An alternative to buying term and investing the difference.

If you have a life insurance need, you can fulfill it in at least two ways, using either temporary term insurance or permanent cash value life insurance, such as Whole Life. If you have an accumulation need, there are many options available. The right option is dependent on what the desired outcome is and the objective of the money.

Whole Life can fulfill both life insurance and accumulation needs by complimenting traditional investments in your portfolio. Some people, though, look at term to cover their life insurance needs and rely on the market to fulfill their accumulation needs. When weighing options, ask the following questions:

Questions	Whole Life	Term	plus Side Fund
How long do you plan on contributing?	Generally, premiums are paid for your lifetime and are set at a fixed level. But some Whole Life products, such as Custom Whole Life are paid up in a specified time period. The policy owner can determine premium paying years from 5 years total to premiums up until age 75.	There is a fixed term period.	Undefined time frame. The investment period will depend on many factors, including past performance.
What would you do if your coverage "expires" when you still need life insurance?	The coverage will not expire as long as required premiums are paid.[1] Guaranteed death benefit through a level premium guaranteed never to increase.	While Term is generally less expensive than Whole Life initially, Term premiums generally increase substantially after the term period expires. Or you might have to apply for new coverage, generally at a higher rate, subject to underwriting.	Side fund would have to grow to the amount necessary to supplement the life insurance coverage needed if your term insurance ends and is not replaced.
What is the objective of this money?	Provides a guaranteed death benefit and cash value accumulation. There is potential additional growth through non-guaranteed dividends.[2]	Provides a death benefit during the specified term. There is no cash value accumulation.	Many traditional investments are designed for capital appreciation while life insurance is designed primarily for death benefit protection. Traditional investments include a wider choice of financial vehicles to choose from.
How will the distributions be taxed?	Tax-deferred cash value growth and tax-free access to cash values.[2,3] The death benefit is paid income tax free.	Death benefit is paid income tax free.	Depending on the vehicle, distributions could be taxed as ordinary income or capital gains.
How will you contribute to your "side fund" if you become disabled and are unable to work?	Disability Waiver of Premium Rider is an optional rider that enables you to stop paying policy premiums for the length of your total disability, while your life insurance coverage continues.[4]	Disability Waiver of Premium Rider enables you to stop paying policy premiums for the length of your total disability, while your life insurance coverage continues to the end of the term.	No specified alternate option. Withdrawals from the investment account could have tax implications and will lower the amount in the investment account.

1 The guarantees of a cash value life insurance policy are based on the claims-paying ability of the issuer.
2 Accessing the cash value in a permanent life insurance policy will reduce the cash value and death benefit.
3 Policy must be managed to avoid a modified endowment contract.
4 Riders are available at an additional cost.

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Questions	Whole Life	Term	Side Fund
Will this money be ear-marked for health care expenses in the future?	The Chronic Care Rider is an optional rider that allows you to accelerate your life insurance benefit in the event that you become chronically ill.[4]	Term provides a death benefit only.	Withdrawals from the investment account could have tax implications and will lower the amount in the investment account.
Key questions to ask: What is your accumulation strategy?	Guaranteed cash value growth and the potential for additional cash value growth through non-guaranteed dividends, which you can access if your death benefit needs change. Dividends can be put back into the policy, referred to as purchasing "paid-up additions." This increases your life insurance coverage and cash value without additional underwriting or higher premiums.	No cash value; death benefit protection only.	The long-term accumulation potential of many traditional investments generally exceeds that of a permanent life insurance policy. Investments can be volatile, however, so successful investing takes dedication and skill.

(Term plus Side Fund)

The last question listed here should be answered by reviewing attributes of a financial tool as well as the numbers. If we took the difference in premium and invested it in an alternative financial vehicle, what would the cumulative internal rate of return have to be to match the cash value growth in the Whole Life policy?

End of Year	Age	Whole Life Base Premium	Term Base Premium	Difference in Premium	Guaranteed Cash Value	Total Cash Surrender Value	Cumulative IRR Net of Term Premium on Cash Surrender Value	Pre-tax Equivalent	Guaranteed Death Benefit	Total Death Benefit
1	35	$2,645	$324	$2,321	-	-	-	-	$250,000	250,000
10	45	$2,645	$324	$2,321	$20,750	$28,863	**3.93%**	**5.46%**	$250,000	$270,972
20	55	$2,645	$324	$2,321	$53,750	$77,048	**4.61%**	**6.40%**	$250,000	$306,835

By answering these questions, you may have a better idea of what option would best fulfill your needs now and in the future. Please request a personalized Custom Whole Life illustration from your agent for a complete description of the methodology of illustrations and how an illustration may apply to your circumstances.

All life insurance figures are based on historical values. Whole Life policy AD95 issued in 1995, 35-year-old female nonsmoker.
In Oregon, the policy form number for New York Life Whole Life is ICC17217-50P.

New York Life Insurance Company

51 Madison Avenue
New York, NY 10010

www.newyorklife.com

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