Overview of various financial products.

Financial products are quite different from one another. Each has its own unique strengths and purposes. Which ones are best for you? It depends on your needs and objectives. For example, what is your need for liquidity? How much risk are you comfortable taking? Are your financial goals short term or long term?

Click on any financial product below to learn more about how they work.

Whole Life Insurance | Bank Money Market | Bank CD | Bond Fund
Tax-Free Municipal Bond Fund | Fixed Deferred Annuity | Comparison Table

Whole Life Insurance[1]

What is it?

Whole life insurance is permanent insurance purchased from an insurance company. Life insurance policies are generally long-term contracts providing death benefit protection and tax-deferred cash value accumulation.

Why would you want it?

Whole life insurance might be right for you if you want to leave money for loved ones to replace lost income when you die. Life insurance proceeds can also provide money at your death for a number of reasons: for a charity, or for liquidity in your estate to provide for a more orderly transfer of wealth. Whole life insurance can also provide cash value you can access while living — "living benefits."

Advantages

- Guaranteed[1] death benefit
- Premium guaranteed[1] never to increase
- Guaranteed[1] tax-deferred cash value growth
- Opportunity for additional cash value growth through dividends[2]
- Protection from creditors[3]
- Tax-free access to cash value via loans or withdrawals[4, 5]
- Generally income tax-free death benefit

Disadvantages

- Loans and withdrawals reduce the death benefit and may be taxable if the policy is a modified endowment contract (MEC).[5] Loans also accrue interest.
- Initial premiums are generally higher than term insurance.
- Underwriting is usually required; the premiums you pay are based on your health, gender, age, amount of coverage, and type of policy.
- Available cash value may not be equal to or greater than total amount of premiums paid.

[1] All guarantees are based on the claims-paying ability of the issuer.

[2] Dividends are not guaranteed.

[3] Varies by state.

[4] Accessing cash value will reduce the total available cash surrender value and total death benefit.

[5] Certain tax advantages are no longer applicable to a life insurance policy if too much money is put into the policy during its first seven years, or seven years after a "material change" to the policy. If the cumulative premiums paid during the applicable 7-year period exceed the limits imposed under the Internal Revenue Code, the policy becomes a "Modified Endowment Contract" or MEC. A MEC is still a life insurance policy, and death benefits continue to be tax free, but any time you take a withdrawal from a MEC (including a policy loan), it is treated as taxable income to the extent there is gain in the policy. Also, if you are under 59 ½, a penalty tax of 10% could be assessed.

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Bank Money Market

What is it?

A money market account is a savings account offered by banks and credit unions that usually pays higher interest rates than a typical savings account.

Why would you want it?

A money market account might be right for you if you want to earn interest above that of a standard savings account, but still want to have access to your cash.

Advantages

- Federal Deposit Insurance Corporation (FDIC) insured up to $250,000 per depositor[6]
- Ability to access money without penalties
- Check writing capability is generally offered.

Disadvantages

- Need to maintain a minimum balance to receive a higher interest rate.
- The bank may restrict the number of transactions that can be made within a month (otherwise subject to fees).

[6] FDIC insurance is $250,000 per depositor per institution.

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Bank CD

What is it?

A Certificate of Deposit (CD) is a savings certificate generally issued by commercial banks that entitles the bearer to receive a specified fixed interest rate over a designated time period. The term of a CD generally ranges from one month to five years.

Why would you want it?

A CD might be right for you if you are looking for a short-term investment with a guaranteed return.

Advantages

- Guaranteed rate of return for a specified period of time
- FDIC insured up to $250,000 per depositor[6]

Disadvantages

- Although CDs are available in various maturity lengths, withdrawals of funds prior to maturity are generally subject to penalties.

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Bond Fund[7]

What is it?

A bond fund is a mutual fund that invests in an assortment of bonds and other debt securities, typically with the objective of providing stable income with minimal capital risk.

Why would you want it?

A bond fund might be right for you if you are willing to take on more risk with the potential for higher returns than those on a CD or money market account, but you are still looking for a relatively conservative investment.

Advantages

- Receives monthly dividends from the fund that include interest payments and capital appreciation of the underlying securities
- Usually pays dividends more frequently than individual bonds
- More liquid than individual bonds
- Typically less risky than individual bonds due to diversification

Disadvantages

- Subject to credit risk, as well as interest rate risk and prepayment risk

[7] Mutual funds are offered by prospectus only and only by properly licensed registered representatives of NYLIFE Securities LLC (Member FINRA/SIPC), A Licensed Insurance Agency and a wholly-owned subsidiary of New York Life Insurance Company. Funds that invest in bond and tax-free municipal bond funds are subject to interest rate risk and can lose principal value when interest rates rise. Product information is provided for informational purposes only and is not intended to offer, advise, or make recommendations on the purchase of a security.

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Tax-Free Municipal Bond Fund[7]

A municipal bond fund is a mutual fund that invests in debt securities.

A municipal bond is a debt security issued by state, city, and local governments, and is used to pay for local public projects such as bridges, highways, and schools.

Why would you want it?

A tax-free municipal bond fund might be right for you if you are in a high tax bracket and are looking for a relatively conservative investment.

Advantages

- Interest is generally exempt from federal income taxes, and in most cases, state and/or local income taxes, so long as the investor resides in the state that issued the underlying bonds.

Disadvantages

- The underlying municipal bonds are more risky than U.S. government bonds, since they are backed by the financial strength of the issuing municipality.
- If bond fund shares are sold or redeemed, the current net asset value may be less than the original price.
- Alternative minimum tax may apply.

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NEW YORK LIFE

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Fixed Deferred Annuity[1]

What is it?

A fixed deferred annuity is purchased from an insurance company and earns a fixed rate of interest to accumulate money for retirement or other expenses later in life.

Why would you want it?

A fixed deferred annuity might be right for you if you are looking for a long-term conservative investment to provide an income after age 59½, during your lifetime, or for a specified period of time.

Advantages

- Initial interest rate is guaranteed for a specified initial period, after which rates will typically renew at declared new rates at specific time intervals.
- Minimum interest rate is guaranteed for life of annuity.
- Option to choose different periods for locking in initial interest rate
- Earnings accumulate on a tax-deferred basis.
- Bypasses probate (unless the estate is the named beneficiary of the policy)

Disadvantages

- Withdrawals may be taxable, and if made prior to age 59½, may be subject to a 10% IRS penalty. Surrender charges may also apply.
- At the death of the owner, beneficiaries must pay tax at ordinary income tax rates on any earnings received from the policy.

NEW YORK LIFE

Compare permanent life insurance with traditional methods for accumulating assets and savings:

Feature	Whole Life Insurance[1]	Bank Money Market	Bank CD	Bond Fund[7]	Tax-Free Municipal Bond Fund[7]	Fixed Deferred Annuities[1]
Uses	Death benefit protection and cash value accumulation	Liquid savings	General savings	Designed for income	Tax-free income[4,5]	Long-term savings for retirement
Generally a tax-free death benefit	Yes	N/A	N/A	N/A	N/A	No
Medical underwriting required	Yes	N/A	N/A	N/A	N/A	N/A
Backed by	Insurance company	FDIC[6]	FDIC[6]	Issuing company or entity	Issuing entity	Insurance company
Possible loss of principal	No	No	No	Yes	Yes	No
Guaranteed interest rate	N/A	No	Yes	No	Yes	Yes
Liquidity	Yes, via loans and withdrawals[4,5]	Yes	Yes, but penalties for early withdrawal	Yes, but market price may be less than original price	Yes, but market price may be less than original price	Limited access in surrender period; penalties may apply
Tax treatment of gains	Tax-free if held until death	Taxable	Taxable	Taxable	Tax-exempt, depending on issuing state	Tax-deferred
Creditor protection	Depends on state of issue	No	No	No	No	Depends on state of issue

Back to Top ▲

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[6] FDIC insurance is $250,000 per depositor per institution.
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