

Trust.



2018 Report to Policy Owners

Note: "New York Life" or "the company" as used throughout the *Report* can refer either separately to the parent company, New York Life Insurance Company (NYLIC), or one of its subsidiaries, or collectively to all New York Life companies, which include NYLIC and its subsidiaries and affiliates, including New York Life Insurance and Annuity Corporation (NYLIAC) and NYLIFE Insurance Company of Arizona (NYLAZ). NYLAZ is not authorized in New York or Maine, and does not conduct insurance business in New York or Maine. Any discussion of ratings and safety throughout the *Report* applies only to the financial strength of New York Life, and not to the performance of any investment products issued by the company. Such products' performances will fluctuate with market conditions.

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Thank you for taking time to review our progress during the past year. We are pleased to report that in 2018 we continued to build on our financial strength in support of the plans you and millions of Americans made for yourselves and those you love.

You can feel good about the performance our team turned in on your behalf, further reinforcing our commitment to being there whenever you need us.

I also want to thank you for your decision to partner with us to help you secure your future.

We know that you didn't just place your business with us—you placed your trust in us. You are counting on us to keep our word and fulfill the promises we make, often decades down the road. That depth of trust is something we never take for granted. And it's something we appreciate more than ever.

Most of you have relied on the advice and guidance of a New York Life agent. More than just a highly trained financial specialist, he or she brings to life our commitment to acting with integrity and humanity in all that we do.

Having no shareholders or outside owners, our interests are strongly

aligned with yours, just as they have been since we opened for business in 1845. We are accountable to you in all that we do. Our focus is on long-term strength and stability, because that is the foundation for a secure future and a better tomorrow for you and those you care about most.

As we move toward our 175th year in business in 2020 and consider how much the world around us has changed, you can be certain some things will stay the same. Your financial security and peace of mind remains our top priority. And your trust remains our most important asset.

Thank you for choosing New York Life.



A stylized, handwritten signature in black ink, appearing to read 'T. Mathas'.

Ted Mathas

Chairman of the Board
and Chief Executive Officer

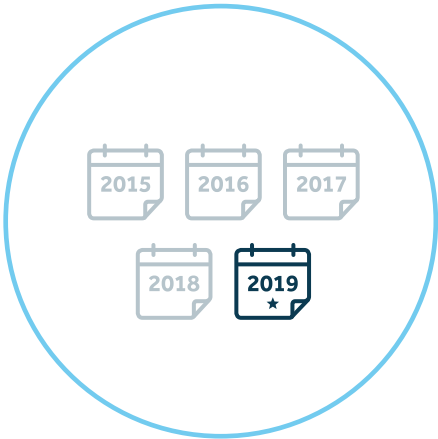
Trust in our mutual strength

Policy Owner Benefits & Dividends¹

In \$ Billions



2019 marks the fifth consecutive year of paying a record total dividend payout to our eligible policy owners.²





We are aligned with your interests

Our number one priority is maintaining superior financial strength to back the insurance and annuity products delivering the secure financial future you and your family are counting on. But as a company that does not answer to Wall Street or shareholders, we are also able to share our success with you today. For many of our clients, this has been received as an annual dividend—something we've been paying consistently since 1854.

Dividends can be used in a few different ways. Some simply take it as

cash to spend on other current needs. Others apply the money towards their premium payment to reduce out-of-pocket expenses. Many, however, use their dividend to purchase more insurance.

Our long track record reflects our commitment to paying the strongest dividend possible each year, while maintaining unquestioned financial strength to back the guarantees we make. That is something we are uniquely positioned to continue to do for you.

Consistency...

Although interest rates modestly increased during the past year, they still remain well below the 20-year average. Despite this challenging environment, we've been able to pay a record total dividend payout to our eligible policy owners for the past five years, something no other major U.S. mutual life insurance company has done.³ How have we been able to do this?

Companies only have a few options to offset the impact on policy owner dividends from the smaller investment returns in a low interest rate environment. They can tap into surplus, which is capital above and beyond the funds already set aside to pay benefits. They can seek larger returns by making more aggressive—sometimes riskier—investments. Or they can operate other businesses to generate additional earnings.

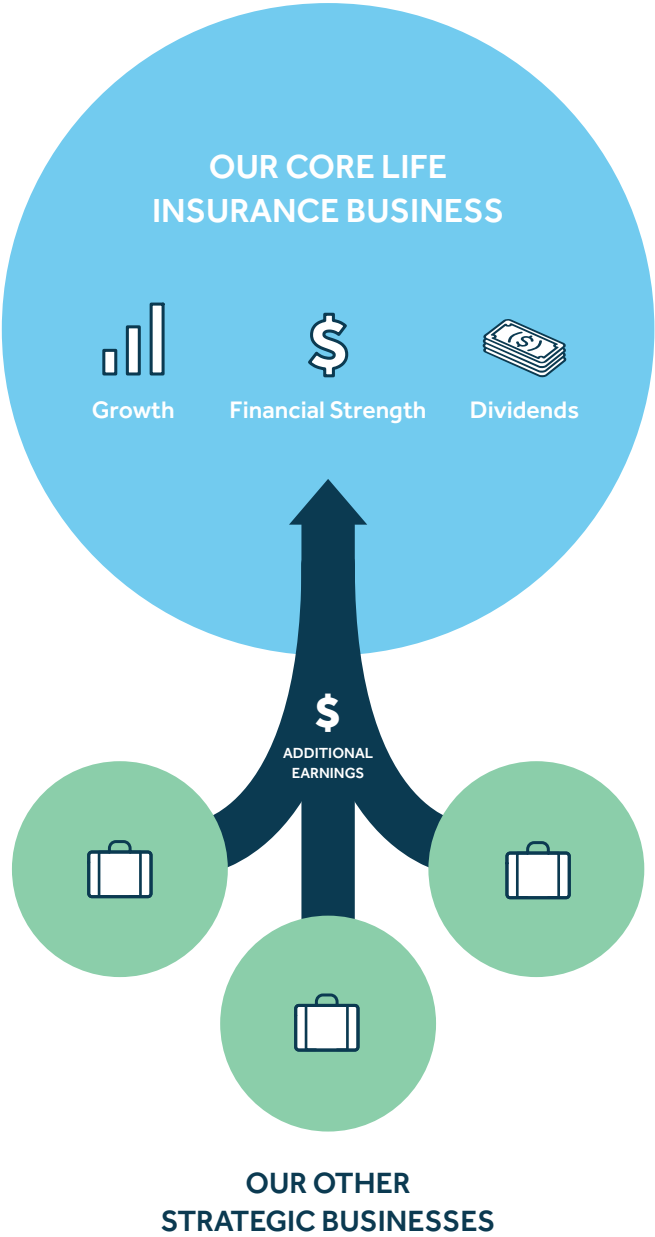
Exercising these options for the benefit of their policy owners, however, can be challenging for some companies. Publicly traded life insurers, for example, are not in a position to share their success

with policy owners because their priority is shareholders. And other life insurers like us that do not answer to shareholders? They need to have robust surplus or other successful businesses as options.

This is how New York Life is uniquely positioned for your benefit.

Our diverse business strategy is put to work for you

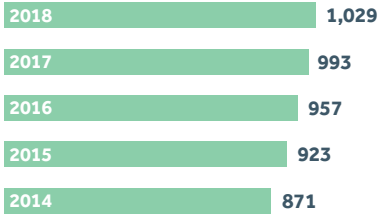
All New York Life policy owners benefit from our diversified business portfolio. These businesses can generate additional earnings to grow surplus—the capital above and beyond the funds already set aside to pay benefits—and help keep your company strong and growing. Our whole life policy owners also enjoy a distinct advantage from this business strategy: A portion of those earnings can also contribute to the dividend payout. And we have been able to do this while continuing to hold the highest ratings for financial strength currently awarded to any U.S. life insurer by the four major rating agencies.⁴ Said another way, our alignment with your interests pays dividends.



Trust in the financial strength backing your plans

Individual Life Insurance in Force⁵

In \$ Billions



Life insurance is a product that has withstood the test of time. Regardless of the economic cycle or whatever else may be going on in the world around us, it continues to have a place for those planning for a secure financial future.

If you own one of our individual life insurance products, you are part of a community of millions who collectively own more than \$1 trillion

Assets Under Management⁶

In \$ Billions

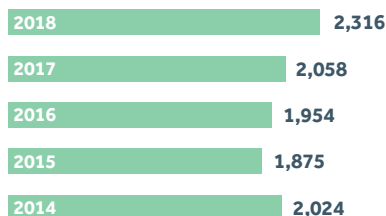


in protection for their families and businesses. That's money that can help pay for an education, secure a retirement, or protect the assets you've worked hard to accumulate.

The premiums and fees we collect on life insurance and annuity products are prudently invested and managed for the long term to ensure we fulfill the promises we make to you.

Operating Earnings⁷

In \$ Millions



Surplus and Asset Valuation Reserve⁸

In \$ Billions



As a life insurer with no shareholders, our interests are aligned with yours.

New York Life does not need to meet the quarterly demands of Wall Street. That's why we make decisions and take actions with you in mind, whether it is paying dividends or enhancing our financial strength by growing surplus.

Surplus is one of the most important measures of an insurer's financial

strength since it shows the company's ability to help secure your future. This is capital above and beyond the funds already set aside to pay the benefits we promise. Think of it as a cushion against potential future adverse economic events—money that further ensures we can continue to meet our obligations to you whenever you need us.

Trust in the solutions you choose

Protecting your family or business against the unexpected. Paying for college. Saving for retirement...and having the guaranteed income to enjoy it. Whatever your goals, we have the solutions that can help you

achieve them. Our job is to provide guidance and help you assemble the plan you need and want. And as your goals evolve, you can count on us to help you continue to be free from worrying about your financial future.

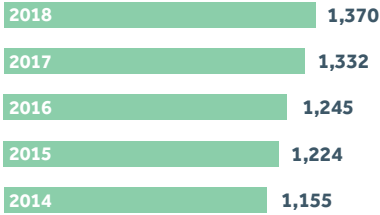


“Our job is to provide guidance and help you assemble the plan you need and want.”



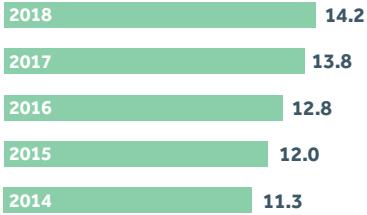
Insurance Sales⁹

In \$ Millions



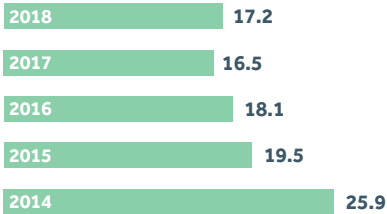
Annuity Sales¹⁰

In \$ Billions



Mutual Fund Sales¹¹

In \$ Billions





Trust in the expertise and guidance we provide to you

When it comes to planning your financial future, you want to know that the people you are working with understand your priorities and goals and have a proven track record of following through on what they say they will do.

For nearly 175 years, millions of Americans have placed their financial security, peace of mind—and trust—with a New York Life agent.



Our agents do more than simply provide you with life insurance and annuity products—they offer you a service. They are financial specialists and professional problem solvers. They are there to listen to you; to learn about your concerns, your dreams, and your goals; and to provide expert guidance to help you make the best financial decisions for you and your family.

When you work with us, you can also count on a lifetime commitment on our part. Your New York Life agent is a partner who will continue to be there

for you. He or she will work with you in the years to come to help you keep on track with your evolving needs.

Whether you live in a big city or a small town, you will also learn that the person you are working with is more than just a highly trained financial specialist.

He or she is likely a local business leader, PTA member, coach, volunteer—and most certainly a neighbor and engaged member of your community.

Trust in Our Support of Your Community

Since its inception in 1979, the New York Life Foundation puts our company's core values in action through philanthropic investments and workforce engagement programs.

Our holistic approach aligns our strategic focus, workforce activities, and community involvement to build long-term partnerships. To date, we have invested more than \$275 million in national and local nonprofit organizations.

To complement our grantmaking, we connect our nonprofit partners with our workforce to foster and encourage engagement in support of those in need. We also have dedicated programs and resources to support the work of our employees and agents in their own philanthropic activities in local communities where they live and work.

More than just a grantmaker...

New York Life is in the business of providing financial security and peace of mind to our policy owners and their families. As an extension of that mission, the Foundation focuses on two areas: 1) providing support for children and families who have lost a family member, bringing a measure of peace of mind during this very difficult time, and 2) helping students get to high school on time and on grade level, ultimately leading to greater financial security in their adult lives.

But we are more than just a grantmaker. We collaborate with our partners to enhance the



2018 BY THE NUMBERS

\$25 million

Total Philanthropic Giving

\$15 million

Grants to Education
and Bereavement Partners

\$2.8 million

Matching Gifts to Schools and Childhood
Bereavement Organizations

\$1.5 million

Volunteer Grants

\$1.5 million

Disaster Relief Grants

\$812,500

Community Impact Grants

\$249,000

Grief-Sensitive Schools Grants

\$238,000

New York Life Family
Scholarship Fund



reach, resources, and support of the work we do. By deepening our understanding of the challenges young people are facing, we are better positioned to address gaps in our strategic focus areas and become a stronger partner and a recognized leader to the nonprofits we work with in communities across the country.

A trusted resource for grieving families

In partnership with the National Center for School Crisis and Bereavement at the University of Southern California and the American Federation of Teachers, we conducted a 2012 survey with educators on grief in schools. We found that 92% of educators say childhood grief is a serious problem that deserves more

attention from schools, yet only 7% receive any type of bereavement training. This gap encouraged us to form the Coalition to Support Grieving Students with top national school associations to systemically address grief in school, which ultimately led to last year's launch of New York Life's Grief-Sensitive Schools Initiative nationwide.

This initiative equips our employees and agents to present in schools on the prevalence and impact of grief on students and the resources available for educators to support them. As part of this effort, we also provide a grant to participating schools as they strive to become more "grief-sensitive." As our workforce continues to connect with a growing number of schools, we are able to provide entire communities

with crucial information that can be used to offer comfort in the toughest of times.

A trusted resource for students

Being a conduit to share information, develop resources, and establish best practices that lead to the success of middle school students is a core goal of our grantmaking. The decision to focus on out-of-school-time programs for middle school students was based on research that identified the middle to high school transition period as a critical indicator for future success. If students reach ninth grade on time and on grade level, they are four times more likely to graduate high school on time and achieve post-secondary success. We worked with experts such as the Afterschool Alliance to develop a grantmaking strategy and engage partners to address the gaps in funding in this area. Since 2013, the New York Life Foundation has invested more than \$41 million to grow the impact of out-of-school-time programs in helping these students successfully transition to high school.

Several of our key strategic grantee partners such as BELL; Classroom, Inc.; and Higher Achievement are working creatively with other community-based organizations,

schools, and school districts on similar programs using innovative partnership models. Subsequently, other youth-serving organizations and schools can use and leverage these best practices to reach more middle school students in after-school and summer learning programs. This model is a cost-effective way to scale programs while still adhering to strong program quality requirements.

Trust in our people

Our workforce engagement is a living example of our core value of humanity. We formalized our volunteer program more than two decades ago and, today, it is an inherent part of who we are and what we are known for in our local communities. From serving as a Grief-Sensitive Schools Ambassador, to volunteering with an after-school program, our employees and agents take action to be involved with issues that matter to them and our communities. And the issues that matter to our people and their communities also matter to the Foundation, which offers grants to recognize and support the local partnerships and efforts of our workforce. New York Life agents and employees volunteered nearly 18,000 times in 2018 to make an impact with a local nonprofit.

Notes

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- 1) Policy owner benefits primarily include death claims paid to beneficiaries and annuity payments. Dividends are payments made to eligible policy owners from divisible surplus. Divisible surplus is the portion of the company's total surplus that is available, following each year's operations, for distribution in the form of dividends. Dividends are not guaranteed. Each year the board of directors votes on the amount and allocation of the divisible surplus. Policy owner benefits and dividends reflect the consolidated results of NYLIC and its domestic insurance subsidiaries. Intercompany transactions have been eliminated in consolidation. NYLIC's policy owner benefits and dividends were \$7.47 billion and \$7.38 billion for the 12 months ended December 31, 2018 and 2017, respectively. NYLIAC's policy owner benefits were \$3.68 billion and \$3.26 billion for the 12 months ended December 31, 2018 and 2017, respectively.
- 2) The annual dividend payout is the total amount of money the company pays to all of its eligible policy owners in a given year. Because characteristics including policy type and the year a policy was purchased differ from policy to policy, the performance of an individual policy's dividend over a specific period may not mirror the performance of the company's total dividend payout over that same period.

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- 3) Based on publicly available information on New York Life's peer mutual U.S. life insurers. This peer group is comprised of major mutual U.S. insurance companies for whom life insurance is the primary focus and primary line of business, and whose dividend information is made publicly available.

- 4) The "highest ratings currently awarded" refers to the highest ratings currently awarded to any life insurer, specifically: A.M. Best A++ (as of 7/25/18), Fitch Ratings AAA (as of 6/1/18), Moody's Aaa (as of 1/18/19), and Standard & Poor's AA+ (as of 6/15/18). Source: third-party reports.

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- 5) Individual life insurance in force is the total face amount of individual life insurance contracts (term, whole life and universal life) outstanding for NYLIC and its domestic insurance subsidiaries at a given time. The company's individual life insurance in force totaled \$1,029.3 billion at December 31, 2018 (including \$175.3 billion for NYLIAC).
- 6) 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.

The company's general account investment portfolio totaled \$256.10 billion as of December 31, 2018 (including \$105.04 billion invested assets of NYLIAC). As of December 31, 2018, total assets equaled \$311.46 billion (including \$153.46 billion total assets of NYLIAC). Total liabilities, excluding the Asset Valuation Reserve (AVR), equaled \$286.63 billion (including \$143.66 billion total liabilities of NYLIAC). See Note 8 for total surplus.

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- 7) Operating earnings is the measure used for management purposes to track the company's results from ongoing operations and the profitability of the business. This chart is based on accounting principles generally accepted in the United States of

America (GAAP) with certain adjustments we believe are more appropriate as a measurement approach (non-GAAP).

Policy owners can view the GAAP-basis consolidated financial statements and a detailed reconciliation to our non-GAAP performance measures by visiting our website, www.newyorklife.com, beginning in mid-March.

The New York State Department of Financial Services (the Department) recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the New York Insurance Law, and for management determining whether its financial condition warrants the payment of a dividend to its policy owners. No consideration is given by the Department to financial statements prepared in accordance with GAAP in making such determinations.

- 8) Total surplus, which includes the AVR, is one of the key indicators of the company's long-term financial strength and stability and is presented on a consolidated basis of the company. NYLIC's statutory surplus was \$21.01 billion and \$20.36 billion at December 31, 2018 and 2017, respectively. Included in NYLIC's statutory surplus is NYLIAC's statutory surplus totaling \$8.59 billion and \$9.19 billion at December 31, 2018 and 2017, respectively. AVR for NYLIC was \$2.59 billion and \$2.65 billion at December 31, 2018 and 2017, respectively. AVR for NYLIAC was \$1.21 billion and \$1.19 billion at December 31, 2018 and 2017, respectively.

Policy owners can view the statutory financial statements applicable to their respective companies by visiting our website, www.newyorklife.com, beginning in mid-March.

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- 9) Insurance sales represent annualized first-year premiums on participating issued

whole life insurance, term life insurance, universal life insurance, long-term care insurance, and other health insurance products. A sale is generally counted when the initial premium is paid and the policy is issued. Adjustments are made to normalize non-recurring premiums to align with our annualized recurring premium methodology for insurance sales. Some examples are: single premium products sold through our agents and Advanced Markets Network retail and COLI distribution channel, our network of independent agents and brokers, are counted at 10 percent. Sales are generated from both domestic and Mexican operations.

- 10) Total annuity sales represent premiums on our deferred annuities (both fixed and variable) and on our guaranteed income annuities. Sales are generally recognized when premiums are received. Annuities are primarily issued by NYLIAC.
- 11) Mutual fund sales represent total cash deposited to new and existing accounts of the MainStay Funds, New York Life's proprietary mutual funds. MainStay Funds are managed by New York Life Investment Management LLC and distributed through NYLIFE Distributors LLC, an indirect wholly owned subsidiary of New York Life Insurance Company.

Where applicable, prior period numbers have been restated to conform to current year definition. In addition, non-U.S. denominated results are generally valued using applicable year-end exchange rates.

For further financial information, including detailed information on our investment strategy, visit our website (www.newyorklife.com), where the 2018 Annual Report will be available in mid-April 2019. A copy of the Report, our GAAP and statutory financial statements, and reconciliation to our non-GAAP operating performance measure are also available by writing to the Secretary of New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010.



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