

for any loan interest due. With this option, your out-of-pocket payments may remain constant, assuming dividend values continue to be sufficient to support this premium paying method. If, however, dividends are reduced in the future and values become insufficient to pay the balance of the premium, the Partial POP arrangement will cease and you will be billed for the full premium.

**You can elect Net POP or Partial POP by filling out the enclosed election form.**

**4) Other Options:** Among other alternatives for paying your premium, you may wish to use your dividends to purchase additional life insurance coverage (called Paid-Up Additions, or PUAs), if you do not already have this benefit. The paid-up additions can generate additional dividends, which can shorten the time required to build values sufficient to POP the policy. You might also consider reducing the face amount of your policy, which will also lower your premium amount.

## **A Tradition of Unsurpassed Financial Strength**

Since 1845, New York Life has served the needs of individuals, families, and businesses. Our first priority has been a commitment to our policyowners' financial well-being. Through the Civil War, two World Wars, natural disasters, the Depression, and numerous recessions, we have delivered on our promise to pay.

New York Life Insurance Company has among the highest ratings from the leading independent ratings agencies for financial strength.\* As one of America's top insurance companies, New York Life has helped seven generations of families in achieving their financial goals. We will continue to be here for you.

\* Standard and Poor's (AA+); A.M.Best (A++); Moody's (Aaa); and Fitch (AAA)  
*Source: Individual Third Party Ratings Report (as of Dec. 20, 2005)*

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*New York Life Insurance Company  
51 Madison Avenue  
New York, NY 10010*

*13739 (03/06)*



*The Company You Keep®*



Insurance

## **KEEPING A GOOD THING GOING**

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### **Permanent Life Insurance - Good Property to Own**

You made a sound decision when you purchased permanent life insurance. Permanent life insurance is a unique, highly flexible product that can help provide peace of mind and help you meet important needs during your lifetime. The policy is designed to be permanent -- you're insured for your entire lifetime, provided of course that premiums continue to be paid when due. Your whole life premium can never be increased\* and your coverage can never be canceled by New York Life Insurance Company except for non-payment of premium. You needed financial protection when you purchased this policy and that need still exists today. Perhaps the financial security provided by your policy is more necessary than ever.

\* Modified premium plans have a scheduled premium increase.

## A Word About Dividends

As a mutual insurance company, New York Life Insurance Company does not have stockholders; it is operated for the benefit of people like you -- our policyowners. Participating permanent life insurance policies are eligible to pay out dividends to policyowners. These dividend distributions are generated by the margins that arise from the difference between actual and expected mortality experience, operating costs, taxes, and investment experience. In any year, if actual experience is better than the company's conservative assumptions, a surplus of funds is created which is paid out to eligible policyowners in the form of dividends. You may choose to use your dividends in a number of ways, such as to pay all or part of your premium. It is important to note that dividends are not guaranteed.

### Why Dividends Can't Be Guaranteed

There is no way to know in advance what level of dividends, if any, will actually be paid on a participating policy. Neither the payment nor amount of dividends can be guaranteed, since these depend on the company's actual investment, expense and mortality experience each year. None of these factors can be predicted with unerring accuracy. Of the factors that affect the amount of dividends that we pay, investment experience has been the most significant element in recent years. Not unlike the individual investor, our investment experience fluctuates.

### Why Out-of-Pocket Premium Payments May Be Necessary

Your premiums are currently being paid by the Premium Offset Proposal (POP) arrangement. This arrangement uses your policy's current and accumulated dividend values to pay your premium. However, when the policy's dividend values that have accumulated within your policy, are less than illustrated, your policy "unPOPs" -- that is, it comes off the POP arrangement. When this occurs, out-of-pocket premium payments may be necessary. The policy's dividend value shortfall may have resulted from dividend action taken by New York Life. It also could have resulted from actions you may have taken, such as withdrawing dividend values, securing a policy loan, changing your dividend option or adding a rider that increased your premium.

### Alternative Ways to Pay Your Premiums

Because of the security and flexibility it provides, maintaining your valuable insurance coverage should be a high priority. There are a number of options available to you for paying your premiums.

**1) Pay Premiums with Out-of-Pocket Funds:** A simple and straightforward solution, paying your premiums with cash will allow your policy values to continue to build and enhance the cash value and death benefit. You may pay your premiums out-of-pocket until your policy again qualifies for POP. You may wish to pay part of the premium due with out-of-pocket funds and pay the remaining portion with either your dividends on deposit or by surrendering some of the cash value of paid-up additional

insurance. After making partial payments by using out-of-pocket funds for a period of time, your policy's future dividend values may be sufficient to restore POP status so that premiums may be paid again through POP. However, any future dividend reduction might again require you to resume making out-of-pocket premium payments at a later time. A shortfall can result from withdrawing dividend values, securing a policy loan or changing your dividend option. If your policy has large outstanding loans, paying the premium in cash generally is the best alternative.

**2) Elect Net POP:** This option applies all available dividend values towards your scheduled premium payment(s). You will need to pay any remaining premium amount, which will be billed to you annually, with out-of-pocket funds. If there is a loan on the policy, you will continue to be billed for any loan interest due. With the Net POP option, your out-of-pocket premium payment(s) will vary annually. Your out-of-pocket premium will be based on available dividends and your annual premium notice will reflect the current premium for the given period as well as the total dividends, if any, applied toward this premium. Bear in mind that a number of factors may affect the amount of available dividend values and that dividends are not guaranteed.

**3) Elect Partial POP:** With this option, you pay a predetermined fixed amount of your premium, which is billed to you at scheduled intervals, with out-of-pocket funds. The balance of your premium is paid through available dividend values. If there is a loan on the policy, you will continue to be billed