NYL Foundation	—	(5)	5
Amortization of IMR	(20)	(21)	1
Dividends from subsidiaries	(97)	(192)	95
Tax exempt income	(89)	(28)	(61)
Tax credits, net of withholding	(62)	(86)	24
Accruals in surplus	(187)	98	(285)
Impact of TCJA	—	(104)	104
Other	12	6	6
Income tax incurred and change in net deferred tax during year	$ (251)	$ (384)	$ 133
Federal and foreign income taxes reported in the Company's Statutory Statements of Operations	$ (31)	$ (442)	$ 411
Capital gains tax expense (benefit) incurred	21	(35)	56
Change in net deferred income taxes	(241)	93	(334)
Total federal and foreign income tax expense (benefit)	$ (251)	$ (384)	$ 133

The Company's federal income tax returns are routinely audited by the IRS and provisions are made in the financial statements in anticipation of the results of these audits. The IRS has completed audits through 2010 and tax years 2011 through 2013 are currently under examination. There were no material effects on the Company's accompanying Statutory Statements of Operations as a result of these audits. The Company believes that its recorded income tax liabilities are adequate for all open years.

The Company does not anticipate any significant changes to its total unrecognized tax benefits within the next 12 months.

The Company did not have any operating loss and tax credit carry forwards available for tax purposes. For the years ended December 31, 2019 and 2018, the Company had $35 million and $0 million, respectively, of income taxes incurred in prior years that will be available for recoupment in the event of future net losses.

As discussed in Note 3 – Significant Accounting Policies - Federal Income Taxes, the Company's federal income tax return is consolidated with NYLIAC, NYLAZ, NYLIFE LLC, NYLE, NYL Investments, and NYL Investors.

At December 31, 2019 and 2018, the Company recorded a current income tax (payable)/receivable of $18 million and $(41) million, respectively. The current income tax receivable was included in Other assets and the current income tax payable was included in Other liabilities in the accompanying Statutory Statements of Financial Position.

At December 31, 2019, the Company had no protective tax deposits on deposit with the IRS under Section 6603 of the IRC.

NOTE 17 – SURPLUS

Net Unrealized Capital Gains (Losses)

Cumulative net unrealized gains on investments, gross of deferred taxes, recognized in unassigned surplus were $6,477 million and $5,256 million at December 31, 2019 and 2018, respectively.

Surplus Notes

On April 4, 2019, the Company issued surplus notes ("2019 Notes") with a principal balance of $1 billion, bearing interest at 4.45%, with a maturity date of May 15, 2069. The initial carrying value of the 2019 Notes was $993 million, net of discount. The following table summarizes the surplus notes issued and outstanding at December 31, 2019 ($ in millions):

Issue Date	Principal Amount	Carrying Value	Interest Paid Current Year	Cumulative Interest Paid	Interest Rate	Maturity Date
4/4/2019	$ 1,000	$ 993	$ 27	$ 27	4.45%	5/15/2069
10/8/2009	1,000	998	68	682	6.75%	11/15/2039
5/5/2003	1,000	996	59	971	5.88%	5/15/2033
Total	$ 3,000	$ 2,987	$ 154	$ 1,680		

The 2019 Notes, 2009 Notes and the 2003 Notes (collectively, the “Notes”) were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by Citibank, as registrar/paying agent. Interest on the Notes is paid semi-annually on May 15th and November 15th of each year. Interest payments on the 2019 Notes began on November 15, 2019.

The Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims against the Company. Under New York State Insurance Law, the Notes are not part of the legal liabilities of the Company. Each payment of interest or principal may be made only with the prior approval of the Superintendent of Financial Services of the State of New York (“Superintendent”) and only out of surplus funds, which the Superintendent determines to be available for such payments under New York State Insurance Law. Provided that approval is granted by the Superintendent, the Notes may be redeemed at the option of the Company at any time at the “make-whole” redemption price equal to the greater of: (1) the principal amount of the Notes to be redeemed, or (2) the sum of the present values of the remaining scheduled interest and principal payments on the notes to be redeemed, excluding accrued interest as of the date on which the Notes are to be redeemed, discounted on a semi-annual basis at an adjusted treasury rate plus 20 basis points for the 2003 Notes, 40 basis points for the 2009 Notes and 25 basis points for the 2019 Notes, respectively, plus in each case, the accrued interest on the notes to be redeemed to the redemption date.

At December 31, 2019 and 2018, none of the Company’s affiliates owned any of the Notes.

At December 31, 2019, State Street Bank & Trust Co, Bank of New York Mellon, JP Morgan Chase Bank, Northern Trust and Citibank were each the holder of record at The Depository Trust Company of more than 10% of the outstanding amount of the Notes, with each holding Notes, at least in part, for the accounts of their respective clients.

Nonadmitted Assets

Under statutory accounting rules, a nonadmitted asset is defined as an asset having economic value other than that which can be used to fulfill policyholder obligations, or those assets that are unavailable due to encumbrances or other third-party interests. These assets are not recognized in the accompanying Statutory Statements of Financial Position, and are, therefore, considered nonadmitted. The changes between years in nonadmitted assets are charged or credited directly to surplus.

NOTE 18 – SIGNIFICANT SUBSIDIARY

NYLIAC is engaged in the life insurance and annuity businesses. A summary of NYLIAC's statutory statements of financial position at December 31, 2019 and 2018 and results of operations for the years then ended are as follows (in millions):

	2019	2018
Assets:		
Bonds	$ 88,631	$ 84,920
Mortgage loans	14,697	14,210
Separate accounts assets	45,147	38,466
Other assets	16,262	15,862
Total assets	$ 164,737	$ 153,458
Liabilities and Capital and Surplus:		
Policy reserves	$ 97,138	$ 94,131
Separate accounts liabilities	45,146	38,464
Other liabilities	13,098	12,277
Capital and surplus	9,355	8,586
Total liabilities and capital and surplus	$ 164,737	$ 153,458
Results of Operations:		
Net gain from operations	$ 651	$ 275
Net realized capital gains (losses)	(20)	(8)
Net income	$ 631	$ 267

NOTE 19 - WRITTEN PREMIUMS

Deferred and uncollected life insurance premiums at December 31, 2019 and 2018 were as follows (in millions):

	2019		2018	
	Gross	Net of Loading	Gross	Net of Loading
Ordinary new business	$ 177	$ 51	$ 179	$ 57
Ordinary renewal	1,486	1,485	1,394	1,376
Group life	519	426	556	453
Total	$ 2,182	$ 1,962	$ 2,129	$ 1,886

The amounts above reflect a prescribed practice that departs from the NAIC Accounting Practices and Procedures Manual (Refer to Note 2 - Basis of Presentation for additional information).

Deferred premium is the portion of the annual premium not earned at the reporting date. Loading of deferred premium is an amount obtained by subtracting the valuation net deferred premium from the gross deferred premium and generally includes allowances for acquisition costs and other expenses.

Uncollected premium is gross premium net of reinsurance that is due and unpaid at the reporting date. Net premium is the amounts used in the calculation of reserves. The change in loading is included as an expense and is not shown as a reduction to premium income.

Ordinary new business and ordinary renewal business consist of the basic amount of premium required on the underlying life insurance policies.

NOTE 19 – WRITTEN PREMIUMS (continued)

Based upon Company experience, the amount of premiums that may become uncollectible and result in a potential loss is not material to the Company's financial position. At both December 31, 2019 and 2018, the Company nonadmitted $6 million of premiums that were over 90 days past due.

The Company did not have any direct premium written/produced by managing general agents/third-party administrators equal to or greater than 5% of surplus for the years ended December 31, 2019 and 2018, respectively.

NOTE 20 – LOAN-BACKED AND STRUCTURED SECURITY IMPAIRMENTS

The following table lists each loan-backed and structured security at a CUSIP level where the present value of cash flows expected to be collected is less than the amortized cost basis during the year (in thousands):

IMPAIRMENTS TAKEN ON CURRENT HOLDINGS DURING THE CURRENT YEAR

(1) CUSIP[1,2]	(2) Amortized Cost Before Current Period OTTI	(3) Projected Cash Flows	(4) Current Period Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value	(7) Financial Statement Reporting Period
General Account						
059469AF3	$ 937	$ 881	$ 55	$ 881	$ 899	12/31/2019
05946XHV8	189	186	3	186	169	12/31/2019
07384MZ88	386	343	43	343	377	12/31/2019
1248MBAL9	457	453	5	453	453	12/31/2019
12627HAK6	919	898	21	898	907	12/31/2019
12628LAJ9	580	572	9	572	541	12/31/2019
12629EAD7	53	52	1	52	50	12/31/2019
12638PAE9	480	464	15	464	465	12/31/2019
12667FJ55	1,216	1,162	53	1,162	1,214	12/31/2019
12667GRG0	2,137	2,133	4	2,133	2,121	12/31/2019
17029RAA9	567	257	310	257	99	12/31/2019
3622EUAB2	138	128	10	128	133	12/31/2019
59020UXH3	1,264	1,231	33	1,231	1,173	12/31/2019
78476YAA4	545	283	262	283	243	12/31/2019
78477AAA5	775	375	400	375	321	12/31/2019
81441LAD2	335	325	10	325	325	12/31/2019
05948KP52	1,686	1,634	52	1,634	1,648	9/30/2019
12628LAJ9	611	591	20	591	577	9/30/2019
12667FJ48	1,878	1,876	2	1,876	1,833	9/30/2019
17029RAA9	240	206	34	206	110	9/30/2019
33883CAC0	548	—	548	—	158	9/30/2019
57643MFB5	330	—	330	—	—	9/30/2019
59020UXH3	1,474	1,436	38	1,436	1,382	9/30/2019
12628KAF9	428	421	7	421	1,817	6/30/2019
12628LAJ9	645	623	22	623	882	6/30/2019
12629EAD7	55	55	—	55	56	6/30/2019
17029RAA9	507	187	321	187	111	6/30/2019
225470M67	637	632	5	632	87	6/30/2019
33883CAC0	2,718	1,575	1,143	1,575	1,791	6/30/2019
3622EUAF3	581	550	31	550	685	6/30/2019
69336RCF5	393	141	252	141	1,854	6/30/2019

NOTE 20 – LOAN-BACKED AND STRUCTURED SECURITY IMPAIRMENTS (continued)

IMPAIRMENTS TAKEN ON CURRENT HOLDINGS DURING THE CURRENT YEAR

(1) CUSIP[1,2]	(2) Amortized Cost Before Current Period OTTI	(3) Projected Cash Flows	(4) Current Period Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value	(7) Financial Statement Reporting Period
00011#AA1	2,049	2,049	—	2,049	1,842	3/31/2019
02147QAF9	1,475	1,473	2	1,473	1,480	3/31/2019
059469AF3	744	723	21	723	742	3/31/2019
05948KH77	1,636	1,629	8	1,629	1,627	3/31/2019
05948KP52	2,050	2,011	39	2,011	1,978	3/31/2019
059515AE6	57	56	1	56	57	3/31/2019
05951KAZ6	85	83	1	83	85	3/31/2019
05951KBA0	334	320	14	320	341	3/31/2019
05953YAA9	374	365	9	365	368	3/31/2019
073250BM3	2,128	2,128	—	2,128	2,124	3/31/2019
1248MBAJ4	1,761	1,749	12	1,749	1,683	3/31/2019
1248MBAL9	499	496	4	496	473	3/31/2019
12627HAK6	1,027	1,004	22	1,004	999	3/31/2019
12628KAF9	441	434	7	434	404	3/31/2019
12628LAJ9	682	659	23	659	637	3/31/2019
12629EAD7	57	56	1	56	54	3/31/2019
12638PAE9	509	507	3	507	493	3/31/2019
12667FJ48	2,033	2,030	3	2,030	1,965	3/31/2019
12667G6W8	5,282	5,255	26	5,255	5,297	3/31/2019
12667G7X5	1,047	1,037	11	1,037	1,030	3/31/2019
12667GKK8	857	844	13	844	862	3/31/2019
126694EK0	5,098	4,682	417	4,682	5,098	3/31/2019
17309BAB3	58	57	1	57	58	3/31/2019
225470M67	654	651	3	651	578	3/31/2019
225470VG5	968	884	85	884	941	3/31/2019
32051GTD7	1,862	1,780	82	1,780	1,859	3/31/2019
3622EUAC0	808	753	55	753	781	3/31/2019
3622EUAF3	617	592	26	592	578	3/31/2019
45660LSY6	3,510	3,387	123	3,387	3,455	3/31/2019
46625YQX4	2,244	1,849	394	1,849	1,560	3/31/2019
59020UXH3	1,131	1,131	—	1,131	1,077	3/31/2019
61750YAB5	50	42	8	42	49	3/31/2019
61752RAJ1	427	409	18	409	425	3/31/2019
78477AAA5	688	688	—	688	682	3/31/2019
93934FEM0	2,321	2,289	32	2,289	2,276	3/31/2019
Subtotal-General Account	**XXX**	**XXX**	**$ 5,503**	**XXX**	**XXX**	
Guaranteed Separate Accounts						
059469AF3	$ 833	$ 783	$ 49	$ 783	$ 799	12/31/2019
1248MBAL9	1,829	1,811	18	1,811	1,812	12/31/2019
12627HAK6	915	895	21	895	907	12/31/2019
12628LAJ9	774	762	12	762	722	12/31/2019

NOTE 20 – LOAN-BACKED AND STRUCTURED SECURITY IMPAIRMENTS (continued)

IMPAIRMENTS TAKEN ON CURRENT HOLDINGS DURING THE CURRENT YEAR

(1) CUSIP[1,2]	(2) Amortized Cost Before Current Period OTTI	(3) Projected Cash Flows	(4) Current Period Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value	(7) Financial Statement Reporting Period
32052MAA9	21	21	—	21	14	12/31/2019
46645GAE8	3,824	3,810	13	3,810	3,813	12/31/2019
61751DAE4	110	104	6	104	109	12/31/2019
12628LAJ9	814	788	27	788	770	9/30/2019
32052MAA9	22	22	—	22	14	9/30/2019
12628KAF9	1,027	1,010	18	1,010	1,073	6/30/2019
12628LAJ9	859	830	29	830	808	6/30/2019
32052MAA9	23	22	1	22	14	6/30/2019
466247XN8	718	714	4	714	717	6/30/2019
059469AF3	686	666	20	666	685	3/31/2019
059515AE6	1,142	1,124	18	1,124	1,145	3/31/2019
05951KAZ6	338	334	4	334	341	3/31/2019
05953YAA9	1,489	1,451	38	1,451	1,461	3/31/2019
1248MBAL9	1,997	1,983	14	1,983	1,892	3/31/2019
12627HAK6	1,023	1,001	22	1,001	999	3/31/2019
12628KAF9	1,058	1,041	17	1,041	968	3/31/2019
12628LAJ9	910	879	30	879	850	3/31/2019
17309BAB3	282	280	3	280	283	3/31/2019
81744HAF0	555	540	15	540	548	3/31/2019
Subtotal-Guaranteed Separate Accounts	**XXX**	**XXX**	**$ 379**	**XXX**	**XXX**	
Grand Total	**XXX**	**XXX**	**$ 5,883**	**XXX**	**XXX**	

(1) Only the impaired lots within each CUSIP are included within this table.
(2) CUSIP amounts less than $1 thousand within this table are shown as zero.

NOTE 21 – SUBSEQUENT EVENTS

At March 12, 2020, the date the financial statements were available to be issued, there have been no events occurring subsequent to the close of the Company’s books or accounts for the accompanying statutory financial statements that would have a material effect on the financial condition of the Company.

GLOSSARY OF TERMS

Term	Description
ABS	Asset-backed securities
Agent VEBA	Agents' Life and Health Benefit Trust
APBO	Accumulated postretirement benefit obligations
AVR	Asset valuation reserve
BoNY	Bank of New York
CARVM	Commissioners' Annuity Reserve Valuation Method
CET	Commissioners' Extended Term
Cigna	Cigna Holding Company
CMBS	Commercial mortgage-backed securities
Credit Facility	Revolving credit facility agreement
CRVM	Commissioners' Reserve Valuation Method
CSAs	Credit support annexes
CSO	Commissioners' Standard Ordinary
CSUL	corporate sponsored universal life policies
CSVUL	Corporate sponsored variable universal life policies
DAC	Deferred policy acquisition costs
DTA	Deferred tax asset(s)
DTL	Deferred tax liability(ies)
Employee VEBA	The Employees' Life and Health Benefit Trust
ERISA	Employee Retirement Income Security Act of 1974
FHLB	Federal Home Loan Bank
GA Contract	IPG contract relating to New York Life's general account
GAM	Group Annuity Mortality
GICs	Guaranteed interest contracts
IAM	Individual Annuity Mortality
IAR	Individual Annuity Reserving
IMR	Interest maintenance reserve
INT 18-01	NAIC Interpretation 18-01
IPG	Immediate participation guarantee
IRC	Internal Revenue Code
IRS	Internal Revenue Service
LIHTC	Low-income housing tax credit
LTV	Loan to value ratio
MCF	Madison Capital Funding LLC
MODCO	Modified coinsurance
MPT	Modified Preliminary Term
NAIC	National Association of Insurance Commissioners
NAIC SAP	National Association of Insurance Commissioners' Accounting Practices and Procedures
NAV	Net asset value
NYLARC	New York Life Agents Reinsurance Company
NYLAZ	NYLIFE Insurance Company of Arizona
NYLCC	New York Life Capital Corporation

Term	Description
NYLE	New York Life Enterprises
NYLIAC	New York Life Insurance and Annuity Corporation
NYL Investments	New York Life Investment Management Holdings LLC
NYL Investors	NYL Investors LLC
NYSDFS (or statutory accounting practices)	New York State Department of Financial Services
OTC	Over-the-counter
OTC-cleared	Over-the-counter clearinghouse
OTC-bilateral	Over-the-counter bilateral agreements
OTTI	Other-than-temporary impairment(s)
PBO	Projected benefit obligation
PBR	Principle-based reserving
SA Contract	Contract related to New York Life's pooled separate accounts
SCAs	Subsidiary, controlled and affiliated entities
SICAV	Société d'Investissement à Captial Variable
SPE	Special purpose entity(ies)
SSAP	Statement of statutory accounting principle
Superintendent	Superintendent of Financial Services of the State of New York
TCJA	Tax Cuts and Jobs Act
TDR	Troubled debt restructuring
The Group Business	Cigna's group life and group disability insurance business
The Notes	The surplus notes issued in 2003, 2009, and 2019
TOLI	Trust owned life insurance
U.S. GAAP	Accounting principles generally accepted in the United States of America
VEBA	Voluntary Employees Beneficiary Association Trusts
Yuanta	Yuanta Financials Holding Co., Ltd.
2003 Notes	Surplus notes issued in 2003
2009 Notes	Surplus notes issued in 2009
2019 Notes	Surplus notes issued in 2019

NEW YORK LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS
(STATUTORY BASIS)

DECEMBER 31, 2018 and 2017

NEW YORK LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF FINANCIAL POSITION

	December 31, 2018	December 31, 2017
	(in millions)	
Assets		
Bonds	$ 106,077	$ 98,176
Common and preferred stocks	10,318	10,807
Mortgage loans	17,554	15,676
Policy loans	11,208	10,877
Limited partnerships and other invested assets	9,581	9,457
Cash, cash equivalents and short-term investments	2,835	2,420
Derivatives	648	587
Real estate	1,486	1,524
Other investments	90	111
Total cash and invested assets	159,797	149,635
Deferred and uncollected premiums	1,938	1,950
Investment income due and accrued	1,494	1,285
Funds held by reinsurer - affiliated	—	4,015
Other assets	6,354	6,527
Separate accounts assets	10,453	13,354
Total assets	$ 180,036	$ 176,766
Liabilities and surplus		
Liabilities:		
Policy reserves	$ 109,968	$ 107,552
Deposit funds	21,909	17,922
Dividends payable to policyholders	1,911	1,897
Policy claims	747	786
Borrowed money	501	496
Amounts payable under security lending agreements	653	679
Derivatives	342	323
Funds held under coinsurance	4,048	4,228
Other liabilities	5,369	5,862
Interest maintenance reserve	535	658
Asset valuation reserve	2,594	2,652
Separate accounts liabilities	10,453	13,354
Total liabilities	159,030	156,409
Surplus:		
Surplus notes	1,994	1,993
Unassigned surplus	19,012	18,364
Total surplus	21,006	20,357
Total liabilities and surplus	$ 180,036	$ 176,766

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF OPERATIONS

	Years Ended December 31, 2018	Years Ended December 31, 2017
	(in millions)	
Income		
Premiums	$ 17,085	$ 15,071
Net investment income	7,338	6,708
Other income	184	436
Adjustment in funds withheld	(3,886)	189
Total income	20,721	22,404
Benefits and expenses		
Benefit payments:		
Death benefits	3,940	3,944
Annuity benefits	1,280	1,215
Health and disability insurance benefits	257	241
Surrender benefits	2,386	2,436
Payments on matured contracts	5,517	4,130
Other benefit payments	482	369
Total benefit payments	13,862	12,335
Additions to reserves	2,291	4,756
Net transfers from separate accounts	(1,706)	(981)
Adjustment in funds withheld	149	158
Operating expenses	3,308	3,229
Total benefits and expenses	17,904	19,497
Gain from operations before dividends and income taxes	2,817	2,907
Dividends to policyholders	1,974	1,958
Gain from operations before income taxes	843	949
Federal and foreign income taxes	(442)	(622)
Net gain from operations	1,285	1,571
Net realized capital losses, after tax and transfers to interest maintenance reserve	(75)	(91)
Net income	$ 1,210	$ 1,480

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CHANGES IN SURPLUS

	Years Ended December 31,	
	2018	2017
	(in millions)	
Surplus, beginning of year	$ 20,357	$ 20,108
Net income	1,210	1,480
Change in liability for pension and postretirement plans	248	543
Change in asset valuation reserve	58	(476)
Change in nonadmitted assets	17	(289)
Change in net deferred income tax	(93)	(1,523)
Change in reserve valuation basis	(236)	(314)
Change in net unrealized capital gains on investments	(550)	843
Other adjustments, net	(5)	(15)
Surplus, end of year	$ 21,006	$ 20,357

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2018	2017
	(in millions)	
Cash flows from operating activities:		
Premiums received	$ 17,087	$ 14,997
Net investment income received	6,301	6,233
Other	249	449
Total received	23,637	21,679
Benefits and other payments	13,673	12,219
Net transfers from separate accounts	(1,702)	(991)
Operating expenses	2,748	2,685
Dividends to policyholders	1,964	1,938
Federal income taxes received	(863)	(197)
Total paid	15,820	15,654
Net cash from operating activities	7,817	6,025
Cash flows from investing activities:		
Proceeds from investments sold	6,102	4,192
Proceeds from investments matured or repaid	12,871	12,956
Cost of investments acquired	(29,168)	(23,480)
Net change in policy loans and premium notes	(332)	(281)
Net cash used in investing activities	(10,527)	(6,613)
Cash flows from financing and miscellaneous activities:		
Other changes in borrowed money	4	(7)
Net inflows from deposit contracts	3,729	1,106
Net change in amounts payable under security lending agreements	(26)	25
Other miscellaneous uses	(582)	(1,105)
Net cash from financing and miscellaneous activities	3,125	19
Net increase (decrease) in cash, cash equivalents and short-term investments	415	(569)
Cash, cash equivalents and short-term investments, beginning of year	2,420	2,989
Cash, cash equivalents and short-term investments, end of year	$ 2,835	$ 2,420

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY

STATUTORY STATEMENTS OF CASH FLOWS (supplemental)

	Years Ended December 31,	
	2018	2017
	(in millions)	
Supplemental disclosures of cash flow information:		
Non-cash activities during the year not included in the Statutory Statements of Cash Flows:		
Transfer of assets between investment types	$ 1,124	$ 1,239
Depreciation/amortization on fixed assets	$ 203	$ 154
Capitalized interest on bonds and other invested assets	$ 115	$ 115
Transfer of equity to charitable organizations	$ 100	$ 15
Capital contribution to affiliated other invested asset	$ 38	$ —
Merger/spinoff/exchange/conversion/transfer of equity investment to equity investment	$ 27	$ 40
Exchange/conversion of bond investment to equity investment	$ 17	$ 49
Low income housing tax credit future commitments	$ 9	$ 21
Other	$ 6	$ 23
Bond to be announced commitments-purchased/sold	$ —	$ 212
Dividend distribution from affiliated other invested asset	$ —	$ 10

See accompanying notes to financial statements.

NOTE 1 – NATURE OF OPERATIONS

New York Life Insurance Company (the "Company”), a mutual life insurance company domiciled in New York State, and its subsidiaries offer a wide range of insurance and investment products and services including life insurance, annuities, long-term care, insurance pension products, disability insurance, mutual funds, securities brokerage, financial planning, trust services, capital financing, and investment advisory services. The Company and its subsidiaries its insurance and annuity products throughout the United States and its territories, Mexico and Canada, primarily through the Company’s career agency force, but also through third party banks, brokers and independent financial advisors. The Company and its subsidiaries provide investment management and advisory services in the United States, Europe, Asia and Australia.

NOTE 2 – BASIS OF PRESENTATION

The accompanying financial statements have been prepared using accounting practices prescribed by the New York State Department of Financial Services (“NYSDFS” or “statutory accounting practices”), which is a comprehensive basis of accounting other than accounting principles generally accepted in the U.S. (“U.S. GAAP”).

NYSDFS recognizes only statutory accounting practices prescribed or permitted by the State of New York for determining and reporting the financial position and results of operations of an insurance company and for determining its solvency under New York Insurance Law. The National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual (“NAIC SAP”) has been adopted as a component of prescribed practices by the State of New York. Prescribed statutory accounting practices include state laws and regulations. Permitted statutory accounting practices encompass accounting practices that are not prescribed; such practices differ from state to state, may differ from company to company within a state, and may change in the future. The Company has no permitted practices.

A reconciliation of the Company’s net income and capital and surplus at December 31, 2018 and 2017 between practices prescribed or permitted by the State of New York and NAIC SAP is shown below (in millions):

	SSAP #	F/S Page	2018	2017
Net income, State of New York basis	XXX	XXX	$ 1,210	$ 1,480
State prescribed practices:				
1. NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums(1)	61	3,4,6(3)	1	3
2. NYSDFS Seventh Amendment to Regulation No. 172 admitted unearned reinsurance premium(2)	61	3,4,6(3)	(2)	(2)
Net income, NAIC SAP	XXX	XXX	$ 1,209	$1,481

NOTE 2 - BASIS OF PRESENTATION (continued)

A reconciliation of the Company's capital and surplus at December 31, 2018 and 2017 between practices prescribed by the State of New York and NAIC SAP is shown below (in millions):

	SSAP #	F/S Page	2018	2017
Capital and surplus, State of New York basis	XXX	XXX	$ 21,006	$ 20,357
State prescribed practices:				
1. NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums(1)	61	3,4,6(3)	124	122
2. NYSDFS Seventh Amendment to Regulation No. 172 admitted unearned reinsurance premium(2)	61	3,4,6(3)	(50)	(48)
Capital and surplus, NAIC SAP	XXX	XXX	$ 21,080	$ 20,431

(1) NYSDFS Circular Letter No. 11 (2010) clarified the accounting for deferred premium assets when reinsurance is involved.
(2) NYSDFS Regulation 172 was amended to allow for the admission of an unearned reinsurance premium asset.
(3) Financial statement line items include: Deferred and uncollected premiums (Assets), Premiums (Operations), and Premiums received (Cash Flows)

Statutory vs. U.S. GAAP Basis of Accounting

Financial statements prepared under NAIC SAP as determined under New York State Insurance Law vary from those prepared under U.S. GAAP. The primary differences that apply to the financial statements of the Company are as follows:

- investments in subsidiaries and other controlled entities, including partnerships, limited liability companies and joint ventures, are not consolidated with the financial statements of the Company, whereas under U.S. GAAP, consolidated financial statements are prepared;

- contracts that have any mortality or morbidity risk, regardless of significance, and contracts with life contingent annuity purchase rate guarantees are classified as insurance contracts, whereas under U.S. GAAP, only contracts that have significant mortality or morbidity risk are classified as insurance contracts otherwise they are accounted for in a manner consistent with the accounting for interest bearing or other financial instruments;

- the costs related to acquiring insurance contracts (principally commissions), policy issue expenses and sales inducements are charged to income in the period incurred, whereas under U.S. GAAP, these costs are deferred when related to successful sales and amortized over the periods benefited;

- life insurance and annuity reserves are based on different statutory methods and assumptions than they are under U.S. GAAP;

- dividends on participating policies are recognized for the full year when approved by the board of directors of the Company, whereas under U.S. GAAP, they are accrued when earned by policyholders;

- certain policies which do not pass through all investment gains to policyholders are maintained in separate accounts, whereas U.S. GAAP reports these policies in the general account assets and liabilities of the Company;

- reinsurance agreements are accounted for as reinsurance on an NAIC SAP and U.S. GAAP basis if certain risk transfer provisions have been met. NAIC SAP requires the reinsurer to assume insurance risk, regardless of the significance of the loss potential, whereas U.S. GAAP requires that there is a reasonable possibility that the reinsurer may realize significant loss from assuming insurance risk; under U.S. GAAP, certain reinsurance assumed by the Company is accounted for at fair value based on the election of the fair value option, whereas this treatment is not allowed under NAIC SAP; assets and liabilities from reinsurance transactions are reported net of reinsurance, whereas under U.S. GAAP, assets and liabilities from reinsurance transactions are reported gross of reinsurance;

NOTE 2 - BASIS OF PRESENTATION (continued)

- U.S. GAAP requires that for certain reinsurance agreements, whereby assets are retained by the ceding insurer (such as funds withheld or modified coinsurance) and a return is paid based on the performance of underlying investments, that the liabilities for these reinsurance arrangements must be adjusted to reflect the fair value of the invested assets; NAIC SAP does not contain a similar requirement;

- investments in subsidiaries, controlled and other affiliated entities as defined in Statements of Statutory Accounting Principles ("SSAP") No. 97, "Investments in Subsidiary, Controlled and Affiliated Entities" ("SCAs"), including partnerships, limited liability companies and joint ventures, are accounted for under the equity method. Under the equity method, domestic insurance subsidiaries are recorded at their underlying audited statutory surplus. Nonpublic non-insurance subsidiaries and other controlled entities are recorded at their underlying audited GAAP equity. Foreign insurance subsidiaries are recorded at their underlying audited GAAP equity with certain adjustments. In the absence of an admissible audit, the entire investment is nonadmitted. Changes in the value of such investments are recorded as unrealized gains or losses. The earnings of such investments are recorded in net investment income only when dividends are declared. Under U.S. GAAP, these investments are consolidated;

- investments in noncontrolled partnerships and limited liability companies are accounted for under the equity method for both NAIC SAP and U.S. GAAP. Under the statutory equity method, undistributed income and capital gains and losses for these investments are reported in surplus as unrealized gains or losses, whereas under U.S. GAAP, in many cases, for investment companies, unrealized gains and losses are included in net investment income.

- investments in bonds are generally carried at amortized cost or values as prescribed by the NYSDFS, whereas under U.S. GAAP, investments in bonds that are classified as available for sale or trading are carried at fair value, with changes in fair value of bonds classified as available for sale reflected in equity, and changes in fair value of bonds classified as trading reflected in earnings;

- an asset valuation reserve ("AVR") based on a formula prescribed by the NAIC is established as a liability to offset potential non-interest related investment losses. Changes in the AVR are recorded directly to surplus, whereas under U.S. GAAP, no AVR is recognized;

- realized gains and losses resulting from changes in interest rates are deferred in the interest maintenance reserve (“IMR”) and amortized into investment income over the remaining life of the investment sold, whereas under U.S. GAAP, the gains and losses are recognized in income at the time of sale;

- corporate securities deemed to be other-than-temporarily impaired are written down to fair value, whereas under U.S. GAAP, if certain conditions are met, credit impairments on corporate securities are recorded based on the net present value of future cash flows expected to be collected, discounted at the current book yield. Also, if certain conditions are met, the non-credit portion of the impairment on a loan-backed or structured security is not accounted for whereas under U.S. GAAP, if certain conditions are met, the non-credit portion of the impairment on a debt security is recorded through other comprehensive income. A non-credit loss exists when the fair value of a security is less than the present value of projected future cash flows expected to be collected;

- deferred income taxes exclude state income taxes and are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with changes in the net deferred tax reflected as a component of surplus, whereas under U.S. GAAP, deferred income taxes include federal and state income taxes and changes in deferred taxes are reflected in either earnings or other comprehensive income;

- a tax loss contingency is required to be established if it is more likely than not that a tax position will not be sustained upon examination by taxing authorities. If a loss contingency is greater than 50 percent of the tax benefit associated with a tax position, the loss contingency is increased to 100 percent, whereas under U.S. GAAP the amount of the benefit for any uncertain tax position is the largest amount that is greater than 50 percent likely of being realized upon settlement;

NOTE 2 - BASIS OF PRESENTATION (continued)

- certain assets, such as intangible assets, overfunded pension plan assets, furniture and equipment, and unsecured receivables are considered nonadmitted and excluded from assets, whereas they are included in assets under U.S. GAAP subject to a valuation allowance, as appropriate;

- goodwill held by an insurance company is admitted subject to a 10% limitation on surplus and amortized over the useful life of the goodwill, not to exceed 10 years, and goodwill held by non-insurance subsidiaries is assessed in accordance with U.S. GAAP, subject to certain limitations for holding companies and foreign insurance subsidiaries, whereas under U.S. GAAP, goodwill is considered to have an indefinite useful life and is tested for impairment. Losses are recorded, only when goodwill is deemed impaired;

- fair value is required to be used in the determination of the expected return on the plan assets component of the net periodic benefit cost of pension and other postretirement obligations, whereas under U.S. GAAP, the market-related value of plan assets is used. The market-related value of plan assets can be either fair value or a calculated value that recognizes asset gains or losses over a period not to exceed five years;

- surplus notes are included as a component of surplus, whereas under U.S. GAAP, they are presented as a liability;

- contracts that contain an embedded derivative are not bifurcated between components and are accounted for consistent with the host contract, whereas under U.S. GAAP, either the contract is recorded at fair value with changes in the fair value included in earnings or the embedded derivative needs to be bifurcated from the host contract and accounted for separately;

- certain derivative instruments are carried at amortized cost, whereas under U.S. GAAP, all derivative instruments are carried at fair value; and

- changes in the fair value of derivative instruments not carried at amortized cost are recorded as unrealized capital gains or losses and reported as changes in surplus, whereas under U.S. GAAP, these changes are generally reported through earnings unless they qualify and are designated for cash flow or net investment hedge accounting.

The effects on the financial statements of the above variances between NAIC SAP as determined under New York State Insurance Law and U.S. GAAP are material to the Company.

NOTE 2 - BASIS OF PRESENTATION (continued)

The following table reconciles the Company's statutory capital and surplus determined in accordance with statutory accounting practices with consolidated New York Life equity, excluding non-controlling interests, determined on a U.S. GAAP basis at December 31, 2018 and 2017 (in millions):

	2018	2017
Capital and surplus	$ 21,006	$ 20,357
AVR	2,594	2,651
Capital and surplus and AVR	23,600	23,008
Adjustments to statutory basis for:		
DAC asset	8,314	6,985
Removal of AVR of domestic insurance companies	1,214	1,190
Mark-to-market on investments, pre-tax and deferred acquisition cost ("DAC")	1,174	8,759
Inclusion of statutory accounting nonadmitted assets	1,048	936
Policyholders' dividend liability	671	651
Liability for pension and other postretirement benefits	659	—
Removal of IMR of domestic insurance companies	640	811
Sales inducement asset	579	629
Inclusion of goodwill in excess of statutory limitations	439	437
Net assets of separate accounts	25	252
Differences in reserve valuation bases for future policy benefits and policyholders' account balances	(1,297)	(3,263)
Net adjustment for deferred taxes	(1,890)	(2,522)
Reclassification of surplus notes to liabilities	(1,991)	(1,991)
Other	(66)	(86)
Total adjustments	9,519	12,788
Total consolidated New York Life U.S. GAAP equity, excluding non-controlling interests	$ 33,119	$ 35,796

NOTE 2 - BASIS OF PRESENTATION (continued)

The following table reconciles the Company's statutory net income determined in accordance with statutory accounting practices with consolidated New York Life net income determined on a U.S. GAAP basis for the years ended December 31, 2018 and 2017 (in millions):

	2018	2017
Net gain from operations	$ 1,285	$ 1,571
Net realized capital losses	(75)	(91)
Statutory net income	1,210	1,480
Adjustments to statutory net income for:		
Differences in reserve valuation bases for future policy benefits and policyholders' account balances	651	(126)
Fair value adjustment of certain liabilities	303	(141)
Net capitalization of DAC	240	233
Net income from subsidiaries (less dividends to New York Life)	142	1,427
Dividends to policyholders	15	14
Inclusion of GAAP earnings of limited partnerships, net of distributions	6	(272)
Removal of IMR capitalization, net of amortization	(126)	(64)
Inclusion of deferred income taxes	(222)	(484)
Inclusion of GAAP net investment gains (losses)	(709)	624
Other	(64)	69
Total adjustments	236	1,280
Total consolidated New York Life U.S. GAAP net income	$ 1,446	$ 2,760

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Management is also required to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

Bonds

Bonds other than loan-backed and structured securities are stated at amortized cost using the interest method. Bonds in or near default (rated NAIC 6) are stated at the lower of amortized cost or fair value. Refer to Note 9 - Fair Value Measurements, for discussion on the valuation approach and methods for bonds.

Loan-backed and structured securities, which are included in bonds, are valued at amortized cost using the interest method including current assumptions of projected cash flows. Loan-backed and structured securities in or near default (rated NAIC 6) are stated at the lower of amortized cost or fair value. Amortization of premium or accretion of discount from the purchase of these securities considers the estimated timing and amount of cash flows of the underlying loans, including prepayment assumptions based on data obtained from external sources or internal estimates. Projected future cash flows are updated monthly, and the amortized cost and effective yield of the securities are adjusted as necessary to reflect historical prepayment experience and changes in estimated future prepayments. For high credit quality loan-backed and structured securities (those rated AA or above at the date of acquisition), the adjustments to amortized cost are recorded as a charge or credit to net investment income in accordance with the retrospective method. For loan-backed and structured securities that are not of high credit quality (those rated below AA at date of acquisition), certain floating rate securities and securities with the potential for a loss of a portion of the original investment due to contractual

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

prepayments (e.g., interest only securities), the effective yield is adjusted prospectively for any changes in estimated cash flows. Refer to Note 20 - Fair Value Measurements, for discussion on the valuation approach and methods for bonds.

All acquisitions of securities are recorded in the financial statements on a trade date basis except for the acquisitions of private placement bonds, which are recorded on the funding date.

Preferred Stocks

Preferred stocks in “good standing” (NAIC designation of 1 to 3) are valued at amortized cost. Preferred stocks “not in good standing” (NAIC designation of 4 to 6) are valued at the lower of amortized cost or fair value. Refer to Note 9 - Fair Value Measurements, for discussion on the valuation approach and methods for preferred stocks.

Common Stocks

Common stocks include the Company's investments in unaffiliated stocks and two direct, wholly owned U.S. insurance subsidiaries: New York Life Insurance and Annuity Corporation ("NYLIAC") and NYLIFE Insurance Company of Arizona ("NYLAZ").

Investments in common stocks of U.S. insurance subsidiaries are carried at the value of their audited underlying U.S. statutory surplus. Unaffiliated common stocks are carried at fair value. Unrealized gains and losses are reflected in surplus, net of deferred taxes. Refer to Note 9 - Fair Value Measurements, for a discussion on the valuation approach and methods for common stocks.

The Company also has investments in non-insurance subsidiaries organized as limited liability companies. These investments are carried as an asset provided the entity’s U.S. GAAP equity is audited. In the absence of an admissible audit, the entire investment is nonadmitted. Generally, each of the Company’s non-insurance subsidiary limited liability companies, except New York Life Enterprises ("NYLE"), NYLIFE LLC and NYL Investors LLC ("NYL Investors"), has a U.S. GAAP audit and are stated as follows: (1) foreign insurance subsidiaries that have U.S. GAAP audits are stated at U.S. GAAP equity adjusted for certain assets that are disallowed under statutory accounting practices, otherwise the investment is nonadmitted; (2) non-insurance subsidiaries are carried at U.S. GAAP equity unless they are engaged in certain transactions that are for the benefit of the Company or its affiliates and receive 20% or more of their revenue from the Company or its affiliates. In this case, non-insurance subsidiaries are carried at U.S. GAAP equity adjusted for the same items as foreign insurance subsidiaries; (3) all other assets and liabilities in a downstream holding company are accounted for in accordance with the appropriate NAIC SAP guidance.

Dividends and distributions from subsidiaries other than those deemed a return of capital (both in the form of common stock and limited liability companies) are recorded as a component of net investment income when declared and changes in the equity of subsidiaries (both in the form of common stock and limited liability companies) are recorded as unrealized gains or losses in surplus, net of deferred taxes.

Other than Temporary Impairments

The cost basis of bonds and equity securities is adjusted for impairments in value that are deemed to be other than temporary. An other-than-temporary loss is recognized in net income when it is anticipated that the amortized cost will not be recovered. Factors considered in evaluating whether a decline in value is other than temporary include: (1) whether the decline is substantial; (2) the duration that the fair value has been less than cost; (3) the financial condition and near-term prospects of the issuer; and (4) the Company’s ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value.

When a bond (other than loan-backed and structured securities), preferred stock or common stock is deemed other-than-temporarily impaired, the difference between the investments’ amortized cost and its fair value is recognized as a realized loss and reported in net income if the loss is credit related, or deferred in the IMR if interest related for bonds.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

For loan-backed and structured securities, the entire difference between the security's amortized cost and its fair value is recognized in net income only when the Company (a) has the intent to sell the security or (b) it does not have the intent and ability to hold the security to recovery. If neither of these two conditions exists, a realized loss is recognized in net income for the difference between the amortized cost basis of the security and the net present value of projected future cash flows expected to be collected. The net present value is calculated by discounting the Company's best estimate of projected future cash flows at the effective interest rate implicit in the loan-backed or structured security prior to impairment.

The determination of cash flow estimates in the net present value calculation is subjective and methodologies will vary, depending on the type of security. The Company considers all information relevant to the collectability of the security, including past events, current conditions, and reasonably supportable assumptions and forecasts in developing the estimate of cash flows expected to be collected. This information generally includes, but may not be limited to, the remaining payment terms of the security, estimated prepayment speeds, defaults, recoveries upon liquidation of the underlying collateral securing the notes, the financial condition of the issuer(s), credit enhancements and other third-party guarantees. In addition, other information, such as industry analyst reports and forecasts, sector credit ratings, the financial condition of the bond insurer for insured fixed income securities and other market data relevant to the collectability may also be considered, as well as the expected timing of the receipt of insured payments, if any. The estimated fair value of the collateral may be used to estimate recovery value if the Company determines that the security is dependent on the liquidation of the collateral for recovery.

The new cost basis of an impaired security is not adjusted for subsequent increases in estimated fair value. In periods subsequent to the recognition of an other-than-temporary impairment ("OTTI"), the impaired bond security is accounted for as if it had been purchased on the measurement date of the impairment. Accordingly, the discount (or reduced premium) based on the new cost basis may be accreted (or amortized) into net investment income in future periods based on prospective changes in cash flow estimates, to reflect adjustments to the effective yield.

Mortgage Loans

Mortgage loans on real estate are carried at unpaid principal balances, net of discounts, premiums, deferred origination fees, and specific valuation allowances, and are collateralized. Specific valuation allowances are established for the excess carrying value of the mortgage loan over the estimated fair value of the collateral as an unrealized loss in surplus when it is probable that based on current information and events that the Company will be unable to collect all amounts due under the contractual terms of the loan agreement. Fair value of the collateral is estimated by performing an internal or external current appraisal. If impairment is deemed to be other-than-temporary, which can include a loan modification that qualifies as a troubled debt restructuring ("TDR"), a direct write-down is recognized as a realized loss reported in net income, and a new cost basis for the individual mortgage loan, which is equal to the fair value of the collateral, less costs to obtain and sell, is established. Refer to Note 9 - Fair Value Measurements, for discussion on the valuation approach and methods for mortgage loans.

The Company accrues interest income on mortgage loans to the extent it is deemed collectible. The Company places loans on non-accrual status, and ceases to recognize interest income when management determines that the collection of interest and repayment of principal is not probable. Any accrued but uncollected interest is reversed out of interest income once a loan is put on non-accrual status. Interest payments received on mortgage loans where interest payments have been deemed uncollectible are recognized on a cash basis and recorded as interest income. If a determination is made that the principal will not be collected, the interest payment received is used to reduce the principal balance. If a mortgage loan has any investment income due and accrued that is 90 days past due and collectible, the investment income will continue to accrue but all accrued interest related to the mortgage loan is reported as a nonadmitted asset, until such time that it has been paid or is deemed uncollectible.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Real Estate

Real estate includes properties that are directly-owned real estate properties and real estate property investments that are directly and wholly-owned through a limited liability company and meet certain criteria. Real estate held for the production of income and home office properties are stated at cost less accumulated depreciation and encumbrances. Real estate held for sale is stated at the lower of cost less accumulated depreciation or fair value, less encumbrances and estimated costs to sell, which may result in an OTTI recognized as a realized loss in net income. Depreciation of real estate held for the production of income and home office properties is calculated using the straight-line method over the estimated lives of the assets, generally 40 years. Costs of permanent improvements are depreciated over their estimated useful life.

Policy Loans

Policy loans are stated at the aggregate balance due. The excess of the unpaid balance of a policy loan that exceeds the cash surrender value is nonadmitted.

Limited Partnerships and Limited Liability Companies

Limited partnerships and limited liability companies which have admissible audits are carried at the underlying audited equity of the investee. The financial statements of equity method investees are usually not received sufficiently timely for the Company to apply the equity method at each reporting period. Therefore, the equity pick-up on these investments has been recorded on a one to three-month lag.

The cost basis of limited partnerships is adjusted for impairments in value deemed to be other-than-temporary, with the difference between cost and carrying value, which approximates fair value, recognized as a realized loss reported in net income. The new cost basis of an impaired limited partnership is not adjusted for subsequent increases in the underlying audited equity of the investee. The Company nonadmits the entire investment when an admissible audit is not performed. Dividends and distributions from limited partnerships and limited liability companies, other than those deemed a return of capital, are recorded in net investment income. Undistributed earnings are included in unrealized gains and losses and are reflected in surplus, net of deferred taxes.

Low-Income Housing Tax Credit (“LIHTC”) investments, which are included in limited partnerships and other invested assets, are recorded at proportional amortized cost and include remaining unfunded commitments. The carrying value of the investment is amortized into income in proportion to the actual and projected future amounts of tax credits and deductible losses. The amortization is recorded through net investment income.

Derivative Instruments

Derivative instruments that qualify and are designated for hedge accounting are valued in a manner consistent with the items being hedged. Periodic payments and receipts on these derivatives are recorded on an accrual basis within net investment income for hedges of fixed income securities, other income for hedges of liabilities, and net realized capital gains and losses for hedges of net investments in foreign operations. Net realized gains and losses are recognized upon termination or maturity of these contracts in a manner consistent with the hedged item and when subject to the IMR, are transferred to the IMR, net of taxes.

Derivative instruments that do not qualify or are not designated for hedge accounting are carried at fair value and changes in fair value are recorded in surplus as unrealized gains and losses, net of deferred taxes. Periodic payments and receipts on these derivatives are recorded on an accrual basis within net investment income for hedges of fixed income securities and other income for hedges of liabilities and net realized capital gains and losses for hedges of foreign net investments and credit default swaps. Upon termination or maturity the gains or losses on these contracts are recognized in net realized capital gains and losses, net of taxes. Realized gains or losses on terminated or matured derivatives, which are subject to the IMR, are transferred to the IMR, net of taxes.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents includes cash on hand, amounts due from banks and highly liquid debt instruments that have original maturities of three months or less at date of purchase and are carried at amortized cost. Cash and cash equivalents also include money market mutual funds which are stated at fair value. Short-term investments consist of securities with remaining maturities of one year or less, but greater than three months at the time of acquisition and are carried at amortized cost, which approximates fair value.

Asset Valuation Reserve

The AVR is used to stabilize surplus from fluctuations in the market value of bonds, stocks, mortgage loans, real estate, limited partnerships and other investments. Changes in the AVR are accounted for as direct increases or decreases in surplus. The IMR captures interest related realized gains and losses on sales (net of taxes) of bonds, preferred stocks, mortgage loans, interest related other-than-temporary impairments (net of taxes) and realized gains or losses (net of taxes) on terminated interest rate related derivatives which are amortized into net income over the expected years to maturity of the investments sold or the item being hedged using the grouped method. An interest related other-than-temporary impairment occurs when the Company has the intent to sell an investment at the reporting date, before recovery of the cost of the investment. For loan-backed and structured securities, the non-interest related other-than-temporary impairment is booked to the AVR, and the interest related portion to the IMR.

Loaned Securities and Repurchase Agreements

The Company enters into securities lending agreements whereby certain investment securities are loaned to third-parties. Securities loaned are treated as financing arrangements. With respect to securities loaned, in order to reduce the Company's risk under these transactions, the Company requires initial cash collateral equal to 102% of the fair value of domestic securities loaned. The Company records an offsetting liability in amounts payable under security lending agreements. The Company monitors the fair value of securities loaned with additional collateral obtained as necessary. The borrower of the loaned securities is permitted to sell or repledge those securities.

The Company enters into dollar roll repurchase agreements to sell and repurchase securities. Assets to be repurchased are the same, or substantially the same, as the assets sold. The Company agrees to sell securities at a specified price and repurchase the securities at a lower price. The Company receives cash in the amount of the sales proceeds and establishes a liability equal to the repurchase amount. The difference between the sale and repurchase amounts represents deferred income which is earned over the life of the agreement. The liability for repurchasing the assets is included in borrowed money.

The Company enters into tri-party reverse repurchase agreements to purchase and resell short-term securities. The Company receives securities as collateral, having a fair value at least equal to 102% of the purchase price paid by the Company for the securities and the Company's designated custodian takes possession of this collateral. The Company is not permitted to sell or repledge these securities. The collateral is not recorded on the Company's financial statements. However, if the counterparty defaults, the Company would then exercise its rights with respect to the collateral, including a sale of the collateral. The fair value of the securities held as collateral is monitored daily and additional collateral is obtained, where appropriate, to protect against credit exposure. The Company records the amount paid for securities purchased under agreements to resell in cash, cash equivalents and short-term investments.

Premiums and Related Expenses

Life premiums are recognized as revenue when due. Annuity considerations are recognized as revenue when received. Commissions and other costs associated with acquiring new business are charged to operations as incurred. Premiums on guaranteed interest contracts ("GICs") with purchase rate guarantees, which introduce an element of mortality risk, are recorded as income when received. Amounts received or paid under deposit type contracts without mortality or morbidity risk are not reported as income or benefits but are recorded directly as an adjustment to the liability for deposit funds.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Income from investments, including amortization of premium, accrual of discount and similar items, is recorded within net investment income, unless otherwise stated herein.

Dividends to Policyholders

The liability for dividends to policyholders consists principally of dividends expected to be paid during the subsequent year. The allocation of dividends is approved annually by the Board of Directors and is determined by means of formulas, which reflect the relative contribution of each group of policies to divisible surplus. A portion of the Company's 2018 annual declaration of policyholder dividends included a guarantee of a minimum aggregate amount of dividends to be paid.

Policy Reserves

Policy reserves are based on mortality tables and valuation interest rates, which are consistent with statutory requirements and are designed to be sufficient to provide for contractual benefits. The Company holds reserves greater than those developed under the minimum statutory reserving rules when the valuation actuary determines that the minimum statutory reserves are inadequate. Actual results could differ from these estimates and may result in the establishment of additional reserves. The valuation actuary monitors actual experience and, where circumstances warrant, revises assumptions and the related estimates for policy reserves. Refer to Note 12 - Insurance Liabilities, for a discussion of reserves in excess of minimum NAIC requirements.

Federal Income Taxes

Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years. Deferred federal income tax assets (“DTAs”) and deferred federal income tax liabilities (“DTLs”) are recognized for expected future tax consequences of temporary differences between statutory and taxable income. Temporary differences are identified and measured using a balance sheet approach whereby statutory and tax balance sheets are compared. Changes in DTAs and DTLs are recognized as a separate component of surplus (except for the net deferred tax asset related to unrealized gains, which is included in unrealized gains and losses). Net DTAs are admitted to the extent permissible under NAIC SAP. Gross DTAs are reduced by a statutory valuation allowance, if it is more likely than not that some portion or all of the gross DTA will not be realized. The Company is required to establish a tax loss contingency if it is more likely than not that a tax position will not be sustained. The amount of the contingency reserve is management’s best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve is equal to the entire tax benefit.

The Company files a consolidated federal income tax return with certain of its domestic insurance and non-insurance subsidiaries. The consolidated income tax provision or benefit is allocated among the members of the group in accordance with a tax allocation agreement. This tax allocation agreement provides that each member of the group computes its share of the consolidated tax provision or benefit, in general, on a separate company basis, and may, where applicable, include the tax benefits of operating or capital losses utilizable in the Company's consolidated returns. Intercompany tax balances are settled quarterly on an estimated basis with a final settlement occurring within 30 days of the filing of the consolidated tax return. Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years.

On December 22, 2017, the Tax Cuts and Jobs Act (“TCJA”) was signed into law, making significant changes to the U.S. Internal Revenue Code ("IRC").

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

On February 8, 2018, the NAIC issued Interpretation 18-01 ("INT 18-01") to address the reporting and updating of estimates that companies are required to reflect as various accounting adjustments in their financial statements as a result of the TCJA. This guidance provides that, although some accounting computations may be considered complete, other accounting computations or assessments may be considered incomplete when the financial statements are filed. As such, for those items which are incomplete but for which a reasonable estimate can be made, those amounts should be recorded as provisional in the financial statements not to extend beyond one year of the TCJA enactment date of December 22, 2017. See Note 16 - Income Taxes for additional information on the TCJA and the INT 18-01 provisional amounts.

Separate Accounts

The Company has established both non-guaranteed and guaranteed separate accounts with varying investment objectives which are segregated from the Company's general account and are maintained for the benefit of separate accounts policyholders. The Company has market value guaranteed separate accounts, for which supplemental separate account assets are used to fund the excess of the actuarial liability for future guaranteed payments over the market value of the assets. Assets held in non-guaranteed separate accounts and market value guaranteed separate accounts are stated at market value. Assets held in guaranteed book value separate accounts are carried at the same basis as the general account.

The liability for separate accounts represents policyholders' interests in the separate accounts assets, excluding liabilities representing due and accrued transfers to the general account. The liability for non-guaranteed and guaranteed market value separate accounts represents policyholders' interests in the separate accounts assets, including accumulated net investment income and realized and unrealized gains and losses on those assets. For the book value guaranteed separate account, the liability represents amounts due to policyholders pursuant to the terms of the contract.

Funds Held Under Coinsurance

Funds held under coinsurance primarily represent balances payable related to certain reinsurance assumed contracts that were partially retroceded. The balances are determined based on the percent of the liabilities retroceded, including certain insurance related payables and receivables as stipulated by the reinsurance agreements. Refer to Note 13 - Reinsurance, for additional discussion on assumed reinsurance.

Other Assets and Liabilities

Other assets primarily consist of cash value on corporate owned life insurance, net DTA, current tax receivable, receivables from subsidiaries and affiliates, and interest in annuity contracts. Corporate owned life insurance is carried at cash surrender value with changes in cash surrender value reported in other income in the accompanying Statutory Statements of Operations.

Other liabilities primarily consistof accrued expenses, amounts withheld by the Company, employee benefit plan liabilities, derivative liabilities, current tax liabilities, and obligations under structured settlement agreements.

Nonadmitted Assets

Under statutory accounting practices, certain assets are designated as nonadmitted assets and are not included in the accompanying Statutory Statements of Financial Position since these assets are not permitted by the NYSDFS to be taken into account in determining the Company's financial condition. Nonadmitted assets typically include furniture and equipment, agents' debit balances, DTA not realizable within three years, receivables over 90 days old and overfunded plan assets on qualified benefit plans. Changes to nonadmitted assets are reported as a direct adjustment to surplus in the accompanying Statutory Statements of Changes in Surplus.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments and Insurance Liabilities

Fair value of various assets and liabilities are included throughout the notes to the financial statements. Specifically, fair value disclosure of investments held is reported in Note 6 - Investments. Fair values for derivative instruments are included in Note 7 - Derivative Instruments and Risk Management. Fair values for insurance liabilities are reported in Note 12 - Insurance Liabilities. The aggregate fair value of all financial instruments summarized by type is included in Note 9 - Fair Value Measurements.

Contingencies

Amounts related to contingencies are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable.

At the inception of a guarantee (except unlimited guarantees and guarantees made to or on behalf of wholly owned subsidiaries), the Company recognizes an initial liability at fair value for the obligations it has undertaken, regardless of the probability of performance under the guarantee. This includes guarantees made on behalf of affiliates other than wholly owned subsidiaries unless the guarantee is deemed unlimited.

Foreign Currency Translation and Transactions

The Company's Canadian insurance operations are stated in Canadian dollars, with a single foreign currency adjustment of the net value reflected in unrealized gains and losses as a component of surplus. For all other foreign currency items, income and expenses are translated at the average exchange rate for the period while assets and liabilities are translated using the spot rate in effect at the date of the statements. Changes in the asset and liability values due to fluctuations in foreign currency exchange rates including translating foreign investments included in limited partnerships and other invested assets are recorded as unrealized capital gains and losses in surplus until the asset is sold or exchanged or the liability is settled. Upon settlement, previously recorded unrealized capital gains and losses are reversed, and the foreign exchange gain or loss for the entire holding period is recorded as a realized capital gain or loss in net income.

Benefit Plans

The Company maintains various tax-qualified and non-qualified plans that provide defined benefit pension and other postretirement benefits covering eligible U.S. employees and agents. A December 31st measurement date is used for all defined benefit pension and other postretirement benefit plans.

The Company recognizes the funded status of each of the pension and postretirement plans on the accompanying Statutory Statements of Financial Position. The funded status of a plan is measured as the difference between plan assets at fair value and the projected benefit obligation ("PBO") for pension plans or the accumulated postretirement benefit obligation ("APBO") for other postretirement plans.

The PBO is defined as the actuarially calculated present value of vested and non-vested pension benefits accrued based on service accruals through the measurement date and anticipated future compensation levels. This is the basis upon which pension liabilities and net periodic benefit cost are determined. The PBO of the defined benefit pension plans is determined using a variety of actuarial assumptions, from which actual results may vary.

The APBO represents the actuarially calculated present value of other postretirement benefits attributed to employee services rendered through the measurement date. This is the valuation basis upon which postretirement benefit liabilities and net periodic postretirement benefit cost are determined. The APBO is determined using a variety of actuarial assumptions, from which actual results may vary.

For pension and postretirement benefits, the Company recognizes the net periodic benefit cost as an expense in the accompanying Statutory Statements of Operations.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Net periodic benefit cost is determined using management estimates and actuarial assumptions to derive service cost, interest cost, and expected return on plan assets for a particular year. Net periodic benefit cost also includes the applicable amortization of any prior service cost (credit) arising from the increase (decrease) in prior years' benefit costs due to plan amendments. These costs are amortized into net periodic benefit cost over the expected service years of employees whose benefits are affected by such plan amendments. Actual experience related to plan assets and/or the benefit obligations may differ from that originally assumed when determining net periodic benefit cost for a particular period and future assumptions may change, resulting in gains or losses. To the extent such aggregate gains or losses exceed 10 percent of the greater of the benefit obligations or the market value of assets of the plan; they are amortized into net periodic benefit cost over the expected service years of employees expected to receive benefits under the plans.

The obligations and expenses associated with these plans require an extensive use of assumptions such as the discount rate, expected rate of return on plan assets, rate of future compensation increases, healthcare cost trend rates, as well as assumptions regarding participant demographics such as rate and age at retirements, withdrawal rates, and mortality. Management, in consultation with its external consulting actuarial firm, determines these assumptions based upon a variety of factors such as historical performance of the plan and its assets, currently available market and industry data, and expected benefit payout streams. The assumptions used may differ materially from actual results due to, among other factors, changing market and economic conditions and changes in participant demographics.

The Company also sponsors tax-qualified defined contribution plans for substantially all U.S. employees and agents. The defined contribution plan for employees matches a portion of employees' contributions. Accordingly, the Company recognizes compensation cost for current matching contributions. The defined contribution plan for agents provides for discretionary Company contributions for eligible agents. Accordingly, the Company recognizes compensation cost for current discretionary contributions. As all contributions are transferred timely to the trust for these plans, no liability for matching or discretionary contributions is recognized in the accompanying Statutory Statements of Financial Position.

The Company also maintains for certain eligible participants a non-qualified unfunded arrangement that credits deferral amounts and matching contributions with respect to compensation in excess of the amount that may be taken into account under the tax-qualified defined contribution plan because of applicable Internal Revenue Service ("IRS") limits. Accordingly, the Company recognizes compensation cost for current matching contributions and holds a liability for these benefits, which is included in other liabilities in the accompanying Statutory Statements of Financial Position.

The Company provides certain benefits to eligible employees during employment for paid absences and after employment but before retirement. A liability for these benefits is accrued when the benefit is incurred.

NOTE 4 – BUSINESS RISKS AND UNCERTAINTIES

The Company is exposed to an array of risks, including, but not limited to, regulatory actions, financial risk, risks associated with its investments and operational risk, including cyber security.

The Company is regulated by the insurance departments of the states and territories where it is licensed to do business. Although the federal government does not directly regulate the business of insurance, federal legislation and administrative policies can significantly and adversely affect the insurance industry and the Company. The Company is unable to predict whether any administrative or legislative proposals, at either the federal or state level, will be adopted in the future, or the effect, if any, such proposals would have on the Company.

The Company's insurance liabilities and assets under management are exposed to market risk, policyholder behavior risk and mortality/longevity risk. Market volatility and other equity market conditions may affect the Company's exposure to risks related to guaranteed death benefits and guaranteed living benefits on variable products. Furthermore, the level of sales of the Company's insurance and investment products is influenced by many factors, including general market rates of interest, the strength, weakness and volatility of equity markets, and terms and conditions of competing products.

NOTE 4 – BUSINESS RISKS AND UNCERTAINTIES (continued)

The Company is exposed to the risks normally associated with an investment portfolio, which include interest rate, liquidity, credit and counterparty risks. The Company controls its exposure to these risks by, among other things, closely monitoring and managing the duration and cash flows of its assets and liabilities, maintaining a large percentage of its portfolio in highly liquid securities, engaging in a disciplined process of underwriting, reviewing and monitoring credit risk, and by devoting significant resources to develop and periodically update its risk management policies and procedures.

The Company relies on technology systems and solutions to conduct business and to retain, store and manage confidential information. The failure of the Company's technology systems and solutions, or those of a vendor, for any reason has the potential to disrupt its operations, result in the loss of customer business, damage the Company's reputation, and expose the Company to litigation and regulatory action, all of which could adversely impact its profitability.

NOTE 5 – RECENT ACCOUNTING PRONOUNCEMENTS

Changes in Accounting Principles

Accounting changes adopted to conform to the provisions of NAIC SAP or other state prescribed accounting practices are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is generally reported as an adjustment to unassigned surplus in the period of the change in accounting principle. Generally, the cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

In 2018, the NAIC adopted revisions to SSAP 21 "Other Admitted Assets." The revisions provide clarifying guidance when the reporting entity is the owner and beneficiary of a life insurance policy. Specifically, the guidance requires for the life insurance policy to meet the life insurance criteria provided in Internal Revenue Code §7702 in order to be an admitted asset. Adoption of this guidance did not have an impact on the Company. The revised guidance also requires new disclosures, which have been included in Note 11 - Related Party Transactions.

In 2017, the NAIC adopted revisions to SSAP 37 "Mortgage Loans." The revisions clarify the types of mortgage loan transactions that qualify for accounting and reporting under SSAP 37 in instances where the reporting entity is not the only lender in a mortgage loan transaction. The revisions also incorporate additional disclosures. The adoption of these revisions did not have an impact on the Company's statement of financial positions or results of operations. New disclosures related to the adoption of this guidance are included in Note 6- Investments.

In 2016, the NAIC adopted revisions to SSAP 103 "Transfers and Servicing of Financial Assets." The revisions incorporate new required disclosures for repurchase and reverse repurchase transactions with an effective date of December 31, 2017. New disclosures related to the adoption of this guidance are included in Note 6 - Investments.

Future Adoption of New Accounting Pronouncements

In 2016, the NAIC announced that enough states had passed the new standard valuation law to make the Principle Based Reserving ("PBR") valuation manual operative for individual life products. Under PBR, companies will hold reserves at the higher of the three basis; a) the formulaic reserve using prescribed factors or b) the reserve computed under a single economic scenario using justified company experience assumptions which consists of mortality, expenses and policyholder behavior among other assumptions or c) the reserve based on a wide range of future economic conditions using justified company experience assumptions which consists of mortality, expenses and policyholder behavior among other assumptions. Products passing certain specified exclusion tests may be exempt from the calculation of reserves under b) and/or c) above. The new standard is mandatory for policies issued on or after January 1, 2020. NYSDFS has not yet provided clarification on whether it plans to adopt PBR in its entirety or with modifications. The Company will continue to monitor this and will assess the impact of the guidance on the financial statements upon further clarification from NYSDFS.

NOTE 6 - INVESTMENTS

Bonds

The carrying value and estimated fair value of bonds at December 31, 2018 and 2017, by maturity were as follows (in millions):

	2018		2017	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less	$ 4,601	$ 4,650	$ 4,804	$ 4,910
Due after one year through five years	26,693	26,946	25,714	26,688
Due after five years through ten years[1]	38,550	38,311	34,698	35,924
Due after ten years	36,233	38,225	32,960	37,251
Total	$ 106,077	$ 108,132	$ 98,176	$ 104,773

[1] Includes affiliated bonds issued by Madison Capital Funding LLC ("MCF") and New York Life Investment Management Holdings LLC ("NYL Investments"). Refer to Note 11 - Related Party Transactions for a more detailed discussion of related party investments.

Corporate bonds are shown based on contractual maturity. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage and asset-backed securities ("ABS") are not due at a single maturity date and therefore are shown based on the expected cash flows of the underlying loans, which includes estimates of anticipated future prepayments.

In addition to the information disclosed above, short-term investments with a carrying value of $16 million and $14 million at December 31, 2018 and 2017, respectively, and cash equivalents with a carrying value of $2,994 million and $2,451 million at December 31, 2018 and 2017, respectively, are due in one year or less. Carrying value approximates fair value for these investments.
At December 31, 2018 and 2017, the distribution of gross unrealized gains and losses on bonds were as follows (in millions):

	2018			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	$ 5,088	$ 404	$ 60	$ 5,432
All other governments	942	143	3	1,082
U.S. special revenue and special assessment	22,461	1,290	289	23,462
Industrial and miscellaneous unaffiliated	74,825	2,275	1,707	75,393
Parent, subsidiaries, and affiliates	2,760	2	—	2,762
Hybrid securities	1	—	—	1
Total	$ 106,077	$ 4,114	$ 2,059	$ 108,132

	2017			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	$ 5,420	$ 567	$ 59	$ 5,928
All other governments	977	178	1	1,154
U.S. special revenue and special assessment	20,256	1,779	133	21,903
Industrial and miscellaneous unaffiliated	68,815	4,403	289	72,928
Parent, subsidiaries, and affiliates	2,707	152	—	2,859
Hybrid securities	1	—	—	1
Total	$ 98,176	$ 7,079	$ 482	$ 104,773

NOTE 6 - INVESTMENTS (continued)

Common and Preferred Stocks

The following table represents the carrying value and change in unrealized gains (losses) of common and preferred stocks at December 31, 2018 and 2017 (in millions):

	2018		2017	
	Carrying Value	Change in Unrealized Gains (Losses)	Carrying Value	Change in Unrealized Gains (Losses)
Common stock insurance subsidiaries	$ 8,890	$ (408)	$ 9,297	$ 469
Unaffiliated common stock	1,363	(158)	1,439	102
Preferred stock	65	1	71	(1)
Total	$ 10,318	$ (565)	$ 10,807	$ 570

Mortgage Loans

The Company's mortgage loans are diversified by property type, location and borrower, and are collateralized. The maximum and minimum lending rates for new commercial mortgage loans funded during 2018 were 8.4% and 3.4% and funded during 2017 were 10.6% and 2.6%, respectively. The maximum percentage of any one commercial loan to the value of the collateral at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages, was 92.4% (average percentage was 53.1% and 52.3% at December 31, 2018 and December 31, 2017, respectively). The maximum percentage of any residential loan to the value of the collateral at the time of the loan was 80% (average percentage was 45.8% and 41.1% at December 31, 2018 and December 31, 2017, respectively). The Company has no significant credit risk exposure to any one individual borrower.

NOTE 6 - INVESTMENTS (continued)

Under certain mortgage loan agreements, the Company and other unrelated third party lenders hold interest in the mortgage loans. Under these agreements, the Company is not able to unilaterally foreclose on the mortgage loan in an event of default. At December 31, 2018 and 2017, the Company had mortgage loans outstanding under this type of agreement of $2,920 million and $2,309 million, respectively. In addition, NYLIAC participates in mortgage loans originated by the Company whereby NYLIAC's consent may be required in order to foreclose on a mortgage loan. Refer to Note 11-Related Party Transactions, for more detail on these transactions.

At December 31, 2018 and 2017, the distribution of the mortgage loan portfolio by property type and geographic location was as follows ($ in millions):

	2018		2017	
	Carrying Value	% of Total	Carrying Value	% of Total
Property type:				
Apartment buildings	$ 5,907	33.7%	$ 4,222	26.9%
Office buildings	4,625	26.3%	4,496	28.7%
Retail facilities	3,732	21.3%	3,908	24.9%
Industrial	3,047	17.4%	2,759	17.6%
Hotels	233	1.3%	250	1.6%
Residential	4	—%	6	0.1%
Other	6	—%	35	0.2%
Total	$ 17,554	100.0%	$ 15,676	100.0%

	2018		2017	
	Carrying Value	% of Total	Carrying Value	% of Total
Geographic location:				
South Atlantic	$ 4,870	27.7%	$ 4,222	26.9%
Central	4,454	25.4%	3,617	23.1%
Pacific	3,477	19.8%	3,305	21.1%
Middle Atlantic	3,420	19.5%	3,166	20.2%
New England	1,333	7.6%	1,285	8.2%
Other	—	—%	81	0.5%
Total	$ 17,554	100.0%	$ 15,676	100.0%

At both December 31, 2018 and 2017, less than $1 million of mortgage loans were past due 90 days and over.

The Company maintains a watchlist of mortgage loans that may potentially be impaired. The general guidelines analyzed to include commercial loans within the watchlist are loan-to-value ratio ("LTV"), asset performance such as debt service coverage ratio, lease rollovers, income and expense hurdles, major tenant or borrower issues, the economic climate, and catastrophic events, among others. Loans placed on the watchlist generally take priority in being revalued in the Company's inspection/evaluation commercial loan program that revalues properties securing commercial loans. The guideline for analyzing residential loans occurs once a loan is 60 or more days delinquent. At that point, an appraisal or broker's price opinion of the underlying asset is obtained.

NOTE 6 - INVESTMENTS (continued)

Fair value of the collateral for commercial mortgages (excluding credit loans) over $5 million is updated triennially, unless a more current appraisal is warranted. Commercial mortgages less than $5 million have an on-site inspection performed by an external inspection service every 3 years. If the loan is determined to be troubled, the loan is more frequently monitored as to its status. LTV, which is based on collateral values, is deemed as one of the key mortgage loan indicators to assess credit quality and to assist in identifying problem loans. At December 31, 2018 and 2017, LTVs on the Company's mortgage loans were as follows (in millions):

	2018							
Loan to Value % (By Class)	**Apartment Bldgs**	**Office Bldgs**	**Retail Facilities**	**Industrial**	**Hotel**	**Residential**	**Other**	**Total**
Above 95%	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
91% to 95%	—	—	—	—	—	—	—	—
81% to 90%	—	89	—	—	—	—	—	89
71% to 80%	651	—	163	—	—	—	—	814
below 70%	5,256	4,536	3,569	3,047	233	4	6	16,651
Total	$ 5,907	$ 4,625	$ 3,732	$ 3,047	$ 233	$ 4	$ 6	$ 17,554

	2017							
Loan to Value % (By Class)	**Apartment Bldgs**	**Office Bldgs**	**Retail Facilities**	**Industrial**	**Hotel**	**Residential**	**Other**	**Total**
Above 95%	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
91% to 95%	—	—	—	—	—	—	—	—
81% to 90%	—	73	—	—	—	—	—	73
71% to 80%	369	36	211	8	—	1	—	625
below 70%	3,853	4,386	3,697	2,751	250	5	36	14,978
Total	$ 4,222	$ 4,495	$ 3,908	$ 2,759	$ 250	$ 6	$ 36	$ 15,676

Real Estate

At December 31, 2018 and 2017, the carrying value of the Company's real estate portfolio consisted of the following (in millions):

	2018	**2017**
Properties for Company use	$ 265	$ 246
Investment property	1,215	1,255
Acquired through foreclosure	5	23
Total real estate	$ 1,486	$ 1,524

Accumulated depreciation on real estate at December 31, 2018 and 2017 was $557 million and $493 million, respectively. Depreciation expense for the years ended December 31, 2018 and 2017 was $51 million and $47 million, respectively, and was recorded as an investment expense, a component of net investment income in the accompanying Statutory Statements of Operations.

In addition to the above, the Company owns real estate in certain proprietary LLC structures, which are included within "Limited partnerships and other invested assets" in the accompanying Statutory Statements of Financial Position, of $867 million and $818 million for the years ended December 31, 2018 and 2017, respectively.

NOTE 6 - INVESTMENTS (continued)

Limited Partnerships and Other Invested Assets

The carrying value of limited partnerships and other invested assets at December 31, 2018 and 2017 consisted of the following (in millions):

	2018	2017
Limited partnerships and limited liability companies[1]	$ 8,066	$ 7,217
Affiliated non-insurance subsidiaries	1,136	1,789
Other invested assets	118	124
LIHTC investments	145	202
Loans to affiliates	116	125
Total limited partnerships and other invested assets	$ 9,581	$ 9,457

[1] At December 31, 2018 and 2017, the Company had $93 million and $114 million, respectively, of investments in limited partnerships and limited liability companies that were nonadmitted, and therefore, excluded from the amounts.

Net investment income (loss) and change in unrealized gains (losses) for limited partnerships and other invested assets for the years ended December 31, 2018 and 2017 consisted of the following (in millions):

	2018		2017	
	Net Investment Income (Loss)	Change in Unrealized Gains (Losses)	Net Investment Income (Loss)	Change in Unrealized Gains (Losses)
Limited partnerships and limited liability companies	$ 749	$ 179	$ 961	$ (71)
Affiliated non-insurance subsidiaries	312	(193)	157	261
Other invested assets	6	—	5	—
LIHTC investments	(46)	—	(105)	—
Loans to affiliates	5	(3)	4	—
Total limited partnerships and other invested assets	$ 1,026	$ (17)	$ 1,022	$ 190

Limited partnerships and limited liability companies primarily consist of limited partnership interests in leveraged buy-out funds, real estate and other private equity investments. Distributions, other than those deemed a return of capital, are recorded as net investment income. Undistributed earnings are included in unrealized gains and losses in surplus.

Affiliated non-insurance subsidiaries consist of the Company's limited liability company investments in NYL Investments, NYL Investors, NYLE, NYLIFE LLC and MCF. Refer to Note 11 - Related Party Transactions for a more detailed discussion of the Company's transactions with related parties. Dividends are recorded in net investment income when declared and changes in the equity of subsidiaries are recorded in unrealized gains and losses in surplus in the accompanying Statutory Statements of Financial Position.

Other invested assets consist primarily of investments in surplus notes and other investments with characteristics of debt. Interest earned on these investments is included in net investment income in the accompanying Statutory Statements of Operations.

NOTE 6 - INVESTMENTS (continued)

The Company receives tax credits related to its investments in LIHTC partnerships. The Company's unexpired tax credits on its investments in LIHTC expire within a range of 1 year to 11 years. During 2018 and 2017, the Company recorded amortization on these investments under the proportional amortized cost method which is included in net investment income of $46 million and $105 million, respectively. The Company recorded tax credits and other tax benefits on these investments of $72 million and $90 million for 2018 and 2017, respectively. The minimum holding period required for the Company's LIHTC investments extends from 1 year to 13 years. The LIHTC investments are periodically subject to regulatory reviews by housing authorities where the properties are located. The Company is not aware of any adverse issues related to such regulatory reviews. The Company's investment in LIHTC partnerships includes $15 million and $24 million of unfunded commitments at December 31, 2018 and 2017, respectively.

For loans to affiliates, refer to Note 11 - Related Party Transactions, which includes a more detailed discussion of the Company's loans to affiliates.

Assets on Deposit or Pledged as Collateral

At December 31, 2018 and 2017, the Company's restricted assets (including pledged collateral) were as follows ($ in millions):

	2018					
	Gross (Admitted and Nonadmitted) Restricted				Percentage	
Restricted Asset Category	**Total General Account (G/A)**	**Total From Prior Year**	**Increase (Decrease)**	**Total Admitted Restricted**	**Gross (Admitted and Non-admitted) Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
Collateral held under security lending agreements	$ 652	$ 678	$ (26)	$ 652	0.36%	0.36%
Subject to reverse repurchase agreements	342	315	27	342	0.19%	0.19%
Subject to dollar repurchase agreements	—	—	—	—	—%	—%
Letter stock or securities restricted as to sale - excluding Federal Home Loan Bank ("FHLB") capital stock	32	22	10	32	0.02%	0.02%
FHLB capital stock	202	156	46	202	0.11%	0.11%
On deposit with states	250	227	23	250	0.14%	0.14%
Pledged as collateral to FHLB (including assets backing funding agreements)	3,584	2,630	954	3,584	1.97%	1.99%
Reinsurance collateral assets [(1)]	10,134	10,565	(431)	10,134	5.58%	5.63%
Total restricted assets	$ 15,196	$ 14,593	$ 603	$ 15,196	8.37%	8.44%

[(1)] Includes assets of $8,674 million which are permanently restricted and inure solely to the benefit of the reinsured policyholders.

NOTE 6 - INVESTMENTS (continued)

	2017					
	Gross (Admitted and Nonadmitted) Restricted				Percentage	
Restricted Asset Category	Total General Account (G/A)	Total From Prior Year	Increase (Decrease)	Total Admitted Restricted	Gross (Admitted and Non-admitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Collateral held under security lending agreements	$ 678	$ 653	$ 25	$ 678	0.38%	0.38%
Subject to reverse repurchase agreements	315	309	6	315	0.18%	0.18%
Subject to dollar repurchase agreements	—	—	—	—	—%	—%
Letter stock or securities restricted as to sale - excluding FHLB capital stock	22	20	2	22	0.01%	0.01%
FHLB capital stock	156	143	13	156	0.09%	0.09%
On deposit with states	227	218	9	227	0.13%	0.13%
Pledged as collateral to FHLB (including assets backing funding agreements)	2,630	2,279	351	2,630	1.48%	1.49%
Reinsurance collateral assets(1)	10,565	11,015	(450)	10,565	5.93%	5.98%
Total restricted assets	$ 14,593	$ 14,637	$ (44)	$ 14,593	8.20%	8.26%

(1) Includes assets of $8,930 million which are permanently restricted and inure solely to the benefit of the reinsured policyholders.

Loaned Securities and Repurchase Agreements

The Company participates in securities lending programs whereby securities, which are included in investments, are loaned to third-parties for the purpose of enhancing income on securities held through reinvestment of cash collateral received upon lending. For securities lending transactions, the Company requires initial collateral, usually in the form of cash, equal to 102% of the fair value of domestic securities loaned. The borrower of the loaned securities is permitted to sell or repledge those securities. At December 31, 2018 and 2017, the Company recorded cash collateral received under these agreements of $652 million and $678 million, respectively, and established a corresponding liability for the same amount, which is included in amounts payable under security lending agreements. For securities lending transactions, the carrying value of securities classified as bonds and on loan at December 31, 2018 was $660 million, with a fair value of $638 million. At December 31, 2017, the carrying value was $635 million, with a fair value of $664 million. The reinvested collateral is reported in bonds, and cash, cash equivalent and short-term investments in the accompanying Statutory Statements of Financial Position. The total fair value of all reinvested collateral positions was $663 million and $687 million at December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, there were no separate account securities lending agreements.

The Company participates in dollar repurchase agreements to sell and repurchase securities. The purchaser of the securities is permitted to sell or repledge those securities. The liability for repurchasing the assets is included in borrowed money in the accompanying Statutory Statements of Financial Position. At December 31, 2018 and 2017, the Company was not a party to any dollar repurchase agreements in the general and separate accounts.

At December 31, 2018, the carrying value and fair value of securities held under agreements to purchase and resell was $342 million, which were classified as tri-party reverse repurchase agreements and included in cash, cash equivalents, and short-term investments in the accompanying Statutory Statements of Financial Position. The securities had a weighted average maturity of two days and a weighted average yield of 2.9%. At December 31, 2017, the carrying value and fair value of securities held under agreements to purchase and resell was $315 million, which were classified as tri-party reverse repurchase agreements and included in cash, cash equivalents, and short-term investments in the accompanying Statutory Statements of Financial Position. The securities had a weighted average maturity of two days and a weighted average yield of 1.4%.

NOTE 6 - INVESTMENTS (continued)

Collateral Received

At December 31, 2018 and 2017, assets received as collateral are reflected within the accompanying Statutory Statements of Financial Position, along with a liability to return such collateral were as follows ($ in millions):

	2018			
Cash Collateral Assets	**Book/Adjusted Carrying Value**	**Fair Value**	**% of Total Assets (Admitted and Nonadmitted)**	**% of Total Admitted Assets**
Securities lending	$ 652	$ 652	0.4%	0.4%
Derivatives	321	321	0.2	0.2
Total	$ 973	$ 973	0.6%	0.6%

	2017			
Cash Collateral Assets	**Book/Adjusted Carrying Value**	**Fair Value**	**% of Total Assets (Admitted and Nonadmitted)**	**% of Total Admitted Assets**
Securities lending	$ 678	$ 678	0.4%	0.4%
Derivatives	329	329	0.2	0.2
Total	$ 1,007	$ 1,007	0.6%	0.6%

Cash received on securities lending transactions and repurchase agreements is then reinvested in short-term investments and bonds with various maturities.

	2018		2017	
Recognized Obligation to Return Collateral Asset	**Amount**	**% of Total Liabilities**	**Amount**	**% of Total Liabilities**
Amounts payable under securities lending agreements	$ 652	0.4%	$ 678	0.5%
Other liabilities (derivatives)	321	0.2	329	0.2
Total	$ 973	0.7%	$ 1,007	0.7%

NOTE 6 - INVESTMENTS (continued)

Composition of Collateral Received

The following tables present the term and amounts of cash collateral received under general account securities lending agreements at December 31, 2018 and 2017 (in millions):

	2018					
	Remaining Contractual Maturity of the Agreements					
	Open	30 days or less	31 to 60 days	61 to 90 days	Greater than 90 days	Total
U.S. Treasury	$ 10	$ —	$ —	$ —	$ —	$ 10
U.S. government corporation & agencies	13	—	—	—	—	13
Foreign governments	2	—	—	—	—	2
U.S. corporate	507	—	—	—	—	507
Foreign corporate	119	—	—	—	—	119
Non-agency asset backed securities	—	—	—	—	—	—
Total general account securities lending transactions	$ 652	$ —	$ —	$ —	$ —	$ 652

	2017					
	Remaining Contractual Maturity of the Agreements					
	Open	30 days or less	31 to 60 days	61 to 90 days	Greater than 90 days	Total
U.S. Treasury	$ 20	$ —	$ —	$ —	$ —	$ 20
U.S. government corporation & agencies	—	—	—	—	—	—
Foreign governments	5	—	—	—	—	5
U.S. corporate	502	—	—	—	—	502
Foreign corporate	151	—	—	—	—	151
Total general account securities lending transactions	$ 678	$ —	$ —	$ —	$ —	$ 678

At December 31, 2018 and 2017, there were no separate account securities cash collateral received under securities lending agreements.

NOTE 6 - INVESTMENTS (continued)

Reinvestment of Collateral Received

The following tables present the term and aggregate fair value at December 31, 2018 and 2017 from the reinvestment of all collateral received (in millions):

	2018		2017	
	Securities Lending		Securities Lending	
Period to Maturity	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Open	$ —	$ —	$ —	$ —
30 days or less	414	414	410	410
31 to 60 days	29	29	33	33
61 to 90 days	5	5	5	5
91 to 120 days	—	—	—	—
121 to 180 days	12	12	7	7
181 to 365 days	47	47	17	17
1 to 2 years	82	81	86	86
2 to 3 years	63	63	91	91
Greater than 3 years	12	12	37	38
Total collateral reinvested	$ 664	$ 663	$ 686	$ 687

To help manage the mismatch of maturity dates between the security lending transactions and the related reinvestment of the collateral received, the Company invests in highly liquid assets.

Insurer Self-Certified Securities

The following represents securities for which the Company does not have all the information required for the NAIC to provide an NAIC designation, but for which the Company is receiving timely payments of principal and interest. These securities are referred to as "5GI Securities" ($ in millions):

General Account	2018			2017		
Investments	Number of 5GI Securities	Carrying Value	Estimated Fair Value	Number of 5GI Securities	Carrying Value	Estimated Fair Value
Bonds	14	$ 4	$ 4	15	$ 52	$ 55
Loan-backed and structured securities	2	3	3	2	54	54
Preferred stock - amortized cost	2	3	3	—	—	
Preferred stock - fair value	2	6	6	—	—	
Total	20	$ 16	$ 16	17	$ 106	$ 109

The Company did not have any 5GI securities in its separate accounts at December 31, 2018 and 2017.

Wash Sales

In the course of the Company’s investment management activities, securities may be sold and repurchased within 30 days of the sale date to meet individual portfolio objectives and to achieve the ongoing rebalancing of exposure.

NOTE 6 - INVESTMENTS (continued)

The details by NAIC designation of 3 or below, or unrated, of securities sold during the year ended December 31, 2018 and 2017 and reacquired within 30 days of the sale date are as follows ($ in millions):

2018

Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Realized Gains (Losses)
Bonds	NAIC 3	4	$ 1	$ 1	$ —
Bonds	NAIC 4	9	2	2	—
Bonds	NAIC 5	1	—	—	—
Bonds	NAIC 6	—	—	—	—
Preferred stock	NAIC 3	2	—	—	—
Preferred stock	NAIC 4	—	—	—	—
Preferred stock	NAIC 5	—	—	—	—
Preferred stock	NAIC 6	—	—	—	—
Common stock		740	170	170	3
		756	$ 173	$ 173	$ 3

2017

Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Realized Gains (Losses)
Bonds	NAIC 3	5	$ 7	$ 6	$ —
Bonds	NAIC 4	6	1	1	—
Bonds	NAIC 5	1	—	—	—
Bonds	NAIC 6	—	—	—	—
Preferred stock	NAIC 3	2	1	1	—
Preferred stock	NAIC 4	—	—	—	—
Preferred stock	NAIC 5	—	—	—	—
Preferred stock	NAIC 6	—	—	—	—
Common stock		957	64	66	3
		971	$ 73	$ 74	$ 3

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT

The Company uses derivative instruments to manage interest rate and currency risk. These derivative instruments include foreign currency forwards, interest rate options, interest rate futures and interest rate, inflation, and foreign currency swaps. The Company does not engage in derivative instrument transactions for speculative purposes.

The Company may enter into exchange traded futures and over-the-counter ("OTC") derivative instruments. Exchange traded derivatives are executed through regulated exchanges and require daily posting of initial and variation margin . The Company is exposed to credit risk resulting from default of the exchange.

OTC derivatives may either be cleared through a clearinghouse ("OTC-cleared") or transacted between the Company and a counterparty under bilateral agreements ("OTC-bilateral"). Similar to exchange traded futures, OTC-cleared derivatives require initial and daily variation margin collateral postings. When transacting OTC-cleared derivatives, the Company is exposed to credit risk resulting from default of the clearinghouse and/or default of the Futures Commission Merchant (e.g. clearinghouse agent).

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

When transacting OTC-bilateral derivatives, the Company is exposed to the potential default of its OTC-bilateral counterparty. The Company deals with a large number of highly rated OTC-bilateral counterparties, thus limiting its exposure to any single counterparty. The Company has controls in place to monitor credit exposures of OTC-bilateral counterparties by limiting transactions within specified dollar limits and continuously assessing the creditworthiness of its counterparties. The Company uses master netting agreements and adjusts transaction levels, when appropriate, to minimize risk. The Company's policy is to not offset amounts for derivatives executed with the same counterparty under the same master netting agreement with the associated collateral.

Credit risk is managed by entering into transactions with creditworthy counterparties and obtaining collateral where appropriate. All of the net credit exposure for the Company from derivative contracts is with investment-grade counterparties. For OTC-cleared and exchange traded derivatives, the Company obtains collateral through variation margin which is adjusted daily based on the parties' net derivative position.

For OTC-bilateral derivatives, the Company obtains collateral in accordance with the terms of credit support annexes ("CSAs") negotiated as part of the master agreements entered into with most OTC-bilateral counterparties.

The CSA defines the terms under which collateral is transferred between the parties in order to mitigate credit risk arising from "in the money" derivative positions. The CSA requires that an OTC-bilateral counterparty post collateral to secure its anticipated derivative obligation, taking into account netting arrangements. In addition, certain of the Company's contracts require that if the Company's (or its counterparty's) credit rating were to fall below a specified rating assigned by a credit rating agency, the other party could request immediate payout on all transactions under the contracts or full collateralization of the positions there under. Cash collateral is invested in short-term investments. The aggregate fair value of all OTC-bilateral derivative instruments with credit-risk related contingent features that are in a net liability position at December 31, 2018 was $76 million for which the Company has posted collateral with a fair value of $74 million. If the credit contingent features had been triggered at December 31, 2018, the Company estimates that it would not have had to post additional collateral for a one notch downgrade in the Company's credit rating, but would have had to post $1 million for a downgrade that would trigger full collateralization.

The Company may be exposed to credit-related losses in the event that an OTC-bilateral counterparty fails to perform its obligations under its contractual terms. In contractual arrangements with OTC-bilateral counterparties that do not include netting provisions, in the event of default, credit exposure is limited to the positive fair value of derivatives at the reporting date. In contractual arrangements with OTC-bilateral counterparties that include netting provisions, in the event of default, credit exposure is limited to the net fair value, if positive, of all derivatives at the reporting date. At December 31, 2018, the Company held collateral for derivatives of $262 million, including $49 million of securities. At December 31, 2017, the Company held collateral for derivatives of $216 million, including $19 million of securities. Fair value of derivatives in a net asset position, net of collateral, was $15 million and $14 million at December 31, 2018 and 2017, respectively.

Interest Rate Risk Management

The Company enters into various types of interest rate derivatives primarily to minimize exposure to fluctuations in interest rates on assets and liabilities held by the Company.

Interest rate swaps are used by the Company to hedge interest rate risk for individual and portfolios of assets. Interest rate swaps are agreements with other parties to exchange, at specified intervals, the difference between interest amounts calculated by reference to an agreed upon notional value. Generally, no cash is exchanged at the onset of the contract and no principal payments are made by either party. The Company does not act as an intermediary or broker in interest rate swaps.

Inflation swaps are used by the Company to hedge inflation risk of certain policyholder liabilities linked to the U.S. Consumer Price Index.

Interest rate (Treasury) futures are used by the Company to manage duration of the Company's fixed income portfolio. Interest rate futures are exchange traded contracts to buy or sell a bond at a specific price at a future date.

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate options are used by the Company to hedge the risk of increasing interest rates on policyholder liabilities. Under these contracts, the Company will receive payments from counterparties should an agreed upon interest rate level be reached and payments will continue to increase under the option contract until an agreed upon interest rate ceiling, if applicable.

Currency Risk Management

The primary purpose of the Company's foreign currency hedging activities is to protect the value of foreign currency denominated assets and liabilities, which the Company has acquired or incurred or anticipates acquiring or incurring, and net investments in foreign subsidiaries from the risk of changes in foreign exchange rates.

Foreign currency swaps are agreements with other parties to exchange, at specified intervals, principal and interest in one currency for the same in another, at a fixed exchange rate, which is generally set at inception and calculated by reference to an agreed upon notional value. Generally, only principal payments are exchanged at the onset and the end of the contract.

Foreign currency forwards involve the exchange of foreign currencies at a specified future date and at a specified price. No cash is exchanged at the time the agreement is entered into.

Hedge Effectiveness

To qualify for hedge accounting, the hedge relationship is designated and formally documented at inception detailing the particular risk management objective and strategy for the hedge, including the item and risk that is being hedged, the derivative that is being used, and how effectiveness is assessed.

A derivative must be highly effective in accomplishing the objective of offsetting either changes in fair value or cash flows for the risk being hedged. The Company formally assesses effectiveness of its hedging relationships both at the hedge inception and on an ongoing basis in accordance with its risk management policy. The hedging relationship is considered highly effective if the changes in fair value or discounted cash flows of the hedging instrument are within 80-125% of the inverse changes in the fair value or discounted cash flows of the hedged item.

The Company discontinues hedge accounting prospectively if: (1) it is determined that the derivative is no longer highly effective in offsetting changes in the fair value or cash flows of a hedged item, (2) the derivative expires or is sold, terminated, or exercised, (3) it is probable that the forecasted transaction for which the hedge was entered into will not occur, or (4) management determines that the designation of the derivative as a hedge instrument is no longer appropriate.

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

The following tables present the notional amount, gross fair value and carrying value of derivative instruments that are qualifying and designated for hedge accounting, by type of hedge designation, and those that are not designated for hedge accounting at December 31, 2018 and 2017 (in millions):

	2018					
			Fair Value[2]		Carrying Value[3]	
Derivative Type	**Primary Risk Exposure**	**Notional Amount[1]**	**Asset**	**Liability**	**Asset**	**Liability**
Derivatives qualifying and designated						
Cash flow hedges:						
Foreign currency swaps	Currency	$ 85	$ 12	$ —	$ 14	$ —
Interest rate swaps	Interest	39	9	—	—	—
Net investment hedges:						
Foreign currency forwards	Currency	74	2	—	2	—
Total derivatives qualifying and designated		198	23	—	16	—
Derivatives not designated						
Foreign currency forwards	Currency	$ 47	$ 2	$ —	$ 2	$ —
Foreign currency swaps	Currency	7,227	336	182	336	182
Futures	Interest	21	—	—	—	—
Inflation swaps	Interest	476	1	71	1	71
Interest rate options	Interest	61,734	12	—	12	—
Interest rate swaps	Interest	2,564	281	89	281	89
Total derivatives not designated		72,069	632	342	632	342
Total derivatives		$ 72,267	$ 655	$ 342	$ 648	$ 342

[1] Notional amount of derivative instruments generally does not represent the amount exchanged between the parties engaged in the transaction.

[2] For a discussion of valuation methods for derivative instruments refer to Note 9 – Fair Value Measurements.

[3] The carrying value of all derivatives is reported within Derivatives in the accompanying Statutory Statements of Financial Position.

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

			2017			
			Fair Value[(2)]		Carrying Value[(3)]	
Derivative Type	**Primary Risk Exposure**	**Notional Amount[(1)]**	**Asset**	**Liability**	**Asset**	**Liability**
Derivatives qualifying and designated						
Cash flow hedges:						
Foreign currency swaps	Currency	$ 85	$ 7	$ —	$ 9	$ —
Interest rate swaps	Interest	39	11	—	—	—
Net investment hedges:						
Foreign currency forwards	Currency	73	—	2	—	2
Total derivatives qualifying and designated		197	18	2	9	2
Derivatives not designated						
Foreign currency forwards	Currency	286	12	2	12	2
Foreign currency swaps	Currency	4,571	214	135	214	135
Futures	Interest	16	—	—	—	—
Inflation swaps	Interest	476	6	66	6	66
Interest rate options	Interest	70,354	9	—	9	—
Interest rate swaps	Interest	1,857	337	118	337	118
Total derivatives not designated		77,560	578	321	578	321
Total derivatives		$ 77,757	$ 596	$ 323	$ 587	$ 323

(1) Notional amount of derivative instruments generally does not represent the amount exchanged between the parties engaged in the transaction.
(2) For a discussion of valuation methods for derivative instruments refer to Note 9 - Fair Value Measurements.
(3) The carrying value of all derivatives is reported within Derivatives in the accompanying Statutory Statements of Financial Position.

Cash Flow Hedges

The Company's cash flow hedges primarily include hedges of floating rate securities and foreign currency denominated assets and liabilities. Derivative instruments used in cash flow hedges that meet criteria indicating that they are highly effective are valued and reported in a manner that is consistent with the hedged asset or liability.

The Company designates and accounts for the following qualified cash flow hedges: (1) interest rate swaps used to convert floating rate investments to fixed rate investments; (2) foreign currency swaps used to hedge the foreign currency cash flow exposure of foreign currency denominated investments and liabilities; and (3) interest rate swaps to hedge the interest rate risk associated with forecasted transactions.

Net Investment Hedges

Foreign currency forwards, designated as net investment hedges, are used by the Company to hedge currency risk associated with its net investment in foreign operations. The changes in fair value of the derivative, to the extent it is highly effective as a hedge, are treated in a manner consistent with the hedged item.

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

The following table presents the effects of derivatives in cash flow and net investment hedging relationships for the years ended December 31, 2018 and 2017 (in millions):

	Surplus[1]		Net Realized Capital Gains (Losses)		Net Investment Income		Other Income	
Derivative Type	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Foreign currency swaps	$ 5	$ 44	$ —	$ (50)	$ 1	$ 1	$ —	$ —
Interest rate swaps	—	—	—	—	1	2	—	—
Foreign currency forwards	7	(4)	—	—	—	—	—	—
Total	$ 12	$ 40	$ —	$ (50)	$ 2	$ 3	$ —	$ —

(1) The amount of gain or (loss) recognized in surplus is reported within change in net unrealized gains (losses) on investments in the accompanying Statutory Statements of Changes in Surplus.

Derivatives Not Designated

The following table summarizes the surplus and net income impact on derivative instruments not designated for hedge accounting for the years ended December 31, 2018 and 2017 (in millions):

	Surplus[1]		Net Realized Capital Gains (Losses)		Net Investment Income		Other Income	
Derivative Type	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Foreign currency forwards	$ (8)	$ (12)	$ 26	$ (11)	$ —	$ —	$ —	$ —
Foreign currency swaps	77	64	(12)	(228)	44	32	(42)	(18)
Futures	—	—	—	(29)	—	—	—	—
Inflation swaps	(11)	(12)	—	—	—	—	(3)	(3)
Interest rate options	32	(8)	(10)	—	(38)	(32)	—	—
Interest rate swaps	(26)	(31)	(1)	—	12	18	(3)	1
Total	$ 64	$ 1	$ 3	$ (268)	$ 18	$ 18	$ (48)	$ (20)

(1) The amount of gain or (loss) recognized in surplus is reported as a change in net unrealized gains (losses) on investments in the accompanying Statutory Statements of Changes in Surplus.

NOTE 8 – SEPARATE ACCOUNTS

Separate Accounts Activity

The Company utilizes separate accounts to record and account for assets and liabilities for particular lines of business and/or transactions. The Company reported separate accounts assets and liabilities from employee benefit plans (group annuity) and funding agreements product lines.

The Company has market value guaranteed separate accounts for which supplemental separate accounts assets are used to fund the excess of the actuarial liabilities for future guaranteed payments over the market value of the assets.

In accordance with the domiciliary state procedures for approving items within separate accounts, the classification of the separate accounts listed above is subject to Section 4240 of the New York State Insurance Law. In addition, the separate accounts listed above are supported through affirmative approval of the plans of operations by the New York State Department of Financial Services.

NOTE 8 – SEPARATE ACCOUNTS (continued)

The assets legally and not legally insulated from the general account at December 31, 2018 and 2017 are attributed to the following products or transactions (in millions):

	2018		2017	
Product or Transaction	**Legally Insulated Assets**	**Separate Accounts Assets (Not Legally Insulated)[2]**	**Legally Insulated Assets**	**Separate Accounts Assets (Not Legally Insulated)[3]**
Employee benefit plans (group annuity)	$ 10,085	$ (32)	$ 11,694	$ 82
Funding agreements	337	2	1,498	8
Supplemental account[1]	—	61	—	72
Total	$ 10,422	$ 31	$ 13,192	$ 162

[1] The supplemental account is used to fund the excess of the actuarial liability for future guaranteed payments over the market value of the guaranteed separate account assets. The Company evaluates separate accounts surplus quarterly and transfers funds to (or from) the supplemental separate account as necessary. These transfers are reported as net transfers to separate accounts in the accompanying Statutory Statements of Operations.

[2] Separate accounts assets classified as not legally insulated assets support $23 million of payable for securities, $7 million of remittances and items not allocated, $3 million of investment servicing fees payable, $3 million of other liabilities, partially offset by $5 million of other transfers from the general account due or accrued (net).

[3] Separate accounts assets classified as not legally insulated assets support $148 million of payable for securities, $15 million of remittances and items not allocated, $5 million of investment servicing fee payables, $4 million of other liabilities, partially offset by $10 million of other transfers from the general account due or accrued (net).

Guaranteed Separate Accounts

The Company maintained assets in guaranteed separate accounts at December 31, 2018 and 2017 as follows (in millions):

	2018	2017
Market value separate accounts[1]	$ 2,921	$ 5,074
Book value separate accounts	4,843	4,498
Total guaranteed separate accounts assets	$ 7,764	$ 9,572

[1] Includes assets maintained in the supplemental account of $61 million and $72 million at December 31, 2018 and 2017, respectively.

Certain market value separate accounts provide a minimum guaranteed interest rate. For these separate accounts, at contract discontinuance, the contract holder is entitled to an immediate payout of market value, or an installment payout of the guaranteed amount, or for certain contracts, a lump sum payout of the guaranteed amount at the end of a specific number of years, as set forth in the contract.

The book value separate account guarantees principal and interest during active status and at the contract discontinuance, the contract holder is entitled to a book value payout, if 12 months advance notice is provided. Alternatively, the contract holder may elect discontinuance with at least 10 days notice and receive an immediate lump sum payment subject to a termination adjustment factor (tied to an external index). The factor will not be greater than 1.

To compensate the general account for the risk taken for minimum guarantees in certain contracts, the separate account has paid risk charges as follows for the past five years (in millions):

Year	Amount
2018	$ 13
2017	$ 16
2016	$ 16
2015	$ 14
2014	$ 13

NOTE 8 – SEPARATE ACCOUNTS (continued)

For the years ended December 31, 2018, 2017, 2016, 2015 and 2014, the general account of the Company did not make any payments toward separate accounts guarantees.

Non-Guaranteed Separate Accounts

The Company currently maintains non-guaranteed separate accounts with assets of $2,689 million and $3,781 million at December 31, 2018 and 2017, respectively. Separate accounts funding non-guaranteed benefits provide no guarantee of principal or interest, and payout is at fair value at contract discontinuance.

Information regarding the separate accounts of the Company at and for the years ended December 31, 2018 and 2017 is as follows (in millions):

	2018			
	Indexed	Non-Indexed Guarantee less than or equal to 4%	Non-Guaranteed Separate Accounts	Total
Premiums and considerations	$ —	$ 1,922	$ —	$ 1,922
Reserves at 12/31:				
For accounts with assets at:				
Fair value	$ —	$ 2,907	$ 2,687	$ 5,594
Amortized cost	—	4,828	—	4,828
Total reserves	$ —	$ 7,735	$ 2,687	$ 10,422
By withdrawal characteristics:				
With fair value adjustment	$ —	$ 4,828	$ —	$ 4,828
At fair value	—	2,907	2,687	5,594
Total reserves	$ —	$ 7,735	$ 2,687	$ 10,422

	2017			
	Indexed	Non-Indexed Guarantee less than or equal to 4%	Non-Guaranteed Separate Accounts	Total
Premiums and considerations	$ —	$ 1,137	$ —	$ 1,137
Reserves at 12/31:				
For accounts with assets at:				
Fair value	$ —	$ 4,947	$ 3,764	$ 8,711
Amortized cost	—	4,481	—	4,481
Total reserves	$ —	$ 9,428	$ 3,764	$ 13,192
By withdrawal characteristics:				
With fair value adjustment	$ —	$ 4,481	$ —	$ 4,481
At fair value	—	4,947	3,764	8,711
Total reserves	$ —	$ 9,428	$ 3,764	$ 13,192

NOTE 8 – SEPARATE ACCOUNTS (continued)

The following is a reconciliation of net transfers from the general account to the separate accounts (in millions):

	2018	2017
Transfers as reported in the Separate Accounts Statement:		
Transfers to separate accounts	$ 1,922	$ 1,137
Transfers from separate accounts	(3,628)	(2,126)
Net transfers from separate accounts	(1,706)	(989)
Reconciling adjustments:		
Reinsurance assumed	—	2
Payments upon settlement of indexed separate accounts	—	6
Total reconciling adjustments	—	8
Net transfers as reported in the Company's Statutory Statements of Operations	$ (1,706)	$ (981)

NOTE 9 – FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, "Fair Value Measurements". Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are based on the inputs to the valuation as follows:

Level 1 Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. Active markets are defined as a market in which many transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Observable inputs other than level 1 prices, such as quoted prices in active markets for similar assets or liabilities; quoted prices in markets that are not active for identical or similar assets or liabilities, or other model driven inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Valuations are generally obtained from third-party pricing services for identical or comparable assets or liabilities or through the use of valuation methodologies using observable market inputs.

Level 3 Instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions in pricing the asset or liability. Pricing may also be based upon broker quotes that do not represent an offer to transact. Prices are determined using valuation methodologies such as option pricing models, discounted cash flow models and other similar techniques. Non-binding broker quotes, which are utilized when pricing service information is not available, are reviewed for reasonableness based on the Company’s understanding of the market, and are generally considered Level 3. To the extent the internally developed valuations use significant unobservable inputs, they are classified as Level 3.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

Determination of Fair Value

The Company has an established and well-documented process for determining fair value. Security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from nationally recognized third-party pricing services. For most private placement securities, the Company applies a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. For private placement securities that cannot be priced through these processes, the Company uses internal models and calculations. All other securities are submitted to independent brokers for prices. The Company performs various analyses to ascertain that the prices represent fair value. Examples of procedures performed include, but are not limited to, back testing recent trades, monitoring trading volumes, and performing variance analysis of monthly price changes using different thresholds based on asset type. The Company also performs an annual review of all third-party pricing services. During this review, the Company obtains an understanding of the process and sources used by the pricing service to ensure that they maximize the use of observable inputs, the pricing service's frequency of updating prices, and the controls that the pricing service uses to ensure that their prices reflect market assumptions. The Company also selects a sample of securities and obtains a more detailed understanding from each pricing service regarding how they derived the price assigned to each security. Where inputs or prices do not reflect market participant assumptions, the Company will challenge these prices and apply different methodologies that will enhance the use of observable inputs and data. The Company may use non-binding broker quotes or internal valuations to support the fair value of securities that go through this formal price challenge process.

In addition, the Company has a pricing committee that provides oversight over the Company's prices and fair value process for securities. The committee is comprised of representatives from the Company's Investment Management group, Controller's, Compliance and Security Operations. The committee meets quarterly and is responsible for the review and approval of the Company's valuation procedures. The committee is also responsible for the review of pricing exception reports as well as the review of significant inputs used in the valuation of assets that are valued internally.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

The following tables present the carrying value and estimated fair value of the Company's financial instruments at December 31, 2018 and 2017 (in millions):

	2018						
	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Not Practicable
Assets:							
Bonds	$ 108,132	$ 106,077	$ —	$ 104,555	$ 3,577	$ —	$ —
Preferred stocks	80	65	—	39	41	—	—
Common stocks[1]	1,363	1,363	1,155	—	208	—	—
Mortgage loans	17,482	17,554	—	—	17,482	—	—
Cash, cash equivalents and short-term investments	2,835	2,835	341	2,494	—	—	—
Derivatives	656	648	—	644	12	—	—
Derivatives collateral	87	87	—	87	—	—	—
Other invested assets[1]	390	379	—	128	262	—	—
Investment income due and accrued	1,494	1,494	—	1,494	—	—	—
Separate accounts assets	10,412	10,453	1,250	8,060	14	1,088	—
Total assets	$ 142,931	$ 140,955	$ 2,746	$ 117,501	$21,596	$ 1,088	$ —
Liabilities:							
Deposit fund contracts:							
Funding agreements	$ 19,038	$ 19,218	$ —	$ —	$19,038	$ —	$ —
Annuities certain	44	42	—	—	44	—	—
Other deposit funds	534	534	—	—	534	—	—
Premiums paid in advance	98	98	—	98	—	—	—
Derivatives	342	342	—	342	—	—	—
Derivatives collateral	321	321	—	321	—	—	—
Borrowed money	501	501	—	501	—	—	—
Amounts payable under security lending agreements	653	653	—	653	—	—	—
Separate accounts liabilities - deposit type contracts	338	338	1	337	—	—	—
Total liabilities	$ 21,869	$ 22,047	$ 1	$ 2,252	$19,616	$ —	$ —

[1] Excludes investments accounted for under the equity method.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

	2017					
	Fair Value	Carrying Value	Level 1	Level 2	Level 3	Not Practicable
Assets:						
Bonds	$ 104,773	$ 98,176	$ —	$ 101,216	$ 3,557	$ —
Preferred stocks	94	71	—	64	30	—
Common stocks[(1)]	1,439	1,439	1,281	—	158	—
Mortgage loans	15,972	15,676	—	—	15,972	—
Cash, cash equivalents and short-term investments	2,420	2,420	569	1,851	—	—
Derivatives	596	587	—	587	9	—
Derivatives collateral	95	95	—	95	—	—
Other invested assets[(1)]	475	450	—	172	303	—
Investment income due and accrued	1,285	1,285	—	1,285	—	—
Separate accounts assets	13,344	13,354	3,027	9,468	849	—
Total assets	$ 140,493	$ 133,553	$ 4,877	$ 114,738	$ 20,878	$ —
Liabilities:						
Deposit fund contracts:						
Funding agreements	$ 15,143	$ 15,197	$ —	$ —	$ 15,143	$ —
Annuities certain	56	51	—	—	56	—
Other deposit funds	492	492	—	—	492	—
Premiums paid in advance	91	91	—	91	—	—
Derivatives	323	323	—	323	—	—
Derivatives collateral	329	329	—	329	—	—
Borrowed money	496	496	—	496	—	—
Amounts payable under security lending agreements	679	679	—	679	—	—
Separate accounts liabilities - deposit type contracts	1,498	1,498	—	1,498	—	—
Total liabilities	$ 19,107	$ 19,156	$ —	$ 3,416	$ 15,691	$ —

(1) Excludes investments accounted for under the equity method.

Bonds

Securities priced using a pricing service are generally classified as Level 2. The pricing service generally uses an income-based valuation approach by using a discounted cash-flow model or it may also use a market approach by looking at recent trades of a specific security to determine fair value on public securities or a combination of the two. Typical inputs used by these pricing services include, but are not limited to: benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds.

Private placement securities are primarily priced using a market approach such as a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. Specifically, the Barclays Investment Grade Corporate Index is used for investment-grade securities and the Citi High Yield Cash Index is used for below investment-grade securities. These indices are two widely recognized, reliable and well regarded benchmarks by participants in the financial services industry, which represent the broader U.S. public bond markets. The spreads derived from each matrix are adjusted for liquidity. The liquidity premium is standardized and based on market transactions.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

Certain private placement securities that cannot be priced using the matrix pricing described above, are priced by an internally developed discounted cash flow model or are priced based on internal calculations. The model uses observable inputs with a discount rate based off spreads of comparable public bond issues, adjusted for liquidity, rating and maturity. The Company assigns a credit rating for private placement securities based upon internal analysis. The liquidity premium is usually based on market transactions. These securities are classified as Level 2.

For some of the private placement securities priced through the model, the liquidity adjustments may not be based on market data, but rather, calculated internally. If the impact of the liquidity adjustment, which usually requires the most judgment, is not significant to the overall value of the security, the security is still classified as Level 2. If it is deemed to be significant, the security is classified as Level 3.

The valuation techniques for most Level 3 bonds are generally the same as those described in Level 2. However, if the investments are less liquid or are lightly traded, there is generally less observable market data, and therefore these investments will be classified as Level 3. Circumstances where observable market data are not available may include events such as market illiquidity and credit events related to the security. In addition, certain securities are priced based upon internal valuations using significant unobservable inputs. If a security could not be priced by a third-party vendor or through internal pricing models, broker quotes are received and reviewed by each investment analyst. These inputs may not be observable. Therefore, Level 3 classification is determined to be appropriate.

Included in bonds are affiliated bonds from MCF and NYL Investments. The affiliated bond from MCF had a carrying value of $2,160 million and a fair value of $2,161 million at December 31, 2018 and a carrying value $2,107 million and a fair value of $2,236 million at December 31, 2017. The fair value of this security is calculated internally and may include inputs that may be not observable. Therefore, this security is classified as Level 3. The affiliated bond from NYL Investments had a carrying value of $600 million and a fair value of $602 million at December 31, 2018 and a carrying value of $600 million and a fair value of $623 million at December 31, 2017. The fair value of this security is calculated internally using observable inputs and is therefore classified at Level 2.

Preferred Stocks

Preferred stocks valued using prices from third-party pricing services generally use a discounted cash flow model or a market approach to arrive at the security's fair value and are classified as Level 2. Preferred stocks classified as Level 3 are valued based on internal valuations where significant inputs are deemed to be unobservable.

Common Stocks

These securities are mostly comprised of exchange traded U.S. and foreign common stock and mutual funds. The fair value of these securities is primarily based on unadjusted quoted prices in active markets that are readily and regularly available and are classified as Level 1. Common stocks priced through an internal valuation where significant inputs are deemed to be unobservable, including securities issued by government organizations where fair value is fixed, are classified as Level 3.

Mortgage Loans

The estimated fair value of mortgage loans is determined using an income approach, based upon the present value of the expected cash flows discounted at an interpolated treasury yield plus a spread. The spread is based on management's judgment and assumptions and it takes into account property type, LTV and remaining term of each loan. The spread is a significant component of the pricing inputs. These investments are classified as Level 3.

Cash, Cash Equivalents, Short-term Investments and Investment Income Due and Accrued

Cash on hand and money market mutual funds are classified as Level 1. Cash overdrafts (i.e. outstanding checks) are classified as Level 2. Due to the short-term maturities of cash equivalents, short term investments, and investment income due and accrued, carrying value approximates fair value and is classified as Level 2.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

Derivatives

The fair value of derivative instruments is generally derived using valuation models that use an income approach, except for derivatives that are exchange-traded, which are valued using quoted prices in an active market. Where valuation models are used, the selection of a particular model depends upon the contractual terms of, and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation model inputs include contractual terms, yield curves, foreign exchange rates, equity prices, credit curves, measures of volatility and other factors. Exchange-traded derivatives are valued using a market approach as fair value is based on quoted prices in active market and are classified as Level 1. OTC derivatives that trade in liquid markets, where model inputs are observable for substantially the full term, are classified as Level 2. Derivatives that are valued based upon models with any significant unobservable market inputs or inputs from less actively traded markets, or where the fair value is solely derived using broker quotations, are classified as Level 3.

Derivatives Collateral

The carrying value of these instruments approximates fair value since these assets and liabilities are generally short-term in nature.

Other Invested Assets

Other invested assets are principally comprised of LIHTC investments, affiliated loans and certain other investments with characteristics of debt. The fair value of the affiliated loans and the LIHTC investments are derived using an income valuation approach, which is based on a discounted cash flow calculation using a discount rate that is determined internally. These investments are classified as Level 3 because the discount rate used is based on management's judgment and assumptions. Refer to Note 11 - Related Party Transactions, for details on intercompany investments and Note 6 - Investments, for details on LIHTC investments. The fair value of investments with debt characteristics is derived using an income valuation approach, which is based on a discounted cash flow calculation that may or may not use observable inputs. For affiliated loans due within one year, carrying value is deemed to approximate fair value due to the short-term nature of these investments. These investments are classified as Level 2.

Separate Accounts Assets

Separate accounts assets reported as Level 1 in the fair value hierarchy are comprised of cash and common stocks. Common stocks are generally traded on an exchange. Separate accounts assets reported as Level 2 relate to investments in U.S. government and treasury securities, corporate bonds and mortgage-backed securities. These separate accounts assets are valued and assigned within the fair value hierarchy, consistent with the methodologies described herein for similar financial instruments held within the general account of the Company.

The separate accounts also invest in limited partnerships and hedge fund investments. These investments are valued based on the latest NAV received.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

The following tables provide additional information for investments that are measured at fair value using NAV as a practical expedient, as allowed under authoritative guidance, for investments that meet specified criteria (in millions):

2018

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund	Long/short equity, futures, options, foreign exchange arbitrage	$ 349	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	0 - 90 days (Assets subject to lock-up periods)
Hedge fund	Distressed securities, multi-strategy	14	—	Semi-Annual, Quarterly	60 - 90 days (Assets subject to lock-up periods)
Private equity	Leverage buyout, mezzanine financing, distressed securities	702	550	N/A	N/A
Collective investment trust	Investment grade fixed income	23	—	On request	N/A
		$ 1,088	$ 550		

2017

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund	Long/short equity	$ 342	$ —	Annual, Semi-Annual, Quarterly, Monthly	30- 90 days (Assets subject to lock-up periods)
Hedge fund	Merger arbitrage, distressed securities, multi-strategy	49	—	Annual, Semi-Annual, Quarterly	60-90 days (Assets subject to lock-up periods)
Private equity	Leverage buyout, mezzanine financing, and distressed securities	549	462	N/A	N/A
		$ 940 [1]	$ 462		

[1] The total fair value determined using NAV at December 31, 2017 included Level 2 and Level 3 investments of $103 million and $847 million, respectively.

Deposit Fund Contracts

For funding agreements backing medium term notes, fair values are based on available market prices for the notes. For other funding agreements and annuities certain liabilities, fair values are estimated using discounted cash flow calculations based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. For all other deposit funds, the fair value is estimated to be equal to the account value since they can be withdrawn at anytime and without prior notice.

Premiums Paid in Advance

For premiums paid in advance, the carrying value of the liability approximates fair value.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

Borrowed Money

Borrowed money consists of intercompany borrowings and other financing arrangements. Due to the short-term nature of the transactions, the carrying value approximates fair value. The Company had no repurchase agreements at December 31, 2018 and 2017.

Amounts Payable Under Securities Lending Agreements

Amounts due under securities lending consists of cash collateral received under securities lending agreements. Due to the short-term nature of the transactions, the carrying value approximates fair value.

Separate Accounts Liabilities – Deposit Type Contracts

For deposit type contracts, which are funding agreements, the proceeds from which are invested primarily in fixed income securities, the carrying value of the liability approximates the fair value of the invested assets. These assets are valued using the same methods described for separate accounts assets and are classified as Level 2.

The following tables represent the balances of assets and liabilities measured and carried at fair value or net asset value ("NAV") at December 31, 2018 and 2017 (in millions):

	2018				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as a Practical Expedient	Total
Assets at fair value					
Bonds					
U.S. corporate	$ —	$ 17	$ —	$ —	$ 17
Non-agency CMBS	—	4	—	—	4
Non-agency ABS	—	3	4	—	7
Total bonds	—	24	4	—	28
Preferred stocks	—	6	10	—	16
Common stocks	1,155	—	208	—	1,363
Derivatives	—	620	12	—	632
Separate accounts assets	1,250	3,269	3	1,088	5,610
Total assets at fair value	$ 2,405	$ 3,919	$ 237	$ 1,088	$ 7,649
Liabilities at fair value					
Derivatives	$ —	$ 342	$ —	$ —	$ 342
Separate accounts liabilities - derivatives(1)	1	—	—	—	1
Total liabilities at fair value	$ 1	$ 342	$ —	$ —	$ 343

(1) The total gains (losses) included in surplus for separate accounts assets are offset by an equal amount for separate accounts liabilities, which results in a net zero impact on surplus for the Company.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

	2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets at fair value				
Bonds				
U.S. corporate	$ —	$ 19	$ —	$ 19
Non-agency CMBS	—	4	—	4
Non-agency ABS	—	8	2	10
Total bonds	—	31	2	33
Preferred stocks	—	—	10	10
Common stocks	1,281	—	158	1,439
Derivatives	—	569	9	578
Separate accounts assets	3,013	5,001	839	8,853
Total assets at fair value	$ 4,294	$ 5,601	$ 1,018	$ 10,913
Liabilities at fair value				
Derivatives	$ —	$ 321	$ —	$ 321
Total liabilities at fair value	$ —	$ 321	$ —	$ 321

The tables below present a reconciliation of Level 3 assets and liabilities for the years ended December 31, 2018 and 2017 (in millions):

	2018									
	Balance at 1/1	Transfers into Level 3	Transfers out of Level 3	Total Gains (Losses) Included in Net Income	Total Gains (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31
Bonds:										
Non-agency ABS	$ 2	$ 3	$ (2)	$ —	$ (1)	$ 2	$ —	$ —	$ —	$ 4
Total bonds	2	3	(2)	—	(1)	2	—	—	—	4
Common stocks	158	5	—	1	—	158	—	(114)	—	208
Preferred stocks	10	—	(2)	—	—	2	—	—	—	10
Derivatives	9	—	—	(49)	32	35	—	(15)	—	12
Separate accounts assets(1)	839	3	—	1	(1)	—	—	(2)	—	840
Total	$ 1,018	$ 11	$ (4)	$ (47)	$ 30	$ 197	$ —	$ (131)	$ —	$ 1,074

(1) The total gains (losses) included in surplus for separate accounts assets are offset by an equal amount for separate accounts liabilities, which results in a net zero impact on surplus for the Company.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

	2017									
	Balance at 1/1	**Transfers into Level 3**	**Transfers out of Level 3**	**Total Gains (Losses) Included in Net Income**	**Total Gains (Losses) Included in Surplus**	**Purchases**	**Issuances**	**Sales**	**Settlements**	**Balance at 12/31**
Bonds:										
Non-agency ABS	$ 18	$ —	$ (12)	$ (2)	$ 1	$ —	$ —	$ —	$ (3)	$ 2
Total bonds	18	—	(12)	(2)	1	—	—	—	(3)	2
Common stocks	148	—	(1)	3	—	52	—	(44)	—	158
Preferred stocks	2	2	(1)	—	(1)	8	—	—	—	10
Derivatives	49	—	—	(32)	(8)	—	—	—	—	9
Separate accounts assets[(1)]	860	—	(111)	79	23	213	—	(223)	(2)	839
Total	$ 1,077	$ 2	$ (125)	$ 48	$ 15	$ 273	$ —	$ (267)	$ (5)	$ 1,018

(1) The total gains (losses) included in surplus for separate accounts assets are offset by an equal amount for separate accounts liabilities, which results in a net zero impact on surplus for the Company.

Transfers Between Levels

Transfers between levels may occur due to changes in valuation sources, or changes in the availability of market observable inputs, which generally are caused by changes in market conditions such as liquidity, trading volume or bid-ask spreads, or as a result of a security measured at amortized cost at the beginning of the period, but measured at estimated fair value at the end of the period, or vice versa due to a ratings downgrade or upgrade.

Transfers between Levels 1 and 2

During the years ended December 31, 2018 and 2017, there were no transfers between Levels 1 and 2.

Transfers into and out of Level 3

The Company's basis for transferring assets and liabilities into and out of Level 3 is based on changes in the observability of data, a change in the security's measurement.

Transfers into Level 3 totaled $11 million for the year ended December 31, 2018, which primarily relates to $5 million of common stocks and $3 million of bonds. $3 million of the common stocks had a level change from 1 to 3 while the remainder was transferred into level 3 due to corporate actions. All of the bonds was related to a non-agency asset-backed security that was measured at amortized cost at the beginning of the period and measured at fair market value at the end of the period. Transfers out of Level 3 totaled $4 million for the year ended December 31, 2018, which primarily relates to $2 million of a non-agency asset-backed security that has a level change from 3 to 2; and preferred stocks of $2 million, which was measured at fair market value at the beginning of the period and of which $1 million was impaired down to zero at the end of the period and the remainder was measured at amortized cost at the end of the period.

Transfers into Level 3 were $2 million for the year ended December 31, 2017, which primarily relates to non-redeemable preferred stock that was measured at amortized cost at the beginning of the period and measured at fair market value at the end of the period. Transfers out of Level 3 totaled $125 million for the year ended December 31, 2017, which primarily includes $12 million of non-agency asset backed securities, of which $5 million was measured at fair market value at the beginning of the period and measured at amortized cost at the end of the period, and $7 million that moved from Level 3 to Level 2.

The Company did not have any liabilities categorized as Level 3 for the years ended December 31, 2018 and 2017.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

The table below presents quantitative information on significant internally priced Level 3 assets and liabilities at December 31, 2018 and 2017 ($ in millions):

	2018				
	Fair Value	Valuation Techniques	Unobservable Input	Range	Weighted Average
Assets:					
Common stocks and preferred stocks	$ 12	Market comparable	Revenue multiple	5.5x - 9.0x	N/A

	2017				
	Fair Value	Valuation Techniques	Unobservable Input	Range	Weighted Average
Assets:					
Non-agency ABS	$ 2	Discounted cash flow	Discount rate	9.9%	9.9%
Common stocks and preferred stocks	$ 12	Market comparable	Revenue multiple	7.4x - 13.3x	N/A

The following is a description of the sensitivity to changes in unobservable inputs of the estimated fair value of the Company's Level 3 assets included above, for which we have access to the valuation inputs, as well as the sensitivity to changes in unobservable inputs of the Level 3 assets that are valued based on external pricing information.

Asset Backed Securities

The asset backed security included in the table above relates to a private deal. For this security, a discounted cash flow calculation is used, the discount rate is calculated internally based on unobservable data and assumptions. A significant increase in the discount rate used to perform the discounted cash flow calculation for these securities, would significantly decrease the fair value of these securities. The opposite effect would occur if there were a significant decrease in the discount rate used.

Common Stocks

The Company's Level 3 common stock investments mostly relate to the Company’s holdings in the FHLB of NY’s stock as described in Note 12 - Insurance Liabilities. As prescribed in the FHLB of NY’s capital plan, the par value of the capital stock is $100 and all capital stock is issued, redeemed, repurchased or transferred at par value. Since there is not an observable market for the FHLB of NY stock, these securities are held at cost and have been classified as Level 3. The cost basis of the FHLB of NY stock was $202 million and $156 million at December 31, 2018 and 2017, respectively. For the other common stock investments included in Level 3, the valuation is performed using revenue and price to book multiples. An increase in the value of these inputs would result in an increase in fair value with the reverse being true for decreases in the value of these inputs.

NOTE 10 – INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES

The components of net investment income for the years ended December 31, 2018 and 2017 were as follows (in millions):

	2018	2017
Bonds	$ 4,461	$ 4,223
Common and preferred stocks	641	310
Mortgage loans	711	666
Policy loans	586	571
Limited partnerships and other invested assets	1,026	1,022
Short-term investments	29	20
Derivatives	20	20
Real estate	239	237
Other investments	14	9
Gross investment income	7,727	7,078
Investment expenses	(493)	(475)
Net investment income	7,234	6,603
Amortization of IMR	104	105
Net investment income, including IMR	$ 7,338	$ 6,708

Due and accrued investment income is excluded from surplus when amounts are over 90 days past due or collection is uncertain.

Bond Prepayments

The following table shows the Company's securities redeemed or otherwise disposed of as a result of a callable feature (including make whole call provisions) and the amount of investment income generated as a result of a prepayment penalty and/or acceleration fee, which is included in Bonds in the table above ($ in millions):

	2018		2017	
	General Account	Separate Account	General Account	Separate Account
Number of cusips	183	17	267	28
Investment income	$ 48	$ 1	$ 72	$ 3

NOTE 10 – INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

For the years ended December 31, 2018 and 2017, net investment gains (losses) were as follows (in millions):

	2018	2017
Bonds	$ (35)	$ 61
Common and preferred stocks	52	79
Limited partnerships and other investments	(165)	(127)
Real estate	13	4
Derivatives	3	(318)
Other - primarily foreign exchange	—	270
Net realized capital gains (losses) before tax and transfers to IMR	$ (132)	$ (31)
Less:		
Capital gains tax expense (benefit)	(35)	20
Net realized capital gains (losses) after-tax transferred to IMR	(22)	40
Net realized capital gains (losses) after-tax and transfers to IMR	$ (75)	$ (91)

Proceeds from investments in bonds sold were $4,759 million and $3,234 million for the years ended December 31, 2018 and 2017, respectively. Gross gains of $133 million and $134 million in 2018 and 2017, respectively, and gross losses of $128 million and $39 million in 2018 and 2017, respectively, were realized on these sales. The Company computes gains and losses on sales under the specific identification method.

The following table provides a summary of OTTI losses included as realized capital losses for the years ended December 31, 2018 and 2017 (in millions):

	2018	2017
Limited partnerships and other investments	$ 185	$ 189
Bonds	45	52
Common and preferred stocks	6	5
Total	$ 236	$ 246

Refer to Note 20 - Loan-Backed and Structured Security Impairments for a list with each loan-backed and structured security at a CUSIP level where the present value of cash flows expected to be collected is less than the amortized cost basis during the current year.

NOTE 10 – INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

The following tables present the Company's gross unrealized losses and fair values for bonds and equities aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2018 and 2017 (in millions):

	2018					
	Less than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses[1]
Bonds						
U.S. governments	$ 308	$ 5	$ 919	$ 55	$ 1,227	$ 60
All other governments	50	1	83	2	133	3
U.S. Special Revenue and Special Assessment	3,442	85	3,963	204	7,405	289
Industrial and miscellaneous unaffiliated	32,921	1,006	12,673	702	45,594	1,708
Hybrid securities	1	—	—	—	1	—
Total bonds	$ 36,722	$ 1,097	$ 17,638	$ 963	$ 54,360	$ 2,060
Equity securities (unaffiliated)						
Common stocks	$ 584	$ 53	$ 13	$ 1	$ 597	$ 54
Preferred stocks	16	1	8	—	24	1
Total equity securities	600	54	21	1	621	55
Total	$ 37,322	$ 1,151	$ 17,659	$ 964	$ 54,981	$ 2,115

[1] Includes unrealized losses of $1 million related to NAIC 6 bonds included in the statutory carrying amount.

	2017					
	Less than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses[1]
Bonds						
U.S. governments	$ 426	$ 5	$ 851	$ 54	$ 1,277	$ 59
All other governments	75	1	38	1	113	2
U.S. Special Revenue and Special Assessment	1,871	18	2,801	115	4,672	133
Industrial and miscellaneous unaffiliated	9,175	92	6,399	200	15,574	292
Total bonds	$ 11,547	$ 116	$ 10,089	$ 370	$ 21,636	$ 486
Equity securities (unaffiliated)						
Common stocks	$ 113	$ 6	$ 2	$ —	$ 115	$ 6
Preferred stocks	19	2	—	—	19	2
Total equity securities	132	8	2	—	134	8
Total	$ 11,679	$ 124	$ 10,091	$ 370	$ 21,770	$ 494

[1] Includes unrealized losses of $4 million related to NAIC 6 rated bonds included in the statutory carrying amount.

NOTE 10 – INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

At December 31, 2018, the gross unrealized loss on bonds and equity securities was comprised of approximately 6,764 and 485 different securities, respectively, which are included in the table above. Of the total amount of bond unrealized losses, $1,737 million, or 84%, is related to investment grade securities and $324 million, or 16%, is related to below investment grade securities. At December 31, 2017, the gross unrealized loss on bonds and equity securities was comprised of approximately 3,059 and 301 different securities, respectively, which are included in the table above. Of the total amount of bond unrealized losses, $424 million, or 87%, is related to investment grade securities and $63 million, or 13%, is related to below investment grade securities. Investment grade is defined as a security having a credit rating from the NAIC of 1 or 2; a rating of Aaa, Aa, A or Baa from Moody's or a rating of AAA, AA, A or BBB from Standard & Poor's ("S&P"); or a comparable internal rating if an externally provided rating is not available.

The amount of gross unrealized losses for bonds where fair value had declined by 20% or more of the amortized cost, totaled $55 million. The period of time that each of these securities has continuously been below amortized cost by 20% or more consists of $41 million for six months or less, less than 1 million for greater than six months through 12 months, and $14 million for greater than 12 months. In accordance with the Company's impairment policy, the Company performed quantitative and qualitative analysis to determine if the decline was temporary. For those securities where the decline was considered temporary, the Company did not recognize an impairment when it had the ability and intent to hold until recovery.

The change in unrealized capital gains (losses) for the years ended December 31, 2018 and 2017 were as follows (in millions):

	2018	2017
Change in unrealized capital gains (losses) on investments:		
Bonds	$ 3	$ 3
Preferred stocks	1	(1)
Common stocks (unaffiliated)	(156)	84
Common stocks (affiliated)	(408)	469
Derivatives	69	44
Limited partnerships and other invested assets	4	190
Total change in unrealized capital gains on investments	(487)	789
Change in unrealized foreign exchange capital gains (losses) on investments:		
Bonds	(168)	241
Common stocks (unaffiliated)	(2)	17
Cash, cash equivalents and short-term investments	(2)	1
Derivatives	7	(3)
Limited partnerships and other invested assets	(21)	52
Aggregate write-ins	136	(361)
Total change in unrealized foreign exchange capital gains (losses) on investments	(50)	(53)
Capital gains tax expense (benefit)	(13)	107
Total change in unrealized capital gains (losses), net of tax	$ (550)	$ 843

NOTE 11 – RELATED PARTY TRANSACTIONS

For the years ended December 31, 2018 and 2017, the Company made the following capital contributions to its insurance and holding company subsidiaries (in millions):

	2018	2017
NYLE	$ 40	$ 26
NYLIFE LLC	3	10
Total	$ 43	$ 36

During 2018 and 2017, the Company recorded the following dividend distributions from its insurance and holding company subsidiaries (in millions):

	2018	2017
NYLIAC	$ 600	$ 275
NYL Investments	129	10
MCF	93	77
NYL Investors	90	70
Total	$ 912	$ 432

During 2018, the Company received a return of capital from NYLE of $448 million. During 2017, the Company did not receive a return of capital from any of its insurance and holding company subsidiaries.

On December 31, 2015 and as amended on January 1, 2017, the Company and NYLIAC entered into a note funding agreement with MCF (the "MCF Note Agreement") and acquired a variable funding note issued by MCF thereunder (the "2015 Note"). The MCF Note Agreement was further amended on July 1, 2018 and the 2015 Note was cancelled and reissued at July 1, 2018 (the "2018 Note"). The 2015 and 2018 Notes, which are reported as Bonds in the accompanying Statutory Statements of Financial Position, had outstanding balances for the Company of $2,160 million and $2,107 million at December 31, 2018 and 2017, respectively. During 2018 and 2017, the Company recorded interest income from MCF under the MCF Note Agreement of $106 million and $88 million, respectively, which was included in Net investment income in the accompanying Statutory Statements of Operations. Pursuant to the MCF Note Agreement and variable funding note issued thereunder, the Company and NYLIAC may provide an aggregate of up to $5,200 million in funding to MCF for lending and equity investment commitments, as well as for business expenses. All outstanding advances made to MCF under the MCF Note Agreement, together with unpaid interest thereon, will be due in full on December 31, 2025.

On April 13, 2016, the Company and New York Life Capital Corporation ("NYLCC"), a wholly owned subsidiary of NYLIFE LLC, entered into a five-year $1,250 million revolving credit facility (the "Credit Facility") with a syndicate of lenders. The Credit Facility expires on April 13, 2021. The Company and NYLCC are borrowers under the Credit Facility. The Credit Facility replaced a three-year $500 million revolving credit facility, effective June 28, 2013 ("Facility A") and a five-year $500 million revolving credit facility, effective June 28, 2013 ("Facility B") that the Company entered into with a syndicate of lenders, both of which were terminated on April 13, 2016. NYLCC's commercial paper capacity is $2,500 million. During 2018 and 2017, these credit facilities were not used, no interest was paid and no outstanding balance was due.

On October 1, 2014, the Company and NYL Investments entered into a term loan agreement whereby the Company agreed to loan NYL Investments a principal amount of $400 million. During 2015, the loan agreement was increased to $600 million. During 2016, the loan was converted to a senior note, which is reported as a bond in the accompanying Statutory Statements of Financial Position, and was solely a change in legal form of the instrument with no changes to the economic terms of the investment. During both 2018 and 2017, the Company recorded interest income from NYL Investments totaling $26 million. At both December 31, 2018 and 2017, the senior note had a carrying value of $600 million.

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

On August 19, 2015, the Company entered into a loan agreement with Cordius CIG, a sub-fund of Cordius, which is a Société d'Investissement à Captial Variable (a "SICAV"). A SICAV is an open-ended collective investment product common in Western Europe and is similar to an open-ended mutual fund in the U.S. Cordius is an indirect affiliate of the Company. Under this agreement, the Company issued a loan to Cordius CIG for €100 million. Cordius CIG paid down €50 million on the loan during 2016. The loan is a variable rate instrument due on September 30, 2019 with a carrying value, translated in U.S. dollars, of $57 million and $60 million at December 31, 2018 and 2017, respectively. The loan is included with other invested assets in the accompanying Statutory Statements of Financial Position. During both 2018 and 2017, the Company recorded interest income on the loan totaling less than $1 million, which was included in net investment income.

The Company has entered into three separate loan agreements with NYL Investors. The three loans have an outstanding balance at December 31, 2018 of $18 million, $13 million and $28 million. The loans are variable rate loans with maturity dates of April 2031, May 2030 and April 2027. The loans are included in other invested assets in the accompanying Statutory Statements of Financial Position. During both 2018 and 2017, the Company recorded interest income on the loans totaling $3 million, which was included in net investment income.

The Company is party to an investment advisory agreement with NYL Investors, as amended from time to time, to receive investment advisory and administrative services from NYL Investors. At December 31, 2018 and 2017, the total cost to the Company for these services amounted to $174 million and $160 million, respectively. The terms of the agreements require that these amounts be settled in cash within 90 days.

Under various written agreements, the Company has agreed to provide certain of its direct and indirect subsidiaries with certain services and facilities including but not limited to the following: accounting, tax and auditing services, legal services, actuarial services, electronic data processing operations, and communications operations. The Company is reimbursed for the identified costs associated with these services and facilities. Such costs amounting to $1,150 million and $1,262 million for the years ended December 31, 2018 and 2017, respectively, were incurred by the Company and billed to its subsidiaries. The terms of the agreements require that these amounts be settled in cash within 90 days.

At December 31, 2018 and 2017, the Company reported a net amount of $38 million and $286 million, respectively, due from subsidiaries and affiliates. The terms of the underlying agreements generally require that these amounts be settled in cash within 90 days.

In connection with a $150 million land acquisition of a fee simple estate in land underlying an office building and related improvements and encumbered by a ground lease located at 1372 Broadway, New York, New York by the Company (73.8% interest) and NYLIAC (26.2% interest), the Company and NYLIAC entered into a Tenancy In Common Agreement dated June 11, 2012 in which the agreement sets forth the terms that govern, in part, each entity’s interest in the property.

Real Estate portfolio acquired through foreclosure is called REO Portfolio. NYLIAC's interests in commercial mortgage loans are held in the form of participations in mortgage loans originated or acquired by the Company. In the case of the REO Portfolio, ownership of REO Property is called REO Ownership Interest. Under the participation agreement for the mortgage loans, it is agreed between the Company and NYLIAC that NYLIAC’s proportionate interest (as evidenced by a participation certificate) in the underlying mortgage loan, including without limitation, the principal balance thereof, all interest which accrues thereon, and all proceeds generated there from, will be pari passu with the Company’s and pro rata based upon the respective amounts funded by the Company and NYLIAC in connection with the applicable mortgage loan origination or acquisition. Consistent with the participation arrangement, all mortgage loan documents name the Company (and not both NYLIAC and the Company) as the lender but are held for the benefit of both the Company and NYLIAC pursuant to the applicable participation agreement. The Company retains general decision making authority with respect to each mortgage loan, although certain decisions require NYLIAC’s approval.

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

The Company has purchased various corporate owned life insurance policies from NYLIAC for the purpose of informally funding certain benefits for the Company's employees and agents. These policies were issued to the Company on the same terms as policies sold to unrelated customers. For the years ended December 31, 2018 and 2017, the cash surrender value of these policies amounted to $4,022 million and $3,974 million, respectively, and is included with other assets in the accompanying Statutory Statements of Financial Position. Of the $4,022 million cash surrender value at December 31, 2018, $3,130 million is invested in NYLIAC's general account and $892 million is invested in NYLIAC's separate accounts products. The investments in NYLIAC's separate accounts are allocated into the following categories based on primary underlying investment characteristics: 37% bonds, 35% stocks, 27% cash and 1% real estate. During 2018 and 2017, the Company recorded income related to these policies of $90 million and $238 million, respectively, and is included in other income in the accompanying Statutory Statements of Operations.

The Company has issued $8,673 million and $8,229 million at December 31, 2018 and 2017, respectively, of single premium annuities to NYLIAC in connection with NYLIAC's obligation under structured settlement agreements. NYLIAC has directed the Company to make the payments under the annuity contracts directly to beneficiaries under the structured settlement agreements.

The Company is the assumed obligor for certain structured settlement agreements with unaffiliated insurance companies, beneficiaries and other non-affiliated entities. To satisfy its obligations under these agreements, the Company owns single premium annuities issued by NYLIAC. The obligations are based upon the actuarially determined present value of expected future payments. Interest rates used in establishing such obligations range from 5.50% to 8.75%. The Company has directed NYLIAC to make the payments under the annuity contracts directly to the beneficiaries under the structured settlement agreements. At December 31, 2018 and 2017, the carrying value of the annuity contracts and the corresponding obligations amounted to $145 million and $149 million, respectively.

In the ordinary course of business, the Company enters into reinsurance agreements with its subsidiaries and affiliates. Material reinsurance agreements have been disclosed in Note 13 – Reinsurance.

In the ordinary course of business, the Company enters into numerous arrangements with its affiliates. In addition, in the ordinary course of business, the Company may enter into guarantees and/or keepwells between itself and its affiliates. Material guarantee agreements have been disclosed in Note 15 - Commitments and Contingencies.

NOTE 12 – INSURANCE LIABILITIES

Liabilities for policy reserves, deposit funds and policy claims at December 31, 2018 and 2017 were as follows (in millions):

	2018	2017
Life insurance reserves	$ 78,886	$ 79,121
Annuity reserves and supplementary contracts with life contingencies	26,810	24,482
Accident and health reserves (including long-term care)	4,272	3,949
Total policy reserves	109,968	107,552
Deposit funds	21,909	17,922
Policy claims	747	786
Total liabilities for policy reserves, deposit funds and policy claims	$ 132,624	$ 126,260

Life Insurance Reserves

Reserves for life insurance policies are maintained principally using the 1941, 1958, 1980, 2001, and 2017 Commissioners' Standard Ordinary ("CSO") Mortality Tables and the 1958 and 1980 Commissioners' Extended Term ("CET") Mortality Tables under the net level premium method, the Commissioners' Reserve Valuation Method ("CRVM"), or Modified Preliminary Term ("MPT") with valuation interest rates ranging from 2.0% to 6.0%.

NOTE 12 – INSURANCE LIABILITIES (continued)

The tabular interest for life insurance has been determined by formula as described in the NAIC instructions.

The tabular less actual reserve released has been determined by formula as described in the NAIC instructions.

The tabular cost for individual life insurance for seven year term, for certain survivorship whole life policies, and for ancillary coverage has been determined by formula as described in the NAIC instructions. For all other coverages, including the bulk of individual life, the tabular cost has been determined from the basic data for the calculation of policy reserves.

The Company has established policy reserves (excluding the effects of reinsurance) on contracts issued January 1, 2001 and later that exceed the minimum amounts determined under Appendix A-820, “Minimum Life and Annuity Reserve Standards” of NAIC SAP by approximately $418 million and $433 million in 2018 and 2017, respectively.

The Company waives deductions of deferred fractional premiums upon death of the insured and returns a portion of the final premium beyond the date of death. No surrender values are promised in excess of the total reserves. Certain substandard policies are valued on tables that are multiples of the standard table. Other substandard policies were valued as equivalent to standard lives on the basis of insurance age. Additional reserves were held on account of anticipated extra mortality for policies subject to extra premiums.

At December 31, 2018 and 2017, the Company had $29,210 million and $36,153 million, respectively, of insurance in-force for which the gross premiums were less than the net premiums according to the standard of valuation set by the state of New York.

The Company has elected to establish reserves pursuant to NAIC Valuation Manual Appendix A and Valuation Manual Appendix C for contracts issued in 2018 and 2017, as allowed during the first three years following the operating date of the Valuation Manual.

In 2018, the Company recorded a $33 million increase in reserves for blended whole life insurance sold under the Group Membership business operation to reflect an updated valuation methodology. This change in valuation basis was reported as a direct reduction in surplus in the accompanying Statutory Statements of Changes Surplus.

Annuity Reserves and Supplementary Contracts Involving Life Contingencies

Tabular interest for group annuity contracts has been determined from the basic data for the calculation of policy reserves as described in the NAIC instructions.

Reserves for supplementary contracts involving life contingencies and annuities involving current mortality risks are based principally on 1951 Group Annuity Mortality (“GAM”), 1960 Mod. a-49, 1971 Individual Annuity Mortality (“IAM”), 1983 Table A, A2000, 2012 Individual Annuity Reserving table ("IAR") and the Commissioners’ Annuity Reserve Valuation Method (“CARVM”) with assumed interest rates ranging from 2.0% to 9.5%.

In 2018, the Company recorded a $6 million increase in reserves for single premium buy-out deferred annuity contracts to reflect an updated valuation methodology. This change in valuation basis was reported as a direct reduction in surplus in the accompanying Statutory Statements of Changes in Surplus.

In 2018, the Company established an additional actuarial reserve of $200 million based on asset adequacy analysis for structured settlement contracts. This amount is included in Additions to reserves in the accompanying Statutory Statements of Operations.

In 2017, reserves for structured settlement contracts increased by $300 million as a result of deteriorating mortality and low interest rates. This change in valuation basis was reported as a direct reduction in surplus in the accompanying Statutory Statements of Changes in Surplus.

Generally, owners of annuities in payout status are not able to withdraw funds from their policies at their discretion.

NOTE 12 – INSURANCE LIABILITIES (continued)

Accident and Health Reserves (Including Long-term Care)

Reserves for accident and health policies are valued consistent with interest rate and morbidity tables, where applicable.

Claim reserves and unpaid claim liabilities were $1,371 million and $1,310 million at December 31, 2018 and 2017, respectively. During 2018 and 2017, $176 million and $164 million was paid for incurred losses and loss adjustment expenses attributable to insured events of prior years, respectively. Additionally, during 2018, there was $54 million of favorable prior-year loss development, the result of ongoing analysis of recent loss development trends. Reserves remaining for prior years at December 31, 2018 were $1,128 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on long-term care, group medical (discontinued in 2013), disability income and Medicare supplement insurance.

Original estimates were adjusted as additional information became known regarding individual claims. The Company had no unfavorable prior year loss development on retrospectively rated policies included in this decrease. However, the business to which it relates is subject to premium adjustments.

In 2018, the Company recorded a $197 million increase in formulaic reserves for long-term care contracts. This change in valuation basis was reported as a direct reduction in surplus in the accompanying Statutory Statements of Changes in Surplus. This was offset by a $195 million decrease in asset adequacy reserves for long-term care contracts, which is included in Additions to reserves in the accompanying Statutory Statements of Operations.

In 2017, the Company recorded a change in reserve basis as a direct reduction in surplus in the accompanying Statutory Statements of Changes in Surplus, reflecting a $14 million increase in reserves for individual disability insurance to reflect updated morbidity experience.

Deposit Funds

Deposit funds at December 31, 2018 and 2017 were as follows (in millions):

	2018	2017
GICs without life contingencies (including funding agreements)	$ 19,218	$ 15,197
Dividend accumulations or refunds and other deposit funds	2,308	2,328
Supplemental contracts without life contingencies	282	273
Continued interest accounts	59	73
Annuities certain	42	51
Total deposit funds	$ 21,909	$ 17,922

The weighted average interest rate on all GICs without life contingencies was 2.33% and 1.90% at December 31, 2018 and 2017, respectively. The weighted average remaining maturity was 2 years, 8 months and 2 years, 9 months at December 31, 2018 and 2017, respectively. Withdrawal prior to maturity is generally not permitted.

GICs without life contingencies issued by the Company include funding agreements issued to special purpose entities ("SPEs") and the FHLB of NY.

The SPEs purchase the funding agreements with the proceeds from medium term notes issued by the SPE, which have payment terms substantially identical to the funding agreements issued by the Company. At December 31, 2018 and 2017, the balance under funding agreements sold by the Company to the SPEs was $14,527 million and $11,932 million, respectively.

NOTE 12 – INSURANCE LIABILITIES (continued)

The Company is a member of the FHLB of NY and issues funding agreements to the FHLB of NY in exchange for cash. The proceeds from the sale of these funding agreements are invested to earn a spread. The funding agreements are issued through the general account and are included in the liability for deposit funds in the accompanying Statutory Statements of Financial Position. When a funding agreement is issued, the Company is required to post collateral in the form of eligible securities including mortgage-backed, government and agency debt instruments for each of the advances received. Upon any event of default by the Company, the FHLB of NY's recovery on the collateral is limited to the amount of the Company's liability to the FHLB of NY.

The amount of FHLB of NY common stock held, in aggregate, exclusively in the Company's general account at December 31, 2018 and 2017 was as follows (in millions):

	2018	2017
Membership stock - class B[1]	$ 41	$ 38
Activity stock	161	118
Aggregate total	$ 202	$ 156
Actual or estimated borrowing capacity as determined by the insurer	$ 8,349	$ 8,159

[1] Membership stock is not eligible for redemption.

The amount of collateral pledged to the FHLB of NY at December 31, 2018 and 2017 was as follows (in millions):

	Fair Value	Carrying Value	Aggregate Total Borrowing
Current year general account	$ 4,674	$ 4,645	$ 3,584
Prior year general account	$ 3,421	$ 3,294	$ 2,630

The maximum amount of collateral pledged to the FHLB of NY during the years ended December 31, 2018 and 2017 was as follows (in millions):

	Fair Value	Carrying Value	Aggregate Total Borrowing
Current year general account	$ 4,674	$ 4,645	$ 3,584
Prior year general account	$ 3,956	$ 3,780	$ 2,180

The following table reflects the amount borrowed from the FHLB of NY in the form of funding agreements at December 31, 2018 and 2017 (in millions):

	2018	2017
Funding agreements issued	$ 3,584	$ 2,630
Funding agreement reserves established	$ 3,584	$ 2,630
Maximum amount borrowed during the year	$ 3,584	$ 2,630

The Company does not have any prepayment obligations for these funding agreement arrangements.

NOTE 12 – INSURANCE LIABILITIES (continued)

Withdrawal Characteristics of Annuity Reserves and Deposit Funds

The following table reflects the withdrawal characteristics of annuity reserves and deposit fund liabilities at December 31, 2018 and 2017 ($ in millions):

	2018				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 8,077	$ 4,828	$ —	$ 12,905	22%
At fair value	—	2,907	2,687	5,594	9
Total with adjustment or at fair value	8,077	7,735	2,687	18,499	31
At book value without adjustment	4,603	—	—	4,603	8
Not subject to discretionary withdrawal	35,834	—	—	35,834	61
Total annuity reserves and deposit fund liabilities	$ 48,514	$ 7,735	$ 2,687	$ 58,936	100%

	2017				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 7,890	$ 4,481	$ —	$ 12,371	22%
At fair value	—	4,947	3,764	8,711	16
Total with adjustment or at fair value	7,890	9,428	3,764	21,082	38
At book value without adjustment	4,088	—	—	4,088	7
Not subject to discretionary withdrawal	30,421	—	—	30,421	55
Total annuity reserves and deposit fund liabilities	$ 42,399	$ 9,428	$ 3,764	$ 55,591	100%

NOTE 13 – REINSURANCE

The Company enters into ceded reinsurance agreements in the normal course of its insurance business to reduce overall risk and to be able to issue life insurance policies in excess of its retention limits. The Company also participates in assumed reinsurance with third parties in acquiring additional business. Both assumed and ceded reinsurance transactions are discussed in further details below.

For the years ended December 31, 2018 and 2017, individual and group life reinsurance activity was as follows (in millions):

	2018	2017
Premiums:		
Direct	$ 16,545	$ 14,637
Assumed	1,027	954
Ceded	(488)	(520)
Net premiums	$ 17,084	$ 15,071
Policyholder benefits assumed	$ 1,306	$ 1,699
Policyholder benefits ceded	$ 671	$ 683
Reinsurance recoverable	$ 145	$ 115

Reinsurance Assumed

The Company assumes on a coinsurance basis 100% of the obligations and liabilities of John Hancock Life Insurance Company (U.S.A.) and one of its affiliates ("John Hancock") closed block primarily participating whole life insurance policies. The Company retrocedes 40% of those obligations and liabilities to John Hancock on a funds-withheld arrangement. The assets received from this transaction are pledged as collateral and are contractually restricted; the majority of which are held in reinsurance trust for the Company's obligations to John Hancock.

The insurance related revenue from the reinsured policies, including net investment income from the contractually restricted assets, after satisfying certain related expenses and taxes, inure solely to the benefit of those reinsured policyholders and will not be available to the Company's policyholders.

For the years ended December 31, 2018 and 2017, reserves related to the John Hancock reinsurance transaction were as follows (in millions):

	2018	2017
Reserves assumed	$ 8,439	$ 8,781
Reserves ceded	(3,376)	(3,512)
Reserves net	$ 5,063	$ 5,269

Effective April 1, 2018, the Company’s coinsurance with funds withheld and modified coinsurance agreements with NYLIAC were terminated, as NYLIAC fully recaptured the risks related to this business. The Company received a recapture fee from NYLIAC in the amount of $21 million pre-tax. Prior to the recapture, the Company had assumed 90% of a block of in-force life insurance business from NYLIAC consisting of universal life and variable universal life products assumed using a combination of coinsurance with funds withheld for the fixed portion maintained in the general account and modified coinsurance (“MODCO”) for policies in the separate accounts. Under both the MODCO and funds withheld treaties, NYLIAC retained the assets held in relation to the policy reserves and separate accounts liabilities. An experience refund was paid to NYLIAC at the end of each accounting period for 100% of the profits in excess of $5 million per year. Experience refunds paid in 2018 and 2017 were $2 million and $67 million, respectively, which is reported in Premiums in the accompanying Statutory Statements of Operations. At December 31, 2017, the Company held assumed reserves under coinsurance with funds withheld and MODCO of $ $5,347 million.

NOTE 13 - REINSURANCE (continued)

Reinsurance Ceded

The Company enters into ceded reinsurance agreements in the normal course of its insurance business to reduce overall risk and to be able to issue life insurance policies in excess of its retention limits. Currently, the Company cedes the mortality risk on new business for term and employees' whole life insurance policies on a quota-share yearly renewable term basis. Most of the ceded reinsurance business is on an automatic basis. The quota share currently ceded generally ranges from 25% to 76% with a minimum size policy ceded of either $1 million or $2 million for term and no minimum size for employees' whole life. Cases in excess of the Company's retention and certain substandard cases are ceded on a facultative reinsurance basis. The majority of the Company's facultative reinsurance is for substandard cases in which it typically cedes 90%.

The ceding of risk does not discharge the Company from its primary obligations to policyholders. To the extent that the assuming reinsurers become unable to meet their obligations under reinsurance contracts, the Company remains contingently liable. Each reinsurer is reviewed to evaluate its financial stability before entering into each reinsurance contract and throughout the period that the reinsurance contract is in place.

Life insurance ceded was 11% and 12% of total life insurance in-force at December 31, 2018 and 2017, respectively. The reserve reductions taken for life insurance reinsured were $3,763 million and $3,879 million for the years ended December 31, 2018 and 2017, respectively.

The Company has reinsurance agreements with New York Life Agents Reinsurance Company ("NYLARC"). NYLARC is a life insurance company wholly owned by NYLARC Holding Company, Inc., whose shareholders consist of the Company's top agents who meet certain criteria and who may also be agents of NYLIAC or NYLAZ. NYLARC reinsures a portion of certain life insurance products sold by its shareholders. NYLARC's purpose is to retain high production agents, and increase the volume and quality of the business that they submit to the Company and NYLIAC.

NOTE 14 – BENEFIT PLANS

Defined Benefit Plans

The Company maintains various tax-qualified and non-qualified defined benefit pension plans covering eligible U.S. employees and agents. The tax-qualified plan for employees includes both a traditional formula and a cash balance formula. The applicability of these formulas to a particular plan participant is generally determined by age and date of hire. Under the traditional formula, benefits are based on final average earnings and length of service. The cash balance formula credits employees' accounts with a percentage of eligible pay each year based on years of service, along with annual interest credits at rates based on IRS guidelines. Benefits under the tax-qualified plan for agents are based on length of service and earnings during an agent's career. The non-qualified pension plans provide supplemental benefits in excess of the maximum benefits applicable to a tax-qualified plan.

The tax-qualified defined benefit pension plans of the Company are funded solely by Company contributions. The Company's funding policy is to make annual contributions that are no less than the minimum amount needed to comply with the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the IRC of 1986, as amended, and no greater than the maximum amount deductible for federal income tax purposes. In 2018, the Company made voluntary contributions to the tax-qualified plans for employees and agents of $300 million and $200 million, respectively. No contributions were required to satisfy the minimum funding requirements under ERISA and the IRC.

The Company has established separate irrevocable grantor trusts covering certain of the non-qualified arrangements to help protect non-qualified payments thereunder in the event of a change in control of the Company. The grantor trusts are not subject to ERISA.

NOTE 14 – BENEFIT PLANS (continued)

Other Postretirement Benefits

The Company provides certain health care and life benefits for eligible retired employees and agents (and their eligible dependents). Employees are eligible for retiree health and life benefits if they are at least age 55 with 10 or more years of service with the Company, provided that they are enrolled for active health care coverage on the date they terminate employment. Agents are generally eligible for retiree health and life benefits if they meet certain age and service criteria on the date they terminate service.

Employees and agents who retired prior to January 1, 1993 and agents who were active on December 31, 1992 and met certain age or service criteria on that date do not make contributions toward retiree health care coverage. All other eligible employees and agents may be required to contribute towards retiree health care coverage. The Company pays the entire life insurance costs for retired employees and agents.

The Company has established two separate Voluntary Employees Beneficiary Association ("VEBA") Trusts, the Employees' Life and Health Benefit Trust ("Employee VEBA") and the Agents' Life and Health Benefit Trust ("Agent VEBA"). The Employee VEBA is currently exclusively used to fund a portion of the postretirement health and life benefits for retired employees, and the Agent VEBA is currently exclusively used to fund a portion of the postretirement health and life benefits for retired agents. In addition, the tax-qualified pension plan for agents includes a medical-benefit component to fund a portion of the postretirement obligations for retired agents and their dependents in accordance with IRC Section 401(h). The Company pays the remaining balance of these costs.

Postemployment Benefits and Compensated Absences

The Company provides certain benefits to eligible employees during employment for paid absences, and to eligible employees and agents after termination of service. These benefits include, but are not limited to, salary continuation during medical and pregnancy leaves, short-term disability-related benefits, and continuation of health care benefits.

Plan Assets

Each tax-qualified pension plan currently invests in two group annuity contracts which are held in separate trusts: one contract is an immediate participation guarantee ("IPG") contract relating to the Company's general account ("GA Contract"), and the other contract relates to the Company's pooled separate accounts ("SA Contract"). The Company is the issuer of the GA and SA Contracts. In addition, certain assets are directly invested in third-party real estate investment funds. Total tax-qualified plan assets at December 31, 2018 and 2017 are as follows (in millions):

	Tax-qualified Pension Plans	
	2018	2017
GA Contracts[(1)]	$ 4,219	$ 2,713
SA Contracts[(2)]	2,687	3,764
Third-party real estate investment funds	395	390
Cash	1	—
Third-party money market mutual funds	—	106
Total plan assets	$ 7,302	$ 6,973

[(1)] The GA Contracts are included in the Company's assets and policy reserves liabilities in the accompanying Statutory Statements of Financial Position.
[(2)] The SA Contracts are included in the Company's separate accounts assets and liabilities in the accompanying Statutory Statements of Financial Position.

Under the GA Contract, NYL Investors manages the assets in the portion of the Company's general account in which the GA Contract participates. The GA Contract provides for the payment of an annual administrative charge based on a percentage of the assets maintained in the fixed account under the contract. Under the SA Contract, certain registered investment advisory subsidiaries of NYL Investments act as investment managers for the pooled separate accounts. The SA Contract provides for the payment of separate annual fees for the management and administration of each separate account.

NOTE 14 – BENEFIT PLANS (continued)

The assets of each of the VEBA Trusts are invested in MainStay and Vanguard mutual funds, trust owned life insurance ("TOLI") and cash and cash equivalents. Total assets of the other postretirement plans (including VEBA Trusts and 401(h) component) at December 31, 2018 and 2017 are as follows (in millions):

	Other Postretirement Plans	
	2018	2017
IPG Contract (401(h) component)[1]	$ 30	$ 29
Mainstay International Equity Fund	56	62
Vanguard mutual funds	173	186
TOLI policies	395	414
Cash and cash equivalents	11	10
Total Plan assets	$ 665	$ 701

[1] The GA Contracts are included in the Company's assets and policy reserves liabilities in the accompanying Statutory Statements of Financial Position.

NYLIM serves as investment manager of the MainStay International Equity Fund. The TOLI policies are corporate sponsored universal life ("CSUL") and corporate sponsored variable universal life ("CSVUL") policies issued by NYLIAC. CSVUL policy premiums are invested in certain insurance dedicated funds offered in connection with variable products for which NYLIM serves as investment advisor.

The investment objectives for the tax-qualified pension plans and VEBA Trusts are: (1) to maintain sufficient income and liquidity to fund benefit payments; (2) to preserve the capital value of the plans and trusts; (3) to increase the capital value of the plans and trusts; and (4) to earn a long-term rate of return, which meets or exceeds the plans' and trusts' assumed actuarial rates of return. Under the investment policies for the tax-qualified pension plans, the plans' assets are to be invested primarily in a balanced and diversified mix of high quality equities, fixed income securities, group annuity contracts, private equity investments, real estate investments, hedge fund investments, cash equivalents, and such other assets as may be appropriate. Under the investment policies for the VEBA Trusts, the assets of the trusts are to be invested primarily in insurance contracts (variable and/or fixed) and/or mutual funds, which in turn, invest in a balanced and diversified mix of high quality equities, fixed income securities, cash equivalents, and such other assets as may be appropriate. The Investment Committees of the Board of Trustees (the "Committees") monitor and review investment performance to ensure assets are meeting investment objectives.

The Committees have established a broad investment strategy targeting an asset allocation for both the tax-qualified pension plans, and for the VEBA Trusts. Diversifying each asset class by style and type further enhances this allocation. In developing this asset allocation strategy, the Committees took into account, among other factors, the information provided to them by the plans' actuary, information relating to the historical investment returns of each asset class, the correlations of those returns, and input from the plans' investment consultant. The Committees regularly review the plans' asset allocations versus the targets and make adjustments as appropriate.

NOTE 14 – BENEFIT PLANS (continued)

The percentage of target allocation and asset allocation, by asset category, for the tax-qualified pension plans and the VEBA Trusts at December 31, 2018 and 2017, were as follows:

	Tax-qualified Pension Plans				VEBA Trust			
	Target Allocation		Asset Allocation		Target Allocation		Asset Allocation	
Asset Category	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Fixed income securities	65%	40%	65%	41%	30%	30%	33%	27%
Equity securities	35	60	35	59	70	70	67	73
Total	100%	100%	100%	100%	100%	100%	100%	100%

The pooled separate accounts under the SA Contracts and the third-party real estate investment funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The fair values (refer to Note 9 - Fair Value Measurements for description of levels) of the tax-qualified pension plans' assets at December 31, 2018 and 2017 were as follows (in millions):

	2018				
Asset Category	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Cash	$ 1	$ —	$ —	$ —	$ 1
Fixed income securities:					
IPG contract	—	—	4,219	—	4,219
High yield bond separate accounts	—	—	—	328	328
Absolute return hedge fund separate account	—	—	—	14	14
Municipal bond separate account	—	—	—	195	195
Equity securities:					
Private equity separate accounts	—	—	—	711	711
Indexed equity separate account	—	—	—	243	243
International equity separate account	—	—	—	518	518
Small cap core separate account	—	—	—	154	154
Long/short equity hedge fund separate account	—	—	—	359	359
Large cap enhanced separate account	—	—	—	165	165
Morgan Stanley prime property fund	—	—	—	165	165
Invesco core real estate fund	—	—	—	146	146
JPMorgan strategic property fund	—	—	—	84	84
Total assets accounted for at fair value	$ 1	$ —	$ 4,219	$ 3,082	$ 7,302

NOTE 14 – BENEFIT PLANS (continued)

	2017			
Asset Category	**Level 1**	**Level 2**	**Level 3**	**Total**
Fixed income securities:				
IPG contract	$ —	$ —	$ 2,713	$ 2,713
Absolute return hedge fund separate account	—	—	52	52
BlackRock Federal Institutional Fund	36	—	—	36
Dreyfus Government Cash Management Fund	35	—	—	35
JP Morgan U.S. Government Capital Fund	35	—	—	35
Equity securities:				
Private equity separate accounts	—	—	553	553
Indexed equity separate account	—	706	—	706
International equity separate account	—	978	—	978
Small cap core separate account	—	355	—	355
REIT equity separate account	—	320	—	320
Long/short equity hedge fund separate account	—	—	342	342
Large cap enhanced separate account	—	458	—	458
Morgan Stanley prime property fund	—	—	162	162
Invesco core real estate fund	—	—	146	146
JPMorgan strategic property fund	—	—	82	82
Total assets accounted for at fair value	$ 106	$ 2,817	$ 4,050	$ 6,973

The fair values of other postretirement benefit plan assets at December 31, 2018 and 2017 were as follows (in millions):

	2018				
Asset Category	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Cash, cash equivalents, and short-term investments	$ —	$ 11	$ —	$ —	$ 11
Fixed income securities:					
CSUL policies	—	—	157	—	157
IPG contract	—	—	30	—	30
Vanguard Bond Market Index Fund	42	—	—	—	42
Equity securities:					
Vanguard Institutional Index Fund	131	—	—	—	131
MainStay International Equity Fund	56	—	—	—	56
CSVUL - MainStay VP Indexed Equity	—	—	206	—	206
CSVUL - MainStay VP International Equity	—	—	32	—	32
Total assets accounted for at fair value	$ 229	$ 11	$ 425	$ —	$ 665

NOTE 14 – BENEFIT PLANS (continued)

	2017			
Asset Category	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash, cash equivalent and short-term investments	$ 1	$ 9	$ —	$ 10
Fixed income securities:				
CSUL policies	—	—	154	154
IPG contract	—	—	29	29
Vanguard Bond Market Index Fund	18	—	—	18
Equity securities:				
Vanguard Institutional Index Fund	186	—	—	186
MainStay International Equity Fund	44	—	—	44
CSVUL - MainStay VP Indexed Equity	—	—	222	222
CSVUL - MainStay VP International Equity	—	—	38	38
Total assets accounted for at fair value	$ 249	$ 9	$ 443	$ 701

Determination of Fair Values

The following is a description of the valuation methodologies used to determine fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

IPG Contract

The fair value of the IPG contract is its contract value, which represents contributions made, plus interest earned, less funds used to pay claims, premiums and fees. The IPG contract is classified as Level 3 due to the fact that the contract value relies on internal reports issued by NYLIM that are unobservable by third-party market participants.

Investments in Pooled Separate Accounts and Real Estate Funds

The pooled separate accounts and real estate investment funds net asset value ("NAV") represents the fair value of each unit held by the tax-qualified pension plans and is the level at which transactions occur. The real estate investment funds include the Morgan Stanley Prime Property Fund, Invesco Core Real Estate Fund, and JP Morgan Strategic Property Fund and invest primarily in real estate and real estate related assets. The investments are measured using NAV as a practical expedient, and are not required to be leveled.

NOTE 14 – BENEFIT PLANS (continued)

The following tables provide further information about the separate accounts and real estate investment funds (in millions):

2018

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
High yield bond separate accounts	High yield bonds	$ 328	$ —	Daily, Pending Market Conditions	N/A
Absolute return hedge fund separate accounts	Multi-strategy and distressed securities	$ 14	$ —	Semi-Annual and Quarterly	60-90 days (Assets subject to lock-up periods)
Municipal bond separate account	Municipal bonds	$ 195	$ —	Daily, Pending Market Conditions	N/A
Long/short equity hedge fund separate accounts	Long/short equity, futures, options, foreign exchange, arbitrage	$ 359	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	90 days or less (Assets subject to lock-up periods)
Private equity separate accounts	Leveraged buyout, mezzanine financing, distressed securities	$ 711	$ 550	N/A	N/A
Equity separate accounts	Indexed, large cap enhanced, international, and small core funds	$ 1,080	$ —	Daily, Pending Market Conditions	N/A
Real estate investment funds	Real estate and real estate related assets	$ 395	$ —	Quarterly	45 - 90 days (subject to availability of funds)

2017

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute return hedge fund separate accounts	Multi-strategy	$ 52	$ —	Annual, Semi-Annual, Quarterly, Monthly	150 days or less (Assets subject to lock-up periods)
Long/short equity hedge fund separate accounts	Long/short equity	$ 342	$ —	Annual, Semi-Annual, Quarterly, Monthly, Bi-monthly	90 days or less (Assets subject to lock-up periods)
Private equity separate accounts	Private equity leverage buyout and mezzanine financing	$ 553	$ 462	N/A	N/A
Equity separate accounts	Indexed, large cap enhanced, international, and small core funds	$ 2,497	$ —	Daily, Pending Market Conditions	N/A
Real estate investment funds	Real estate and real estate related assets	$ 390	$ —	Quarterly	45 - 90 days (subject to availability of funds)
Real estate separate account (REIT Equity)	Real estate investment trust equity	$ 320	$ —	Daily, Pending Market Conditions	N/A

NOTE 14 – BENEFIT PLANS (continued)

Mutual Funds

The MainStay International Equity Fund and the Vanguard Funds are all open end registered mutual funds which are priced using a daily NAV. The prices are publicly published, and there are no restrictions on contributions and withdrawals. As such, they are classified as Level 1.

CSUL and CSVUL Policies

The CSUL and the CSVUL policies are reported at cash surrender value. These policies have surpassed their surrender charge period; therefore, their cash value and their contract value are equal. These policies are classified as Level 3 since the valuation relies on data supplied by an insurance carrier that is unique to these policies and the inputs are unobservable. There is also no secondary market for these assets.

Cash, Cash Equivalents and Short-Term Investments

The carrying value of cash is equivalent to its fair value and is classified as Level 1 in the fair value hierarchy as the amounts are available on demand. Due to the short-term maturities, the carrying value of short-term investments and cash equivalents is presumed to approximate fair value and is classified as Level 2.

The following presents the change in plan assets of the defined benefit pension plans and postretirement benefit plans for December 31, 2018 and 2017 (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
Change in Plan Assets	**2018**	**2017**	**2018**	**2017**
Fair value of plan assets at beginning of year	$ 6,973	$ 5,715	$ 701	$ 612
Actual return (loss) on plan assets	148	764	(24)	95
Contributions by employer	554	850	64	43
Contributions by plan participants	—	—	13	12
Benefits paid	(373)	(356)	(89)	(61)
Fair value of plan assets at end of year	$ 7,302	$ 6,973	$ 665	$ 701

Benefit Plan Obligations

The PBO for pension benefits represents the present value of estimated future benefit obligations and includes assumptions for future compensation increases. Accumulated benefit obligations differ from PBO in that it does not take into consideration future salary increases. Actuarial gains and losses primarily reflect the difference between expected and actual results from the impact of assumption changes related to discount rates, future compensation levels and mortality assumptions, as well as other items.

NOTE 14 – BENEFIT PLANS (continued)

The following table details the change in benefit obligation for the years ended December 31, 2018 and 2017, respectively (in millions):

	Pension Plan Benefits				Postretirement Plan Benefits			
	Overfunded		Underfunded		Overfunded		Underfunded	
Change in Benefit Obligation	2018	2017	2018	2017	2018	2017	2018	2017
Benefit obligation at beginning of year	$ 7,092	$ —	$ 1,077	$ 7,517	$ —	$ —	$ 1,627	$ 1,439
Service cost	146	—	22	148	—	—	27	23
Interest cost	235	—	36	271	—	—	55	54
Contribution by plan participants	—	—	—	—	—	—	13	12
Actuarial (gain) loss	(510)	—	(59)	589	—	—	(96)	160
Benefits paid	(320)	—	(53)	(356)	—	—	(89)	(61)
Benefit obligation at end of year	$ 6,643	$ —	$ 1,023	$ 8,169	$ —	$ —	$ 1,537	$ 1,627

The aggregate amount of the accumulated benefit obligation for defined benefit pension plans was $7,278 million and $7,714 million for December 31, 2018 and 2017. At December 31, 2018, the defined benefit pension plans were overfunded by $659 million. No plans were overfunded at December 31, 2017.

Net Periodic Benefit Cost

The net periodic benefit cost represents the annual accounting expense recognized by the Company and is included in Operating expenses in the accompanying Statutory Statements of Operations. The components of net periodic benefit cost were as follows (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
Components of Net Periodic Benefit Cost	2018	2017	2018	2017
Service cost	$ 168	$ 148	$ 27	$ 23
Interest cost	271	271	55	54
Expected return on plan assets	(460)	(406)	(47)	(41)
Amortization of losses	178	169	10	5
Amortization of prior service credit	(3)	(3)	(17)	(17)
Amortization of nonvested prior service cost	—	—	23	23
Net periodic benefit cost	$ 154 (1)	$ 179 (1)	$ 51 (2)	$ 47 (2)

(1) Includes pension plan costs charged to subsidiaries of $50 million and $46 million for the years ended December 31, 2018 and 2017, respectively. The liabilities for these plans are included with the liabilities for the corresponding plan of the Company.

(2) Includes postretirement costs charged to subsidiaries of $10 million and $9 million for the years ended December 31, 2018 and 2017, respectively. The liabilities for these plans are included with the liabilities for the corresponding plan of the Company.

Benefit Plan Assumptions

Benefit obligations are reported based on certain actuarial assumptions, which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions could occur in the near term and would be material to the financial statements.

NOTE 14 – BENEFIT PLANS (continued)

Weighted-average assumptions used to determine benefit obligations at December 31, 2018 and 2017 were as follows:

	Pension Plan Benefits		Postretirement Plan Benefits	
	2018	2017	2018	2017
Discount rate	4.45%	3.76%	4.52%	3.82%
Rate of compensation increase:				
Employees	4.90%	4.90%	4.90%	4.90%
Agents	6.00%	6.00%	N/A	N/A

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2018 and 2017 were as follows:

	Pension Plan Benefits		Postretirement Plan Benefits	
	2018	2017	2018	2017
Discount rate for benefit obligations	3.76%	4.37%	3.82%	4.51%
Service cost discount rate	3.90%	4.68%	4.01%	4.88%
Effective rate of interest on benefit obligation	3.39%	3.69%	3.47%	3.85%
Expected long-term rate of return on plan assets	6.50%	7.25%	6.75%	6.75%
Rate of compensation increase:				
Employees	4.90%	5.10%	5.10%	5.10%
Agents	6.00%	3.75%	N/A	N/A

The Company uses a full yield curve approach to determine its U.S. pension and other postretirement benefit obligations as well as the service and interest cost components of net periodic benefit cost.

The discount rates used are based on hypothetical AA yield curves represented by a series of spot discount rates from half a year to 99 years. The spot rate curves are derived from a direct calculation of the implied forward curve, based on the included bond cash flows. Each bond issue underlying the yield curve is required to be non-callable, with a rating of AA, when averaging all available ratings by Moody's Investor Services, Standard & Poor's and Fitch. Additionally, each bond must have at least $300 million par outstanding to ensure it is sufficiently marketable. Finally, the outlier bonds (i.e. those whose yields to maturity significantly deviate from the average yield in each maturity grouping) are removed. The yields are used to discount future pension and other postretirement plan cash flows at an interest rate specifically applicable to the timing of each respective cash flow. For disclosure purposes, the sum of these discounted cash flows are totaled into a single present value and an equivalent weighted-average discount rate is calculated by imputing the singular interest rate that equates the total present value of the stream of future cash flows.

The Company utilizes a full yield curve approach in the calculation of the service and interest cost components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to their relevant underlying projected cash flows. The current approach provides a more precise measurement of service and interest cost by improving the correlation between projected benefit cash flows and their corresponding spot rates.

The expected long-term return on assets for the tax-qualified pension plans and the VEBA Trusts is based on (1) an evaluation of the historical behavior of the broad financial markets, (2) the plan's target asset allocation, and (3) the future expectations for returns for each asset class, modified by input from the plans' investment consultant based on the current economic and financial market conditions.

NOTE 14 – BENEFIT PLANS (continued)

The assumed health care cost trend rates used in measuring the APBO were as follows:

	2018		2017	
	Before 65	Age 65 and older	Before 65	Age 65 and older
Following year	7.75%	8.75%	8.00%	9.25%
Ultimate rate to which cost increase is assumed to decline	4.75%	4.75%	4.75%	4.75%
Year in which the ultimate trend is received	2028	2028	2028	2028

For dental plans, the annual rate of increase in the per capita cost of covered health care benefits is assumed to be 5.00% per year for all participants.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point increase and decrease in assumed health care cost trend rates at December 31, 2018 would have the following effects (in millions):

	2018	
	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 6	$ (5)
Effect on APBO	$ 114	$ (93)

Amounts Recognized in the Statements of Financial Position

The components of funded status and assets and liabilities recognized at December 31, 2018 and 2017 were as follows (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
Components	**2018**	**2017**	**2018**	**2017**
Prepaid benefit costs	$ 2,719	$ 2,285	$ —	$ —
Overfunded plan assets	$ (2,060)	$ (2,285)	$ —	$ —
Accrued benefit costs	$ 656	$ 622	$ 630	$ 643
Liability for pension benefits	$ 367	$ 574	$ 242	$ 283
Assets and liabilities recognized				
Nonadmitted plan assets	$ (659)	$ —	$ —	$ —
Liabilities recognized	$ 1,023	$ 1,196	$ 872	$ 926

Increases or decreases in the funded status are reported as direct adjustments to surplus. Any overfunded plan assets are nonadmitted. Associated deferred tax assets are also recorded and admitted to the extent that contributions will be made over the next three tax years.

NOTE 14 – BENEFIT PLANS (continued)

Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost were as follows (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
	2018	2017	2018	2017
Items not yet recognized as a component of net periodic benefit cost - prior year	$ 2,860	$ 2,795	$ 283	$ 189
Net prior service cost recognized	3	3	17	17
Net nonvested prior service credit recognized	—	—	(23)	(23)
Net gain (loss) arising during the year	(258)	231	(25)	105
Net loss recognized	(178)	(169)	(10)	(5)
Items not yet recognized as a component of net periodic benefit cost - current year	$ 2,427	$ 2,860	$ 242	$ 283

Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost were as follows (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
	2018	2017	2018	2017
Net nonvested prior service cost	$ —	$ —	$ 23	$ 23
Net prior service credit	$ (4)	$ (3)	$ (17)	$ (17)
Net recognized losses	$ 140	$ 178	$ 8	$ 10

Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost were as follows (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
	2018	2017	2018	2017
Net nonvested prior service cost	$ —	$ —	$ 122	$ 145
Net prior service credit	$ (21)	$ (24)	$ (150)	$ (166)
Net recognized losses	$ 2,448	$ 2,884	$ 269	$ 304

Cash Flows

The Company's funding policy for the tax-qualified pension plans is to make annual contributions that are no less than the minimum amount needed to comply with the requirements of the ERISA and the IRC, and no greater than the maximum amount deductible for federal income tax purposes. The Company does not have any regulatory contribution requirements for 2019.

Prefunding contributions can be made to either of the VEBA Trusts to partially fund postretirement health and life benefits other than pensions. The Company does not expect to make any prefunding contributions to either of the VEBA Trusts in 2019.

NOTE 14 – BENEFIT PLANS (continued)

The estimated future benefit payments are based on the same assumptions used to measure the benefit obligations at December 31, 2018. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in millions):

	Pension Plan Benefits	Postretirement Plan Benefits	Postemployment Plan Benefits
2019	$ 395	$ 68	$ 8
2020	$ 408	$ 71	$ 9
2021	$ 421	$ 74	$ 9
2022	$ 434	$ 76	$ 10
2023	$ 446	$ 78	$ 10
2024-2028	$ 2,422	$ 406	$ 59

The Company expects to pay approximately $48 million of non-qualified pension plan benefits during 2019. The Company expects to pay approximately $50 million for other postretirement benefits during 2019.

The projected 2019 annual benefit payments to plan participants from the GA Contracts issued by the Company are $347 million. The projected 2019 annual benefit payments for retiree health coverage related to the VEBA Trusts' investments in insurance contracts issued by the Company is $12 million.

For the years ended December 31, 2018 and 2017, the Company paid $60 million and $50 million, respectively, in gross benefit payments related to health benefits. For the years ended December 31, 2018 and 2017, the Company did not receive any gross subsidy receipts.

Defined Contribution Plans

The Company maintains various tax-qualified and non-qualified defined contribution plans covering eligible U.S. employees and agents (401(k) plans). For employees, the plans provide for pre-tax salary reduction contributions (subject to maximums) and Company matching contributions of up to 4% of annual salary (base plus eligible incentive pay are considered). For the years ended December 31, 2018 and 2017, the Company's matching contributions to the employees' tax-qualified plan totaled $37 million and $36 million, respectively. A non-qualified plan credits participant and Company matching contributions with respect to compensation in excess of the amount that may be taken into account under the tax-qualified plan.

For agents, the plan provides for pre-tax commission reduction agreements, subject to maximums.

The Company annually determines the level of Company contributions to the agents' plan. Contributions are based on each participant's net renewal commissions, net renewal premiums and cash values for the plan year on policies for which the participant is the original writing agent. In 2018 and 2017, the Company's contributions to the agents' tax-qualified plan totaled $2 million for both years. There is no non-qualified plan for agents.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Support and Credit Agreements

The Company has a credit agreement with NYLAZ (which is a wholly-owned subsidiary of the Company), dated August 11, 2004 and amended and restated November 16, 2015, whereby NYLAZ may borrow from the Company up to $10 million. During 2018 and 2017, the credit facility was not used, no interest was paid and there was no outstanding balance due.

The Company has a credit agreement with NYLIAC, dated September 30, 1993, as amended, whereby NYLIAC may borrow from the Company up to $490 million. During 2018 and 2017, the credit facility was not used, no interest was paid and there was no outstanding balance due.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

In addition, the Company has a credit agreement with NYLIAC, dated April 1, 1999, as amended, under which the Company may borrow from NYLIAC up to $490 million. During 2018 and 2017, the credit facility was not used, no interest was paid and there was no outstanding balance due.

NYLCC, a wholly-owned subsidiary of NYLIFE LLC (which is a wholly-owned subsidiary of the Company), has a credit agreement with the Company dated October 1, 1997, and amended on December 21, 2016, whereby NYLCC has agreed to make loans to the Company in an amount up to, but not exceeding, $2,500 million from proceeds from the issuance of commercial paper. The Company had a loan payable to NYLCC of $501 million and $496 million at December 31, 2018 and 2017, respectively, included in borrowed money in the accompanying Statutory Statements of Financial Position. The Company recorded interest expense of $9 million and $5 million during the years ended December 31, 2018 and 2017, respectively.

The Company has a credit agreement with NYL Investors, dated April 1, 2015 whereby the Company has agreed to make loans to NYL Investors in an amount up to, but not exceeding, $10 million. During 2018 and 2017, the credit facility was not used, no interest was paid and there was no outstanding balance due.

Guarantees

At December 31, 2018, the Company had the following outstanding guarantees (in millions):

	Nature and Circumstances of Guarantee and Key Attributes	Liability Recognition of Guarantee	Ultimate Financial Statement Impact if Action Under the Guarantee is Required	Maximum Potential Amount of Future Payments (Undiscounted) the Company Could be Required to Make Under the Guarantee	Current Status of Payment or Performance Risk of Guarantee
1.	On July 11, 2008, the Company executed an agreement to indemnify GoldPoint Partners LLC (formerly known as NYLCAP Manager LLC) for capital contributions that may be required in connection with GoldPoint Partner's indemnification obligations to NYLCAP Select Manager Fund, LP.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.	Expenses would increase	$25	The Company oversees the operations of GoldPoint Partners LLC and assesses the risk to be minimal.
2.	On January 17, 2012, the Company executed an agreement to indemnify GoldPoint Partners LLC for capital contributions that may be required in connection with GoldPoint Partners LLC's indemnification obligations to NYLCAP Select Manager Fund II, L.P.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.	Expenses would increase	$25	The Company oversees the operations of GoldPoint Partners LLC and assesses the risk to be minimal.
3.	On April 7, 2015, the Company executed an agreement to indemnify GoldPoint Partners LLC for capital contributions that may be required in connection with GoldPoint Partners LLC's indemnification obligations to NYLCAP Select Manager Fund III, L.P.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.	Expenses would increase	$25	The Company oversees the operations of GoldPoint Partners LLC and assesses the risk to be minimal.
4.	On September 28, 1995, the Company entered into a support agreement with NYLCC to maintain a positive net worth of NYLCC of at least $1. Since NYLCC only makes loans to the Company or its participating wholly owned subsidiaries, the Company would only be obligated under the guarantee in the event that one of the participating subsidiaries defaulted under its loan.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.	None. The financial statement impact of performance under the guarantee would be offset by an increase in SCA associated with the defaulting subsidiary's debt release.	$740	Based on NYLCC's financial position and operations, the Company considers the risk of performance to be minimal.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

	Nature and Circumstances of Guarantee and Key Attributes	Liability Recognition of Guarantee	Ultimate Financial Statement Impact if Action Under the Guarantee is Required	Maximum Potential Amount of Future Payments (Undiscounted) the Company Could be Required to Make Under the Guarantee	Current Status of Payment or Performance Risk of Guarantee
5.	On November 7, 2007, the Company issued a guarantee to the Bank of New York ("BoNY") unconditionally guaranteeing the debts of MCF in connection with a standby letter of credit entered between MCF and BoNY. MCF provides revolving loans to third parties. The borrower sometimes requires a line of credit to be issued by a bank to back the revolving loan. In order for BoNY to enter into this line of credit, they required the Company to provide a guarantee on behalf of MCF.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.	Expenses would increase	$100	The Company, in the ordinary course of business, provides MCF with capital and financing to meet their obligations. The Company views the risk of performance under this guarantee to be minimal.
6.	The Company issues funding agreements to New York Life Global Funding, which issues, or has issued notes to investors. If any taxing authority imposes withholding taxes on the payments due under the funding agreements or such notes (for example, as a result of a law change), the Company is required, in certain instances, to increase the payments on the funding agreements to make up for the amounts required to be withheld.	Exempt. Related party guarantee that is unlimited.	Expenses would increase	The Company cannot estimate the maximum liability. The Company cannot anticipate the risk or amount that taxing authorities may withhold taxes.	The Company does not view its risk of performance under the guarantee to be significant. Additionally, if withholding becomes required, the Company is permitted to terminate the funding agreements.
7.	The Company has entered into certain arrangements with various regulators whereby the Company agreed to maintain NYLAZ's capital and surplus at certain levels.	Exempt. Related party guarantee that is unlimited.	None	Unlimited	Capital contributions to wholly owned subsidiaries would not affect the Company's financial position.
8.	The Company along with several other insurance companies entered into a supplemental benefits reinsurance and participation agreement with Guaranty Association Benefits Company (GABC), a captive insurance company created to assume and reinsure certain restructured annuity obligations of Executive Life Insurance Company of New York (ELNY). The participating life insurance companies agreed to assure that each individual payee under ELNY contracts will receive from GABC total annuity benefits due to the payee.	$0	Expenses would increase	Unlimited	Based on an analysis performed by an independent risk management firm, the Company does not anticipate that any further funding will be required.
9.	On September 12, 2012, the Company issued a guarantee for the full and punctual payment of all amounts that are or may become due and payable by NYL Cayman Holdings Ltd., NYLE, and Seguros Monterrey New York Life S.A. to Ace INA International Holdings Ltd. in connection with the sale by NYL Cayman Holdings Ltd., NYLE and Seguros Monterrey New York Life S.A. of New York Life Worldwide Capital, LLC, the holding company for Fianzas Monterrey, S.A. and its subsidiary, Operadora FMA, S.A. de C.V.	Exempt. Guarantee is on behalf of previously wholly owned subsidiaries.	Expenses would increase	Unlimited	The Company views the risk of performance under this guarantee as remote.
10.	On June 25, 2013, the Company issued a guarantee for the full and timely payment of certain indemnity payments that may become due and payable by NYLE to Yuanta Financial Holding Co., Ltd. in connection with the sale by NYLE of New York Life Insurance Taiwan Corporation.	Exempt. Guarantee is on behalf of previously wholly owned subsidiaries.	Expenses would increase	Unlimited	The Company views the risk of performance under this guarantee as remote.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

Guarantee Obligations (in millions):

a.	Aggregate maximum potential of future payments of all guarantees (undiscounted) the guarantor could be required to make under guarantees*	$	915
b.	Current contingent liability recognized in financial statement		
	1. Noncontingent liabilities	$	—
	2. Contingent liabilities	$	—
c.	Ultimate financial statement impact if action under the guarantee is required		
	1. Investments in SCA	$	—
	2. Joint venture	$	—
	3. Dividends to stockholders	$	—
	4. Expense	$	175
	5. Other	$	—

* Excludes guarantees where maximum potential is unlimited or not quantified.

Litigation

The Company and/or its subsidiaries are defendants in individual and/or alleged class action suits arising from their agency sales force, insurance (including variable contracts registered under the federal securities law), investment, retail securities, employment and/or other operations, including actions involving retail sales practices. Some of the actions seek substantial or unspecified compensatory and punitive damages. The Company and/or its subsidiaries are also from time to time involved in various governmental, administrative, and investigative proceedings and inquiries.

Notwithstanding the uncertain nature of litigation and regulatory inquiries, the outcome of which cannot be predicted, the Company believes that, after provisions made in the financial statements, the ultimate liability that could result from litigation and proceedings would not have a material adverse effect on the Company's financial position; however, it is possible that settlements or adverse determinations in one or more actions or other proceedings in the future could have a material adverse effect on the Company's operating results for a given year.

Lease Commitments

The Company leases office space, distribution facilities, and certain office equipment under various agreements with various expiration dates. The leases contain provisions for payment of real estate taxes, building maintenance, electricity, and rent escalations.

Rent expense for all leases amounted to $142 million and $164 million for the years ended December 31, 2018 and 2017, respectively, of which $66 million and $86 million was billed to subsidiaries in accordance with an intercompany cost sharing arrangement for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments under non-cancellable operating leases with original or remaining lease terms in excess of one year at December 31, 2018 were as follows (in millions):

Year	Real Property	Equipment	Total
2019	$ 119	$ 15	$ 134
2020	118	2	120
2021	112	1	113
2022	100	—	100
2023	87	—	87
Thereafter	273	—	273
Total	$ 809	$ 18	$ 827

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

In connection with the sale of one of its home office properties in 1995, the Company had entered into an agreement to lease back a portion of the building through 2010. Effective December 7, 2009, the Company renewed such lease through 2024, with total future lease obligations of $75 million at December 31, 2018 that are included in the above table.

Borrowed Money

Borrowed money, generally carried at the unpaid principal balance and any interest payable included a loan payable to NYLCC, with various maturities, latest being March 18, 2019, (weighted average interest rate of 2.46% and 1.29% for 2018 and 2017, respectively) in the amount of $501 million and $496 million for the years ended December 31, 2018 and 2017, respectively.

Refer to Note 6 - Investments for a more detailed discussion of the Company's commitments for loaned securities and repurchase agreements.

Assessments

Most of the jurisdictions in which the Company is licensed to transact business require life insurers to participate in guaranty associations which are organized to pay contractual benefits pursuant to insurance policies issued by impaired, insolvent or failed life insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the line of business in which the impaired, insolvent or failed life insurer is engaged. Some states permit member insurers to recover assessments through full or partial premium tax offsets.

Liens

Several commercial banks have customary security interests in certain assets of the Company to secure potential overdrafts and other liabilities of the Company that may arise under custody, securities lending and other banking agreements with such banks.

Other Commitments and Contingencies

At December 31, 2018 and 2017, contractual commitments to extend credit for commercial mortgage loans totaled $1,343 million and $849 million, respectively, at both fixed and variable rates of interest. These commitments are diversified by property type and geographic location. There were no contractual commitments to extend credit under residential loan agreements at December 31, 2018 and 2017.

At December 31, 2018 and 2017, the Company and its guaranteed separate accounts had outstanding contractual obligations to acquire additional private placement securities amounting to $1,075 million and $568 million, respectively.

Unfunded commitments on limited partnerships, limited liability companies and other invested assets amounted to $3,686 million and $3,695 million at December 31, 2018 and 2017, respectively. Unfunded commitments on LIHTC amounted to $15 million and $24 million at December 31, 2018 and 2017, respectively. At December 31, 2018, unfunded commitments on LIHTC are included in Limited partnerships and other invested assets, with an offset in Other liabilities in the accompanying Statutory Statements of Financial Position.

NOTE 16 – INCOME TAXES

The components of the net DTAs and DTLs were as follows at December 31, 2018 and 2017 (in millions):

	2018			2017			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross DTAs	$ 2,991	$ 648	$ 3,639	$ 2,908	$ 606	$ 3,514	$ 83	$ 42	$ 125
Statutory valuation allowance	—	—	—	—	—	—	—	—	—
Adjusted gross DTAs	2,991	648	3,639	2,908	606	3,514	83	42	125
Nonadmitted DTAs[1]	—	—	—	504	—	504	(504)	—	(504)
Subtotal net admitted DTAs	2,991	648	3,639	2,404	606	3,010	587	42	629
Gross DTLs	1,192	956	2,148	1,113	804	1,917	79	152	231
Net admitted DTAs/(DTLs)[2]	$ 1,799	$ (308)	$ 1,491	$ 1,291	$ (198)	$ 1,093	$ 508	$ (110)	$ 398

[1] DTAs are nonadmitted primarily because they are not expected to be realized within three years of the Statutory Statement of Financial Position date.

[2] The total net admitted DTAs are included in Other assets in the accompanying Statutory Statements of Financial Position.

The admission calculation components for the years ended December 31, 2018 and 2017 were as follows (paragraph references throughout Note 16 are to paragraphs of SSAP No. 101 "Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10") (in millions):

	December 31, 2018			December 31, 2017			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through loss carrybacks (Paragraph 11.a)	$ —	$ —	$ —	$ —	$ 119	$ 119	$ —	$ (119)	$ (119)
Adjusted gross DTA expected to be realized (excluding the amount of DTA from paragraph 11.a above) after application of the threshold limitation (the lesser of paragraph 11.b.i and 11.b.ii below):	1,184	306	1,491	806	168	974	378	138	517
Adjusted gross DTA expected to be realized following the balance sheet date (Paragraph 11.b.i)	1,184	306	1,491	806	168	974	378	138	517
Adjusted gross DTA allowed per limitation threshold (Paragraph 11.b.ii)	N/A	N/A	2,872	N/A	N/A	2,835	N/A	N/A	37
Adjusted gross DTA (excluding the amount of DTA from paragraphs 11.a and 11.b above) offset by gross DTL (Paragraph 11.c)	1,807	341	2,148	1,598	319	1,917	209	22	231
DTA admitted as the result of application of SSAP 101 (Total of paragraphs 11.a, 11.b, 11.c)	$ 2,991	$ 648	$ 3,639	$ 2,404	$ 606	$ 3,010	$ 587	$ 42	$ 629

NOTE 16 - INCOME TAXES (continued)

The ratio used to determine the applicable period used in paragraph 11.b.i above and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in paragraph 11.b.ii above are as follows at December 31, 2018 and 2017 ($ in millions):

	2018	2017
Ratio percentage used to determine recovery period and threshold limitation amount	899%	1,002%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in paragraph 11.b.ii above	$ 19,149	$ 18,897

There was no impact on adjusted gross and net admitted DTAs due to tax planning strategies at December 31, 2018 and 2017. The Company did not use reinsurance in its tax planning strategies.

The Company had no unrecognized DTLs at December 31, 2018 and 2017. Additionally, the Company had no adjustments to gross DTAs because of a change in circumstances that causes a change in judgment about the realizability of the related DTAs.

The TCJA was enacted on December 22, 2017 and it significantly changes U.S. tax law primarily by lowering the corporate income tax rate from 35% to 21% beginning in 2018. Deferred taxes were revalued to reflect the 21% corporate income tax rate with the following result (in millions):

	2018	2017
Deferred income tax benefit on change in net unrealized capital gains (losses)	$ —	$ 109
Decrease in net deferred taxes related to other items	(104)	(1,128)
Decrease to net deferred taxes booked to surplus	(104)	(1,019)
Decrease to nonadmitted deferred taxes booked to surplus	—	416
Total change in net admitted DTAs	$ (104)	$ (603)

For tax years beginning January 1, 2018, the TCJA limits life insurance reserves for tax purposes to the greater of the net surrender value or 92.81% of NAIC required reserves. In general, the TCJA will result in lower life insurance reserves for tax purposes than under pre-TCJA law. Tax accounting for these changes requires the restatement of December 31, 2017 life insurance tax reserves calculated using pre-TCJA rules to the amounts required to be held under the TCJA. This revaluation requires establishing a "gross up" in which an additional DTA for the revised statutory to tax difference is recorded. The TCJA also requires the recapture of prior years' tax benefits from the higher life insurance reserves. This recapture is paid ratably over eight years beginning in 2018 and is recorded in the financial statements for the year ended December 31, 2017 as a DTL in an equal amount to the additional DTA. The Company has recorded as a provisional amount offsetting the DTAs and DTLs in the amount of $302 million at December 31, 2018. The tax accounting has been completed within the measurement period, as defined in INT 18-01. On the basis of life insurance tax reserve computations that were completed in 2018, an additional measurement period tax reserve increase of $184 million was recognized to the DTL and $184 million offset to the DTA. The restatement of life insurance tax reserves, which now has been determined to be complete, resulted in a total DTL of $486 million with a corresponding adjustment of $486 million to the DTA at December 31, 2018.

Significant components of the current federal and foreign income taxes for the years ended December 31, 2018 and 2017 were as follows (in millions):

	2018	2017	Change
Federal[1]	$ (443)	$ (622)	$ 179
Foreign	1	—	1
Subtotal	(442)	(622)	180
Federal income tax on net capital gains	(35)	20	(55)
Total federal and foreign income taxes	$ (477)	$ (602)	$ 125

[1] The Company had investment tax credits of $119 million and $61 million for the years ended December 31, 2018 and 2017, respectively.

NOTE 16 - INCOME TAXES (continued)

The tax effects of temporary differences that give rise to DTAs and DTLs for the years ended December 31, 2018 and 2017 were as follows (in millions):

	2018	2017	Change
DTAs			
Ordinary:			
Policyholder reserves	$ 1,161	$ 1,076	$ 85
Pension accrual	147	327	(180)
Deferred acquisition costs	570	560	10
Compensation and benefits accrual	485	445	40
Policyholder dividends accrual	218	200	18
Fixed assets	177	135	42
Receivables - nonadmitted	163	24	139
Investments	39	39	—
Unearned premium reserves	1	1	—
Tax credit carry-forward	—	69	(69)
Other	30	32	(2)
Subtotal	2,991	2,908	83
Nonadmitted	—	504	(504)
Admitted ordinary DTAs	2,991	2,404	587
Capital:			
Investments	646	602	44
Real estate	2	4	(2)
Subtotal	648	606	42
Nonadmitted	—	—	—
Admitted capital DTAs	648	606	42
Total admitted DTAs	3,639	3,010	629
DTLs			
Ordinary:			
Deferred and uncollected premiums	425	411	14
Policyholder reserves	546	539	7
Investments	69	50	19
Fixed assets	151	110	41
Other	2	3	(1)
Subtotal	1,192	1,113	79
Capital:			
Investments	891	749	142
Real estate	65	55	10
Subtotal	956	804	152
Total DTLs	2,148	1,917	231
Net admitted DTAs	$ 1,491	$ 1,093	$ 398
Deferred income tax benefit on change in net unrealized capital gains (losses)			$ (13)
Decrease in net deferred taxes related to other items			(93)
Decrease in DTAs nonadmitted			504
Total change in net admitted DTAs			$ 398

NOTE 16 - INCOME TAXES (continued)

The Company's income tax expense (benefit) for the years ended December 31, 2018 and 2017 differs from the amount obtained by applying the statutory rate of 21% and 35%, respectively, to net gain from operations after dividends to policyholders and before federal income taxes for the following reasons (in millions):

	2018	2017	Change
Net gain from operations after dividends to policyholders and before federal and foreign income taxes at statutory rate	$ 177	$ 332	$ (155)
Net realized capital losses at statutory rate	(28)	(11)	(17)
Nonadmitted assets	(163)	(31)	(132)
Prior year audit liability and settlement	(35)	11	(46)
Contiguous country branch income	(2)	(4)	2
Stock contribution to the NYL Foundation	(5)	(2)	(3)
Amortization of IMR	(21)	(37)	16
Dividends from subsidiaries	(192)	(151)	(41)
Tax exempt income	(28)	(86)	58
Tax credits, net of withholding	(86)	(101)	15
Accruals in surplus	98	(131)	229
Impact of TCJA	(104)	1,128	(1,232)
Other	6	4	2
Income tax incurred and change in net deferred tax during year	$ (384)	$ 921	$ (1,305)
Federal and foreign income taxes reported in the Company's Statutory Statements of Operations	$ (442)	$ (622)	$ 180
Capital gains tax benefit incurred	(35)	20	(55)
Change in net deferred income taxes	93	1,523	(1,430)
Total federal and foreign income tax expense (benefit)	$ (384)	$ 921	$ (1,305)

The Company's federal income tax returns are routinely audited by the IRS and provisions are made in the financial statements in anticipation of the results of these audits. The IRS has completed audits through 2010 and tax years 2011 through 2013 are currently under examination. There were no material effects on the Company's accompanying Statutory Statements of Operations as a result of these audits. The Company believes that its recorded income tax liabilities are adequate for all open years.

The Company did not have any operating loss and tax credit carry forwards available for tax purposes. For the years ended December 31, 2018 and 2017, the Company did not have any income taxes incurred in prior years that will be available for recoupment in the event of future net losses.

The Company does not anticipate any significant changes to its total unrecognized tax benefits within the next 12 months.

As discussed in Note 3 – Significant Accounting Policies - Federal Income Taxes, the Company's federal income tax return is consolidated with NYLIAC, NYLAZ, NYLIFE LLC, NYLE, NYL Investments, and NYL Investors.

At December 31, 2018 and 2017, the Company recorded a current income tax (payable)/receivable of $(41) million and $385 million, respectively. The current income tax receivable was included in Other assets and the current income tax payable was included in Other liabilities in the accompanying Statutory Statements of Financial Position.

At December 31, 2018, the Company had no protective tax deposits on deposit with the IRS under Section 6603 of the IRC.

NOTE 17 – SURPLUS

Net Unrealized Capital Gains (Losses)

Cumulative net unrealized gains on investments, gross of deferred taxes, recognized in unassigned surplus were $5,256 million and $5,794 million at December 31, 2018 and 2017, respectively.

Surplus Notes

The following table summarizes the surplus notes issued and outstanding at December 31, 2018 ($ in millions):

Issue Date	Principal Amount	Carrying Value	Interest Paid Current Year	Cumulative Interest Paid	Interest Rate	Maturity Date
10/8/2009	$ 1,000	$ 999	$ 68	$ 614	6.75%	11/15/2039
5/5/2003	1,000	995	59	912	5.88%	5/15/2033
Total	$ 2,000	$ 1,994	$ 127	$ 1,526		

The 2009 Notes and the 2003 Notes (collectively, the "Notes") were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by Citibank, as registrar/paying agent. Interest on the Notes is paid semi-annually on May 15th and November 15th of each year.

The Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims against the Company. Under New York State Insurance Law, the Notes are not part of the legal liabilities of the Company. Each payment of interest or principal may be made only with the prior approval of the Superintendent of Financial Services of the State of New York ("Superintendent") and only out of surplus funds, which the Superintendent determines to be available for such payments under New York State Insurance Law. Provided that approval is granted by the Superintendent, the Notes may be redeemed at the option of the Company at any time at the "make-whole" redemption price equal to the greater of: (1) the principal amount of the Notes to be redeemed, or (2) the sum of the present values of the remaining scheduled interest and principal payments on the notes to be redeemed, excluding accrued interest as of the date on which the Notes are to be redeemed, discounted on a semi-annual basis at an adjusted treasury rate plus 20 basis points for the 2003 Notes and 40 basis points for the 2009 Notes, respectively, plus in each case, the accrued interest on the notes to be redeemed to the redemption date.

At December 31, 2018 and 2017, none of the Company's affiliates owned any of the Notes.

At December 31, 2018, State Street Bank & Trust Co, Bank of New York Mellon, JP Morgan Chase Bank, Northern Trust and Citibank were each the holder of record at The Depository Trust Company of more than 10% of the outstanding amount of the Notes, with each holding Notes, at least in part, for the accounts of their respective clients.

Nonadmitted Assets

Under statutory accounting rules, a nonadmitted asset is defined as an asset having economic value other than that which can be used to fulfill policyholder obligations, or those assets that are unavailable due to encumbrances or other third-party interests. These assets are not recognized in the accompanying Statutory Statements of Financial Position, and are, therefore, considered nonadmitted. The changes between years in nonadmitted assets are charged or credited directly to surplus.

NOTE 18 – SIGNIFICANT SUBSIDIARY

NYLIAC is engaged in the life insurance and annuity businesses. A summary of NYLIAC's statutory statements of financial position at December 31, 2018 and 2017 and results of operations for the years then ended are as follows (in millions):

	2018	2017
Assets:		
Bonds	$ 84,920	$ 82,299
Mortgage loans	14,210	13,657
Separate accounts assets	38,466	41,286
Other assets	15,862	15,609
Total assets	$ 153,458	$ 152,851
Liabilities and Capital and Surplus:		
Policy reserves	$ 94,131	$ 86,310
Separate accounts liabilities	38,464	41,285
Other liabilities	12,277	16,069
Capital and surplus	8,586	9,187
Total liabilities and capital and surplus	$ 153,458	$ 152,851
Results of Operations:		
Net gain from operations	$ 275	$ 618
Net realized capital gains (losses)	(8)	34
Net income	$ 267	$ 652

NOTE 19 - WRITTEN PREMIUMS

Deferred and uncollected life insurance premiums at December 31, 2018 and 2017 were as follows (in millions):

	2018		2017	
	Gross	Net of Loading	Gross	Net of Loading
Ordinary new business	$ 179	$ 57	$ 174	$ 57
Ordinary renewal	1,394	1,376	1,388	1,368
Group life	556	453	575	468
Total	$ 2,129	$ 1,886	$ 2,137	$ 1,893

The amounts above reflect a prescribed practice that departs from the NAIC Accounting Practices and Procedures Manual (Refer to Note 2 - Basis of Presentation for additional information).

Deferred premium is the portion of the annual premium not earned at the reporting date. Loading of deferred premium is an amount obtained by subtracting the valuation net deferred premium from the gross deferred premium and generally includes allowances for acquisition costs and other expenses.

Uncollected premium is gross premium net of reinsurance that is due and unpaid at the reporting date. Net premium is the amounts used in the calculation of reserves. The change in loading is included as an expense and is not shown as a reduction to premium income.

Ordinary new business and ordinary renewal business consist of the basic amount of premium required on the underlying life insurance policies.

Based upon Company experience, the amount of premiums that may become uncollectible and result in a potential loss is not material to the Company’s financial position. At December 31, 2018 and 2017, respectively, the Company nonadmitted $6 million and $8 million of premiums that were over 90 days past due.

The Company did not have any direct premium written/produced by managing general agents/third-party administrators equal to or greater than 5% of surplus for the years ended December 31, 2018 and 2017, respectively.

NOTE 20 – LOAN-BACKED AND STRUCTURED SECURITY IMPAIRMENTS

The following table lists each loan-backed and structured security at a CUSIP level where the present value of cash flows expected to be collected is less than the amortized cost basis during the year (in thousands):

IMPAIRMENTS TAKEN ON CURRENT HOLDINGS DURING THE CURRENT YEAR

(1) CUSIP[1,2]	(2) Amortized Cost Before Current Period OTTI	(3) Projected Cash Flows	(4) Current Period Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value	(7) Financial Statement Reporting Period
General Account						
02147GAC8	$ 3,139	$ 3,110	$ 29	$ 3,110	$ 3,095	12/31/2018
02147QAF9	1,513	1,508	5	1,508	1,437	12/31/2018
059469AF3	1,833	1,825	9	1,825	1,817	12/31/2018
05947UD70	9,976	4,746	5,230	4,746	6,097	12/31/2018
05947UD88	5,465	411	5,054	411	388	12/31/2018
05948KP52	2,072	2,058	14	2,058	1,968	12/31/2018
05951KBA0	358	353	5	353	349	12/31/2018
05953YAA9	356	354	2	354	343	12/31/2018
073250BM3	2,295	2,217	77	2,217	2,204	12/31/2018
12544TAH7	1,356	1,281	75	1,281	1,328	12/31/2018
12544VAB5	1,915	1,865	50	1,865	1,854	12/31/2018
12627HAK6	1,073	1,052	21	1,052	1,020	12/31/2018
12628KAF9	458	448	10	448	414	12/31/2018
12628LAJ9	713	698	15	698	673	12/31/2018
12629EAD7	59	58	—	58	56	12/31/2018
126384AQ9	3,961	3,656	306	3,656	3,739	12/31/2018
12638PAE9	526	520	6	520	509	12/31/2018
12667G7X5	2,424	2,343	81	2,343	2,372	12/31/2018
12669GT43	2	—	2	—	—	12/31/2018
17029RAA9	1,420	181	1,239	181	57	12/31/2018
17309BAB3	60	59	2	59	58	12/31/2018
225470M67	676	667	9	667	588	12/31/2018
251513AV9	209	202	7	202	205	12/31/2018
251513BC0	974	928	46	928	952	12/31/2018
3622E8AC9	280	261	19	261	263	12/31/2018
3622ELAG1	1,360	1,281	80	1,281	1,243	12/31/2018
3622EUAB2	156	148	8	148	151	12/31/2018
3622MPAT5	2,367	2,284	83	2,284	2,313	12/31/2018
36244SAF5	498	461	37	461	485	12/31/2018
45254NQG5	1,146	1,040	106	1,040	1,109	12/31/2018
466247ZQ9	2,186	2,049	137	2,049	2,157	12/31/2018
46625YQX4	2,499	2,246	253	2,246	2,109	12/31/2018
61749EAH0	996	933	63	933	944	12/31/2018
61751JAH4	645	563	81	563	624	12/31/2018
61751JAJ0	640	560	80	560	624	12/31/2018
61752RAH5	293	286	6	286	286	12/31/2018
61752RAM4	1,745	1,679	66	1,679	1,691	12/31/2018
86359B5U1	4,293	3,909	384	3,909	4,200	12/31/2018
93934FCE0	1,107	1,078	29	1,078	1,084	12/31/2018

NOTE 20 – LOAN-BACKED AND STRUCTURED SECURITY IMPAIRMENTS (continued)

IMPAIRMENTS TAKEN ON CURRENT HOLDINGS DURING THE CURRENT YEAR

(1) CUSIP[1,2]	(2) Amortized Cost Before Current Period OTTI	(3) Projected Cash Flows	(4) Current Period Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value	(7) Financial Statement Reporting Period
00764MCQ8	325	324	—	324	324	9/30/2018
05948KH77	1,806	1,791	15	1,791	1,798	9/30/2018
059515AE6	62	62	—	62	60	9/30/2018
12627HAK6	1,100	1,097	3	1,097	1,075	9/30/2018
12628KAF9	472	467	5	467	457	9/30/2018
12628LAJ9	750	727	23	727	686	9/30/2018
12629EAD7	60	60	1	60	59	9/30/2018
12638PAE9	554	540	15	540	541	9/30/2018
12667FJ48	2,135	2,045	90	2,045	1,970	9/30/2018
12667G6W8	5,775	5,704	71	5,704	5,771	9/30/2018
12669GT43	8	2	6	2	—	9/30/2018
15132EFL7	299	267	32	267	289	9/30/2018
17029RAA9	1,583	1,104	479	1,104	1,060	9/30/2018
225458Y85	941	876	66	876	926	9/30/2018
225470M67	716	688	28	688	627	9/30/2018
059469AF3	2,070	1,960	111	1,960	2,039	6/30/2018
05949CPD2	996	944	52	944	741	6/30/2018
059515AE6	67	65	2	65	63	6/30/2018
05951FAK0	120	119	1	119	118	6/30/2018
05951KAZ6	101	99	2	99	99	6/30/2018
05951KBA0	2,075	1,943	132	1,943	2,041	6/30/2018
12498NAD5	790	692	99	692	688	6/30/2018
12544VAB5	2,117	2,065	52	2,065	2,078	6/30/2018
12627HAK6	1,183	1,142	41	1,142	1,142	6/30/2018
12628LAJ9	795	772	23	772	727	6/30/2018
12629EAD7	63	62	1	62	63	6/30/2018
12667GKK8	1,034	1,002	32	1,002	1,016	6/30/2018
12669GT43	45	42	3	42	38	6/30/2018
15132EJH2	515	441	75	441	488	6/30/2018
17029RAA9	2,909	1,583	1,326	1,583	1,470	6/30/2018
32051GED3	268	78	190	78	185	6/30/2018
33882YAC3	857	—	857	—	—	6/30/2018
362375AF4	7,610	6,950	660	6,950	7,583	6/30/2018
36828QLA2	168	—	168	—	62	6/30/2018
46625YQY2	1,198	—	1,198	—	68	6/30/2018
94983PAG3	3,298	3,278	20	3,278	3,268	6/30/2018
94985GBB1	3,046	2,732	313	2,732	3,034	6/30/2018
00011#AA1	3,449	3,449	—	3,449	3,393	3/31/2018
05948KP52	2,556	2,481	76	2,481	2,482	3/31/2018
05951KAZ6	110	106	4	106	107	3/31/2018
05951KBA0	439	418	21	418	431	3/31/2018
1248MBAJ4	2,017	1,989	28	1,989	1,923	3/31/2018
1248MBAL9	572	564	8,566	564	541	3/31/2018

NOTE 20 – LOAN-BACKED AND STRUCTURED SECURITY IMPAIRMENTS (continued)

IMPAIRMENTS TAKEN ON CURRENT HOLDINGS DURING THE CURRENT YEAR

(1) CUSIP[1,2]	(2) Amortized Cost Before Current Period OTTI	(3) Projected Cash Flows	(4) Current Period Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value	(7) Financial Statement Reporting Period
12627HAK6	1,272	1,209	62	1,209	1,184	3/31/2018
12629EAD7	68	64	4	64	65	3/31/2018
12638PAE9	610	574	36	574	582	3/31/2018
12667GXM0	2,071	2,030	41	2,030	2,038	3/31/2018
12667GXN8	3,615	3,562	53	3,562	3,595	3/31/2018
12669GT43	121	114	7	114	112	3/31/2018
151314CC3	577	450	127	450	560	3/31/2018
151314DJ7	1,423	1,420	2	1,420	1,358	3/31/2018
15132ELF3	553	461	92	461	337	3/31/2018
17029RAA9	2,738	2,603	135	2,603	2,204	3/31/2018
225470M67	852	781	71	781	705	3/31/2018
33882YAC3	1,613	991	622	991	815	3/31/2018
33883CAC0	3,272	3,272	—	3,272	3,229	3/31/2018
36185MBN1	424	419	5	419	421	3/31/2018
3622EUAF3	749	673	77	673	718	3/31/2018
3622MPAT5	2,799	2,775	24	2,775	2,838	3/31/2018
45660LHT9	2,342	2,155	187	2,155	2,224	3/31/2018
55265K4V8	102	101	1	101	101	3/31/2018
55265K4W6	43	43	—	43	43	3/31/2018
59020UXH3	2,185	2,119	66	2,119	2,098	3/31/2018
61752RAH5	343	319	24	319	333	3/31/2018
61752RAJ1	511	474	37	474	500	3/31/2018
69336RDQ0	819	686	132	686	709	3/31/2018
69337VAE0	2,073	1,762	310	1,762	1,927	3/31/2018
75952AAJ6	382	324	57	324	324	3/31/2018
78477AAA5	1,198	1,198	—	1,198	1,007	3/31/2018
81441PCG4	395	257	138	257	341	3/31/2018
863579XV5	3,011	2,875	135	2,875	2,688	3/31/2018
93934FEM0	2,744	2,581	163	2,581	2,654	3/31/2018
Subtotal-General Account	**XXX**	**XXX**	**$ 22,664**	**XXX**	**XXX**	
Guaranteed Separate Accounts						
059469AF3	$ 1,654,879	$ 1,647	$ 7,652	$ 1,647	$ 1,642	12/31/2018
05953YAA9	1,557,101	1,540	16,711	1,540	1,490	12/31/2018
12627HAK6	1,069	1,048	20,679	1,048	1,020	12/31/2018
12628KAF9	1,099	1,074	24,193	1,074	993	12/31/2018
12628LAJ9	951	931	20,023	931	897	12/31/2018
17309BAB3	295	287	8	287	286	12/31/2018
32052MAA9	24	23	1	23	14	12/31/2018
3622E8AC9	559	522	37	522	526	12/31/2018
3622ELAG1	1,397	1,314	83	1,314	1,274	12/31/2018
36244SAC2	1,315	1,218	98	1,218	1,281	12/31/2018
46628BBD1	410	396	14	396	396	12/31/2018

NOTE 20 – LOAN-BACKED AND STRUCTURED SECURITY IMPAIRMENTS (continued)

IMPAIRMENTS TAKEN ON CURRENT HOLDINGS DURING THE CURRENT YEAR

(1) CUSIP[1,2]	(2) Amortized Cost Before Current Period OTTI	(3) Projected Cash Flows	(4) Current Period Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value	(7) Financial Statement Reporting Period
61749EAH0	531	498	33	498	504	12/31/2018
61751DAE4	129	119	10	119	121	12/31/2018
61751JAH4	806	704	102	704	780	12/31/2018
61751JAJ0	800	700	100	700	779	12/31/2018
81744HAF0	623	594	28	594	595	12/31/2018
87222PAC7	116	116	—	116	105	12/31/2018
059515AE6	1,240	1,238	2	1,238	1,205	9/30/2018
12627HAK6	1,096	1,093	3	1,093	1,075	9/30/2018
12628KAF9	1,134	1,122	12	1,122	1,096	9/30/2018
12628LAJ9	1,000	970	30	970	914	9/30/2018
32052MAA9	27	24	3	24	14	9/30/2018
87222PAC7	119	118	1	118	115	9/30/2018
059469AF3	1,869	1,769	100	1,769	1,841	6/30/2018
059515AE6	1,338	1,290	47	1,290	1,258	6/30/2018
05951KAZ6	505	496	9	496	497	6/30/2018
05953YAA9	1,701	1,669	32	1,669	1,682	6/30/2018
12627HAK6	1,180	1,138	42	1,138	1,142	6/30/2018
12628LAJ9	1,060	1,029	31	1,029	969	6/30/2018
45660LMZ9	412	407	6	407	376	6/30/2018
466247XN8	946	891	55	891	883	6/30/2018
05951KAZ6	550	529	21	529	537	3/31/2018
1248MBAL9	2,289	2,255	34	2,255	2,162	3/31/2018
12627HAK6	1,259	1,206	53	1,206	1,184	3/31/2018
45660LMZ9	432	424	8	424	400	3/31/2018
61751DAE4	149	140	9	140	148	3/31/2018
Subtotal-Guaranteed Separate Accounts	**XXX**	**XXX**	**$ 1,101**	**XXX**	**XXX**	
Grand Total	**XXX**	**XXX**	**$ 23,765**	**XXX**	**XXX**	

[1] Only the impaired lots within each CUSIP are included within this table.
[2] CUSIP amounts less than $1 thousand within this table are shown as zero.

NOTE 21 – SUBSEQUENT EVENTS

At March 7, 2019, the date the financial statements were available to be issued, there have been no events occurring subsequent to the close of the Company’s books or accounts for the accompanying statutory financial statements that would have a material effect on the financial condition of the Company.

GLOSSARY OF TERMS

Term	Description
ABS	Asset-backed securities
Agent VEBA	Agents' Life and Health Benefit Trust
APBO	Accumulated postretirement benefit obligations
AVR	Asset valuation reserve
CMBS	Commercial mortgage-backed securities
Credit Facility	Revolving credit facility agreement
CSAs	Credit support annexes
CSUL	corporate sponsored universal life policies
CSVUL	Corporate sponsored variable universal life policies
DAC	Deferred policy acquisition costs
DRD	Dividends received deduction
DTA	Deferred tax asset(s)
DTL	Deferred tax liability(ies)
Employee VEBA	The Employees' Life and Health Benefit Trust
ERISA	Employee Retirement Income Security Act of 1974
FHLB	Federal Home Loan Bank
GA Contract	IPG contract relating to New York Life's general account
GICs	Guaranteed interest contracts
IMR	Interest maintenance reserve
INT 18-01	NAIC Interpretation 18-01
IPG	Immediate participation guarantee
IRC	Internal Revenue Code
IRS	Internal Revenue Service
LIHTC	Low-Income Housing Tax Credit
LTV	Loan to value ratio
MCF	Madison Capital Funding LLC
MODCO	Modified coinsurance
MTN	Medium Term Notes
NAIC	National Association of Insurance Commissioners
NAIC SAP	National Association of Insurance Commissioners' Accounting Practices and Procedures
NAV	Net asset value
NYLARC	New York Life Agents Reinsurance Company
NYLAZ	NYLIFE Insurance Company of Arizona
NYLCC	New York Life Capital Corporation
NYLE	New York Life Enterprises
NYLIAC	New York Life Insurance and Annuity Corporation
NYL Investments	New York Life Investment Management Holdings LLC
NYL Investors	NYL Investors LLC
NYSDFS (or statutory accounting practices)	New York State Department of Financial Services
OTC	Over-the-counter
OTC-cleared	Over-the-counter clearinghouse

Term	Description
OTC-bilateral	Over-the-counter bilateral agreements
OTTI	Other-than-temporary impairment(s)
PBO	Projected benefit obligation
PBR	Principles-based reserves
RMBS	Residential mortgage-backed securities
SA Contract	Contract related to New York Life's pooled separate accounts
SCAs	Subsidiary, controlled and affiliated entities
SICAV	Société d'Investissement à Captial Variable
SPE	Special purpose entity(ies)
SSAP	Statement of statutory accounting principle
TCJA	Tax Cuts and Jobs Act
TDR	Troubled debt restructuring
The Notes	Both the surplus notes issued in 2003 and 2009
TOLI	Trust owned life insurance
U.S. GAAP	Accounting principles generally accepted in the United States of America
VEBA	Voluntary Employees Beneficiary Association Trusts
Yuanta	Yuanta Financials Holding Co., Ltd.
2003 Notes	Surplus notes issued in 2003
2009 Notes	Surplus notes issued in 2009

ANNEX A—
SIGNIFICANT DIFFERENCES BETWEEN SAP AND IFRS RELEVANT TO NEW YORK LIFE

New York Life has prepared the financial information incorporated into this Offering Memorandum and certain financial information included herein using accounting practices prescribed or permitted by SAP which differ in certain significant respects from IFRS in effect at December 31, 2019. A description of certain significant differences between SAP and IFRS has been provided below. This overview should not be construed as being exhaustive. Investors must rely on their own examination of New York Life and its financial information. Investors should consult their own professional advisors for an understanding of the differences between SAP and IFRS and how these differences might affect the financial information included or incorporated by reference herein. In addition, no attempt has been made to identify all classification, disclosure and presentation differences between SAP and IFRS that would affect the manner in which transactions and events are presented in the financial statements or notes thereto. In addition, regulatory bodies that promulgate SAP and IFRS have significant projects ongoing that could affect future comparisons between SAP and IFRS. No attempt has been made to identify future differences between SAP and IFRS as the result of prescribed changes in standards and regulations. Finally, no attempt has been made to identify all future differences between SAP and IFRS that may affect New York Life's financial statements as a result of transactions or events that may occur in the future. SAP differs in certain material respects from GAAP. Unless otherwise indicated, such differences are not described below.

First-time Adoption of IFRS Accounting Framework

A company adopting IFRS for the first time should apply the provisions in IFRS 1 "First-Time Adoption of International Financial Reporting Standards". The general principle underlying IFRS 1 is that IFRSs effective at the date of an entity's first IFRS financial statements should be applied retrospectively in the opening IFRS statement of financial position, the comparative period and the first IFRS reporting period. IFRS 1 provides limited mandatory exceptions and voluntary exemptions from retrospective application. Further, in the application of certain standards, IFRS allows a company to choose between accounting policy alternatives.

Basis of Presentation

IFRS focuses on the concept of control to determine whether a subsidiary should be consolidated. Control exists when an entity has the power, through rights that give it the current ability, to direct the activities that significantly affect the investee's returns; is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Under IFRS, the assessment of control over a special purpose entity should consider the entity's purpose and design to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities, and who is exposed, or has rights, to the returns from those activities. Only substantive rights can provide power. When an entity is controlled by voting rights, control is presumed to exist when a parent owns, directly or indirectly, more than 50 percent of an entity's voting power. However, control may also exist when a parent owns half or less of the voting power but has other legal or contractual rights that may give it power.

Under SAP, subsidiaries and other controlled entities are not consolidated. Subsidiaries, other controlled and affiliated entities ("**SCA**") are recorded using one of the following methods:

- A market valuation approach for publicly traded entities listed on one of the national exchanges;
- Equity method based upon audited SAP equity for U.S. domestic insurance subsidiaries;
- Equity method based upon audited GAAP equity (with certain adjustments) for foreign insurance subsidiaries; or
- Equity method based upon audited GAAP equity, generally for non-insurance subsidiaries.

- Assets and liabilities of a downstream holding company, other than the investments in SCAs, are valued in accordance with SAP rules.

Under SAP, unaudited SCAs and investments in unaudited limited partnerships are nonadmitted (see "Nonadmitted Assets" below).

Under IFRS, for application of the equity method, the reporting entity's proportionate share of the investee's net income (including realized gains and losses) is recorded in profit and loss. The reporting entity's proportionate share of the investee's other comprehensive income is recorded in equity. Distributions received from an investee reduce the carrying amount of the investment. The reporting entity, on acquisition of the investment, accounts for the difference between the cost of the acquisition and investor's share of fair value of the net identifiable assets as goodwill. The goodwill is included in the carrying amount of the investment.

Under SAP, for application of the equity method, the reporting entity's proportionate share of undistributed earnings and losses of the investee are included as a direct adjustment to surplus (in unrealized gains and losses) of the reporting entity. SAP further states that dividends or distributions received from an investee are recognized in profit and loss when declared to the extent that they are not in excess of the undistributed accumulated earnings attributable to the investee.

If a subsidiary meets the criteria to be classified as held for sale in accordance with IFRS, an entity will present such a subsidiary as an asset held for sale, rather than normal line-by-line consolidation presentation. IFRS introduces the concept of assets and disposal groups held for sale. If certain criteria are met, these assets and disposal groups are presented separately in the balances sheet. IFRS requires the presentation of a single amount in the income statement representing the post-tax profit or loss of discontinued operations. SAP does not permit assets and disposal groups to be presented separately on the balance sheet and requires discontinued operations to be reported with continuing operations.

Fair Value Option

Under IFRS, an irrevocable decision can be made to classify specific financial assets and financial liabilities at fair value through profit or loss. No such option exists under SAP.

Common Stock

Under IFRS, common stocks are designated as either fair value with changes in fair value reported through profit and loss account, or available for sale which are reported at fair value with unrealized gains and losses reported in equity, while under SAP, common stocks are carried at fair value with changes in fair value reported through surplus.

Bonds

Under IFRS, investments in bonds are either designated as Fair Value through profit and loss, Held to Maturity, Loans and Receivables or Available for Sale. Fixed maturity investments, which the company has both the ability and the intent to hold to maturity, are stated at amortized cost and classified as held-to-maturity. Investments classified as available-for-sale are reported at fair value and unrealized gains and losses are reported in equity. Investments classified as Fair Value through profit and loss are reported at fair value and unrealized gains and losses are reported in profit or loss. Investments classified as loans and receivables are stated at amortized cost.

In 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, which introduces new accounting requirements for the classification and measurement of financial instruments, credit losses and hedge accounting. IFRS 9 has an effective date of January 1, 2018. However, insurance companies have the option to defer the effective date of IFRS 9 until 2021, which is the effective date of IFRS 17 *Insurance Contracts*. New York Life has elected the deferral. Therefore, this document does not address the accounting in IFRS 9 and IFRS 17.

Under SAP, bonds are generally stated at amortized cost. Bonds in (or near) default are stated at the lower of amortized cost or fair value.

The effective interest method is a method of calculating the amortized cost of a bond and allocating the interest income over the relevant period. Under IFRS, if an entity revises its estimates of payments or receipts on the bond, the entity should adjust the carrying amount of the bond to reflect actual and revised estimated cash flows. The entity recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognized as income or expense in profit or loss.

Under SAP, either a prospective or retrospective effective interest method can be used as long as it is consistently applied by type of security. New York Life generally follows the retrospective method except for securities that are not of high credit quality (rated below AA at acquisition), certain floating rate securities and securities that have the potential for loss of a portion of the original investment (e.g. interest only securities) which follow the prospective method. For SAP, the retrospective method requires the recalculation of the effective yield at each reporting date if there has been a change in the underlying assumptions. The recalculated yield is the rate that equates the present value of actual and anticipated future cash flows with the original cost of the investment. The current balance of the investment is increased or decreased to the amount that would have resulted had the revised yield been applied since inception and investment income is correspondingly decreased or increased. For SAP, under the prospective yield method, the recalculated yield equates the carrying amount of the investment to the present value of anticipated future cash flows. The recalculated yield is then used to accrue income on the investment balance for the subsequent accounting period.

Preferred Stock

Under IFRS, preferred stocks that are not redeemable or that are redeemable solely at the option of the issuer and for which distributions are at the issuer's discretion, are classified as equity securities and reported at fair value with changes in fair value reported through profit and loss account, or available for sale which are reported at fair value with unrealized gains and losses reported in equity.

Unlike IFRS, SAP requires that for life insurance entities that maintain an AVR, preferred stocks that are in good standing (NAIC Designations 1 to 3) should be valued at cost or amortized cost. All other preferred stocks shall be reported at the lower of amortized cost or fair value. All preferred stocks are reported in the financial statement line item entitled "Common and preferred stocks" in the Statutory Statement of Financial Position.

Impairment of Securities

For SAP and IFRS, the cost bases of securities are adjusted for impairments in value deemed to be other than temporary, with the associated realized loss reported in net income. IFRS focuses on events that affect the recovery of the cash flows from the asset regardless of the entity's intent. Under IFRS, a financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a loss event) and if that loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably. Under IFRS, many factors must be considered to determine whether a decline in value of a security is other than temporary, including: (1) significant financial difficulty of the issuer, including probability of bankruptcy and/or granting a concession; (2) breach of contract, such as default or delinquency in interest or principal; and (3) observable data indicating there is a measurable decrease in the estimated future cash flows since initial recognition. For equities, factors also include a significant or prolonged decline in fair value. Under SAP, similar factors are used to determine if a decline in value is other than temporary as well as the following: (1) the reasons for the decline in value (credit event, currency or interest related, including general spread widening); (2) a company's ability and intent to hold its investment for a period of time to allow for recovery of value; and (3) a company's intent to sell its investment before recovery of the cost of the investment.

Under IFRS, for Held-to-Maturity and Loans and Receivables, the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. For Available-for-Sale, the security is impaired to fair value. Interest rate related other–than-temporary impairments are not taken under IFRS.

For SAP, all other-than-temporarily impaired corporate securities are written down to fair value. For loan backed and structured securities, the entire difference between the loan-backed or structured security's amortized cost and its fair value is recognized in net income only when either the Company (a) has the intent to sell the security or (b) it does not have the intent and ability to hold the security to recovery. If neither of these two conditions exists, a realized loss would be recognized in net income for the difference between the amortized cost basis of the security and the net present value of projected future cash flows expected to be collected. Under SAP, an interest related other than temporary impairment will be recorded in the Interest Maintenance Reserve ("IMR"). Credit event related impairments are applied to AVR. See below under Investment Reserves for definitions of these concepts.

IFRS requires that decreases in impairment losses on Available for Sale debt securities be recorded as recoveries of previous impairment and recognized in the income statement, if in a subsequent period the fair value of the debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized.

IFRS requires that decreases in impairment losses on Held to Maturity debt securities and Loans and Receivables be recorded as recoveries of previous impairment and recognized in the income statement, if the decrease can be objectively related to an event occurring after the impairment loss was recognized. The reversal for Held to Maturity debt securities and Loans and Receivables should not exceed what the amortized cost would have been had the impairment not been recognized. Reversals of impairments on equity investments through profit and loss are prohibited.

Under SAP, recognition of market recoveries on previously impaired securities is prohibited.

Investment Reserves

Under SAP, life insurance companies are required to establish an AVR and IMR. The AVR is a liability available to offset potential credit-related investment losses on all invested assets. The change in AVR is a direct charge to surplus, whereas under IFRS, the AVR is not recognized. Under SAP, realized gains and losses resulting from changes in interest rates on fixed income investments are deferred in the IMR and amortized into investment income over the remaining life of the investment sold, whereas under IFRS, the realized gains and losses are recognized in income at the time of the sale.

Derecognition of Financial Assets

Under SAP, an entity first determines whether it has surrendered control over the financial asset. If the entity no longer has control, the financial asset can be derecognized. In certain circumstances, legal isolation is a necessary condition for derecognition.

IFRS requires derecognition of financial assets when an entity's contractual right to a financial asset's cash flow expires or the rights to the financial asset's cash flows and substantially all of the risks and rewards of ownership are transferred or the entity transfers the financial assets while retaining some of the risks and rewards of ownership but no longer has control of the financial asset (the risks and rewards retained are recognized as an asset). If substantially all of the risks and rewards of the financial asset are neither transferred nor retained but if control has been transferred, the asset is derecognized.

Derivatives—Measurement of Financial Instruments and Hedging Activities

Hedge accounting is permitted under both SAP and IFRS and a hedge qualifies for hedge accounting if the expectation is that changes in the fair value or cash flows of the hedging instrument and "actual" results are within a range of 80% to 125%.

Regarding the definition of a derivative, IFRS specifically addresses characteristics of initial net investment and future settlement, while SAP does not address these characteristics in defining derivative instruments. SAP does list specific derivative instrument types (i.e., swaps, forwards, caps, floors, etc.), whereas the IFRS definition is based on the characteristics of the instrument.

Under IFRS, derivatives that are linked to and must be settled by delivery of unquoted equity instruments are measured at cost - otherwise, they are all measured at fair value.

Under IFRS, derivatives that do not qualify for hedge accounting are reported at fair value through profit and loss.

Under SAP, derivatives that qualify and are designated for hedge accounting are valued and reported in a manner that is consistent with the hedged asset or liability. For example, a derivative that is a qualifying hedge of a bond would be carried at amortized cost, if any, while a derivative that is a qualifying hedge of an equity security would be reported at fair value through surplus. Derivative instruments that do not qualify or are not designated for hedge accounting are accounted for at fair value and the changes in the fair value are recorded in surplus as unrealized gains or unrealized losses.

IFRS requires an embedded derivative to be separated from the host contract and accounted for separately when certain criteria are met. SAP prohibits an embedded derivative from being separated from the host contract and accounted for separately. SAP also requires non-admission of bonds with embedded derivatives that could impact the repayment of principal at maturity for reasons other than the credit quality of the issuer.

Offsetting of Assets and Liabilities

IFRS requires offsetting of financial assets and financial liabilities with the same counterparty when the entity has the ability to settle on a net basis and intends to do so.

Under SAP, offset is permitted where the parties owe each other determinable amounts, where the reporting party has the right to setoff the amount owed with the amount owed by the other party, where the reporting party intends to setoff, and where the right of setoff is enforceable by law. However, assets and liabilities that meet the criteria for offset shall not be netted when prohibited by specific statutory accounting principles. Netting of assets and liabilities for reporting purposes when no valid right of setoff exists shall be allowed only when provided for by specific statutory accounting principles such as is in the case of reinsurance recoverables and real estate investments, which are required to be shown net of encumbrances.

Nonadmitted Assets

Under SAP, certain assets are written off as a direct charge to surplus since these assets are not considered to be available to satisfy policyholder obligations. Nonadmitted assets primarily include overfunded pension assets, furniture and equipment, unsecured receivables, deferred taxes that are not realizable within three years, receivables over 90 days old and investments in SCAs that do not have the required audits. Certain other assets may be nonadmitted as prescribed by the insurance laws of the domiciliary state.

No such concept exists in IFRS.

Leases

Under IFRS, lessees have to recognize a "right-of-use asset" and a lease liability reflecting future lease payments under most lease contracts. Under SAP, all leases are treated as operating leases. Therefore, there is no lease asset or liability to recognize on the balance sheet.

Insurance Contracts

As mentioned above, New York Life has prepared the financial information incorporated into this Offering Memorandum using accounting practices prescribed or permitted by the New York State Department of Financial Services in the United States or SAP. SAP differs in certain significant respects from IFRS.

Under IFRS, an insurance contract is defined as "a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder." Insurance risk is "significant" if and only if an insured event could cause an insurer to pay significant additional benefits in any scenario, even an extremely unlikely scenario, but excluding scenarios that lack commercial substance. IFRS also distinguishes insurance risk from pure financial market risk.

Under SAP, contracts that have any mortality and morbidity risk, regardless of significance, and contracts with life contingent annuity purchase rate guarantees are classified as insurance contracts. Under SAP, for contracts classified as insurance, New York Life applies the following accounting practices:

- Premiums are recorded as revenue. Benefits, such as surrenders and death, are recorded as an expense in the summary of operations.

- Policy acquisition costs are expensed as incurred.

- Liabilities for future policy benefits are established using specified mortality and morbidity tables and estimates of future investment earnings, based on state law or regulation. Reserves are generally established using the commissioner's reserve valuation method or the commissioner's annuity reserve valuation method. SAP reserves generally do not consider withdrawal assumptions.

- SAP generally allows companies to recognize commission income received under reinsurance contracts immediately when it does not exceed the acquisition costs incurred.

- Dividends on participating policies are provided for when approved by the Board of Directors. Dividend liability represents a full year liability.

- Under statutory reporting, certain assets and liabilities are reported net of reinsurance.

- SAP does not allow an entity to unbundle (i.e. account separately for) deposit components of insurance contracts.

- SAP prohibits an embedded derivative from being separated from the insurance contract.

- Separate account assets and liabilities are reported in the insurance enterprise's financial statements as summary totals. Separate accounts represent assets and liabilities that are maintained by an insurance enterprise for purposes of funding fixed-benefit or variable U.S. Life Insurance and Annuity contracts, pension plans, and similar activities.

- SAP requires that a reinsurance treaty must transfer mortality, lapse and investment (including credit, reinvestment and disintermediation) risks to qualify for reinsurance accounting.

SAP has adopted changes to the rules governing the calculation of reserves for a number of life insurance and annuity products under a Principles Based Reserving ("**PBR**") methodology. Since the use of PBR requirements in the calculation of reserves is not required until January 1, 2020, this document does not include any differences in reserves between PBR and IFRS although those differences are expected to be significant.

IFRS issued an interim standard on insurance contracts, which generally permits existing practices for insurance financial reporting to continue. However, the following are prescribed by the standard:

- Prohibits recognizing as a liability provisions for possible future claims under insurance contracts that are not in existence at the reporting date (such as catastrophe provisions and equalization provisions);

- Requires assessment of the adequacy of recognized insurance liabilities and recognition of any impairment of reinsurance assets;

- Requires an entity to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets;

- Requires an entity to unbundle (i.e., account separately for) deposit components of some insurance contracts; and

- States that embedded derivatives whose characteristics and risks are not closely related to the host contract and whose value is interdependent with the value of the insurance contract do not need to be separately accounted for as a derivative.

Also, IFRS prohibits the grouping of assets and liabilities as is done under SAP for separate account assets and separate account liabilities.

Under IFRS, certain contracts that have the form of insurance contracts but do not expose the insurer to significant insurance risk should be accounted for as investment contracts under IAS 39 *Financial Instruments: Recognition and Measurement*, and where there is an investment management element under IFRS 15 *Revenue from Contracts with Customers*. These standards apply measurement principles to the assets and liabilities attaching to the contracts that may diverge from SAP, including the value of the reserves, deferred acquisition costs, and deferred income reserves.

Under IFRS, financial liabilities are reported initially at fair value. Subsequently, all financial liabilities are measured at amortized cost using the effective interest rate method except for:

- Financial liabilities at fair value through the profit and loss which are measured at fair value; and

- Derivatives that are linked to and must be settled by delivery of unquoted equity instruments which are measured at cost.

IFRS also sets out specific financial liability valuation bases for financial guarantee contracts and commitments to provide loans at below market interest rates.

Investment contracts under IAS 39 may have a service element attached (e.g., investment management services). Revenue recognition for the service element is governed by IFRS 15. Subject to certain criteria, incremental costs incurred in obtaining the contract are deferrable under IFRS 15. The asset recognized is amortized on a systematic basis that is consistent with the pattern of transfer of the services to which the asset relates. If there is no investment management service component to the contract, such costs form part of the carrying amount of the liability.

Under SAP, contracts not meeting the definition of insurance contracts are accounted for as deposits (i.e. amounts received as payments for such contacts are not reported as revenue, but are recorded to an appropriate policy reserve account) and all costs incurred with the contract are expensed as incurred.

Pensions and Postretirement Benefits

Under IFRS and SAP, pension and postretirement obligations are measured for both vested and non-vested participants.

Under IFRS, all prior service costs are immediately recognized in net income at the earlier of when an amendment or curtailment occurs, or when the entity recognizes related restructuring or terminated costs. Under SAP, prior service costs (whether for vested or unvested benefits) are initially recognized in unassigned surplus and amortized through net income over the remaining service period or life expectancy of those employees active at the date of the amendment who are expected to receive benefits under the plan.

Under IFRS, actuarial gains and losses are recognized immediately in other comprehensive income and are not subsequently recycled through the income statement. Under SAP, all gains and losses that are not recognized immediately as a component of net periodic pension or postretirement cost are recognized as increases or decreases in unassigned funds and subsequently recycled through the income statement.

SAP requires an independent calculation of interest cost (based on the application of a discount rate to the projected benefit obligation) and expected return on assets (based on the application of an expected rate of return on assets to the fair market value of assets), while IFRS applies the discount rate to the net benefit liability or asset of the plan (*i.e.*, the net amount of the defined benefit obligation less plan assets) to calculate a single net interest cost or income.

Under IFRS, pension and postretirement assets cannot be recognized in excess of the asset ceiling, which limits the amount of the net pension asset that can be recognized to the lower of (1) the amount of the net pension asset or (2) the present value of benefits available from refunds or reduction of future contributions to the plan. Under SAP, any asset which results from an overfunded plan is recorded as a nonadmitted asset.

Under IFRS, curtailment gains and losses are recognized at the earlier of when the curtailment occurs or when related restructuring costs or termination benefits are recognized. Under SAP, a curtailment loss is recognized when it is probable that a curtailment will occur and the effects are reasonably estimable. A curtailment gain is recognized when the related employees terminate or the plan suspension or amendment is adopted.

IFRS requires pension and postretirement benefits to be discounted at the market yield of high quality corporate bonds at the balance sheet date. SAP requires pension and postretirement benefits to be discounted at the rates such obligations could be effectively settled.

Also, under IFRS, insurance contracts sold by an insurer to its own defined benefit plan will generally be eliminated. The financial statements will then include:

- The full amount of the pension obligation with no deduction for the plan's rights under the contract;
- No liability to policyholders under the insurance contract; and
- Plan assets will be reduced.

Under SAP, these contracts are included in the plan assets and in the calculation of the company's pension or postretirement expense, and the insurance contract liability is reflected in accordance with the applicable statutory accounting guidance.

Under IFRS, there is no requirement to present the various components of pension and postretirement cost as a net amount. As such, companies have flexibility to present components of net pension and cost within different line items on the income statement. Under SAP, the various components of pension and postretirement cost are presented as a net amount.

Income Taxes

Both SAP and IFRS take a similar balance-sheet approach which distinguishes current taxes from the deferred taxes that arise from temporary differences in carrying value. SAP and IFRS differ over specific exceptions to the application of those similar principles, as well as narrow differences in recognition, measurement and disclosure criteria:

Changes in Deferred Tax Assets and Liabilities

- IFRS – Changes in deferred tax assets ("**DTAs**") and deferred tax liabilities are included in income tax expense or benefit, unless to the extent that the tax rises from (a) a transaction or event which is recognized outside of profit or loss, or (b) a business combination.

- SAP – DTAs are reflected on the balance sheet to the extent they meet certain admissibility criteria. Changes in the net deferred tax are reflected as a component of surplus rather than included in income tax expense or benefit.

Valuation Allowance

- IFRS – IFRS recognition criteria for DTAs includes an assessment of whether it is probable that sufficient taxable profit will be available against which the temporary difference can be utilized.

- SAP – DTAs are reduced by a valuation allowance. However, after the valuation allowance has been applied that portion of a reporting entity's DTAs not meeting the admissibility criteria of SAP is nonadmitted (i.e., written off to surplus). Generally, DTAs that reverse more than three years from the balance sheet date as well as DTAs reversing in 3 years that exceed 15% of capital and surplus are nonadmitted. Certain other limitations on admissibility apply.

Uncertain Tax Positions

- IFRS – the company may recognize a gain contingency.

- SAP - recording gain contingencies is prohibited under SAP.

State Income Tax

- IFRS – State income taxes are included as "income taxes incurred." Deferred state income taxes are provided.

- SAP – State income taxes should be included as "Insurance taxes, licenses, and fees, excluding federal income taxes" by life insurers. No deferred state income taxes are provided.

Temporary Differences

- IFRS – In general, the effects of all temporary differences must be reflected with limited exceptions.

- SAP – Temporary differences do not include certain unique SAP accounting items, including the AVR, and the IMR.

Intraperiod Tax Allocation

- IFRS – IFRS requires that current year deferred taxes, related to items credited or charged to equity in prior years, remain in equity.

- SAP – Current income tax incurred is allocated to net gain from operations and realized capital gains.

Changes in Tax Law and Rates

- IFRS requires recording the effect of a tax rate change in the period in which it is "substantively enacted".

- SAP requires that the effect of a tax law change or rate change be recorded in the period that includes the enactment date.

Foreign subsidiaries undistributed earnings

- Under IFRS, taxable temporary differences related to investment in subsidiaries (both domestic and foreign) are not recognized if the investor is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

- SAP provides an exclusion for foreign subsidiaries' undistributed earnings only, if such undistributed earnings meet permanent investment criteria.

Surplus Notes

Under IFRS, surplus notes are classified as a liability, as part of long-term debt in the balance sheet.

Under SAP, surplus notes are classified as a component of surplus.

Segment Reporting

Under IFRS, entities are required to report financial and descriptive information about their reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. An operating segment is a component of an entity which: 1) engages in business activities from which it may earn revenues and incur expenses and 2) for which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally.

Under SAP, segment reporting is not required.

Disclosures

The disclosures required under IFRS are much more extensive than those required under SAP.

The effects on the financial statements of the variances between SAP and IFRS may be material to New York Life.

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