NEW YORK LIFE

Cost of a dollar.

How much can $1.00 really cost when you need it the most?

Whether you are a business owner, a stay-at-home parent, or a retiree, you have financial responsibilities. When someone passes away, money is needed to help meet those responsibilities. This money can be provided in several ways, such as self-funding via earned income, borrowing from a financial institution, or preparing well in advance by purchasing a life insurance policy such as Custom Whole Life.* Custom Whole Life is permanent life insurance that provides a guaranteed, income tax-free death benefit. For every dollar that is needed, there is an associated cost.

Let's assume $1 million is needed to fulfill the financial responsibilities of someone who has recently passed away. The following methods are available to provide this money.

Method	How it works	Example	Cost per $1.00	Total cost for $1 million
Borrowing	Borrowed money, from a bank for example, has to be repaid. **Interest payments** have to be accounted for when repaying the loan, increasing the cost of every dollar needed. Borrowing would be a future expenditure.	If you borrow $1.00 from the bank at a 5% rate, you would end up paying $1.60 because of interest payments.	**$1.60**[1]	**$1,604,852**
Self-Funding	Self-funding uses after-tax dollars, and the investment income on the savings may be **taxable**. Self-funding would be a past accumulation and current expenditure.	If you need $1.00 after taxes, you would need to pay $0.85 into an account earning 2% pre-tax interest annually, assuming you are in a 24% tax bracket.	**$0.85**[2]	**$850,288**
Life Insurance	Life Insurance requires a **specified premium** paid after-tax, by the policy owner every year to keep the life insurance amount in force for future needs. Keeping a life insurance policy in force would be a past, current, and future expenditure.	If you need $1.00 of life insurance coverage, you would pay $0.40 of required premium.	**$0.40**[3]	**$400,688**

* The use of Custom Whole Life insurance in this scenario assumes a long-term commitment to paying premiums and keeping the policy in force, so that the death benefit can be realized. Premiums must be paid in full and on time, or the policy will lapse and the beneficiaries will not realize the full life insurance benefit. A life insurance policy is not a liquid asset as is cash from self-funding.

Life Insurance fulfills financial needs cost-efficiently.

Future Need $1 million	Year	Borrow (5% loan interest rate)		Self-Fund (3% interest earned)[4]			Life Insurance [3,5]	
		Total loan	Cost per dollar	Cumulative initial deposit into savings account	Cumulative amount saved with 2% annual interest after tax	Cost per dollar	Age 35 Cumulative amount needed after tax	Cost per dollar
	1	**$1,604,840**	**$1.60**	**$42,514**	**$43,161**	**$0.99**	**$20,034**	**$0.02**
	5	**$1,604,840**	**$1.60**	**$219,133**	**$222,464**	**$0.96**	**$100,172**	**$0.10**
	10	**$1,604,840**	**$1.60**	**$455,435**	**$462,357**	**$0.92**	**$200,344**	**$0.20**
	20	**$1,604,840**	**$1.60**	**$985,028**	**$1 million**	**$0.85**	**$400,688**	**$0.40**

It is important to obtain from your New York Life agent a personalized Custom Whole Life illustration with more complete information about the death benefit, cash value accumulation, and fees and charges of the policy. A life insurance application is subject to underwriting, which will affect availability of coverage and rates.

The true value of life insurance goes beyond its cost efficiency.

- Guaranteed death benefit[6]
- Tax-advantaged cash value accumulation
- Protection from creditors—limited and varies by state
- Customizable to fulfill current and future needs

1. Assuming an annual interest rate of 5%; loan amortized over 20 years.
2. Approximate figure assuming ordinary income taxed at 24%. Self-funding high-cost special expenses can be accomplished in a variety of ways, some involving tax-equivalent expenditures and others possibly not. Different tax rates might apply.
3. Assumes a 35-year-old male, preferred rating, New York Life's Custom Whole Life Insurance (CWL) 20 pay, $1 million death benefit, Disability Waiver of Premium Rider. All citations for premiums are guaranteed. In terms of the $1 million cost of the special expenses, any scenario other than the passing of the insured could involve accessing cash value earlier. In the case of Custom Whole Life, the policy loans against cash value will accumulate interest and reduce the death benefit unless repaid. Cash value accumulates over time, and less cash value is available in early policy years. Accessing the cash value of the policy will reduce the total available cash surrender value and total death benefit.
4. The self-funding amount represents a certain past sum to which the present value of a hypothetical 2% rate of return is applied over 20 years. Net taxes reduce the rate of return to 1.52% at a 24% tax bracket.
5. All citations for premiums are guaranteed. Premiums reflective of the policy described in footnote 3.
6. Guarantees are based on the claims-paying ability of the issuer.

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