

New York Life  
Advanced Markets Network

NYLIAC  
BOLI 50\*

\*NYLIAC BOLI 50 inforce policies only. NYLIAC's BOLI 50 product is not available for sale.



# New York Life Insurance and Annuity Corporation (NYLIAC) is one of the leading providers of bank-owned life insurance.

## What is BOLI?

Financial institutions may use bank-owned life insurance (BOLI) to informally fund corporate obligations in connection with certain types of employee benefit plans. The bank purchases life insurance policies on a group of its eligible key employees. The bank pays the premiums, owns the policies and their cash value, and is the sole or joint beneficiary. These policies become assets of the bank.

BOLI 50 policies may be available on a guaranteed issue basis.

For more information about the BOLI 50 policy and its features, please refer to the NYLIAC Separate Account BOLI 50 Product Overview.

## Financing a plan

There is regulatory guidance about investing in single-premium life insurance contracts. These policies are usually modified endowment contracts (MECs). Since it is likely that the contracts will be held until the deaths of the insureds, benefits are usually received income tax free.

## BOLI 50 Universal Life Insurance policy

NYLIAC offers a universal life insurance policy, Bank Owned Life Insurance 50 (BOLI 50), that uses separate accounts to hold assets related to the policy. It is not a variable life insurance policy; rather, it is considered a "hybrid product" because it combines certain features of a separate account product with those of a general account universal life product. In the event of bankruptcy or insolvency of NYLIAC, each separate account's assets will be protected from the claims of our other creditors to the extent that they are needed to pay the claims of policy owners who participate in that separate account. NYLIAC is obligated to pay all policy benefits, including death benefits, surrenders, and withdrawals, without

regard to the value of the separate account's assets. Any shortfall will be paid from our general account.

BOLI 50 offers a choice of investment portfolios for premium allocation and transfers. Amounts allocated to an investment portfolio are held in a separate account. Each investment portfolio invests in securities and other assets according to a specific investment objective and guidelines.

The first-year cash-surrender value is, generally, greater than the premium payment. The policy cash value is equal to premiums paid, plus interest credited, less policy charges, expenses, loans (plus interest), and withdrawals. The policy's cash value is used in the calculation of all policy benefits. The policy has a surrender charge that applies during the first 10 policy years if the policy has been assigned and the policy owner changed, unless the change was due to one of these events: 1) a merger or acquisition took place and the successor owner was the Valid Policy Owner's wholly owned subsidiary, or a corporation under which the Valid Policy Owner was a wholly owned subsidiary on the date ownership changed; or 2) a trust was established by the Valid Policy Owner for the purpose of providing employee benefits. Under the terms of the policies, the death benefit will be payable in a fixed amount (subject to adjustment to maintain compliance with Internal Revenue Code Section 7702). "Valid Policy Owner" means (a) the original owner; or (b) a successor owner who, along with all prior owners, became a policy owner in accordance with (1) or (2) above.

NYLIAC issues the policies to the employer/owner, and the owner pays all premiums and expenses for the policies. The policy offers two life insurance benefit options, transfers among investment portfolios (in certain jurisdictions), loan privileges, partial withdrawals, and the ability to decrease the face amount of insurance (subject to certain requirements and charges).

## Interest crediting rate

NYLIAC declares a crediting rate in advance for each investment portfolio based on the net yield of the assets held in the respective portfolio.

The policy's guaranteed minimum interest crediting rate is 1% per year, irrespective of the actual performance of the selected investment portfolio(s), which include derivatives. However, fluctuations in nonderivative and derivative market values, as well as the manager's trading experience, can affect the underlying value of the portfolio's investments and have the potential to affect crediting rates over time.

The initial declared interest crediting rate will be effective for the first three policy months. Thereafter, a non-guaranteed renewal interest rate will be in effect.

Renewal interest crediting rates are set at least annually, although we anticipate that they will be declared each calendar quarter.

The declared interest crediting rate is equal to the net portfolio yield minus a crediting rate spread.

The net portfolio yield will be determined through an examination of interest earnings, earnings from derivative strategies or hedging instruments, dividends, and other income related to the interest maintenance reserve, less the cost of the purchase of any derivatives or hedging instruments, less investment management fees,<sup>1</sup> and less a default charge.<sup>2</sup> As a result, the impact from defaults is decreased since the risk of loss due to asset default is priced into the product. Capital losses associated with a default or written down security are replaced with capital from NYLIAC. There may be a secondary impact due to the timing and yield on the replacement investments.

<sup>1</sup> Investment management fees are paid to the asset manager, and unless otherwise stipulated the fees are dependent on the asset portfolio composition and performance

<sup>2</sup> The default charge reflects the estimated losses over a full credit cycle, taking into consideration, among other things, historical market loss experience and asset portfolio composition.

The crediting rate spread, which is based on the applicable policy premium band, is deducted from the net portfolio yield to determine the crediting rate, which will not be less than the 1% per year guaranteed minimum interest crediting rate. The crediting rate spread is not guaranteed and is subject to change without notice.

The premium payment made by the policy owner on the sale of a new case will be aggregated with prior premium payments made by the policy owner on any of its in-force NYLIAC BOLI policies to determine the appropriate premium band for the new case.

### Separate account investment portfolios

The policy offers a choice of investment portfolios. Amounts allocated to an investment portfolio are held in a separate account. Each investment portfolio invests in securities and other assets according to specific investment objectives and guidelines. The underlying securities will fluctuate in value, and if the securities are sold prior to maturity it is possible that they can decline in value. Portfolios are managed by New York Life Investment Management LLC (NYLIM), a wholly owned subsidiary of New York Life Insurance Company (New York Life) and an affiliate of NYLIAC.

One of the principal advantages to investing in a separate account policy is that you have additional investment flexibility. With BOLI 50, a bank may choose to allocate premiums across different investment portfolios. Thus, a bank can tailor its portfolio selection to best meet its own financial needs and risk tolerance.

The separate accounts are operated by NYLIAC, a company that has claimed an exclusion from the definition of the term "Commodity Pool Operator" under the Commodity Exchange Act (the Act); therefore, NYLIAC is not subject to registration or regulation as a Commodity Pool Operator under the Act.

### Transfers

Policy owners can make transfers among investment portfolios after the first policy year in jurisdictions where approved.

- Transfers can only be made twice each calendar year.
- The maximum amount of a transfer generally is the greater of 15% of the policy owner's cash value in the investment portfolio from which the transfer is being made, or the policy owner's last transfer amount from the same investment portfolio(s) on the most recent prior transfer date (other limitations may apply).

The investment portfolios hold assets from multiple policy owners and are managed to maximize net investment income. Consequently, the investment portfolio securities are usually held to maturity. If a policy owner makes a transfer, securities may need to be sold in order to provide liquidity. If the transfer occurs when the investment portfolio's market value is greater than its book value, there will be no transfer adjustment charge (TAC). If a transfer occurs when the investment portfolio's market value is less than its book value, a TAC will be deducted. The TAC passes realized losses that result from the sale of securities to the transferring policy owners.

### NYLIAC and the BOLI market

NYLIAC, the issuer of BOLI 50, is a wholly owned subsidiary of New York Life Insurance Company. Since 1992, NYLIAC has been the issuer of BOLI policies in both separate account and general account markets with products specific to the needs of all market segments. NYLIAC is among the most experienced and responsive carriers covering the BOLI market today.

### BOLI professionals

New York Life Advanced Markets Network has a qualified, knowledgeable team of BOLI professionals, ready to assist you with all of your BOLI questions and needs.

For more information, please contact New York Life Advanced Markets Network at (888) 695-4748 or see your authorized BOLI producer.

### New York Life and NYLIAC: Integrity and financial strength

For 175 years, New York Life has built a reputation for integrity and financial strength. For over seven generations, New York Life has been there for our customers when they needed us most. And we are committed to carrying on this proud tradition.

New York Life Insurance Company and its subsidiary New York Life Insurance and Annuity Corporation have received the highest ratings currently awarded to any life insurer by all four ratings agencies, on the basis of financial strength<sup>3</sup>

Moody's <sup>4</sup>	Aaa
Standard & Poor's <sup>5</sup>	AA+
Fitch Ratings <sup>6</sup>	AAA
A.M. Best <sup>7</sup>	A++

Source: Individual Third-Party Rating Reports (as of October 15, 2020).

Banks should carefully review any carrier they consider for their BOLI purchase. Financial strength and integrity are critical factors in the selection process.

In Oregon, the BOLI 50 policy form number is 305-70.27

<sup>3</sup> Ratings do not apply to the separate account.

<sup>4</sup> Moody's (Financial Strength): Moody's Insurance Financial Strength Ratings are opinions of the ability of insurance companies to repay punctually senior policyholder claims and obligations. Aaa is the highest possible rating.

<sup>5</sup> Standard & Poor's: a division of The McGraw-Hill Companies Inc., provides independent financial information, analytical services, and credit ratings to the world's financial markets. AA+ is the highest possible rating.

<sup>6</sup> Fitch Ratings (Insurer Financial Strength): Fitch Ratings' Insurer Financial Strength rating provides an assessment of the financial strength of an insurance organization and its capacity to meet senior obligations to policyholders and contract holders on a timely basis. AAA is the highest possible ratings.

<sup>7</sup> A.M. Best (Financial Strength): A.M. Best's Financial Strength Rating is an opinion of an insurer's ability to meet its obligations to policyholders. A++ is the highest out of 15 possible ratings.

## New York Life Advanced Markets Network BOLI 50

**New York Life Insurance Company  
New York Life Insurance and Annuity Corporation  
(NYLIAC) (A Delaware Corporation)**

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14536A.052017 SMRU1692774 (Exp. 03.24.2022)

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