NEW YORK LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

(STATUTORY BASIS)

DECEMBER 31, 2021 and 2020

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Report of Independent Auditors

To the Board of Directors of New York Life Insurance Company:

Opinions

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, 2021 and 2020, and the related statutory statements of operations, of changes in surplus, and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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.

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 section of our report, the accompanying financial statements 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, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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.

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.

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Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

New York, New York
March 10, 2022

NEW YORK LIFE INSURANCE COMPANY

STATUTORY STATEMENTS OF FINANCIAL POSITION

	December 31, 2021	December 31, 2020
	(in millions)	
Assets		
Bonds	$ 122,778	$ 114,224
Common and preferred stocks	14,871	14,782
Mortgage loans	20,112	19,118
Policy loans	11,386	11,532
Other invested assets	13,729	11,170
Cash, cash equivalents and short-term investments	2,616	2,505
Derivatives	1,048	1,183
Real estate	2,142	2,106
Total cash and invested assets	188,682	176,620
Deferred and uncollected premiums	2,071	1,962
Investment income due and accrued	1,628	1,612
Other assets	6,866	6,853
Separate accounts assets	14,449	14,290
Total assets	$ 213,696	$ 201,337
Liabilities and surplus		
Liabilities:		
Policy reserves	$ 126,433	$ 120,776
Deposit funds	29,375	25,927
Dividends payable to policyholders	1,958	1,879
Policy claims	950	848
Borrowed money	475	377
Amounts payable under security lending agreements	604	605
Derivatives	318	569
Funds held under coinsurance	3,549	3,719
Other liabilities	6,149	6,317
Interest maintenance reserve	703	713
Asset valuation reserve	4,167	3,589
Separate accounts liabilities	14,449	14,290
Total liabilities	189,130	179,609
Surplus:		
Surplus notes	4,231	4,230
Unassigned surplus	20,335	17,498
Total surplus	24,566	21,728
Total liabilities and surplus	$ 213,696	$ 201,337

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY

STATUTORY STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2021	**2020**
	(in millions)	
Income		
Premiums	$ 17,736	$ 20,572
Net investment income	8,679	7,917
Other income	271	173
Total income	26,686	28,662
Benefits and expenses		
Benefit payments:		
Death benefits	5,077	4,787
Annuity benefits	1,397	1,357
Health and disability insurance benefits	284	286
Surrender benefits	2,071	2,171
Payments on matured contracts	5,482	4,834
Other benefit payments	505	535
Total benefit payments	14,816	13,970
Additions to reserves	5,826	5,860
Net transfers (from)/to separate accounts	(867)	2,453
Adjustment in funds withheld	155	150
Operating expenses	3,385	3,590
Total benefits and expenses	23,315	26,023
Gain from operations before dividends and income taxes	3,371	2,639
Dividends to policyholders	2,021	1,963
Gain from operations before income taxes	1,350	676
Federal and foreign income taxes	41	(69)
Net gain from operations	1,309	745
Net realized capital losses, after tax and transfers to interest maintenance reserve	(360)	(821)
Net income/(loss)	$ 949	$ (76)

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY

STATUTORY STATEMENTS OF CHANGES IN SURPLUS

	Years Ended December 31,	
	2021	**2020**
	(in millions)	
Surplus, beginning of year	$ 21,728	$ 22,032
Net increase/(decrease) due to:		
Net income/(loss)	949	(76)
Change in liability for pension and postretirement plans	514	(90)
Change in asset valuation reserve	(578)	(218)
Change in nonadmitted assets	189	(1,583)
Change in net deferred income tax	184	257
Change in reserve valuation basis	(4)	(77)
Change in net unrealized capital gains on investments	1,980	241
Goodwill amortization	(423)	—
Issuance of surplus notes	—	1,243
Change in accounting principles	22	—
Other adjustments, net	5	(1)
Net increase/(decrease)	2,838	(304)
Surplus, end of year	$ 24,566	$ 21,728

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY
STATUTORY STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2021	2020
	(in millions)	
Cash flows from operating activities:		
Premiums received	$ 17,582	$ 20,565
Net investment income received	7,740	7,224
Other	302	212
Total received	25,624	28,001
Benefits and other payments	14,402	13,392
Net transfers (from) to separate accounts	(876)	2,460
Operating expenses	3,038	3,084
Dividends to policyholders	1,945	2,065
Federal income taxes paid (received)	71	(88)
Total paid	18,580	20,913
Net cash from operating activities	7,044	7,088
Cash flows from investing activities:		
Proceeds from investments sold	10,718	8,970
Proceeds from investments matured or repaid	14,455	10,777
Cost of investments acquired	(35,293)	(29,103)
Net change in policy loans and premium notes	158	(44)
Net cash used in investing activities	(9,962)	(9,400)
Cash flows from financing and miscellaneous activities:		
Net proceeds from surplus notes	—	1,242
Other changes in borrowed money	98	(25)
Net inflows from deposit contracts	3,219	1,715
Net change in amounts payable under security lending agreements	(1)	(25)
Other miscellaneous uses	(287)	(382)
Net cash from financing and miscellaneous activities	3,029	2,525
Net increase (decrease) in cash, cash equivalents and short-term investments	111	213
Cash, cash equivalents and short-term investments, beginning of year	2,505	2,292
Cash, cash equivalents and short-term investments, end of year	$ 2,616	$ 2,505

See accompanying notes to financial statements.

NEW YORK LIFE INSURANCE COMPANY

STATUTORY STATEMENTS OF CASH FLOWS (supplemental)

	Years Ended December 31,	
	2021	2020
	(in millions)	
Non-cash activities during the year not included in the Statutory Statements of Cash Flows:		
Transfer of assets between investment types	$ 1,473	$ 852
Bonds to be announced commitments - purchased/sold	$ 922	$ 2
Dividend from NYLIAC paid in bonds	$ 402	$ —
Depreciation/amortization on fixed assets	$ 246	$ 251
Capitalized interest on bonds and other invested assets	$ 113	$ 108
Low-income housing tax credit future commitments	$ 90	$ 5
Other invested assets stock distribution	$ 35	$ 7
Capital contribution to NYLIAC	$ 18	$ 530
Capital contribution to affiliated other invested asset	$ —	$ 88
Translation of foreign investments from Canadian branch	$ —	$ 73
Exchange/conversion of bond investment to equity investment	$ —	$ 40
Other	$ 9	$ 24

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 offer 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.

On December 31, 2020, the Company acquired Cigna's group life and group disability insurance business, now named New York Life Group Benefit Solutions ("GBS") for total initial consideration of $6,309 million. The acquisition of GBS included the purchase by the Company of two insurance companies through which GBS is primarily conducted, Life Insurance Company of North America ("LINA") and Cigna Life Insurance Company of New York ("CLICNY"). Effective March 10, 2021, CLICNY was renamed New York Life Group Insurance Company of NY ("NYLGICNY"). As of the acquisition date, both LINA and NYLGICNY became direct wholly owned subsidiaries of the Company.

The net surplus impact of this transaction on the Company's statement of financial position was as follows (in millions):

	At December 31, 2020
Admitted assets	
Cash and cash equivalents	$ (6,309)
Common and preferred stocks[(1)]	4,274
Total admitted assets	$ (2,035)
Surplus	
Unassigned surplus[(2)]	$ (2,035)
Surplus impact	$ (2,035)

(1) Includes $2,058 million of goodwill (gross goodwill of $4,093 million less nonadmitted goodwill of $2,035 million).
(2) Represents nonadmitted goodwill.

In 2021, the cost of acquisition of $6,309 million was reduced by $59 million to $6,250 million, which resulted in a corresponding decrease in goodwill. Refer to Note 6 - Investments for more details on goodwill. The purchase price was finalized in March 2022 and will result in an additional $55 million approximate reduction of goodwill to be recorded in 2022.

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 (loss) at December 31, 2021 and 2020 between practices prescribed or permitted by the State of New York and NAIC SAP is shown below (in millions):

	SSAP #	F/S Page	2021	2020
Net income (loss), State of New York basis	XXX	XXX	$ 949	$ (76)
State prescribed practices:				
1. NYSDFS Regulation No. 213 principle-based reserving and No. 151 minimum life and annuity reserves(1)	51R	3	39	16
2. NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums(2)	61	3,4,6(4)	(1)	3
3. NYSDFS Seventh Amendment to Regulation No. 172 admitted unearned reinsurance premium(3)	61	3,4,6(4)	(9)	(3)
Net income (loss), NAIC SAP	XXX	XXX	$ 978	$ (60)

A reconciliation of the Company's capital and surplus at December 31, 2021 and 2020 between practices prescribed by the State of New York and NAIC SAP is shown below (in millions):

	SSAP #	F/S Page	2021	2020
Capital and surplus, State of New York basis	XXX	XXX	$ 24,566	$ 21,728
State prescribed practices:				
1. NYSDFS Regulation No. 213 principle-based reserving and No. 151 minimum life and annuity reserves(1)	51R	3	55	16
2. NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums(2)	61	3,4,6(4)	134	135
3. NYSDFS Seventh Amendment to Regulation No. 172 admitted unearned reinsurance premium(3)	61	3,4,6(4)	(65)	(56)
Capital and surplus, NAIC SAP	XXX	XXX	$ 24,690	$ 21,823

(1) NYSDFS Regulation 213 subjects principle-based valuations as prescribed by the valuation manual to minimum New York State requirements; NYSDFS Regulation 151 prescribes rules and guidelines for performing valuations of annuity, single premium life insurance, guaranteed interest contract and other deposit reserves.
(2) NYSDFS Circular Letter No. 11 (2010) clarified the accounting for deferred premium assets when reinsurance is involved.
(3) NYSDFS Regulation 172 was amended to allow for the admission of an unearned reinsurance premium asset.
(4) Financial statement line items include: Deferred and uncollected premiums (Assets), Premiums (Operations), and Premiums received (Cash Flows).

NOTE 2 – BASIS OF PRESENTATION (continued)

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 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 and losses 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;

- 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, 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;

NOTE 2 – BASIS OF PRESENTATION (continued)

- 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 securities at fair value 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 securities at fair value 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;

- 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, 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 equity;

- 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;

NOTE 2 – BASIS OF PRESENTATION (continued)

- 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.

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, 2021 and 2020 (in millions):

	2021	2020
Capital and surplus	$ 24,566	$ 21,728
AVR	4,167	3,589
Capital and surplus and AVR	28,733	25,317
Removal of AVR domestic insurance companies	1,962	1,604
Capital and Surplus and AVR - New York Life Consolidated	30,695	26,921
Adjustments to statutory basis for:		
Mark-to-market on investments, pre-tax and deferred acquisition costs ("DAC")	14,966	22,843
DAC asset	7,137	5,942
Inclusion of goodwill in excess of statutory limitations	1,529	2,425
Inclusion of statutory accounting nonadmitted assets	1,485	1,037
Removal of IMR of domestic insurance companies	740	843
Net assets of separate accounts	440	823
Dividends payable to policyholders	746	694
Liability for pension and other postretirement benefits	272	—
Sales inducement asset	510	515
Differences in reserve valuation bases for future policy benefits and policyholders' account balances	(1,621)	(2,695)
Net adjustment for deferred taxes	(4,219)	(5,497)
Reclassification of surplus notes to liabilities	(4,228)	(4,227)
Other	(60)	(103)
Total adjustments	17,697	22,600
Total consolidated U.S. GAAP equity, excluding non-controlling interests	$ 48,392	$ 49,521

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, 2021 and 2020 (in millions):

	2021	2020
Net gain from operations	$ 1,309	$ 745
Net realized capital losses	(360)	(821)
Statutory net income/(loss)	949	(76)
Adjustments to statutory net (loss) income for:		
Inclusion of GAAP net investment gains	(199)	1,021
Net income from subsidiaries (less dividends to the Company)	97	270
Net capitalization of DAC	129	252
Dividends to policyholders	48	(31)
Inclusion of GAAP earnings of limited partnerships, net of distributions	1,758	(94)
Removal of IMR capitalization, net of amortization	22	298
Inclusion of deferred income taxes	(295)	111
Differences in reserve valuation bases for future policy benefits and policyholders' account balances	757	(92)
Fair value adjustment of certain liabilities	326	(434)
Other	(158)	(67)
Total adjustments	2,485	1,234
Total consolidated U.S. GAAP net income	$ 3,434	$ 1,158

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 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.

Under NAIC SAP, Securities Valuation Office ("SVO")-identified investments, which include certain SVO approved exchange traded funds, ("ETFs") and mutual funds are eligible for classification as bonds as identified in the SVO's Purposes and Procedures Manual if they meet certain criteria stipulated by the NYSDFS. SVO-identified bond ETFs are stated at fair value.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The interest method for loan-backed and structured securities, which are included in bonds, uses current assumptions of projected cash flows. 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 prepayments (e.g., interest only securities), the effective yield is adjusted prospectively for any changes in estimated cash flows.

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

Redeemable preferred stocks in “good standing” (NAIC designation of 1 to 3) are valued at amortized cost. Redeemable preferred stocks “not in good standing” (NAIC designation of 4 to 6) are valued at the lower of amortized cost or fair value. Perpetual preferred stock and mandatory convertible preferred stock are valued at fair value, not to exceed any currently effective call price. 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 four direct, wholly owned U.S. insurance subsidiaries: NYLIAC, NYLIFE Insurance Company of Arizona ("NYLAZ"), LINA, and NYLGICNY. 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 investment's 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 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 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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the shorter of their estimated useful life, or the remaining estimated life of the real estate. Rental revenue from leased real estate is recognized on a straight-line basis over the lease term.

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.

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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Goodwill

Goodwill is defined as the difference between the cost of acquiring an entity and the reporting entity's share of the book value of the acquired entity. Positive goodwill is limited in the aggregate to 10% of the acquiring entity's capital and surplus as required to be shown on the statutory balance sheet of its most recently filed statement with the domiciliary state commissioner, adjusted to exclude any net positive goodwill, electronic database processing equipment and operating system software, and net deferred tax assets. Goodwill resulting from the purchase of an SCA, joint ventures, partnerships or limited liability companies is amortized to unrealized capital gains and losses on investments over the period in which the acquiring entity benefits economically, not to exceed 10 years. The Company reports goodwill in the carrying value of the investment acquired.

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 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, total return swaps, 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)

The Company also uses derivatives as part of replication transactions. Replication transactions refer to derivative transactions entered into in conjunction with other investments in order to reproduce the investment characteristics of otherwise permissible investments. The accounting for derivatives used in replication transactions depends upon how the underlying cash instrument is accounted for, as well as how the replicated asset would be accounted for if acquired directly; alternatively, the Company can elect to carry the derivative at fair value. The Company uses bonds as the referenced cash instrument in its current replication transactions, and therefore, the derivatives are carried at amortized cost. The Company accrues investment income for the replicated synthetic asset throughout the life of the replication transaction. Realized gains or losses at maturity of the replication transaction, which are subject to the IMR, are transferred to the IMR, net of tax.

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 fair value of bonds, stocks, mortgage loans, real estate and other invested assets. 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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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, as well as income from prepayment penalties, 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.

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 taxes related to investments, which are 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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, goodwill exceeding 10% of adjusted surplus, DTAs 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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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 that have zero or positive equity), 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, except for activity related to the bond, short-term investment, and cash equivalent portfolio, 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. Bonds, short-term investments and cash equivalents are shown at their USD value with changes in foreign currency also 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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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 age at retirement, 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 eligible 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 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 leverages 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, 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.

The disruption caused by the COVID-19 pandemic continues to have a major impact on the global economy, the supply chain and the economies of particular countries and industries. It has also resulted in elevated mortality and morbidity experience for the global population, and could have long-term effects on the Company’s life, health and disability insurance businesses. The ultimate extent of the impact of the COVID-19 pandemic will depend on numerous factors, all of which are highly uncertain and cannot be predicted. These factors include the length and severity of the outbreak, including the impact of new variants of the virus and the efficacy of vaccines and therapeutic treatments in combating the virus, the responses to the pandemic taken by governments and private sector businesses, and the impacts on the Company’s customers, employees and vendors. Although the Company has taken certain steps to mitigate some of the adverse impacts resulting from the pandemic, these events could have an adverse effect on the risks described above and the Company’s results of operations and cash flows in any period and, depending on their severity and duration, could also adversely affect the Company’s financial condition.

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.

The NAIC adopted revisions to SSAP 32 "Preferred Stock." The revisions include definitions, measurement and impairment guidance. The revisions require perpetual preferred stock and mandatory convertible preferred stock to be reported at fair value, not to exceed any current effective call price, among other changes. The Company adopted this guidance on January 1, 2021, which increased statutory surplus by $22 million.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which provides relief from certain requirements under U.S. GAAP. Section 4013 of the CARES Act gives entities temporary relief from the accounting and disclosure requirements for TDRs under U.S. GAAP (ASC 310-40) in certain situations. On April 7, 2020, a group of banking agencies issued an interagency statement, which was reaffirmed by the Financial Accounting Standards Board that also offered some practical expedients for evaluating whether loan modifications that occur in response to COVID-19 pandemic are TDRs. In response to these events, the NAIC adopted a number of accounting Interpretations in 2020, which continued to be effective during part of 2021, to provide similar relief under statutory accounting. INTs 20-03 and 20-07 allowed insurers to make minor, short-term modifications to mortgage loans and debt securities upon request from borrowers experiencing financial difficulty due to COVID-19, without having to evaluate whether such modifications fall within the TDR accounting guidance. The Company has granted a number of short-term, minor modifications in its mortgage loan portfolio that allow borrowers not to make contractual payments of principal and/or interest for up to six months with the repayment taking place either at the end of the 6-month deferral period, throughout the life of the investment or at time of maturity. These modifications did not have a material impact on surplus or net income.

In 2020, the Company adopted Principles Based Reserving ("PBR"). Under PBR for individual life products, reserves are 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. PBR is mandatory for individual life policies issued on or after January 1, 2020. Therefore, there was no impact to surplus on adoption.

In 2020, the NAIC issued Interpretation 20-01 to provide statutory accounting and reporting guidance for the adoption of ASU 2020-04 *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* under U.S. GAAP. This Interpretation adopts, with minor modification, the U.S. GAAP adopted guidance, which provides optional expedients and exceptions for applying current accounting guidance to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met, through December 31, 2022. The Company is performing an ongoing evaluation of the impact of reference rate reform on its contracts and hedging relationships. Since most of the Company's contracts and hedging relationships are expected to meet the criteria for applying the accounting expedients listed in the Interpretation, reference rate reform is not expected to significantly impact the Company's surplus or net income.

NOTE 6 - INVESTMENTS

Bonds

The carrying value and estimated fair value of bonds by maturity at December 31, 2021 and 2020, were as follows (in millions):

	2021		2020	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less	$ 5,092	$ 5,191	$ 5,801	$ 5,918
Due after one year through five years	34,244	35,798	32,331	34,511
Due after five years through ten years[1]	38,993	41,865	37,057	41,908
Due after ten years	44,449	50,146	39,035	47,071
Total	$ 122,778	$ 133,000	$ 114,224	$ 129,408

[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 $245 million and $85 million at December 31, 2021 and 2020, respectively, and cash equivalents with a carrying value of $2,515 million and $2,589 million at December 31, 2021 and 2020, respectively, are due in one year or less. Carrying value approximates fair value for these investments.

At December 31, 2021 and 2020, the distribution of gross unrealized gains and losses on bonds were as follows (in millions):

	2021			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	$ 8,975	$ 464	$ 215	$ 9,224
All other governments	836	174	2	1,008
U.S. special revenue and special assessment	19,688	2,966	16	22,638
Industrial and miscellaneous unaffiliated	89,878	7,126	381	96,623
Parent, subsidiaries, and affiliates	3,374	106	—	3,480
Hybrid securities	1	—	—	1
SVO identified funds	26	—	—	26
Total	$ 122,778	$ 10,836	$ 614	$ 133,000

	2020			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	$ 6,809	$ 884	$ 63	$ 7,630
All other governments	764	231	—	995
U.S. special revenue and special assessment	21,199	3,674	4	24,869
Industrial and miscellaneous unaffiliated	82,883	10,561	209	93,235
Parent, subsidiaries, and affiliates	2,568	110	—	2,678
Hybrid securities	1	—	—	1
Total	$ 114,224	$ 15,460	$ 276	$ 129,408

NOTE 6 - INVESTMENTS (continued)

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, 2021 and 2020 (in millions):

	2021		2020	
	Carrying Value	Change in Unrealized Gains (Losses)	Carrying Value	Change in Unrealized Gains (Losses)
Common stock of insurance subsidiaries[1]	$ 13,576	$ 46	$ 13,832	$ (435)
Unaffiliated common stock	1,175	251	916	77
Preferred stock	120	53	34	—
Total	$ 14,871	$ 350	$ 14,782	$ (358)

[1] The balance includes $2,372 million of goodwill related to the acquisition of GBS. For additional information on goodwill, refer to Admitted Goodwill section below.

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 2021 were 11.1% and 1.6% and funded during 2020 were 6.8% and 2.5%, respectively. For 2021 and 2020, 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 54.6% and 54.6% at December 31, 2021 and December 31, 2020, respectively). For 2021 and 2020, the maximum percentage of any residential loan to the value of the collateral at the time of the loan was 80.0% (average percentage was 36.0% and 38.4% at December 31, 2021 and December 31, 2020, respectively). The Company has no significant credit risk exposure to any one individual borrower.

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, 2021 and 2020, the Company had mortgage loans outstanding under this type of agreement of $2,715 million and $2,863 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.

NOTE 6 - INVESTMENTS (continued)

At December 31, 2021 and 2020, the distribution of the mortgage loan portfolio by property type and geographic location was as follows (in millions):

	2021		2020	
	Carrying Value	% of Total	Carrying Value	% of Total
Property type:				
Apartment buildings	$ 7,090	35.2 %	$ 6,682	35.0 %
Office buildings	5,000	24.9	5,035	26.3
Industrial	4,438	22.1	3,789	19.8
Retail facilities	3,190	15.9	3,260	17.1
Hotels	364	1.8	344	1.8
Residential	2	—	2	—
Other	28	0.1	6	—
Total	$ 20,112	100.0 %	$ 19,118	100.0 %

	2021		2020	
	Carrying Value	% of Total	Carrying Value	% of Total
Geographic location:				
Central	$ 5,713	28.4 %	$ 5,309	27.7 %
South Atlantic	4,917	24.5	4,561	23.9
Pacific	4,462	22.2	4,303	22.5
Middle Atlantic	4,030	20.0	3,724	19.5
New England	969	4.8	1,199	6.3
Other	21	0.1	22	0.1
Total	$ 20,112	100.0 %	$ 19,118	100.0 %

At December 31, 2021 there were no mortgage loans past due 90 days and over. At December 31, 2020, there were $46 million of mortgage loans that were past due 90 days and over.

The Company maintains a watchlist of commercial mortgage loans that may potentially be impaired. Some of 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. Collateral securing 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.

NOTE 6 - INVESTMENTS (continued)

Fair value of the collateral for commercial mortgages (excluding credit loans) over $5 million is generally 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 generally every three years. If the loan is determined to be potentially troubled, the loan is more frequently monitored as to its status. Certain properties that serve as collateral for commercial mortgages have been placed on a different schedule to address additional risks that resulted from the economic shutdown as a result of COVID-19. 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, 2021 and 2020, LTVs on the Company's mortgage loans were as follows (in millions):

	2021							
Loan to Value % (By Class)	**Apartment Bldgs**	**Office Bldgs**	**Retail Facilities**	**Industrial**	**Hotel**	**Residential**	**Other**	**Total**
Above 95%	$ —	$ 12	$ —	$ —	$ —	$ —	$ —	$ 12
91% to 95%	—	—	—	—	—	—	—	—
81% to 90%	—	186	112	—	—	—	—	298
71% to 80%	588	359	171	36	41	—	—	1,195
Below 70%	6,502	4,443	2,907	4,402	323	2	28	18,607
Total	$ 7,090	$ 5,000	$ 3,190	$ 4,438	$ 364	$ 2	$ 28	$ 20,112

	2020							
Loan to Value % (By Class)	**Apartment Bldgs**	**Office Bldgs**	**Retail Facilities**	**Industrial**	**Hotel**	**Residential**	**Other**	**Total**
Above 95%	$ —	$ —	$ 46	$ —	$ —	$ —	$ —	$ 46
91% to 95%	—	—	—	—	—	—	—	—
81% to 90%	47	111	40	—	—	—	—	198
71% to 80%	652	221	422	47	—	—	—	1,342
Below 70%	5,983	4,703	2,752	3,742	344	2	6	17,532
Total	$ 6,682	$ 5,035	$ 3,260	$ 3,789	$ 344	$ 2	$ 6	$ 19,118

At December 31, 2021 and 2020, impaired mortgage loans were as follows (in millions):

Type	**Impaired Loans with Allowance for Credit Losses**		**Related Allowance**		**Impaired Loans Without Allowance for Credit Losses**		**Average Recorded Investment**		**Interest Income Recognized**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Commercial	$ 12	$ —	$ 2	$ —		$ 46	$ 2	$ 76	$ —	$ 2

Real Estate

At December 31, 2021 and 2020, the carrying value of the Company's real estate portfolio consisted of the following (in millions):

	2021	**2020**
Investment property	$ 1,851	$ 1,805
Properties for Company use	291	296
Acquired through foreclosure	—	5
Total	$ 2,142	$ 2,106

NOTE 6 - INVESTMENTS (continued)

Accumulated depreciation on real estate at December 31, 2021 and 2020 was $809 million and $725 million, respectively. Depreciation expense for the years ended December 31, 2021 and 2020 was $87 million and $80 million, respectively, and was recorded as an investment expense, a component of Net investment income in the accompanying Statutory Statements of Operations. During 2021and 2020, the Company did not have any realized gains (losses) 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 $1,106 million and $943 million at December 31, 2021 and 2020, respectively.

Other Invested Assets

The carrying value of other invested assets at December 31, 2021 and 2020 consisted of the following (in millions):

	2021	2020
Limited partnerships and limited liability companies	$ 11,714	$ 9,128
Affiliated non-insurance subsidiaries[(1)]	1,335	1,416
Other investments	369	349
Derivative collateral	91	154
LIHTC investments	160	81
Loans to affiliates	60	42
Total other invested assets	$ 13,729	$ 11,170

[(1)] At December 31, 2021 and 2020, the Company had $244 million and $43 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, 2021 and 2020 consisted of the following (in millions):

	2021		2020	
	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	$ 1,546	$ 1,899	$ 603	$ 121
Affiliated non-insurance subsidiaries	191	47	320	414
LIHTC investments	(25)	—	(30)	—
Other investments	11	—	10	—
Loans to affiliates	1	—	2	—
Total other invested assets	$ 1,724	$ 1,946	$ 905	$ 535

[(1)] Includes unrealized foreign exchange gains (losses) of $24 million and $68 million in 2021 and 2020, 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 Change in net unrealized capital gains on investments in the accompanying Statutory Statements of Changes 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 Change in unrealized capital gains on investments in the accompanying Statutory Statements of Financial Position.

NOTE 6 - INVESTMENTS (continued)

Other investments consist primarily of investments in surplus notes, preferred units of limited partnerships, 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.

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 13 years. During 2021 and 2020, the Company recorded amortization on these investments under the proportional amortized cost method which is included in net investment income of $25 million and $30 million, respectively. The Company recorded tax credits and other tax benefits on these investments of $30 million and $40 million for 2021 and 2020, respectively. The minimum holding period required for the Company's LIHTC investments extends from 1 years to 17 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.

For loans to affiliates, refer to Note 11 - Related Party Transactions, which includes a more detailed discussion of the Company's loans to affiliates.

Admitted Goodwill

The following table represents goodwill generated under the statutory purchase method of accounting ($ in millions):

Purchased Entity	Financial Statement Line	Acquisition Date	Cost of Acquisition	Original Amount of Goodwill	Original Amount of Goodwill Admitted	Admitted Goodwill at 12/31/21	Amortization for the Year Ended 12/31/21	Book Value	Admitted Goodwill as a % of Book Adjusted Carrying Value, Gross of Admitted Goodwill
LINA	Common and preferred stocks	December 31, 2020	$ 6,028	$ 4,101	$ 1,932	$ 1,836	$ 410	$ 1,670	110 %
NYLGICNY	Common and preferred stocks	December 31, 2020	$ 222	$ 126	$ 126	$ 114	$ 13	$ 112	102 %
Stone Ridge Holdings Group LLC	Other invested assets	January 3, 2017	$ 150	$ 132	$ 132	$ 66	$ 13	$ 103	64 %

As required under NAIC SAP, goodwill is limited in the aggregate to 10% of the acquiring entity's capital and surplus, adjusted to exclude any net positive goodwill, electronic database processing equipment and operating system software, and net deferred tax assets. The table below shows the calculation of the Company's adjusted surplus for purposes of the goodwill admissibility calculation ($ in millions):

	Calculation of Limitation as of	
	September 30, 2021	December 31, 2021
Capital and surplus	$ 23,692	
Less:		
Admitted positive goodwill	1,904	
Admitted EDP equipment and operating system software	18	
Admitted net deferred taxes	1,605	
Total adjustments	3,527	
Adjusted capital and surplus	$ 20,165	
Limitation on amount of goodwill (adjusted capital and surplus times 10%)		$ 2,016
Current period reported admitted goodwill		$ 2,016
Current period admitted goodwill as a % of prior period adjusted capital and surplus		10 %

NOTE 6 - INVESTMENTS (continued)

Assets on Deposit or Pledged as Collateral

At December 31, 2021 and 2020, the Company's restricted assets (including pledged collateral) were as follows ($ in millions):

	2021							
	Gross (Admitted and Nonadmitted) Restricted						Percentage	
Restricted Asset Category	Total General Account	Total Separate Account 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	$ 604	$ —	$ 604	$ 605	$ (1)	$ 604	0.3 %	0.3 %
Subject to reverse repurchase agreements	124	—	124	287	(163)	124	0.1 %	0.1 %
Subject to dollar repurchase agreements	—	318	318	112	206	318	0.1 %	0.1 %
Letter stock or securities restricted as to sale - excluding Federal Home Loan Bank ("FHLB") capital stock	152	2	154	31	123	154	0.1 %	0.1 %
FHLB capital stock	159	—	159	195	(36)	159	0.1 %	0.1 %
On deposit with states	250	—	250	289	(39)	250	0.1 %	0.1 %
Pledged as collateral to FHLB (including assets backing funding agreements)	2,461	—	2,461	3,256	(795)	2,461	1.1 %	1.2 %
Reinsurance collateral assets(1)	8,868	—	8,868	9,286	(418)	8,868	4.1 %	4.1 %
Total restricted assets	$ 12,618	$ 320	$ 12,938	$ 14,061	$ (1,123)	$ 12,938	6.0 %	6.1 %

(1) Includes assets of $7,629 million which are permanently restricted and inure solely to the benefit of the reinsured policyholders.

NOTE 6 - INVESTMENTS (continued)

	2020							
	Gross (Admitted and Nonadmitted) Restricted						Percentage	
Restricted Asset Category	Total General Account	Total Separate Account 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	$ 605	$ —	$ 605	$ 629	$ (24)	$ 605	0.3 %	0.3 %
Subject to reverse repurchase agreements	287	—	287	308	$ (21)	$ 287	0.1 %	0.1 %
Subject to dollar repurchase agreements	—	112	112	17	$ 95	$ 112	0.1 %	0.1 %
Letter stock or securities restricted as to sale - excluding FHLB capital stock	31	—	31	35	$ (4)	$ 31	— %	— %
FHLB capital stock	195	—	195	174	$ 21	$ 195	0.1 %	0.1 %
On deposit with states	289	—	289	263	$ 26	$ 289	0.1 %	0.1 %
Pledged as collateral to FHLB (including assets backing funding agreements)	3,256	—	3,256	2,832	$ 424	$ 3,256	1.6 %	1.6 %
Reinsurance collateral assets(1)	9,286	—	9,286	9,701	$ (415)	$ 9,286	4.6 %	4.6 %
Total restricted assets	$ 13,949	$ 112	$ 14,061	$ 13,959	$ 102	$ 14,061	6.9 %	7.0 %

(1) Includes assets of $7,995 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, 2021 and 2020, the Company recorded cash collateral received under these agreements of $604 million and $605 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, 2021 was $567 million, with a fair value of $591 million. At December 31, 2020, the carrying value was $530 million, with a fair value of $593 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 $623 million and $621 million at December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, there were no separate account securities lending agreements.

At December 31, 2021, the carrying value and fair value of securities held under agreements to purchase and resell was $124 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 three days and a weighted average yield of 0.1%. At December 31, 2020, the carrying value and fair value of securities held under agreements to purchase and resell was $287 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 four days and a weighted average yield of 0.1%.

NOTE 6 - INVESTMENTS (continued)

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, 2021 and 2020, the Company was a party to dollar repurchase agreements in the separate accounts for $313 million and $113 million, respectively. The Company had no dollar repurchase agreements in 2021 and 2020 in the general account.

At December 31, 2021 and 2020, assets received as collateral reflected within the accompanying Statutory Statements of Financial Position, along with a liability to return such collateral, were as follows ($ in millions):

	2021			
Cash Collateral Assets	**Book/Adjusted Carrying Value**	**Fair Value**	**% of Total Assets (Admitted and Nonadmitted)**	**% of Total Admitted Assets**
Securities lending	$ 604	$ 604	0.3 %	0.3 %
Derivatives	589	589	0.3	0.3
Total (General Account)	$ 1,193	$ 1,193	0.6 %	0.6 %
Cash received on repurchase transactions (Separate Account)[1]	$ 313	$ 313	2.2 %	2.2 %

[1] % of total assets is calculated based on total separate account assets.

	2020			
Cash Collateral Assets	**Book/Adjusted Carrying Value**	**Fair Value**	**% of Total Assets (Admitted and Nonadmitted)**	**% of Total Admitted Assets**
Securities lending	$ 605	$ 605	0.3 %	0.3 %
Derivatives	450	450	0.2	0.2
Total (General Account)	$ 1,055	$ 1,055	0.6 %	0.6 %
Cash received on repurchase transactions (Separate Account)[1]	$ 113	$ 113	0.8 %	0.8 %

[1] % of total assets is calculated based on total separate account assets.

	2021		2020	
Recognized Obligation to Return Collateral Asset	**Amount**	**% of Total Liabilities**	**Amount**	**% of Total Liabilities**
Amounts payable under securities lending agreements	$ 604	0.3 %	$ 605	0.4 %
Other liabilities (derivatives)	589	0.3	450	0.3
Total (General Account)	$ 1,193	0.7 %	$ 1,055	0.6 %
Separate accounts liabilities (repurchase transactions)[1]	$ 312	2.2 %	$ 112	0.8 %

[1] % of Total Liabilities is calculated based on Total Separate Account Liabilities.

Cash received on securities lending transactions and repurchase agreements is then reinvested in short-term investments and bonds with various maturities.

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, 2021 and 2020 (in millions):

	2021					
	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	$ 48	$ —	$ —	$ —	$ —	$ 48
U.S. government corporation & agencies	—	273	40	—	—	313
Foreign governments	11	—	—	—	—	11
U.S. corporate	463	—	—	—	—	463
Foreign corporate	82	—	—	—	—	82
Non-agency asset backed securities	—	—	—	—	—	—
Total securities lending transactions	$ 604	$ 273	$ 40	$ —	$ —	$ 917

	2020					
	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	$ 44	$ —	$ —	$ —	$ —	$ 44
U.S. government corporation & agencies	2	33	—	—	—	35
Foreign governments	5	—	—	—	—	5
U.S. corporate	481	—	—	—	—	481
Foreign corporate	73	—	—	—	—	73
Non-agency asset backed securities	—	—	—	—	—	—
Total securities lending transactions	$ 605	$ 33	$ —	$ —	$ —	$ 638

At December 31, 2021 and 2020, 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, 2021 and 2020 from the reinvestment of all collateral received in securities lending and dollar repurchase agreements (in millions):

	2021		2020	
Period to Maturity	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Open	$ —	$ —	$ —	$ —
30 days or less	574	574	432	432
31 to 60 days	106	106	125	125
61 to 90 days	62	62	65	65
91 to 120 days	37	37	10	10
121 to 180 days	52	52	46	46
181 to 365 days	5	5	10	10
1 to 2 years	33	33	20	20
2 to 3 years	66	66	26	26
Greater than 3 years	—	—	—	—
Total collateral reinvested	$ 935	$ 935	$ 734	$ 734

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, maximum balance during the year, and ending balance for tri-party reverse repurchase agreements at December 31, 2021 and 2020 (in millions):

	2021		2020	
	Maximum Balance	**Ending Balance**	**Maximum Balance**	**Ending Balance**
Open - No Maturity	$ —	$ —	$ —	$ —
Overnight	$ 662	$ —	$ —	$ —
2 Days to 1 Week	$ —	$ 124	$ 332	$ 287
> 1 Week to 1 Month	$ —	$ —	$ —	$ —
> 1 Month to 3 Months	$ —	$ —	$ —	$ —
> 3 Months to 1 Year	$ —	$ —	$ —	$ —
> 1 Year	$ —	$ —	$ —	$ —

At December 31, 2021 and 2020, 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 2021 and 2020 (in millions):

	Maximum Balance	Ending Balance
Fourth Quarter 2021	$ 431	$ 124
Third Quarter 2021	$ 234	$ 172
Second Quarter 2021	$ 260	$ 230
First Quarter 2021	$ 662	$ 237
Fourth Quarter 2020	$ 332	$ 287
Third Quarter 2020	$ 332	$ 325
Second Quarter 2020	$ 329	$ 313
First Quarter 2020	$ 317	$ 197

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 2021 and 2020 (in millions):

	Overnight and Continuous	30 Days or Less	31 to 90 Days	> 90 Days
Maximum Balance				
Fourth Quarter 2021	$ —	$ —	$ —	$ 440
Third Quarter 2021	$ —	$ —	$ —	$ 239
Second Quarter 2021	$ —	$ —	$ —	$ 266
First Quarter 2021	$ —	$ —	$ —	$ 676
Fourth Quarter 2020	$ —	$ —	$ —	$ 338
Third Quarter 2020	$ —	$ —	$ —	$ 339
Second Quarter 2020	$ —	$ —	$ —	$ 336
First Quarter 2020	$ —	$ —	$ —	$ 323
Ending Balance				
Fourth Quarter 2021	$ —	$ —	$ —	$ 126
Third Quarter 2021	$ —	$ —	$ —	$ 176
Second Quarter 2021	$ —	$ —	$ —	$ 235
First Quarter 2021	$ —	$ —	$ —	$ 242
Fourth Quarter 2020	$ —	$ —	$ —	$ 293
Third Quarter 2020	$ —	$ —	$ —	$ 325
Second Quarter 2020	$ —	$ —	$ —	$ 313
First Quarter 2020	$ —	$ —	$ —	$ 197

The Company had no recognized receivable for return of collateral or a recognized liability to return collateral at December 31, 2021, and 2020, respectively.

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):

Investments	Number of 5GI Securities		Carrying Value		Estimated Fair Value	
	2021	2020	2021	2020	2021	2020
General account:						
Bonds - amortized cost	14	16	$ 2	$ 2	$ 2	$ 2
Loan-backed and structured securities - amortized cost	7	7	5	23	6	25
Preferred stock - amortized cost	—	—	—	—	—	—
Preferred stock - fair value	1	—	1	—	1	—
Total general account	22	23	$ 8	$ 25	$ 9	$ 27
Separate account:						
Bonds - amortized cost	1	—	$ —	$ —	$ —	$ —
Loan-backed and structured securities - amortized cost	1	1	—	—	—	—
Total separate account	2	1	$ —	$ —	$ —	$ —

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 Company did not have any wash sales where securities with an NAIC rating designation of 3 or below, or unrated, were sold during the year ended December 31, 2021 and reacquired within 30 days of the sale date. The details by NAIC designation of 3 or below, or unrated, securities sold during the year ended December 31, 2020 and reacquired within 30 days of the sale date are as follows ($ in millions): ·

		2020			
Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Realized Gains (Losses)
Bonds	NAIC 3	—	$ —	$ —	$ —
Bonds[(1)]	NAIC 4	1	—	—	—
Bonds	NAIC 5	—	—	—	—
Bonds	NAIC 6	—	—	—	—
Preferred stock	NAIC 3	—	—	—	—
Preferred stock	NAIC 4	—	—	—	—
Preferred stock	NAIC 5	—	—	—	—
Preferred stock	NAIC 6	—	—	—	—
Common stock		1	5	5	—
		2	$ 5	$ 5	$ —

(1) Book value of securities sold and cost of securities repurchased are both less than $1 million.

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT

The Company uses derivative instruments to manage interest rate, equity and currency risk, and to replicate otherwise permissible investments. These derivative instruments include foreign currency and bond forwards, interest rate options, interest rate and equity futures, interest rate, total return, inflation, credit default 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 manages its credit risk by entering into transactions with creditworthy counterparties, using master netting arrangements, and obtaining collateral where appropriate. The Company also deals with a large number of counterparties, thus limiting its exposure to any single counterparty. The Company also has controls in place to monitor credit exposures of OTC-bilateral counterparties by limiting transactions within specified dollar limits and adjusting transaction levels where appropriate, to minimize risk. All of the net credit exposure for the Company from derivatives transactions is with investment-grade counterparties. In addition, certain of the Company's agreements provide that if the Company's (or its counterparty's) credit rating were to fall below a specified credit rating assigned by a credit rating agency, the other party could request immediate payout on all transactions under the agreements. 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.

Collateralization plays a central role in the Company's mitigation of risk related to derivatives. 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. CSAs define the terms under which collateral is transferred between the parties in order to mitigate credit risk arising from "in the money" derivative positions. The Variation Margin CSA requires that an OTC-bilateral counterparty post collateral to secure its anticipated derivative obligation, taking into account netting arrangements. Under federal regulation that became effective on September 1, 2021, additional margin is required to be posted to and collected from counterparties to OTC-bilateral derivatives to cover market movements over a ten day close-out period. This "initial margin" is documented under its own Initial Margin CSA and amounts posted under the Initial Margin CSA must be maintained at a third-party custodian, without any right of rehypothecation. Cash collateral is invested in short-term investments. Securities posted by the Company as collateral under derivative contracts continue to be reported as assets in the Company's Statutory Statements of Financial Position. Securities received as collateral under derivative contracts are not reported in the Company's Statutory Statements of Financial Position.

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

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, 2021, the Company held collateral for derivatives of $473 million and there were no securities held. At December 31, 2020, the Company held collateral for derivatives of $342 million and there were no securities held. Fair value of derivatives in a net asset position, net of collateral, was $33 million and $28 million at December 31, 2021 and 2020, 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.

Bond forwards are paired with investment grade bonds in replication transactions 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 contracts, total return swaps and options on broad indices to hedge equity exposure.

NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)

Replication Transactions

Bond forwards are paired with other investment grade bonds in replication transactions to generate the return and price risk of long-dated fixed income securities.

Interest rate swaps are paired with bonds issued by Collateral Loan Obligation securitizations in replication transactions to generate the return and price risk of long-dated fixed income securities

Credit default swaps are paired with investment grade bonds in replication transactions to generate the return and price risk of long dated corporate bonds.

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, 2021 and 2020 (in millions):

	2021					
			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	$ 6,505	$ 97	$ 75	$ 190	$ 41
Interest rate swaps	Interest	39	10	—	—	—
Total cash flow hedges		6,544	107	75	190	41
Net investment hedges:						
Foreign currency forwards	Currency	80	1	—	1	—
Replications:						
Bond forwards	Interest	3,085	72	130	—	—
Interest rate swaps	Interest	100	—	2	—	—
Credit default swaps	Interest	50	1	—	1	—
Total replications		3,235	73	132	1	—
Total derivatives qualifying and designated		9,859	181	207	192	41
Derivatives not designated						
Foreign currency forwards	Currency	—	—	—	—	—
Foreign currency swaps	Currency	8,063	430	54	430	54
Futures	Interest	11	—	—	—	—
Equity options	Equity	—	—	—	—	—
Inflation swaps	Interest	424	15	33	15	33
Interest rate options	Interest	24,278	33	2	33	2
Interest rate swaps	Interest	1,950	378	188	378	188
Total return swaps	Equity	—	—	—	—	—
Total derivatives not designated		34,726	856	277	856	277
Total derivatives		$ 44,585	$ 1,037	$ 484	$ 1,048	$ 318

(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)

	2020					
			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	$ 3,631	$ 168	$ 41	$ 292	$ 31
Interest rate swaps	Interest	39	14	—	—	—
Total cash flow hedges		3,670	182	41	292	31
Replications:						
Bond forwards	Interest	3,300	20	125	—	—
Total replications		3,300	20	125	—	—
Net investment hedges:						
Foreign currency forwards	Currency	75	—	3	—	3
Total derivatives qualifying and designated		7,045	202	169	292	34
Derivatives not designated						
Foreign currency forwards	Currency	7	—	—	—	—
Foreign currency swaps	Currency	7,452	362	148	362	149
Futures	Interest	363	2	—	2	—
Equity options	Equity	533	2	—	2	—
Inflation swaps	Interest	471	6	92	6	92
Interest rate options	Interest	39,837	51	1	51	1
Interest rate swaps	Interest	1,784	468	261	468	261
Total return swaps	Equity	1,852	—	32	—	32
Total derivatives not designated		52,299	891	534	891	535
Total derivatives		$ 59,344	$ 1,093	$ 703	$ 1,183	$ 569

[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.

Derivatives Qualifying and Designated

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, 2021 and 2020 (in millions):

	Surplus[1]		Net Realized Capital Gains (Losses)		Net Investment Income		Other Income	
Derivative Type	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Foreign currency swaps	$ (112)	$ 212	$ (10)	$ 9	$ 4	$ 3	$ (67)	$ (49)
Interest rate swaps	—	—	—	—	2	2	—	—
Foreign currency forwards	—	(1)	—	—	—	—	—	—
Total	$ (112)	$ 211	$ (10)	$ 9	$ 6	$ 5	$ (67)	$ (49)

(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.

Derivative Replications

The following table presents the effects of derivatives in replication relationships for the years ended December 31, 2021 and 2020 (in millions).

Derivative Type	Gain or (Loss) Recognized in Surplus[1]		Gain or (Loss) Recognized in Net Realized Capital Gains (Losses)		Gain or (Loss) Recognized in Net Investment Income	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Bond forwards	$ —	$ —	$ (214)	$ (1)	$ 42	$ 28
Total	$ —	$ —	$ (214)	$ (1)	$ 42	$ 28

(1) The amount of gain or (loss) recognized in surplus is reported within Change in net unrealized capital gains 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 the years ended December 31, 2021 and 2020 (in millions):

	Surplus[1]		Net Realized Capital Gains (Losses)		Net Investment Income		Other Income	
Derivative Type	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Foreign currency forwards	$ —	$ 1	$ —	$ (1)	$ —	$ —	$ —	$ —
Foreign currency swaps	162	(62)	22	22	51	55	9	(4)
Futures	(5)	14	66	(293)	—	—	—	—
Equity options	2	(2)	(3)	(6)	—	—	—	—
Inflation swaps	69	8	(15)	(1)	—	—	20	(9)
Interest rate options	12	25	24	—	(16)	(19)	—	—
Interest rate swaps	(18)	11	—	—	13	12	1	(9)
Total return swaps	32	(32)	(234)	(427)	—	—	—	—
Total	$ 254	$ (37)	$ (140)	$ (706)	$ 48	$ 48	$ 30	$ (22)

(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).

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 is subject to Section 4240 of the New York State Insurance Law. In addition, the separate accounts are supported through affirmative approval of the plans of operations by the New York State Department of Financial Services.

The assets legally and not legally insulated from the general account at December 31, 2021 and 2020 are attributed to the following products or transactions (in millions):

	2021		2020	
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)	$ 14,074	$ 288	$ 14,127	$ 57
Supplemental account[1]	—	87	—	106
Total	$ 14,074	$ 375	$ 14,127	$ 163

[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 $313 million of borrowed funds, $45 million of payable for securities, $10 million of other liabilities, $4 million of investment servicing fees payable, and $3 million of remittances and items not allocated.

[3] Separate accounts assets classified as not legally insulated assets support $112 million of borrowed funds, $27 million of payable for securities, $10 million of other liabilities, $9 million of other transfers to the general account due or accrued (net), $4 million of investment servicing fees payable, and $1 million of remittances and items not allocated.

Guaranteed Separate Accounts

The Company maintained assets in guaranteed separate accounts at December 31, 2021 and 2020 as follows (in millions):

	2021	2020
Market value separate accounts[1]	$ 3,779	$ 3,809
Book value separate accounts	7,266	7,121
Total guaranteed separate accounts assets	$ 11,045	$ 10,930

[1] Includes assets maintained in the supplemental account of $87 million and $106 million at December 31, 2021 and 2020, 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.

NOTE 8 - SEPARATE ACCOUNTS (continued)

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	
2021	$	14
2020	$	12
2019	$	11
2018	$	13
2017	$	16

For the years ended December 31, 2021, 2020, 2019, 2018 and 2017, 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 $3,404 million and $3,361 million at December 31, 2021 and 2020, respectively. Separate accounts funding non-guaranteed benefits provide no guarantee of principal or interest, and payout is at fair value at contract discontinuance.

NOTE 8 - SEPARATE ACCOUNTS (continued)

Information regarding the separate accounts of the Company at and for the years ended December 31, 2021 and 2020 is as follows (in millions):

	2021			
	Indexed	Non-Indexed Guarantee less than or equal to 4%	Non-Guaranteed Separate Accounts	Total
Premiums and considerations	$ —	$ 2,329	$ —	$ 2,329
Reserves at 12/31:				
For accounts with assets at:				
Fair value	$ —	$ 3,420	$ 3,403	$ 6,823
Amortized cost	—	7,258	—	7,258
Total reserves	$ —	$ 10,678	$ 3,403	$ 14,081
By withdrawal characteristics:				
With fair value adjustment	$ —	$ 7,258	$ —	$ 7,258
At fair value	—	3,420	3,403	6,823
Total reserves	$ —	$ 10,678	$ 3,403	$ 14,081

	2020			
	Indexed	Non-Indexed Guarantee less than or equal to 4%	Non-Guaranteed Separate Accounts	Total
Premiums and considerations	$ —	$ 4,545	$ —	$ 4,545
Reserves at 12/31:				
For accounts with assets at:				
Fair value	$ —	$ 3,670	$ 3,355	$ 7,025
Amortized cost	—	7,092	—	7,092
Total reserves	$ —	$ 10,762	$ 3,355	$ 14,117
By withdrawal characteristics:				
With fair value adjustment	$ —	$ 7,092	$ —	$ 7,092
At fair value	—	3,670	3,355	7,025
Total reserves	$ —	$ 10,762	$ 3,355	$ 14,117

The following is a reconciliation of net transfers from the general account to the separate accounts (in millions):

	2021	2020
Transfers to separate accounts	$ 2,329	$ 4,545
Transfers from separate accounts	(3,196)	(2,092)
Net transfers (from) to separate accounts	$ (867)	$ 2,453

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. At December 31, 2021, the Company challenged the price it received from third party pricing services on general account securities with a book value of $45 million and a market value of $49 million. The Company did not have any price challenges on separate account securities for what it received from third party pricing services. At December 31, 2020, the Company did not have any price challenges on general account and separate account securities from what it received from third party pricing services.

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 estimated fair value and carrying value of the Company's financial instruments at December 31, 2021 and 2020 (in millions):

	2021					
	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV as a Practical Expedient
Assets:						
Bonds	$ 133,000	$ 122,778	$ 26	$ 127,779	$ 5,195	$ —
Preferred stocks	120	120	—	6	114	—
Common stocks[1]	1,175	1,175	961	—	214	—
Mortgage loans	20,862	20,112	—	—	20,862	—
Cash, cash equivalents and short-term investments	2,616	2,616	654	1,962	—	—
Derivatives	1,037	1,048	—	1,034	3	—
Derivatives collateral	91	91	—	91	—	—
Other invested assets[1]	616	606	—	200	416	—
Investment income due and accrued	1,628	1,628	—	1,628	—	—
Separate accounts assets	14,468	14,449	1,983	10,715	49	1,721
Total assets	$ 175,613	$ 164,623	$ 3,624	$ 143,415	$26,853	$ 1,721
Liabilities:						
Deposit fund contracts:						
Funding agreements	$ 26,753	$ 26,730	$ —	$ —	$26,753	$ —
Annuities certain	21	19	—	—	21	—
Other deposit funds	613	613	—	—	613	—
Premiums paid in advance	119	119	—	119	—	—
Derivatives	484	318	—	483	1	—
Derivatives collateral	589	589	—	589	—	—
Borrowed money	475	475	—	475	—	—
Amounts payable under security lending agreements	604	604	—	604	—	—
Total liabilities	$ 29,658	$ 29,467	$ —	$ 2,270	$27,388	$ —

[1] Excludes investments accounted for under the equity method.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

	2020					
	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV as a Practical Expedient
Assets:						
Bonds	$ 129,408	$ 114,224	$ —	$ 125,476	$ 3,932	$ —
Preferred stocks	56	34	—	8	48	—
Common stocks(1)	916	916	693	—	223	—
Mortgage loans	20,323	19,118	—	—	20,323	—
Cash, cash equivalents and short-term investments	2,505	2,505	899	1,606	—	—
Derivatives	1,093	1,183	2	1,086	5	—
Derivatives collateral	154	154	—	154	—	—
Other invested assets(1)	475	435	—	176	299	—
Investment income due and accrued	1,612	1,612	—	1,612	—	—
Separate accounts assets	14,472	14,290	1,551	11,470	23	1,428
Total assets	$ 171,014	$ 154,471	$ 3,145	$ 141,588	$24,853	$ 1,428
Liabilities:						
Deposit fund contracts:						
Funding agreements	$ 23,978	$ 23,275	$ —	$ —	$23,978	$ —
Annuities certain	29	25	—	—	29	—
Other deposit funds	591	591	—	—	591	—
Premiums paid in advance	104	104	—	104	—	—
Derivatives	703	569	—	702	1	—
Derivatives collateral	450	450	—	450	—	—
Borrowed money	377	377	—	377	—	—
Amounts payable under security lending agreements	605	605	—	605	—	—
Total liabilities	$ 26,837	$ 25,996	$ —	$ 2,238	$24,599	$ —

(1) Excludes investments accounted for under the equity method.

Bonds

For U.S. SAP, bonds reported as Level 1 represent investments in certain SVO approved ETF and mutual funds, which are SVO-Identified Investments that are eligible for classification as bonds as identified in the NAIC's SVO Purposes and Procedure Manual if they meet certain criteria stipulated by the NYSDFS. Valuation of these securities is based on unadjusted quoted prices in active markets that are readily and regularly available. All other ETFs and mutual funds are classified and accounted for as common stock.

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.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

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.

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 which had a carrying value of $3,374 million and a fair value of $3,481 million at December 31, 2021 and a carrying value of $2,568 million and a fair value of $2,678 million at December 31, 2020. 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.

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, which takes into account matters such as property type, LTV and remaining term of each loan, etc. The spread is a significant component of the pricing inputs, and therefore, these investments are classified as Level 3.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

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.

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, preferred units of a limited partnership, 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 and therefore is classified as Level 3. The fair value of the preferred units in a limited partnership is derived internally based on market comparable preferred units and recent transactions by the limited partnership. The valuation technique used required inputs that were both unobservable and significant and therefore classified as Level 3.

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. Separate accounts assets reported as Level 3 relate to investments in corporate bonds.

Separate accounts assets reported as Level 3 relate to investments in corporate bonds. These are 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.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

The following tables provide additional information for investments that are measured at fair value using net asset value ("NAV") as a practical expedient, as allowed under authoritative guidance, for investments that meet specified criteria (in millions):

2021

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	$ 429	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	30-90 days (Assets subject to lock-up periods)
Hedge fund	Distressed securities, multi-strategy	4	—	N/A	N/A
Private equity	Leverage buyout, mezzanine financing, distressed securities	1,288	359	N/A	N/A
		$ 1,721	$ 359		

2020

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	$ 435	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	30 - 90 days (Assets subject to lock-up periods)
Hedge fund	Distressed securities, multi-strategy	5	—	N/A	N/A
Private equity	Leverage buyout, mezzanine financing, distressed securities	988	435	N/A	N/A
		$ 1,428	$ 435		

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.

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. At December 31, 2021, the Company had no repurchase agreements in the general account and had repurchase agreements of $318 million in the separate account. At December 31, 2020, the Company had no repurchase agreements in the general account and had repurchase agreements of $113 million in the separate account.

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

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.

The following tables present the balances of assets and liabilities measured and carried at fair value or NAV as a practical expedient at December 31, 2021 and 2020 (in millions):

	2021				
	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					
SVO identified bond ETF	$ 26	$ —	$ —	$ —	$ 26
Non-agency ABS	—	1	15	—	16
Total bonds	26	1	15	—	42
Preferred stocks	—	6	114	—	120
Common stocks	961	—	214	—	1,175
Derivatives	—	853	3	—	856
Separate accounts assets	1,557	3,880	21	1,721	7,179
Other invested assets	—	—	163	—	163
Total assets at fair value	$ 2,544	$ 4,740	$ 530	$ 1,721	$ 9,535
Liabilities at fair value					
Derivatives	$ —	$ 276	$ 1	$ —	$ 277
Separate accounts liabilities - derivatives	1	—	—	—	1
Total liabilities at fair value	$ 1	$ 276	$ 1	$ —	$ 278

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

	2020				
	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	$ —	$ 9	$ 4	$ —	$ 13
Non-agency CMBS	—	4	—	—	4
Non-agency ABS	—	2	—	—	2
Total bonds	—	15	4	—	19
Preferred stocks	—	—	1	—	1
Common stocks	693	—	223	—	916
Derivatives	2	884	5	—	891
Separate accounts assets	1,527	4,208	2	1,428	7,165
Total assets at fair value	$ 2,222	$ 5,107	$ 235	$ 1,428	$ 8,992
Liabilities at fair value					
Derivatives	—	533	1	$ —	$ 534
Separate accounts liabilities - derivatives	1	—	—	—	1
Total liabilities at fair value	$ 1	$ 533	$ 1	$ —	$ 535

The tables below present a reconciliation of Level 3 assets and liabilities for the years ended December 31, 2021 and 2020 (in millions):

	2021									
	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	$ 4	$ —	$ (4)	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-agency ABS	—	16	—	—	(1)	—	—	—	—	15
Total bonds	4	16	(4)	—	(1)	—	—	—	—	15
Common stocks	223	—	(6)	—	33	33	—	(69)	—	214
Preferred Stocks	1	31	(1)	—	74	9	—	—	—	114
Derivatives	5	—	—	(16)	14	—	—	—	—	3
Separate accounts assets	2	—	(2)	—	2	19	—	—	—	21
Other invested assets	—	163	—	—	—	—	—	—	—	163
Total	$ 235	$ 210	$ (13)	$ (16)	$ 122	$ 61	$ —	$ (69)	$ —	$ 530
Liabilities:										
Derivatives	$ 1	$ —	$ —	$ (1)	$ 1	$ —	$ —	$ —	$ —	$ 1
Total	$ 1	$ —	$ —	$ (1)	$ 1	$ —	$ —	$ —	$ —	$ 1

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

	2020									
	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	$ 5	$ (11)	$ —	$ (2)	$ —	$ —	$ —	$ —	$ 4
Non-agency ABS	—	—	—	—	—	—	—	—	—	—
Total bonds	11	5	(11)	—	(2)	—	—	—	—	4
Common stocks	181	13	(4)	—	10	106	—	(83)	—	223
Preferred stocks	2	3	(2)	(1)	—	—	—	(1)	—	1
Derivatives	2	—	—	(20)	23	—	—	—	—	5
Separate accounts assets	—	—	—	—	—	2	—	—	—	2
Total	$ 196	$ 21	$ (17)	$ (21)	$ 31	$ 108	$ —	$ (84)	$ —	$ 235
Liabilities:										
Derivatives	$ 2	$ —	$ —	$ —	$ (1)	$ —	$ —	$ —	$ —	$ 1
Total	$ 2	$ —	$ —	$ —	$ (1)	$ —	$ —	$ —	$ —	$ 1

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 $210 million for the year ended December 31, 2021, which primarily relates to preferred shares in other invested assets of $163 million and perpetual preferred stocks of $31 million which both were measured at fair value effective 2021; $13 million of non-agency asset backed securities that were transferred into level 3 due to corporate actions; and $3 million of non-agency asset backed securities that were measured at amortized cost at the beginning of the period and measured at fair value at the end of the period. Transfers out of Level 3 totaled $13 million for the year ended December 31, 2021, which relates to $4 million of a common stock security that had a level change due to the use of a quoted price in an active market; $2 million of common stock securities and $1 million of perpetual preferred stocks transferred out of level 3 due to corporate actions; $4 million of a U.S. corporate security that was measured at fair value at the beginning of the period and measured at amortized cost at the end of the period; and $2 million of a separate accounts assets security that had a level change due to the use of a quoted price in an active market.

Transfers into Level 3 totaled $21 million for the year ended December 31, 2020, which primarily relates to $12 million of common stock securities that were transferred into Level 3 due to corporate actions, $5 million of a U.S corporate security and $2 million of a non-redeemable preferred stock security that were measured at amortized cost at the beginning of the period and measured at fair value at the end of the period. Transfers out of Level 3 totaled $17 million for the year ended December 31, 2020, which primarily relates to $11 million of a U.S. corporate security that was measured at fair value at the beginning of the period and measured at amortized cost at the end of the period and $3 million of common stock securities that had a level change due to the use of a quoted price in an active market.

NOTE 10 – INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES

The components of net investment income for the years ended December 31, 2021 and 2020 were as follows (in millions):

	2021	2020
Bonds	$ 4,635	$ 4,633
Common and preferred stocks	969	963
Mortgage loans	834	807
Policy loans	602	609
Other invested assets	1,724	905
Short-term investments	2	16
Derivatives	97	81
Real estate	371	344
Other investments	10	11
Gross investment income	9,244	8,369
Investment expenses	(689)	(654)
Net investment income	8,555	7,715
Amortization of IMR	124	202
Net investment income, including amortization of IMR	$ 8,679	$ 7,917

Due and accrued investment income is excluded from surplus when amounts are over 90 days past due or collection is uncertain. At December 31, 2021 and 2020 , the due and accrued investment income that was nonadmitted was less than $1 million on bonds for both periods.

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) or tender 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):

	2021		2020	
	General Account	Separate Account	General Account	Separate Account
Number of cusips	426	173	302	99
Investment income	$ 184	$ 20	$ 99	$ 12

NOTE 10 – INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

For the years ended December 31, 2021 and 2020, net realized capital gains (losses) were as follows (in millions):

	2021	2020
Bonds	$ 321	$ 504
Common and preferred stocks	18	(13)
Other invested assets	(141)	(190)
Mortgage loans	3	(55)
Real estate	1	—
Derivatives	(364)	(697)
Other[1]	(16)	—
Net realized capital losses before tax and transfers to IMR	(178)	(451)
Less:		
Capital gains tax expense (benefit)	60	(31)
Net realized capital gains after-tax transferred to IMR	122	401
Net realized capital losses after-tax and transfers to IMR	$ (360)	$ (821)

[1] Primarily includes foreign exchange losses on foreign currency funding agreements.

Proceeds from investments in bonds sold were $4,482 million and $6,613 million for the years ended December 31, 2021 and 2020, respectively. Gross gains of $380 million and $703 million in 2021 and 2020, respectively, and gross losses of $21 million and $35 million in 2021 and 2020, 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, 2021 and 2020 (in millions):

	2021	2020
Other invested assets	$ 142	$ 178
Bonds	47	160
Mortgage loans	—	55
Common and preferred stocks	—	16
Total	$ 189	$ 409

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, 2021 and 2020 (in millions):

	2021					
	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	$ 1,970	$ 47	$ 1,552	$ 168	$ 3,522	$ 215
All other governments	100	2	—	—	100	2
U.S. Special Revenue and Special Assessment	839	13	53	3	892	16
Industrial and miscellaneous unaffiliated	16,488	305	1,897	76	18,385	381
Total bonds	$ 19,397	$ 367	$ 3,502	$ 247	$ 22,899	$ 614
Equity securities (unaffiliated)						
Common stocks	$ 24	$ 7	$ —	$ —	$ 24	$ 7
Preferred stocks	—	—	—	—	—	—
Total equity securities	24	7	—	—	24	7
Total	$ 19,421	$ 374	$ 3,502	$ 247	$ 22,923	$ 621

[1] Includes unrealized losses of $1 million related to NAIC 6 bonds included in the statutory carrying amount.

	2020					
	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	$ 1,701	$ 63	$ 5	$ —	$ 1,706	$ 63
U.S. Special Revenue and Special Assessment	248	4	13	—	261	4
Industrial and miscellaneous unaffiliated	4,284	174	1,779	39	6,063	213
Total bonds	$ 6,233	$ 241	$ 1,797	$ 39	$ 8,030	$ 280
Equity securities (unaffiliated)						
Common stocks	$ —	$ 1	$ —	$ —	$ —	$ 1
Preferred stocks	1	—	—	—	1	—
Total equity securities	1	1	—	—	1	1
Total	$ 6,234	$ 242	$ 1,797	$ 39	$ 8,031	$ 281

[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, 2021, the gross unrealized loss on bonds and equity securities was comprised of approximately 2,887 and 11 different securities, respectively, which are included in the table above. Of the total amount of bond unrealized losses, $557 million, or 91%, is related to investment grade securities and $57 million, or 9%, is related to below investment grade securities. At December 31, 2020, the gross unrealized loss on bonds and equity securities was comprised of approximately 1,150 and 11 different securities, respectively, which are included in the table above. Of the total amount of bond unrealized losses, $200 million, or 72%, is related to investment grade securities and $76 million, or 28%, 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 $14 million. The period of time that each of these securities has continuously been below amortized cost by 20% or more consists of $12 million for six months or less, less than $1 million for greater than six months through 12 months, and $2 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, 2021 and 2020 were as follows (in millions):

	Change in Unrealized Gains (Losses)		Change in Unrealized Foreign Exchange Gains (Losses)		Total Change in Unrealized Gains (Losses)	
	2021	2020	2021	2020	2021	2020
Bonds	$ 3	$ (3)	$ (164)	$ 268	$ (161)	$ 265
Preferred stocks	53	—	—	—	53	—
Common stocks (unaffiliated)	252	77	(1)	1	251	78
Common stocks (affiliated)	46	(435)	—	—	46	(435)
Mortgage Loans	(2)	11	—	—	(2)	11
Cash, cash equivalents and short-term investments	—	—	(2)	1	(2)	1
Derivatives	142	171	—	2	142	173
Other invested assets	1,923	468	24	68	1,947	536
Aggregate write-ins	—	—	208	(318)	208	(318)
Total change in unrealized on investments	2,417	289	65	22	2,482	311
Capital gains tax expense (benefit)	(502)	(70)	—	—	(502)	(70)
Total change in unrealized capital gains (losses), net of tax	$ 1,915	$ 219	$ 65	$ 22	$ 1,980	$ 241

NOTE 11 – RELATED PARTY TRANSACTIONS

Capital Contributions

For the years ended December 31, 2021 and 2020, the Company had the following net capital contributions to/(return of capital) from its insurance and holding company subsidiaries (in millions):

	2021	2020
NYLIAC[1]	$ —	$ 530
MCF	19	88
NYLIFE LLC	(18)	4
NYLE	(85)	(98)
Total	$ (84)	$ 524

[1] The capital contribution to NYLIAC was in the form of an affiliated equity investment in MCF.

Dividends Received

For the years ended December 31, 2021 and 2020, the Company recorded the following dividend distributions from its insurance and holding company subsidiaries (in millions):

	2021	2020
NYLIAC	$ 942	$ 932
NYL Investors	150	145
MCF	38	80
NYLIFE LLC	3	—
NYL Investments	—	95
NYLAZ	—	5
Total	$ 1,133	$ 1,257

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

Material Transactions

The following table presents material related party transactions between the Company and its subsidiaries, for the years ended December 31, 2021 and 2020:

Date of Transaction	Name of Related Party	Nature of Relationship	Type of Transaction	Description
Loans and Credit Agreements:				
12/31/2015	MCF	Non-insurance subsidiary	Note funding agreement	The Company and NYLIAC entered into a note funding agreement with MCF and acquired a variable funding note issued by MCF thereunder. The note was most recently reissued on March 24, 2020 and is reported as a bond, with an outstanding balance for the Company of $3,400 million and $2,590 million at December 31, 2021 and 2020, respectively. The funding limit is determined using 2.25% multiplied by the cash and invested assets amount, as of such date of determination. Cash and invested assets amount means, as of any date of determination, the sum of (x) the net admitted cash and invested assets of NYLIAC (y) the net admitted cash and invested assets of NYLIC (excluding any portion thereof attributable to NYLIC's investment in NYLIAC), in each case, based on the most recently available quarterly or annual financial statements of NYLIC or NYLIAC, as applicable.
9/28/1995	New York Life Capital Corporation ("NYLCC")	Non-insurance subsidiary	Support agreement	NYLCC, a wholly owned subsidiary of NYLIFE LLC (which is a wholly owned subsidiary of the Company), has a credit agreement with the Company amended on 9/30/19, whereby NYLCC has agreed to make loans to the Company in an amount up to, but not exceeding, $3,000 million from proceeds from the issuance of commercial paper. These loans have various maturities, latest being March 16, 2022, with a weighted average interest rate of 0.16% and 0.18% for 2021 and 2020, respectively. NYLCC's outstanding principal amount of commercial paper at December 31, 2021 is $496 million.
1/29/2019	NYLCC	Non-insurance subsidiary	Revolving credit facility	The Company and NYLCC entered into a five-year $1,500 million revolving credit facility (the "Credit Facility") with a syndicate of lenders. The Company and NYLCC are borrowers under the Credit Facility. The facility had a amount outstanding of $475 million and $377 million at December 31, 2021 and 2020, respectively.
12/7/2021	MCF	Non-insurance subsidiary	Revolving credit facility	The Company closed on a new $400 million, 364-day revolving credit facility with MCF as borrower and the Company as guarantor. The credit facility is being provided by a group of banks led by Wells Fargo. The line of credit may be increased by $200 million, in $50 million increments for a total line of credit of $600 million. With the Company as guarantor, MCF received much lower pricing from the banks. In return, MCF will compensate the Company for providing the guaranty with an annual fee in the amount of $1.5 million.
9/30/1993 (amended as of 6/5/2020)	NYLIAC	Insurance subsidiary	Credit agreement	The Company entered into an amended and restated credit agreement with NYLIAC whereby the Company may loan in the amount of up to $750 million. As of December 31, 2021 and 2020, the credit facility was not used, no interest was paid and there was no outstanding balance due.
4/1/1999 (amended as of 6/5/2020)	NYLIAC	Insurance subsidiary	Credit agreement	The Company entered into an amended and restated credit agreement with NYLIAC, amended June 5, 2020, whereby the Company may borrow in the amount of up to $750 million. During 2021, NYLIC borrowed and repaid a $600 million loan to NYLIAC. The loan was only outstanding for a few days, $3,288 of interest was paid and there was no outstanding balance due. During 2020, the credit facility was not used, no interest was paid, and there was no outstanding balance due.
12/31/2020	LINA	Insurance subsidiary	Credit agreement	The Company, as lender, entered into a credit agreement with LINA, as borrower, for a maximum aggregate amount of $100 million. At December 31, 2021 and 2020, the credit facility was not used and there was no outstanding balance.
Service Agreements:				
6/1/2020	NYL Investors LLC	Non-insurance subsidiaries	Investment advisory agreement	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.
Various	Various Affiliates	Insurance and non-insurance subsidiaries	Services agreement	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. Such costs amounting to $1,254 million and $1,015 million for the years ended December 31, 2021 and 2020, respectively, were incurred by the Company and billed to its subsidiaries. The Company is reimbursed for the identified costs associated with these services and facilities. The terms of the agreements require that these amounts be settled in cash within 90 days.

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

Date of Transaction	Name of Related Party	Nature of Relationship	Type of Transaction	Description
Other Agreements:				
Various	NYLIAC	Insurance subsidiary	Acquisition of corporate owned life insurance ("COLI") policies	The Company has purchased various COLI 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. Of the $4,309 million cash surrender value at December 31, 2021 and 2020, $3,255 million and $3,217 million, respectively, is invested in NYLIAC's general account, and $1,054 million and $975 million, respectively, 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: 4% bonds, 95% stocks, and 1% real estate.
Various	NYLIAC	Insurance subsidiary	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.
Various	NYLIAC	Insurance subsidiary	Structured settlement agreement	The issuance of single premium annuities are in connection with NYLIAC's obligation under structured settlement agreements. The Company has issued $9,875 million and $9,537 million at December 31, 2021 and 2020, 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.
Various	NYLIAC	Insurance subsidiary	Participation in mortgage loans, REO and Real Estate	A real estate property acquired through foreclosure is called a REO Portfolio. NYLIAC and NYLGICNY's interests in commercial mortgage loans and LINA's interest in commercial mortgage loans acquired in 2021 are primarily held in the form of participations in mortgage loans originated or acquired by the Company. The Participation Companies' (see Note 1) interest 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 the Participation Companies that the 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 the Participation Companies 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 the Participation Companies and the Company) as the lender but are held for the benefit of both the Company and the Participation Companies pursuant to the applicable participation agreement. The Company retains general decision making authority with respect to each mortgage loan, although certain decisions require the Participation Companies approval.
6/11/2012	NYLIAC	Insurance subsidiary	Tenancy in common agreement	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 by the Company (73.8% interest) and NYLIAC (26.2% interest), the Company and NYLIAC entered into a Tenancy In Common Agreement in which the agreement sets forth the terms that govern, in part, each entity's interest in the property.
10/5/2017	NYLIAC	Insurance subsidiary	Mortgage loan in real estate	In connection with the acquisition of an office building by REEP-OFC 2300 Empire LLC and a pledge of an unleveraged equity interest in the owner of Retreat at Seven Bridges, an existing multifamily property, NYLIAC provided a first mortgage loan to REEP-OFC 2300 Empire LLC and REEP-MF Woodridge IL LLC. The Company reports this investment as a limited partnership investment.
Significant Transactions:				
10/15/2020	NYLIAC	Insurance Subsidiary	Bond sale	The Company sold an affiliated bond to NYLIAC in the amount of $608 million.
11/30/2020	NYL Investments	Non-insurance subsidiary	LP investment sale	The Company sold two LP interests to NYL Investments in the amount of $76 million.

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

At December 31, 2021 and 2020, the Company reported a net amount of $161 million and $53 million respectively, due from subsidiaries. The terms of the underlying agreements generally require that these amounts be settled in cash within 90 days.

In the ordinary course of business, the Company enters into reinsurance agreements with its subsidiaries. Material reinsurance agreements have been disclosed in Note 13 – Reinsurance. In addition, the Company may enter into guarantees and/or keep wells with its subsidiaries. Material guarantee agreements and/ or keep wells have been disclosed in Note 15 – Commitments and Contingencies.

NOTE 12 - INSURANCE LIABILITIES

Insurance liabilities at December 31, 2021 and 2020 were as follows (in millions):

	2021	2020
Life insurance reserves	$ 90,433	$ 86,149
Annuity reserves and supplementary contracts with life contingencies	30,458	29,388
Accident and health insurance reserves (including long-term care)	4,886	4,639
Asset adequacy and special reserves	656	600
Total policy reserves	126,433	120,776
Deposit funds	29,375	25,927
Policy claims	950	848
Total insurance liabilities	$ 156,758	$ 147,551

Life Insurance Reserves

Reserves for life insurance policies are maintained principally using the 1941, 1958, 1980, 2001, and 2017 Commissioners' Standard Ordinary Mortality Tables and the 1958 and 1980 Commissioners' Extended Term Mortality Tables under the net level premium method, the Commissioners' Reserve Valuation Method, or Modified Preliminary Term with valuation interest rates ranging from 2.0% to 6.0%. Reserves for policies issued in 2020 and later are determined based on principle-based standards as set forth in the NAIC Valuation Manual.

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 $858 million and $680 million in 2021 and 2020, 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.

NOTE 12 – INSURANCE LIABILITIES (continued)

At December 31, 2021 and 2020, the Company had $43,476 million and $42,369 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.

Annuity Reserves and Supplementary Contracts with 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, 1983 Group Annuity Mortality, 1994 Group Annuity Reserving table, 1960 Mod. a-49, 1971 Individual Annuity Mortality, 1983 Table A, A2000, 2012 Individual Annuity Reserving table and the Commissioners' Annuity Reserve Valuation Method with assumed interest rates ranging from 1.0% to 11.3%.

In 2021, there were no changes in reserve basis for annuity reserves. The Company recorded a $1 million increase in reserves as a change in valuation basis in 2020, which was reported as a direct reduction in surplus in the accompanying Statutory Statements of Changes in Surplus.

At December 31, 2021, the Company continued to hold an additional actuarial reserve of $140 million based on asset adequacy analysis for structured settlement contracts and $60 million based on asset adequacy analysis for guaranteed products.

Generally, owners of annuities in payout status are not able to withdraw funds from their policies at their discretion.

Accident and Health Insurance Reserves (Including Long-term Care)

Reserves for accident and health insurance policies are valued consistent with the prescribed interest rate and morbidity tables, where applicable.

Claim reserves and unpaid claim liabilities were $1,453 million and $1,432 million at December 31, 2021 and 2020, respectively. During 2021 and 2020, $210 million and $205 million, respectively, was paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Additionally, during 2021, there was $33 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, 2021 were $1,189 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 2021, there was a change in reserve valuation of $4 million associated with certain group life insurance contracts. In 2020, the Company recorded a $77 million increase in reserves for long-term care insurance contracts to reflect an updated valuation morbidity assumption. This change in valuation basis was reported as a direct reduction in surplus in the accompanying Statutory Statements of Changes in Surplus. Also, in 2020, the Company released an actuarial reserve of $70 million for long-term care insurance contracts based on asset adequacy analysis.

NOTE 12 – INSURANCE LIABILITIES (continued)

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 $1,918 million and $2,029 million to individual and group life policyholders for the years ended December 31, 2021 and 2020, respectively, and did not allocate any additional income to such policyholders.

Deposit Funds

Deposit funds at December 31, 2021 and 2020 were as follows (in millions):

	2021	2020
GICs without life contingencies (including funding agreements)	$ 26,730	$ 23,275
Dividend accumulations or refunds and other deposit funds	2,188	2,236
Supplemental contracts without life contingencies	400	348
Continued interest accounts	38	43
Annuities certain	19	25
Total deposit funds	$ 29,375	$ 25,927

The weighted average interest rate on all GICs without life contingencies was 1.35% and 1.58% at December 31, 2021 and 2020, respectively. The weighted average remaining maturity was 3 years, 6 months and 3 years, 1 month at December 31, 2021 and 2020, 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, 2021 and 2020, the balance under funding agreements sold by the Company to the SPEs was $23,021 million and $18,729 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.

NOTE 12 – INSURANCE LIABILITIES (continued)

The amount of FHLB of NY common stock held, in aggregate, exclusively in the Company's general account at December 31, 2021 and 2020 was as follows (in millions):

	2021	2020
Membership stock - class B[1]	$ 49	$ 49
Activity stock	110	146
Aggregate total	$ 159	$ 195
Actual or estimated borrowing capacity as determined by the insurer	$ 10,684	$ 9,462

[1] Membership stock is not eligible for redemption.

The amount of collateral pledged to the FHLB of NY in the Company's general account at December 31, 2021 and 2020 was as follows (in millions):

	2021	2020
Fair Value	$ 5,116	$ 5,907
Carrying Value	$ 4,763	$ 5,307
Aggregate Total Borrowing	$ 2,461	$ 3,256

The maximum amount of collateral pledged and aggregate total borrowing to the FHLB of NY in the Company's general account during the years ended December 31, 2021 and 2020 was as follows (in millions):

	2021	2020
Fair Value	$ 5,844	$ 6,283
Carrying Value	$ 5,263	$ 5,810
Aggregate Total Borrowing	$ 3,008	$ 3,632

The following table reflects the amount borrowed from the FHLB of NY in the form of funding agreements at December 31, 2021 and 2020 (in millions):

	2021	2020
Funding agreements issued	$ 2,461	$ 3,256
Funding agreement reserves established	$ 2,461	$ 3,256
Maximum amount borrowed during the year	$ 3,008	$ 4,136

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, 2021 and 2020 ($ in millions):

Individual Annuities

	2021				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 14	$ —	$ —	$ 14	— %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	14	—	—	14	—
At book value without adjustment	2	—	—	2	—
Not subject to discretionary withdrawal	9,248	—	—	9,248	100
Total	$ 9,264	$ —	$ —	$ 9,264	100 %
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2020				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 16	$ —	$ —	$ 16	— %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	16	—	—	16	—
At book value without adjustment	2	—	—	2	—
Not subject to discretionary withdrawal	8,935	—	—	8,935	100
Total	$ 8,953	$ —	$ —	$ 8,953	100 %
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

Group Annuities

NOTE 12 – INSURANCE LIABILITIES (continued)

	2021				
	General Account	**Separate Accounts with Guarantees**	**Separate Accounts Non-guaranteed**	**Total**	**% of Total**
Subject to discretionary withdrawal:					
With fair value adjustment	$ 7,475	$ 7,258	$ —	$ 14,733	42 %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	3,420	3,403	6,823	19
Total with adjustment or at fair value	7,475	10,678	3,403	21,556	61
At book value without adjustment	1,885	—	—	1,885	5
Not subject to discretionary withdrawal	11,835	—	—	11,835	34
Total	$ 21,195	$ 10,678	$ 3,403	$ 35,276	100 %
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2020				
	General Account	**Separate Accounts with Guarantees**	**Separate Accounts Non-guaranteed**	**Total**	**% of Total**
Subject to discretionary withdrawal:					
With fair value adjustment	$ 8,211	$ 7,092	$ —	$ 15,303	44 %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	3,670	3,355	7,025	20
Total with adjustment or at fair value	8,211	10,762	3,355	22,328	65
At book value without adjustment	1,805	—	—	1,805	5
Not subject to discretionary withdrawal	10,418	—	—	10,418	30
Total	$ 20,434	$ 10,762	$ 3,355	$ 34,551	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

	2021				
	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	3,792	—	—	3,792	13
Not subject to discretionary withdrawal	25,583	—	—	25,583	87
Total	$ 29,375	$ —	$ —	$ 29,375	100 %
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2020				
	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	3,683	—	—	3,683	14
Not subject to discretionary withdrawal	22,244	—	—	22,244	86
Total	$ 25,927	$ —	$ —	$ 25,927	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, 2021 and 2020 ($ in millions):

	2021					
	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	$ —	$ 432	$ 441	$ —	$ —	$ —
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	—	84,085	87,738	—	—	—
Variable life	—	—	—	—	—	—
Variable universal life	—	—	—	—	—	—
Miscellaneous reserves	—	—	—	—	—	—
Not subject to discretionary withdrawal or no cash values:						
Term policies without cash value	—	—	3,424	—	—	—
Accidental death benefits	—	—	54	—	—	—
Disability - active lives	—	—	508	—	—	—
Disability - disabled lives	—	—	583	—	—	—
Miscellaneous reserves	—	—	1,058	—	—	—
Gross life insurance	7	84,524	93,813	—	—	—
Reinsurance ceded	—	3,042	3,379	—	—	—
Net life insurance	$ 7	$ 81,482	$ 90,434	$ —	$ —	$ —

NOTE 12 – INSURANCE LIABILITIES (continued)

	2020					
	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	$ 428	$ —	$ —	$ —
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	—	80,487	83,732	—	—	—
Variable life	—	—	—	—	—	—
Variable universal life	—	—	—	—	—	—
Miscellaneous reserves	—	—	—	—	—	—
Not subject to discretionary withdrawal or no cash values:						
Term policies without cash value	—	—	3,242	—	—	—
Accidental death benefits	—	—	54	—	—	—
Disability - active lives	—	—	485	—	—	—
Disability - disabled lives	—	—	606	—	—	—
Miscellaneous reserves	—	—	1,115	—	—	—
Total life insurance (gross)	7	80,495	89,669	—	—	—
Reinsurance ceded	—	3,042	3,520	—	—	—
Total life insurance (net)	$ 7	$ 77,453	$ 86,149	$ —	$ —	$ —

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.

The effects of reinsurance on the accompanying Statutory Statements of Financial Position at December 31, 2021 and 2020 were as follows (in millions):

	2021	2020
Policy reserves:		
Direct	$ 122,316	$ 116,431
Assumed	7,498	7,866
Ceded	(3,381)	(3,521)
Policy reserves	$ 126,433	$ 120,776
Policy claims:		
Direct	$ 881	$ 775
Assumed	205	180
Ceded[1]	(136)	(107)
Policy claims	$ 950	$ 848
Reinsurance recoverable[2]	$ 29	$ 40

[1] Includes reinsurance recoverable related to unpaid losses of $115 million and $82 million at December 31, 2021 and 2020, respectively.
[2] Included in Other assets in the accompanying Statutory Statements of Financial Position.

The effects of reinsurance on the accompanying Statutory Statements of Operations at December 31, 2021 and 2020 were as follows (in millions):

	2021	2020
Premiums:		
Direct[1]	$ 17,330	$ 20,250
Assumed	895	809
Ceded	(489)	(487)
Premiums	$ 17,736	$ 20,572
Benefit payments:		
Direct	$ 14,208	$ 13,327
Assumed	1,413	1,371
Ceded	(805)	(728)
Benefit payments	$ 14,816	$ 13,970

[1] Includes considerations for supplementary contracts with life contingencies of $2 million for both the years ended December 31, 2021 and 2020, respectively.

NOTE 13 - REINSURANCE (continued)

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 consisting primarily of 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 a 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.

At December 31, 2021 and 2020, reserves related to the Closed Block reinsurance transaction were as follows (in millions):

	2021	2020
Reserves assumed	$ 7,444	$ 7,802
Reserves ceded	(2,978)	(3,121)
Reserves net	$ 4,466	$ 4,681

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 individual life insurance policies in excess of its retention limits. Currently, the Company primarily 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 on new and inforce business is established on an automatic basis. The quota share currently ceded on new business 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 Company's group life and disability businesses use catastrophic reinsurance to cover member events hosted by some insured affinity groups. These catastrophic agreements provide coverage for multiple deaths up to specific caps that are included in the treaties. No triggering events have occurred under these treaties in 2021.

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 December 31, 2021 and 2020. The reserve reductions taken for life insurance reinsured were $3,783 million and $3,943 million for the years ended December 31, 2021 and 2020, 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 Internal Revenue Code ("IRC") of 1986, as amended, and no greater than the maximum amount deductible for federal income tax purposes. In 2021 and 2020, the Company did not make any voluntary contributions to the tax-qualified plans. 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.

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, at their termination of service, 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. A limited group of retired agents who met certain age and service criteria have retiree accidental death and dismemberment ("AD&D") coverage until age 70.

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 including AD&D coverage for eligible retired 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 include, but are not limited to, salary continuation during medical and pregnancy leaves, short-term disability-related benefits, and continuation of health care benefits.

NOTE 14 – BENEFIT PLANS (continued)

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 a third-party mutual fund and third-party real estate investment funds. Total tax-qualified plan assets at December 31, 2021 and 2020 were as follows (in millions):

	Tax-qualified Pension Plans	
	2021	2020
GA Contracts[1]	$ 4,544	$ 4,612
SA Contracts[2]	3,402	3,354
Third-party real estate investment funds	480	415
Fidelity Small Cap Core Fund	237	—
Cash	1	1
Total plan assets	$ 8,664	$ 8,382

[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.

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.

The assets of each of the VEBA Trusts are invested in MainStay and third-party 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, 2021 and 2020 were as follows (in millions):

	Other Postretirement Plans	
	2021	2020
TOLI policies	$ 602	$ 517
Vanguard mutual funds	263	231
MainStay MacKay International Equity Fund	96	87
IPG Contract (401(h) component)[1]	34	33
Cash and cash equivalents	1	5
Total plan assets	$ 996	$ 873

[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 Investment Management LLC ("NYLIM"), a wholly owned subsidiary of NYL Investments, serves as investment manager of their proprietary 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 and MacKay Shields LLC, a wholly owned subsidiary of NYL Investments, serves as the sub-advisor.

NOTE 14 – BENEFIT PLANS (continued)

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, 2021 and 2020, were as follows:

	Tax-qualified Pension Plans				VEBA Trust			
	Target Allocation		Asset Allocation		Target Allocation		Asset Allocation	
Asset Category	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Fixed income securities	65 %	65 %	60 %	63 %	30 %	30 %	26 %	32 %
Equity securities	35	35	40	37	70	70	74	68
Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

The pooled separate accounts under the SA Contracts and the third-party 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.

NOTE 14 – BENEFIT PLANS (continued)

The fair values (refer to Note 9 - Fair Value Measurements for description of levels) of the tax-qualified pension plans' assets at December 31, 2021 and 2020 were as follows (in millions):

	2021				
Asset Category	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Cash	$ 1	$ —	$ —	$ —	$ 1
Fixed income securities:					
IPG contract	—	—	4,544	—	4,544
High yield bond separate account	—	—	—	403	403
Municipal bond separate account	—	—	—	221	221
Absolute return hedge fund separate account	—	—	—	4	4
Equity securities:					
Private equity separate accounts	—	—	—	1,353	1,353
International equity separate account	—	—	—	576	576
Long/short equity hedge fund separate account	—	—	—	429	429
Indexed equity separate account	—	—	—	416	416
Fidelity Small Cap Core Fund	237	—	—	—	237
Morgan Stanley Prime Property Fund	—	—	—	216	216
Invesco Core Real Estate - U.S.A. Fund	—	—	—	159	159
JPMorgan Strategic Property Fund	—	—	—	105	105
Total assets accounted for at fair value	$ 238	$ —	$ 4,544	$ 3,882	$ 8,664

	2020				
Asset Category	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Cash	$ 1	$ —	$ —	$ —	$ 1
Fixed income securities:					
IPG contract	—	—	4,612	—	4,612
High yield bond separate accounts	—	—	—	402	402
Municipal bond separate account	—	—	—	255	255
Absolute return hedge fund separate account	—	—	—	5	5
Equity securities:					
Private equity separate accounts	—	—	—	1,008	1,008
International equity separate account	—	—	—	640	640
Long/short equity hedge fund separate account	—	—	—	431	431
Indexed equity separate account	—	—	—	410	410
Small cap core separate account	—	—	—	203	203
Morgan Stanley Prime Property Fund	—	—	—	177	177
Invesco Core Real Estate - U.S.A. Fund	—	—	—	151	151
JPMorgan Strategic Property Fund	—	—	—	87	87
Total assets accounted for at fair value	$ 1	$ —	$ 4,612	$ 3,769	$ 8,382

NOTE 14 – BENEFIT PLANS (continued)

The fair values of other postretirement benefit plan assets at December 31, 2021 and 2020 were as follows (in millions):

	2021				
Asset Category	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Cash, cash equivalents, and short-term investments	$ —	$ 1	$ —	$ —	$ 1
Fixed income securities:					
CSUL policies	—	—	162	—	162
Vanguard Bond Market Index Fund	88	—	—	—	88
IPG contract	—	—	34	—	34
Equity securities:					
CSVUL MainStay VP MacKay S&P 500 Indexed Equity Fund	—	—	382	—	382
Vanguard Institutional Index Fund	175	—	—	—	175
MainStay MacKay International Equity Fund	96	—	—	—	96
CSVUL MainStay VP MacKay International Equity Fund	—	—	58	—	58
Total assets accounted for at fair value	$ 359	$ 1	$ 636	$ —	$ 996

	2020				
Asset Category	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Cash, cash equivalents, and short-term investments	$ —	$ 5	$ —	$ —	$ 5
Fixed income securities:					
CSUL policies	—	—	162	—	162
Vanguard Bond Market Index Fund	76	—	—	—	76
IPG contract	—	—	33	—	33
Equity securities:					
CSVUL MainStay VP MacKay S&P 500 Indexed Equity Fund	—	—	305	—	305
Vanguard Institutional Index Fund	155	—	—	—	155
MainStay MacKay International Equity Fund	87	—	—	—	87
CSVUL MainStay VP MacKay International Equity Fund	—	—	50	—	50
Total assets accounted for at fair value	$ 318	$ 5	$ 550	$ —	$ 873

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.

NOTE 14 – BENEFIT PLANS (continued)

IPG Contract

The IPG contract is carried at fair value, which is comprised of contract value (represents contributions made, plus interest earned, less funds used to pay claims, premiums and fees) plus a fair value adjustment ("FVA"). The FVA is the difference between the estimated cost of purchasing annuities in the open market upon termination of the Contract, referred to as Market Annuity Cost ("MAC") and the cost of purchasing annuities using the discontinuance provisions of the contract, referred to as the Contract Annuity Cost ("CAC"). The carrying value of the IPG contract was $4,544 million and $4,612 million at December 31, 2021 and 2020, respectively. Mortality and interest rate assumptions are significant inputs in the calculation and are derived from market data, contractual provisions and management's judgement. Therefore, the fair value of the IPG contract is classified as Level 3. The discount rates used to derive the FVA ranged between 2% and 3% in 2021 and 2020. The mortality tables used to derive the MAC are consistent with the mortality tables used to determine the actuarial present value of accumulated benefits. The mortality table used to calculate the CAC is the 1983 group annuity table with static projection to the measurement date.

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):

2021

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity separate accounts	Leveraged buyout, mezzanine financing, distressed securities	$ 1,353	$ 359	N/A	N/A
Equity separate accounts	Indexed, large cap enhanced, and international	$ 993	$ —	Daily, Pending Market Conditions	N/A
Real estate investment funds	Real estate and real estate related assets	$ 480	$ —	Quarterly	45-90 days (subject to availability of funds)
Long/short equity hedge fund separate accounts	Long/short equity, futures, options, foreign exchange, arbitrage	$ 429	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	30-90 days (Assets subject to lock-up periods)
High yield bond separate accounts	High yield bonds	$ 403	$ —	Daily, Pending Market Conditions	N/A
Municipal bond separate account	Municipal bonds	$ 221	$ —	Daily, Pending Market Conditions	N/A
Absolute return hedge fund separate accounts	Multi-strategy and distressed securities	$ 4	$ —	N/A	30-90 days (Assets subject to lock-up periods)

2020

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity separate accounts	Indexed, large cap enhanced, international, and small core funds	$ 1,253	$ —	Daily, Pending Market Conditions	N/A
Private equity separate accounts	Leveraged buyout, mezzanine financing, distressed securities	$ 1,008	$ 435	N/A	N/A
Long/short equity hedge fund separate accounts	Long/short equity, futures, options, foreign exchange, arbitrage	$ 431	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	30-90 days or less (Assets subject to lock-up periods)
Real estate investment funds	Real estate and real estate related assets	$ 415	$ —	Quarterly	45-90 days (subject to availability of funds)
High yield bond separate accounts	High yield bonds	$ 402	$ —	Daily, Pending Market Conditions	N/A
Municipal bond separate account	Municipal bonds	$ 255	$ —	Daily, Pending Market Conditions	N/A
Absolute return hedge fund separate accounts	Multi-strategy and distressed securities	$ 5	$ —	N/A	30-90 days (Assets subject to lock-up periods)

Mutual Funds

The Fidelity Small Cap Core Fund, the MainStay MacKay International Equity Fund, and the Vanguard Funds are all open end registered mutual funds which are priced using a daily NAV. These prices are publicly published, and there are no restrictions on contributions and withdrawals. As such, they are classified as Level 1.

NOTE 14 – BENEFIT PLANS (continued)

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, 2021 and 2020 (in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
Change in Plan Assets	**2021**	**2020**	**2021**	**2020**
Fair value of plan assets at beginning of year	$ 8,382	$ 7,626	$ 873	$ 786
Actual return on plan assets	632	1,097	144	108
Contributions by employer	63	58	35	30
Contributions by plan participants	—	—	14	12
Benefits paid	(413)	(399)	(70)	(63)
Fair value of plan assets at end of year	$ 8,664	$ 8,382	$ 996	$ 873

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.

The following table details the change in benefit obligation for the years ended December 31, 2021 and 2020, respectively (in millions):

	Pension Plan Benefits				Postretirement Plan Benefits			
	Overfunded		Underfunded		Overfunded		Underfunded	
Change in Benefit Obligation	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Benefit obligation at beginning of year	$ 8,611	$ —	$ 1,320	$ 8,953	$ —	$ —	$ 1,808	$ 1,798
Service cost	174	—	22	181	—	—	27	29
Interest cost	168	—	26	255	—	—	38	53
Contribution by plan participants	—	—	—	—	—	—	14	13
Actuarial (gain) loss	(211)	—	(7)	941	—	—	(122)	(22)
Benefits paid	(350)	—	(63)	(399)	—	—	(70)	(63)
Benefit obligation at end of year	$ 8,392	$ —	$ 1,298	$ 9,931	$ —	$ —	$ 1,695	$ 1,808

NOTE 14 – BENEFIT PLANS (continued)

The aggregate amount of the accumulated benefit obligation for defined benefit pension plans was $9,135 million and $9,378 million for December 31, 2021 and 2020. At December 31, 2021, the defined benefit pension plans were overfunded by $272 million. No plans were overfunded in 2020.

The decrease in the benefit obligation from the prior year is primarily attributable to actuarial gains of $340 million, which were largely the result of an increase in the weighted-average discount rate used to measure liabilities. The increase in the benefit obligation at December 31, 2020 was primarily driven by actuarial losses of $918 million, which were largely the result of a decrease in the weighted-average discount rate used to measure liabilities.

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	**2021**	**2020**	**2021**	**2020**
Service cost	$ 196	$ 181	$ 27	$ 29
Interest cost	194	255	38	53
Expected return on plan assets	(471)	(447)	(51)	(53)
Amortization of losses	220	211	12	16
Amortization of prior service credit	(4)	(4)	(16)	(16)
Amortization of nonvested prior service cost	—	—	23	23
Net periodic benefit cost	$ 135 [1]	$ 196 [1]	$ 33 [2]	$ 52 [2]

[1] Includes pension plan costs charged to subsidiaries of $54 million and $48 million for the years ended December 31, 2021 and 2020, 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 for the years ended December 31, 2021 and 2020. 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.Weighted-average assumptions used to determine benefit obligations at December 31, 2021 and 2020 were as follows:

	Pension Plan Benefits		Postretirement Plan Benefits	
	2021	**2020**	**2021**	**2020**
Discount rate for benefit obligations	3.00 %	2.70 %	3.08 %	2.82 %
Rate of compensation increase:				
Employees	5.16 %	5.16 %	5.16 %	5.16 %
Agents	5.45 %	5.45 %	N/A	N/A
Interest crediting rates for cash balance plan	3.08 %	3.09 %	N/A	N/A

NOTE 14 – BENEFIT PLANS (continued)

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2021 and 2020 were as follows:

	Pension Plan Benefits		Postretirement Plan Benefits	
	2021	**2020**	**2021**	**2020**
Discount rate for benefit obligations	2.69 %	3.34 %	2.82 %	3.45 %
Service cost discount rate	3.00 %	3.55 %	3.23 %	3.69 %
Effective rate of interest on benefit obligation	2.00 %	2.92 %	2.18 %	3.02 %
Expected long-term rate of return on plan assets	5.75 %	6.00 %	5.82 %	6.75 %
Rate of compensation increase:				
Employees	5.16 %	4.90 %	5.16 %	4.90 %
Agents	5.45 %	6.00 %	N/A	N/A
Interest crediting rates for cash balance plan	3.08 %	3.09 %	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.

The assumed health care cost trend rates used in measuring the APBO were as follows:

	2021		2020	
	Before 65	**Age 65 and older**	**Before 65**	**Age 65 and older**
Following year	6.25 %	6.75 %	6.50 %	7.00 %
Ultimate rate to which cost increase is assumed to decline	4.50 %	4.50 %	4.50 %	4.50 %
Year in which the ultimate trend is received	2030	2030	2030	2030

For dental plans, the annual rate of increase in the per capita cost of covered health care benefits is assumed to be 4.50% per year for all participants.

NOTE 14 – BENEFIT PLANS (continued)

Amounts Recognized in the Statements of Financial Position

The components of funded status and assets and liabilities recognized at December 31, 2021 and 2020 were as follows ($ in millions):

	Pension Plan Benefits		Postretirement Plan Benefits	
Components	**2021**	**2020**	**2021**	**2020**
Prepaid benefit costs	$ 2,521	$ 2,565	$ —	$ —
Overfunded plan assets	$ (2,249)	$ (2,565)	$ —	$ —
Accrued benefit costs	$ 745	$ 716	$ 649	$ 652
Liability for pension benefits	$ 553	$ 834	$ 50	$ 283
Assets and liabilities recognized				
Nonadmitted plan assets	$ (272)	$ —	$ —	$ —
Liabilities recognized	$ 1,298	$ 1,550	$ 699	$ 935

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	
	2021	**2020**	**2021**	**2020**
Items not yet recognized as a component of net periodic benefit cost - prior year	$ 3,398	$ 3,314	$ 283	$ 383
Net prior service cost or credit arising during the year	—	—	—	—
Net prior service cost recognized	4	4	17	16
Net nonvested prior service credit recognized	—	—	(23)	(23)
Net gain (loss) arising during the year	(379)	291	(216)	(77)
Net loss recognized	(221)	(211)	(12)	(16)
Items not yet recognized as a component of net periodic benefit cost - current year	$ 2,802	$ 3,398	$ 49	$ 283

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	
	2021	**2020**	**2021**	**2020**
Net nonvested prior service cost	$ —	$ —	$ 53	$ 76
Net prior service credit	$ (9)	$ (13)	$ (100)	$ (117)
Net recognized losses	$ 2,811	$ 3,411	$ 96	$ 324

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 2022.

NOTE 14 – BENEFIT PLANS (continued)

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 2022.

The estimated future benefit payments are based on the same assumptions used to measure the benefit obligations at December 31, 2021. 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	
2022	$	444	$	66	$	10
2023	$	461	$	68	$	10
2024	$	474	$	69	$	11
2025	$	489	$	71	$	12
2026	$	502	$	72	$	12
2027-2031	$	2,652	$	389	$	71

The Company expects to pay approximately $59 million of non-qualified pension plan benefits during 2022. The Company expects to pay approximately $42 million for other postretirement benefits during 2022.

For the years ended December 31, 2021 and 2020, the Company paid $47 million and $44 million, respectively, in gross benefit payments related to health benefits. For the years ended December 31, 2021 and 2020, 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 5% of annual salary (base plus eligible incentive pay are considered). For the years ended December 31, 2021 and 2020, the Company's matching contributions to the employees' tax-qualified plan totaled $52 million and $41 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 the years ending December 31, 2021 and 2020, the Company's matching contributions to the employees' non-qualified plans totaled $3 million and $2 million, respectively.

For agents, the plan provides for pre-tax and or/after-tax Roth 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 certain policies for which the participant is the original writing agent. For the years ended December 31, 2021 and 2020, the Company's contributions to the agents' tax-qualified plan totaled $2 million and $1 million, respectively. A non-qualified plan credits Company contributions with respect to compensation earned based on production and policy persistency. For the years ending December 31, 2021 and 2020, the Company's contributions to the agents' non-qualified plans totaled $7 million and $7 million, respectively.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Guarantees

At December 31, 2021, 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.	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.
2.	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.
3.	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.
4.	The Company closed on a new 364-day revolving credit facility with MCF as borrower and the Company as guarantor. The credit facility is being provided by a group of banks led by Wells Fargo. With the Company as guarantor, MCF received much lower pricing from the banks. In return, MCF will compensate the Company for providing the guaranty with an annual fee.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.[1]	Expenses would increase	$ 600	The Company views the risk of performance under this guarantee as remote.
5.	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.[1]	Expenses would increase	$ 25	The Company oversees the operations of GoldPoint Partners LLC and assesses the risk to be minimal.
6.	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.
7.	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.[1]	Expenses would increase	$ 25	The Company oversees the operations of GoldPoint Partners LLC and assesses the risk 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
8.	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.
9.	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.[1]	Expenses would increase	$	25	The Company oversees the operations of GoldPoint Partners LLC and assesses the risk to be minimal.
10.	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. Standby letters of credit are issued in connection with agreements made by MCF's customers to counterparties. Standby letters of credit are drawn only upon failure of MCF's customer to perform under the terms of the underlying contract.	Exempt. Guarantee is on behalf of a wholly owned subsidiary.[1]	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.

(1) This exemption only applies to guarantees issued on behalf of wholly-owned subsidiaries that do not have negative equity.

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)]	$	775
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	$	775
	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.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

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 $120 million and $139 million for the years ended December 31, 2021 and 2020, respectively, of which $61 million and $64 million was billed to subsidiaries in accordance with an intercompany cost sharing arrangement for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments under non-cancellable operating leases with original or remaining lease terms in excess of one year at December 31, 2021 were as follows (in millions):

Year	Real Property	Equipment	Total
2022	$ 119	$ 12	$ 131
2023	99	11	110
2024	80	8	88
2025	56	3	59
2026	52	—	52
Thereafter	158	—	158
Total	$ 564	$ 34	$ 598

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 $22 million at December 31, 2021 that are included in the above table.

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, 2021 and 2020, contractual commitments to extend credit for commercial mortgage loans were $862 million and $997 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, 2021 and 2020.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

At December 31, 2021 and 2020, the Company and its guaranteed separate accounts had outstanding contractual obligations to acquire additional private placement securities for $846 million and $887 million, respectively.

Unfunded commitments on limited partnerships, limited liability companies and other invested assets amounted to $4,800 million and $3,878 million at December 31, 2021 and 2020, respectively. Unfunded commitments on LIHTC amounted to $98 million and $7 million at December 31, 2021 and 2020, respectively. At December 31, 2021, 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, 2021 and 2020 (in millions):

	2021			2020			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross DTAs	$ 3,603	$ 743	$ 4,346	$ 3,539	$ 701	$ 4,240	$ 64	$ 42	$ 106
Statutory valuation allowance	—	—	—	—	—	—	—	—	—
Adjusted gross DTAs	3,603	743	4,346	3,539	701	4,240	64	42	106
Nonadmitted DTAs[1]	—	—	—	141	—	141	(141)	—	(141)
Subtotal net admitted DTAs	3,603	743	4,346	3,398	701	4,099	205	42	247
Gross DTLs	1,107	1,698	2,805	1,139	1,243	2,382	(32)	455	423
Net admitted DTAs/(DTLs)[2]	$ 2,496	$ (955)	$ 1,541	$ 2,259	$ (542)	$ 1,717	$ 237	$ (413)	$ (176)

[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.

NOTE 16 - INCOME TAXES (continued)

The admission calculation components for the years ended December 31, 2021 and 2020 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, 2021			December 31, 2020			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through loss carrybacks (Paragraph 11.a)	$ —	$ 162	$ 162	$ —	$ 100	$ 100	$ —	$ 62	$ 62
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):	1,277	101	1,378	1,444	173	1,617	(167)	(72)	(239)
Adjusted gross DTA expected to be realized following the balance sheet date (Paragraph 11.b.i)	1,277	101	1,378	1,444	173	1,617	(167)	(72)	(239)
Adjusted gross DTA allowed per limitation threshold (Paragraph 11.b.ii)	XXX	XXX	3,148	N/A	N/A	2,678	N/A	N/A	470
Adjusted gross DTA (excluding the amount of DTA from paragraphs 11.a and 11.b above) offset by gross DTL (Paragraph 11.c)	2,325	479	2,805	1,954	428	2,382	371	51	423
DTA admitted as the result of application of SSAP 101 (Total of paragraphs 11.a, 11.b, 11.c)	$ 3,603	$ 743	$ 4,346	$ 3,398	$ 701	$ 4,099	$ 205	$ 42	$ 247

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, 2021 and 2020 (in millions):

	2021	2020
Ratio percentage used to determine recovery period and threshold limitation amount	881 %	847 %
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in paragraph 11.b.ii above	$ 20,989	$ 17,855

There was no impact on adjusted gross and net admitted DTAs due to tax planning strategies at December 31, 2021 and 2020. The Company did not use reinsurance in its tax planning strategies.

The Company had no unrecognized DTLs at December 31, 2021 and 2020. 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.

Significant components of the current federal and foreign income taxes for the years ended December 31, 2021 and 2020 were as follows (in millions):

	2021	2020	Change
Federal[1]	$ 38	$ (67)	$ 105
Foreign	3	(2)	5
Subtotal	41	(69)	110
Federal income tax on net capital gains	60	(31)	91
Total federal and foreign income taxes	$ 101	$ (100)	$ 201

[1] The Company had investment tax credits of $58 million and $56 million for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 were as follows (in millions):

	2021	2020	Change
DTAs			
Ordinary:			
Policyholder reserves	$ 1,263	$ 1,245	$ 18
Deferred acquisition costs	627	601	26
Compensation and benefits accrual	525	533	(8)
Policyholder dividends accrual	405	386	19
Fixed assets	274	240	34
Receivables - nonadmitted	104	46	58
Pension accrual	281	397	(116)
Investments	88	50	38
Unearned premium reserves	1	1	—
Other	35	40	(5)
Subtotal	3,603	3,539	64
Nonadmitted	—	141	(141)
Admitted ordinary DTAs	3,603	3,398	205
Capital:			
Investments	743	700	43
Real estate	—	1	(1)
Subtotal	743	701	42
Nonadmitted	—	—	—
Admitted capital DTAs	743	701	42
Total admitted DTAs	4,346	4,099	247
DTLs			
Ordinary:			
Policyholder reserves	247	316	(69)
Deferred and uncollected premiums	413	425	(12)
Fixed assets	258	233	25
Investments	187	163	24
Other	2	2	—
Subtotal	1,107	1,139	(32)
Capital:			
Investments	1,575	1,133	442
Real estate	123	110	13
Subtotal	1,698	1,243	455
Total DTLs	2,805	2,382	423
Net admitted DTAs	$ 1,541	$ 1,717	$ (176)
Deferred income tax expense on change in net unrealized capital gains			$ (502)
Increase in net DTAs related to other items			184
Decrease in net DTAs nonadmitted			141
Decrease in net admitted DTAs			$ (176)

NOTE 16 - INCOME TAXES (continued)

The Company's federal and foreign income taxes and change in net DTAs for the years ended December 31, 2021 and 2020 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):

	2021	2020	Change
Net gain from operations after dividends to policyholders and before federal and foreign income taxes at statutory rate	$ 284	$ 142	$ 142
Net realized capital losses at statutory rate	(37)	(94)	57
Nonadmitted assets	(85)	(7)	(78)
Prior year audit liability and settlement	(34)	11	(45)
Contiguous country branch income	(1)	(5)	4
Partnership income from MCF	18	31	(13)
Amortization of IMR	(28)	(44)	16
Dividends from subsidiaries	(238)	(264)	26
Tax exempt income	(76)	(59)	(17)
Tax credits, net of withholding	(61)	(59)	(2)
Other items impacting surplus	179	(13)	192
Other	(4)	3	(7)
Federal and foreign income taxes incurred and change in net deferred taxes during the year	$ (83)	$ (357)	$ 274
Federal and foreign income taxes reported in the Company's Statutory Statements of Operations	$ 41	$ (69)	$ 110
Capital gains tax expense (benefit) incurred	60	(31)	91
Increase in net DTAs	(184)	(257)	73
Federal and foreign income taxes incurred and change in net deferred taxes during the year	$ (83)	$ (357)	$ 274

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, 2021, 2020, and 2019, the Company had $62 million, $0 million, and $100 million, respectively, of income taxes incurred in prior years that will be available for recoupment in the event of future net losses.

Enactment of the CARES Act did not have a financial impact on the Company.

For both the years ended December 31, 2021 and 2020, the Company's federal income tax return is consolidated with NYLIAC, NYLAZ, NYLIFE LLC, NYLE, NYL Investments, NYL Investors, LINA, NYLGICNY and LINA Benefit Payments, Inc. Refer to Note 3 – Significant Accounting Policies - Federal Income Taxes.

At December 31, 2021 and 2020, the Company recorded a current income tax receivable of $1 million and $30 million, respectively. The current income tax receivable was included in Other assets in the accompanying Statutory Statements of Financial Position.

NOTE 16 - INCOME TAXES (continued)

At December 31, 2021, 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 $7,222 million and $6,788 million at December 31, 2021 and 2020, respectively.

Surplus Notes

The following table summarizes the surplus notes issued and outstanding at December 31, 2021 ($ in millions):

Issue Date	Principal Amount	Carrying Value	Interest Paid Current Year	Carrying Value of Note Prior Year	Cumulative Interest Paid	Interest Rate	Maturity Date
4/14/2020	$ 1,250	$ 1,243	$ 47	$ 1,242	$ 74	3.75 %	5/15/2050
4/4/2019	1,000	993	44	993	116	4.45 %	5/15/2069
10/8/2009	1,000	999	68	999	817	6.75 %	11/15/2039
5/5/2003	1,000	996	59	996	1,088	5.88 %	5/15/2033
Total	$ 4,250	$ 4,231	$ 218	$ 4,230	$ 2,095		

Issue Date	Are Surplus Note payments contractually linked? (Y/N)	Surplus Note payments subject to administrative offsetting provisions? (Y/N)	Were Surplus Note proceeds used to purchase an asset directly from the holder of the surplus note? (Y/N)	Is Asset Issuer a Related Party (Y/N)	Type of Assets Received Upon Issuance	Is Surplus Note Holder a Related Party (Y/N)	Is Liquidity Source a Related Party to the Surplus Note Issuer? (Y/N)
4/14/2020	N	N	N	N	Cash	N	N
4/4/2019	N	N	N	N	Cash	N	N
10/8/2009	N	N	N	N	Cash	N	N
5/5/2003	N	N	N	N	Cash	N	N

The 2020 Notes, 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 2020 Notes began on November 15, 2020.

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, and 40 points for the 2020 Notes, respectively, plus in each case, the accrued interest on the notes to be redeemed to the redemption date.

NOTE 17 – SURPLUS (continued)

At December 31, 2021 and 2020, none of the Company's affiliates owned any of the Notes.

At December 31, 2021, 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, 2021 and 2020 and results of operations for the years then ended are as follows (in millions):

	2021	2020
Assets:		
Bonds	$ 90,767	$ 89,887
Mortgage loans	14,315	14,955
Separate accounts assets	58,484	50,961
Other assets	19,565	18,722
Total assets	$ 183,131	$ 174,525
Liabilities and Capital and Surplus:		
Policy reserves	$ 99,972	$ 99,955
Separate accounts liabilities	58,470	50,960
Other liabilities	14,955	14,162
Capital and surplus	9,734	9,448
Total liabilities and capital and surplus	$ 183,131	$ 174,525
Results of Operations:		
Net gain from operations	$ 486	$ 360
Net realized capital losses	(157)	(177)
Net income	$ 329	$ 183

NOTE 19 - WRITTEN PREMIUMS

Deferred and uncollected life insurance premiums at December 31, 2021 and 2020 were as follows (in millions):

	2021		2020	
	Gross	Net of Loading	Gross	Net of Loading
Ordinary renewal	$ 1,703	$ 1,604	$ 1,530	$ 1,490
Group life	459	382	486	402
Ordinary new business	193	63	170	48
Total	$ 2,355	$ 2,049	$ 2,186	$ 1,940

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 amount 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 the 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, 2021 and 2020, the Company had $5 million and $6 million of premiums, respectively, that were nonadmitted as they 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, 2021 and 2020, 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	$ 1,015	$ 1,002	$ 14	$ 1,002	$ 996	12/31/2021
126694EK0	2,619	2,546	73	2,546	2,589	12/31/2021
17029RAA9	610	254	356	254	248	12/31/2021
17309BAB3	41	41	1	41	41	12/31/2021
69337AAM8	219	215	3	215	203	12/31/2021
69337VAE0	1,179	1,177	2	1,177	1,132	12/31/2021
05947UD62	7,674	2,011	5,663	2,011	7,059	9/30/2021
05947UD70	3,808	10	3,798	10	3,537	9/30/2021
69337AAM8	224	219	5	219	208	9/30/2021

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
69337VAE0	1,249	1,185	63	1,185	1,131	9/30/2021
12628KAF9	312	296	17	296	307	6/30/2021
12628LAJ9	448	429	19	429	445	6/30/2021
12638PAE9	396	360	36	360	371	6/30/2021
15132EFL7	129	73	57	73	94	6/30/2021
17029RAA9	607	239	368	239	181	6/30/2021
19237JAD5	201	158	43	158	195	6/30/2021
69337AAM8	229	224	5	224	213	6/30/2021
69337VAE0	1,461	1,452	9	1,452	1,389	6/30/2021
93934FLW0	609	590	19	590	603	6/30/2021
94988PAC7	967	547	421	547	547	6/30/2021
94988PAD5	14,184	13,530	654	13,530	13,530	6/30/2021
94988YAB0	320	242	78	242	242	6/30/2021
94988YAD6	328	308	20	308	308	6/30/2021
94988YAF1	327	308	19	308	308	6/30/2021
94988YAH7	1,004	801	203	801	801	6/30/2021
94989FAB0	313	253	59	253	253	6/30/2021
94989FAF1	320	237	83	237	237	6/30/2021
94989FAH7	975	896	79	896	897	6/30/2021
05946XHV8	150	146	4	146	141	3/31/2021
12629EAD7	44	43	1	43	43	3/31/2021
17029RAA9	284	236	48	236	279	3/31/2021
225470M67	510	503	7	503	482	3/31/2021
3622E8AC9	201	189	13	189	199	3/31/2021
3622ELAG1	218	204	14	204	218	3/31/2021
36849XAA4	10,383	8,439	1,944	8,439	10,083	3/31/2021
36849XAB2	1,832	0	1,832	0	1,726	3/31/2021
61749EAE7	91	84	7	84	88	3/31/2021
61749EAH0	686	638	48	638	675	3/31/2021
69337AAM8	254	229	25	229	217	3/31/2021
69337VAE0	1,525	1,462	63	1,462	1,364	3/31/2021
78637VAB4	658	605	53	605	642	3/31/2021
78637VAD0	657	604	53	604	641	3/31/2021
78637VAF5	656	604	53	604	641	3/31/2021
78637VAH1	661	610	52	610	646	3/31/2021
78637VAK4	697	643	54	643	686	3/31/2021
78637VAM0	707	652	55	652	696	3/31/2021
78637VAP3	711	658	53	658	700	3/31/2021
78637VAR9	730	677	53	677	720	3/31/2021
78637VAT5	744	690	54	690	734	3/31/2021
78637VAV0	756	702	55	702	747	3/31/2021
78637VAX6	784	731	53	731	775	3/31/2021

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
Subtotal-General Account	**XXX**	**XXX**	**$ 16,757**	**XXX**	**XXX**	
Guaranteed Separate Accounts						
059469AF3	$ 917	$ 904	$ 12	$ 904	$ 900	12/31/2021
17309BAB3	202	200	3	200	201	12/31/2021
12628KAF9	750	709	40	709	736	6/30/2021
12628LAJ9	598	572	26	572	594	6/30/2021
3622E8AC9	403	377	26	377	397	3/31/2021
61749EAH0	366	340	25	340	360	3/31/2021
Subtotal-Guaranteed Separate Accounts	**XXX**	**XXX**	**$ 132**	**XXX**	**XXX**	
Grand Total	**XXX**	**XXX**	**$ 16,889**	**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 10, 2022, 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
AD&D	Accidental death and dismemberment
Agent VEBA	Agents' Life and Health Benefit Trust
APBO	Accumulated postretirement benefit obligations
AVR	Asset valuation reserve
BoNY	Bank of New York
CAC	Contract Annuity Cost
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CMBS	Commercial mortgage-backed securities
COLI	Corporate owned life insurance
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 acquisition costs
DTA(s)	Deferred tax asset(s)
DTL(s)	Deferred tax liability(ies)
Employee VEBA	The Employees' Life and Health Benefit Trust
ERISA	Employee Retirement Income Security Act of 1974
ETFs	Exchange traded funds
FHLB	Federal Home Loan Bank
FVA	Fair value adjustment
GA Contract	IPG contract relating to New York Life's general account
GBS	Group Benefit Solutions
GICs	Guaranteed interest contracts
IMR	Interest maintenance reserve
IPG	Immediate participation guarantee
IRC	Internal Revenue Code
IRS	Internal Revenue Service
LIHTC	Low-income housing tax credit
LINA	Life Insurance Company of North America
LTV	Loan to value ratio
MCF	Madison Capital Funding LLC
MAC	Market Annuity Cost
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
NYLGICNY	New York Life Group Insurance Company of NY
NYLIAC	New York Life Insurance and Annuity Corporation

GLOSSARY OF TERMS

Term	Description
NYLIM	New York Life Investment Management LLC
NYL Investments	New York Life Investment Management Holdings LLC
NYL Investors	NYL Investors LLC
NYSDFS	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
S&P	Standard & Poor's
SPE	Special purpose entity(ies)
SSAP	Statement of statutory accounting principle
SVO	Securities Valuation Office
Superintendent	Superintendent of Financial Services of the State of New York
TDR	Troubled debt restructuring
The Company	New York Life Insurance Company
The Notes	The surplus notes issued in 2003, 2009, 2019, and 2020
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
2020 Notes	Surplus notes issued in 2020