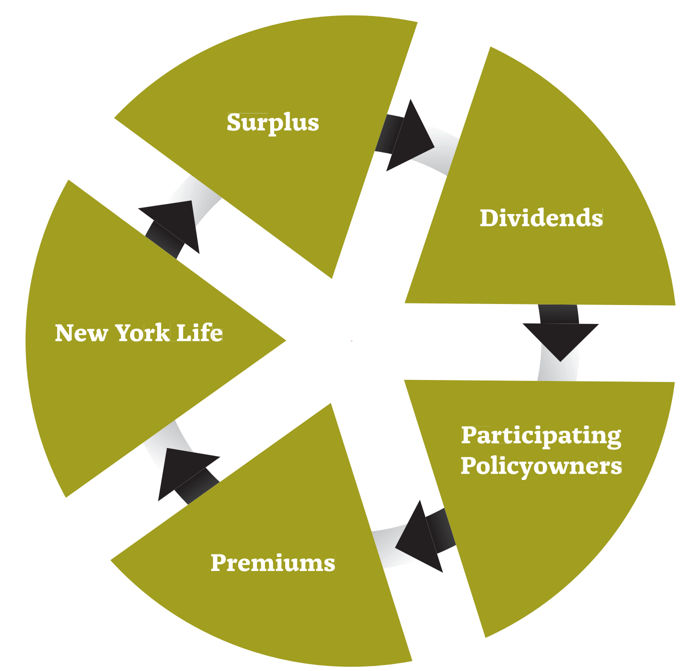
Dividends from a mutual life insurance company.

A closer look at dividends.

The advantages of permanent life insurance.

There are many advantages that come with owning permanent life insurance, such as death benefit protection and cash value that can be accessed via policy loans to help pay for anticipated or unexpected expenses (policy loans accrue interest and reduce cash value and death benefit). But you may not know there are advantages when purchasing a participating life insurance policy[1] from a mutual company like New York Life. We don't have shareholders. We only answer to our policyowners. And, as a policyowner of a participating policy, you'll receive annual dividends when they are declared by the company's board of directors.[2]



What is a dividend?

A dividend is a share of New York Life's surplus distributed to participating policyowners.

[1] Some policies are participating, but are not expected to receive dividends because policy premiums or other charges may be adjusted instead.

[2] Dividends are based on the policy's applicable dividend scale, which is neither guaranteed nor an estimate of future performance results.

New York Life Insurance Company

51 Madison Avenue
New York, NY 10010

www.newyorklife.com

14399.RB.122012 SMRU495158(Exp.12.19.2013)

NEW YORK LIFE The Company You Keep®

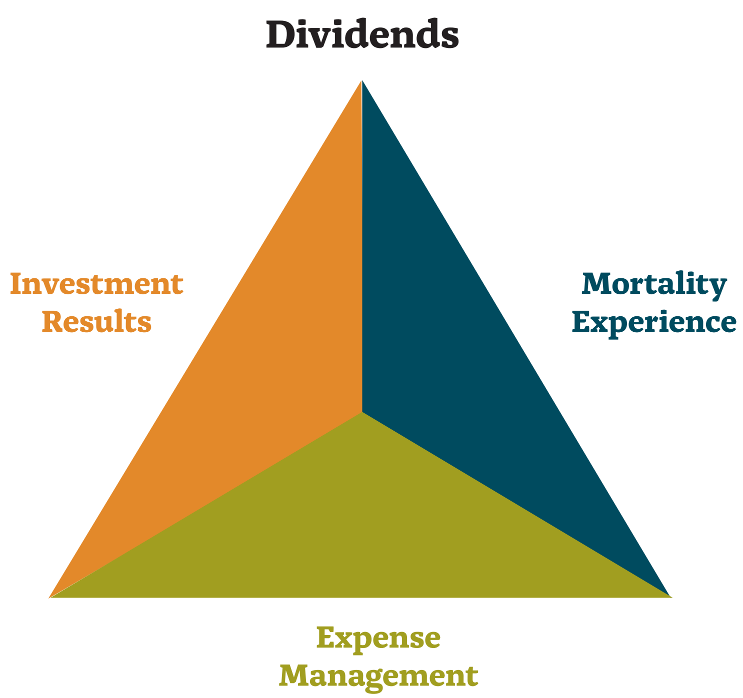
How do dividends work?

When you purchase a participating life insurance policy, you pay premiums to New York Life in exchange for a determined amount of death benefit protection. After paying claims, expenses, other liabilities, and funding the reserves used to provide for future benefits, we determine the amount of remaining surplus that can be distributed to policyowners. The portion of surplus you receive is called a dividend.

New York Life has been paying annual dividends to policyowners every year since 1854.[3]

How dividends are calculated.

There are many factors that enter into a dividend calculation and among them are the three major ones listed below.



1. **Investment results:** Our prudent investment strategy balances return with appropriate risk. We invest participating life insurance policy premiums in a portfolio comprising mostly corporate, mortgage-related, and government bonds. The balance of the portfolio is invested in equity-type assets. Over time, market forces (such as long-term interest rates and stock market performance) influence the results of our investments, and thus affect the dividends distributed to policyowners.

   The Dividend Interest Rate (DIR) is a rate related to the performance of the investment portfolio and, along with a number of other items, including mortality and expenses, produces the payable dividend scale.

   It is important to note that:

   - The DIR is not a rate of return the client will earn and cannot be calculated by comparing the premiums paid into a policy to the policy's cash value and dividends.
   - A company with a higher DIR may not necessarily provide a higher cash value or larger death benefit long term. The company with the highest DIR may not pay the highest dividend after all components, such as mortality experience and expense management, are considered.

2. **Mortality experience:** New York Life's mortality experience is based on the amount of paid death claims. If the claims paid are different than what the Company anticipated, the difference may be reflected in the dividend distributed to policyowners.

[3] It's important to remember that dividends are not guaranteed.

3. **Expense management:** Like any other company, New York Life incurs operating costs, taxes, and other expenses. If these expenses differ from what was expected, dividends may be affected.

These are just some of the factors that affect dividends. Your Agent will be happy to explain in greater detail how dividends work.

Why dividends are so valuable.

Dividends can add value to a participating life insurance policy in a number of ways. You'll have four options from which to choose:

1. **Paid-up additions:** You can use dividends to pay for increased life insurance coverage without additional underwriting. These "paid-up additions" will increase the death benefit and cash value in your policy. And, the additional coverage will also be eligible for dividends — adding benefit on top of benefit.
2. **Pay premiums:** You can use dividends to pay a portion of your premium, lowering your out-of-pocket expense.
3. **Cash:** You can choose to receive your dividends in the form of a check and use the money any way you see fit.
4. **Dividend accumulation:** You can also choose to leave your dividends on deposit with New York Life where they can earn interest.

Direct recognition: how policy loans affect dividends.

At some insurance carriers, borrowing against a participating life insurance policy that is eligible for dividends may affect the growth of the policy's cash value. That's because borrowing against a policy may cause its dividends to be calculated at a different dividend interest rate — a process called "direct recognition." For most companies whose policies use this feature, dividends are adjusted according to the loan activity of each individual policy. This means that if you have an outstanding loan on your policy, you may receive different dividend payments.

However, New York Life does not practice direct recognition. Therefore, dividends do not reflect the loan activity on a specific policy. This means that regardless of how much you borrow and for how long, the dividends you receive will be the same as for a similar policyowner who doesn't borrow at all.

A history of strength and service.

For more than 165 years, New York Life has been serving policyowners — and dividend payments have been a consistent part of the policyowner experience. We're proud of our long history of paying dividends, but we're even more proud of our history of financial strength. We will always strive to balance paying dividends with the ongoing financial strength of the company. Protecting our policyowners is our most important mission.