

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
(GAAP Basis)**

**December 31, 2020 and 2019**

# Table of Contents

	<u>Page Number</u>
Report of Independent Auditors .....	1
Consolidated Statements of Financial Position .....	2
Consolidated Statements of Operations .....	3
Consolidated Statements of Comprehensive Income .....	4
Consolidated Statements of Equity .....	5
Consolidated Statements of Cash Flows .....	6
Notes to Consolidated Financial Statements	
Note 1 - Nature of Operations .....	7
Note 2 - Basis of Presentation .....	8
Note 3 - Significant Accounting Policies .....	9
Note 4 - Business Risks and Uncertainties .....	24
Note 5 - Recent Accounting Pronouncements .....	24
Note 6 - Investments .....	26
Note 7 - Derivative Instruments and Risk Management .....	36
Note 8 - Separate Accounts .....	42
Note 9 - Fair Value Measurements .....	43
Note 10 - Investment Income and Investment Gains and Losses, and Management Fees and Other Income .....	63
Note 11 - Policyholders' Liabilities .....	67
Note 12 - Deferred Policy Acquisition Costs and Sales Inducements .....	73
Note 13 - Reinsurance .....	74
Note 14 - Benefit Plans .....	77
Note 15 - Goodwill and Other Intangible Assets .....	88
Note 16 - Commitments and Contingencies, Loaned Securities and Repurchase Agreements .....	89
Note 17 - Income Taxes .....	92
Note 18 - Debt .....	94
Note 19 - Equity .....	96
Note 20 - Supplemental Cash Flow Information .....	98
Note 21 - Statutory Financial Information .....	99
Note 22 - Subsequent Events .....	99
Glossary of Terms .....	100



## Report of Independent Auditors

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

We have audited the accompanying consolidated financial statements of New York Life Insurance Company and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive income, of equity and of cash flows for the years then ended.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New York Life Insurance Company and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP*

New York, New York  
March 11, 2021

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(in millions)</b>	
<b>Assets</b>		
Fixed maturities (includes \$1,252 and \$1,275 of securities pledged to creditors in 2020 and 2019, respectively):		
Available-for-sale, at fair value	\$ 225,471	\$ 204,297
Securities at fair value	23,358	21,645
Equity securities:		
Securities, at fair value (cost: \$2,682 and \$3,178 in 2020 and 2019, respectively)	3,340	3,672
Affiliated	20	8
Mortgage loans and other loans (includes \$985 and \$1,240 measured at fair value in 2020 and 2019, respectively), net of allowances	43,420	41,244
Policy loans	12,478	12,448
Other investments	23,426	20,827
Total investments	331,513	304,141
Cash and cash equivalents	7,846	5,353
Reinsurance recoverable (includes \$3,438 and \$3,433 measured at fair value in 2020 and 2019, respectively)	7,848	5,723
Deferred policy acquisition costs	5,942	6,718
Other assets	10,462	6,128
Separate accounts assets	50,639	43,585
<b>Total assets</b>	<b>\$ 414,250</b>	<b>\$ 371,648</b>
<b>Liabilities</b>		
Future policy benefits (includes \$7,865 and \$7,818 measured at fair value in 2020 and 2019, respectively)	\$ 139,688	\$ 129,350
Policyholders' account balances (includes \$2,211 and \$1,837 measured at fair value in 2020 and 2019, respectively)	131,057	123,504
Policy claims	9,594	3,387
Debt (includes \$1,620 and \$1,474 measured at fair value in 2020 and 2019, respectively)	8,509	7,010
Reinsurance payable (includes \$4,090 and \$4,105 measured at fair value in 2020 and 2019, respectively)	4,327	4,218
Deferred income taxes	3,355	2,225
Other liabilities (includes \$1,133 and \$543 measured at fair value in 2020 and 2019, respectively)	12,549	10,851
Separate accounts liabilities	50,639	43,585
<b>Total liabilities</b>	<b>359,718</b>	<b>324,130</b>
<b>Equity</b>		
Accumulated other comprehensive income	10,594	5,230
Retained earnings	38,927	37,765
<b>Total New York Life equity</b>	<b>49,521</b>	<b>42,995</b>
Non-controlling interests	5,011	4,523
<b>Total equity</b>	<b>54,532</b>	<b>47,518</b>
<b>Total liabilities and equity</b>	<b>\$ 414,250</b>	<b>\$ 371,648</b>

The accompanying notes are an integral part of the consolidated financial statements.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Years Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(in millions)</b>	
<b>Revenues</b>		
Premiums	\$ 15,791	\$ 16,317
Fees - universal life and annuity policies	1,859	1,729
Net investment income	11,770	12,025
Net investment gains (losses):		
Other-than-temporary impairments on fixed maturities	(512)	(161)
Other-than-temporary impairments on fixed maturities recognized in accumulated other comprehensive income	74	32
All other net investment gains	1,482	3,031
Total net investment gains	1,045	2,902
Management fees and other income	1,589	1,526
<b>Total revenues</b>	<b>32,054</b>	<b>34,499</b>
<b>Expenses</b>		
Policyholder benefits	11,381	10,487
Increase in liabilities for future policy benefits	6,129	7,350
Interest credited to policyholders' account balances	3,799	3,941
Dividends to policyholders	1,998	2,009
Operating expenses	7,144	7,101
<b>Total expenses</b>	<b>30,451</b>	<b>30,888</b>
Income before income tax expense and non-controlling interests	1,603	3,611
Income tax expense	102	494
<b>Net income</b>	<b>1,501</b>	<b>3,117</b>
Less: income attributable to non-controlling interests	343	389
<b>Net income attributable to New York Life</b>	<b>\$ 1,158</b>	<b>\$ 2,728</b>

The accompanying notes are an integral part of the consolidated financial statements.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(in millions)</b>	
<b>Net income</b>	<b>\$ 1,501</b>	<b>\$ 3,117</b>
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	68	(19)
Net unrealized investment gains:		
Net unrealized investment gains arising during the period	5,591	8,078
Less: reclassification adjustment for net unrealized investment gains included in net income	289	68
Net unrealized investment gains, net	5,302	8,010
Benefit plans:		
Losses and prior service costs arising during the period	(164)	(942)
Less: amortization of losses and prior service credits included in net periodic benefit costs	(158)	(74)
Benefit plans, net	(6)	(868)
Other comprehensive income, net of tax	5,364	7,123
Comprehensive income	6,865	10,240
Less: comprehensive income attributable to non-controlling interests	343	389
<b>Comprehensive income attributable to New York Life</b>	<b>\$ 6,522</b>	<b>\$ 9,851</b>

The accompanying notes are an integral part of the consolidated financial statements.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY**

**Years Ended December 31, 2020 and 2019**

**(in millions)**

	<b>Accumulated Other Comprehensive Income</b>	<b>Retained Earnings</b>	<b>Total New York Life Equity</b>	<b>Non- Controlling Interests</b>	<b>Total Equity</b>
<b>Balance, January 1, 2019</b>	\$ (1,893)	\$ 35,017	\$ 33,124	\$ 3,812	\$ 36,936
Distributions from non-controlling interests	—	—	—	322	322
Additional paid in capital from acquisition of non-controlling interests	—	20	20	—	20
Comprehensive income:					
Net income	—	2,728	2,728	389	3,117
Other comprehensive income, net of tax	7,123	—	7,123	—	7,123
<b>Total comprehensive income</b>	<b>7,123</b>	<b>2,728</b>	<b>9,851</b>	<b>389</b>	<b>10,240</b>
<b>Balance, December 31, 2019</b>	<b>5,230</b>	<b>37,765</b>	<b>42,995</b>	<b>4,523</b>	<b>47,518</b>
Contributions to non-controlling interests	—	—	—	(145)	(145)
Consolidation/deconsolidation of less than 100% owned entities				290	290
Additional paid in capital from acquisition of non-controlling interests	—	4	4	—	4
Comprehensive income:					
Net income	—	1,158	1,158	343	1,501
Other comprehensive income, net of tax	5,364	—	5,364	—	5,364
<b>Total comprehensive income</b>	<b>5,364</b>	<b>1,158</b>	<b>6,522</b>	<b>343</b>	<b>6,865</b>
<b>Balance, December 31, 2020</b>	<b>\$ 10,594</b>	<b>\$ 38,927</b>	<b>\$ 49,521</b>	<b>\$ 5,011</b>	<b>\$ 54,532</b>

The accompanying notes are an integral part of the consolidated financial statements.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2020	2019
	(in millions)	
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 1,501	\$ 3,117
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	238	176
Net capitalization of deferred policy acquisition costs	(236)	(130)
Universal life and annuity fees	(1,194)	(1,153)
Interest credited to policyholders' account balances	3,799	3,941
Capitalized interest and dividends reinvested	(247)	(260)
Net investment gains	(1,045)	(2,902)
Equity in earnings of limited partnerships	(490)	(422)
Acquisitions of investments within consolidated investment companies	(3,133)	(2,767)
Dispositions of investments within consolidated investment companies	3,074	2,014
Other	(351)	307
Changes in:		
Other assets and other liabilities	432	(15)
Policy claims	434	(112)
Future policy benefits	6,155	7,428
Book overdrafts	64	(89)
<b>Net cash provided by operating activities</b>	<b>9,002</b>	<b>9,133</b>
<b>Cash Flows From (used in) Investing Activities:</b>		
Proceeds from:		
Sale of available-for-sale fixed maturities	8,635	4,782
Maturity and repayment of available-for-sale fixed maturities	19,854	16,315
Repayment of mortgage and other loans	5,204	7,771
Sale of other invested assets	1,059	2,559
Sale of trading securities, at fair value	2,171	3,137
Maturity and repayment of trading securities, at fair value	1,117	1,220
Cost of:		
Acquisition of available-for-sale fixed maturities	(31,190)	(30,058)
Acquisition of mortgage and other loans	(7,113)	(9,433)
Acquisition of other invested assets	(2,873)	(3,333)
Acquisition of trading securities, at fair value	(2,605)	(4,838)
Policy loans	(29)	(307)
Capital expenditures	(169)	(211)
Purchase of subsidiaries, net of cash acquired	(5,521)	—
Other	(188)	58
<b>Net cash used in investing activities</b>	<b>(11,649)</b>	<b>(12,337)</b>
<b>Cash Flows From Financing Activities:</b>		
Policyholders' account balances:		
Deposits	26,438	20,717
Withdrawals	(20,738)	(19,064)
Net transfers to separate accounts	(1,766)	(1,058)
Contributions from non-controlling interests	920	1,098
Distributions to non-controlling interests	(1,067)	(776)
Proceeds from the issuance of debt	2,299	2,492
Paydowns from debt	(800)	(1,380)
Other	(173)	116
<b>Net cash provided by financing activities</b>	<b>5,113</b>	<b>2,144</b>
Effect of exchange rate changes on cash and cash equivalents	27	34
Net increase (decrease) in cash, cash equivalents and restricted cash	2,493	(1,026)
Cash, cash equivalents and restricted cash at the beginning of year	5,353	6,379
Cash, cash equivalents and restricted cash, end of year	<b>\$ 7,846</b>	<b>\$ 5,353</b>

The accompanying notes are an integral part of the consolidated financial statements.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**December 31, 2020 and 2019**

**NOTE 1 - NATURE OF OPERATIONS**

New York Life Insurance Company (“New York Life”), a mutual life insurance company domiciled in New York State, and its subsidiaries (“the Company”) 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 offers 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 provides investment management and advisory services in the United States, Europe, Asia and Australia.

**Business Acquisition**

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 consideration of \$6,309 million, which includes equity investments in Life Insurance Company of North America (“LINA”) and Cigna Life Insurance Company of New York (“CLICNY”) of \$2,754 million and \$145 million, respectively, and goodwill of LINA and CLICNY of \$3,305 million and \$105 million, respectively. The goodwill will be amortized over a period of 10 years. Refer to Note 15 - Goodwill and Other Intangibles for additional information on goodwill and other intangibles for additional information on the value of in-force business acquired (“VOBA”). Effective March 10, 2021, CLICNY has been renamed New York Life Group Insurance Company of NY (“GICNY”). As of the acquisition date, both LINA and GICNY became direct wholly owned subsidiaries of the Company.

Fair value of assets acquired and liabilities assumed at December 31, 2020 (in millions):

	<b>LINA</b>	<b>GICNY</b>	<b>Total</b>
<b>Assets acquired:</b>			
Cash and invested assets	\$ 8,733	\$ 450	\$ 9,183
Premiums receivable	539	47	586
Reinsurance recoverable	1,683	184	1,867
Deferred tax asset, net	196	12	208
Other intangible assets	244	7	251
Other assets	3	1	4
Separate accounts assets	16	—	16
<b>Total assets acquired</b>	<b>\$ 11,414</b>	<b>\$ 701</b>	<b>\$ 12,115</b>
<b>Liabilities assumed:</b>			
Policyholder benefits reserves, net	\$ 8,370	\$ 527	\$ 8,897
Other liabilities	274	29	303
Separate account liabilities	16	—	16
<b>Total liabilities assumed</b>	<b>\$ 8,660</b>	<b>\$ 556</b>	<b>\$ 9,216</b>
<b>Net identifiable assets acquired</b>	<b>\$ 2,754</b>	<b>\$ 145</b>	<b>\$ 2,899</b>
Goodwill	3,305	105	3,410
<b>Net assets acquired</b>	<b>\$ 6,059</b>	<b>\$ 250</b>	<b>\$ 6,309</b>

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF OPERATIONS (continued)**

The \$3,410 million of total goodwill recognized is largely attributable to the acquired employee workforce, expected insurance business synergies, customer relationships and distribution networks not included within the value of identifiable intangible assets.

As the acquisition date was December 31, 2020, there were no revenues or earnings related to GBS to be included in the Company's Consolidated Statement of Operations.

The purchase price allocation of the GBS acquisition is deemed to be preliminary. The purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The preliminary fair values of acquired assets and liabilities assumed represent management's estimate of fair value and are subject to change if additional information, such as changes to deferred taxes and/or working capital, becomes available. We expect to finalize the purchase price allocation as soon as practicable within the measurement period, but not later than one year following the acquisition date.

Other intangible assets recorded in connection with the acquisition (in millions):

	<b>December 31, 2020</b>		
	<b>LINA</b>	<b>GICNY</b>	<b>Total</b>
VOBA <sup>(1)</sup>	\$ 114	\$ 6	\$ 120
Value of internally developed and used software <sup>(2)</sup>	117	—	117
Value of transition service agreement <sup>(3)</sup>	13	1	14
<b>Total other intangible assets</b>	<b>\$ 244</b>	<b>\$ 7</b>	<b>\$ 251</b>

<sup>(1)</sup> VOBA represents the estimated profits relating to the contracts in force at the acquisition date through expiry of the contracts.

<sup>(2)</sup> Value of internally developed and used software is determined using the replacement cost method.

<sup>(3)</sup> Value of transition services agreement is based on the comparable market services for each individual service covered by the transition service agreement.

**NOTE 2 - BASIS OF PRESENTATION**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and reflect the consolidation of the parent company with the entities over which the Company exercises control, including its majority owned and controlled insurance and non-insurance subsidiaries and variable interest entities ("VIEs") in which the Company is considered the primary beneficiary. Refer to Note 3 - Significant Accounting Policies for further discussion. All intercompany transactions have been eliminated in consolidation.

Certain prior period amounts in the Statements of Financial Position have been reclassified to conform to the current period's presentation, including "Reinsurance recoverable" reclassified from "Other assets", "Policy claims" reclassified from "Future policy benefits", and "Deferred income taxes" and "Reinsurance payable" reclassified from "Other liabilities".

The New York State Department of Financial Services (the "Department") recognizes only statutory accounting principles ("SAP") for determining and reporting the financial position and results of operations of an insurance company and for determining its solvency under New York State Insurance Law. Accounting practices used to prepare statutory financial statements for regulatory filings of life insurance companies differ in certain instances from GAAP. Refer to Note 21 - Statutory Financial Information for further discussion.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of the accompanying consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates include those used in determining deferred policy acquisition costs ("DAC") and related amortization; measurement of goodwill and other intangible assets and any related impairment; valuation of investments including derivatives and recognition of other-than-temporary impairments ("OTTI"); future policy benefits including guarantees; pension and other postretirement benefits; provision for income taxes and valuation of deferred tax assets; and reserves for contingent liabilities, including reserves for losses in connection with unresolved legal matters.

**Fair Value Option**

The fair value option ("FVO") provides entities with an alternative to use fair value as the initial and subsequent accounting measurement attribute for assets and liabilities that meet the definition of a financial asset or liability. The decision to elect the FVO is determined on an instrument by instrument basis and is applied to an entire instrument. The decision is irrevocable once elected. Refer to the Fixed Maturities, Equity Securities and Mortgage Loans and Other Loans sections below, Note 6 - Investments and Note 13 - Reinsurance for more information on the FVO.

**Fixed Maturities**

Fixed maturity investments classified as available-for-sale are reported at fair value. For a discussion on the valuation approach and methods for fixed maturities reported at fair value, refer to Note 9 - Fair Value Measurements. The amortized cost of fixed maturities is adjusted for amortization of premium and accretion of discount. Interest income, as well as the related amortization of premium and accretion of discount, is included in Net investment income. The Company accrues interest income on fixed maturities to the extent it is deemed collectible and the security continues to perform under its original contractual terms. In the event collectability of interest is uncertain, accrual of interest income will cease and income will be recorded when and if received.

Unrealized gains and losses on available-for-sale fixed maturity investments are reported as net unrealized investment gains (losses) in accumulated other comprehensive income ("AOCI"), net of deferred taxes and related adjustments.

Included within fixed maturity investments are mortgage-backed ("MBS") and asset-backed securities ("ABS"). Amortization of the 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 MBS and ABS (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 MBS and ABS 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 (i.e. interest only securities), the effective yield is adjusted prospectively for any changes in estimated cash flows.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

The cost basis of fixed maturities is adjusted for impairments in value deemed to be other-than-temporary, with a loss recognized in Net investment gains (losses). The new cost basis is not adjusted for subsequent increases in estimated fair value. In periods subsequent to the recognition of an OTTI, impaired fixed maturities are accounted for as if purchased on the measurement date of the impairment. Accordingly, the discount (or reduced premium) based on the new cost basis may be accreted into net investment income in future periods based on prospective changes in cash flow estimates, to reflect adjustments to the effective yield.

Factors considered in evaluating whether a decline in the value of fixed maturities is other-than-temporary include: (1) whether the decline is substantial; (2) the duration of time that the fair value has been less than cost; and (3) the financial condition and near-term prospects of the issuer. Mortgage-backed and asset-backed securities rated below AA at acquisition are deemed other-than-temporarily impaired securities when the fair value is below amortized cost and there are negative changes in estimated future cash flows.

With respect to fixed maturities in an unrealized loss position, an OTTI is recognized in earnings when it is anticipated that the amortized cost will not be recovered. The entire difference between the fixed maturity's cost and its fair value is recognized in earnings only when the Company either (1) has the intent to sell the fixed maturity security or (2) more likely than not will be required to sell the fixed maturity security before its anticipated recovery. If these conditions do not exist, an OTTI would be recognized in earnings ("credit loss") for the difference between the amortized cost basis of the fixed maturity and the net present value of projected future cash flows expected to be collected. The difference between the fair value and the present value of projected future cash flows expected to be collected represents the portion of OTTI related to other-than credit factors ("non-credit loss") and is recognized in AOCI. 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 fixed maturity 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, 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 the recovery value if the Company determines that the security is dependent on the liquidation of the collateral for recovery.

Fixed maturity investments classified as Securities at fair value include investments for which the FVO was elected and investments that are considered to be actively traded or held for only a short period of time. The FVO primarily includes and is generally elected for fixed income securities that support certain insurance and reinsurance contracts for which the investment results associated with these products are expected to ultimately accrue to the contract holder as well as invested assets that host embedded derivatives. Changes in fair value of the fixed maturity securities at fair value are included in Net investment gains (losses) while interest income is reported in Net investment income. The Company accrues interest income to the extent it is deemed collectible and the security continues to perform under its original contractual terms. In the event collectability of interest is uncertain, accrual of interest income will cease and income will be recorded when and if received. Cash flows from acquiring and disposing of the FVO invested assets are classified in Cash flows from investing activities. Cash flows for securities actively traded are classified in Cash flows from operating activities.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Equity Securities**

Equity securities at fair value which are deemed unaffiliated are carried at fair value with changes in fair value recognized in Net investment gains (losses) while dividend income is reported in Net investment income. Included in Equity securities at fair value are certain purchases of 20% or more of the outstanding shares or units of mutual funds, trusts or similar financial instruments for which the FVO was elected. These investments have a net asset value ("NAV"), which is calculated and published on either a monthly or daily basis. For a discussion on valuation approach and methods for equity securities refer to Note 9 - Fair Value Measurements.

Affiliated equity securities represent holdings in entities where there is at least a 20% ownership and where the Company has the ability to exercise significant influence through its relationship, and are accounted for by the equity method of accounting. Accordingly, respective net earnings or losses are included in Net income.

**Mortgage Loans and Other Loans**

Mortgage loans, which include commercial and residential mortgage loans, are generally carried at unpaid principal balances, net of discounts, premiums, deferred origination fees, and valuation allowances, and are collateralized. For loans carried at unpaid principal balances, specific valuation allowances are established for the excess carrying value of the mortgage loan over the estimated fair value of the collateral, when it is probable that based on current information and events, the Company will be unable to collect all amounts due under the contractual terms of the loan document. The Company closely monitors mortgage loans with the potential for specific valuation allowance by considering a number of factors. For commercial mortgage loans, these factors include, but are not limited to, loan to value ("LTV"), asset performance such as debt service coverage ratio, lease rollovers, income/expense hurdles, major tenant or borrower issues, the economic climate, and catastrophic events. Residential mortgage loans that are sixty or more days delinquent are monitored for potential specific valuation allowance. For senior secured commercial loans, credit risk is managed using internal credit risk ratings, which are determined by using a combination of objective and subjective criteria. The Company also has a portfolio valuation allowance for probable incurred but not specifically identified losses. The portfolio valuation allowance is determined by applying a factor against the commercial loans and a specific dollar amount for the residential mortgage loan portfolios, excluding loans for which a specific allowance has already been recorded and those reported using FVO, to estimate potential losses in each portfolio. The portfolio allowance factor for the commercial mortgage loan portfolio is based on the Company's historical loss experience as well as industry data regarding commercial loan delinquency rates. The Company analyzes industry data regarding specific credit risk based on geographic locations and property types as well as probability of default, timing of default, and loss severity for each loan in a given portfolio. The portfolio allowance for the residential mortgage loan portfolio is also based on the Company's historical loss experience as well as expected defaults and loss severity of loans deemed to be delinquent. Changes to the specific and portfolio valuation allowances are reflected in Net investment gains (losses).

The Company elected the FVO for mortgage loans that support certain of the Company's reinsurance contracts for which the investment results associated with these contracts are expected to ultimately accrue to the reinsured policies. These mortgage loans are carried at fair value. The changes in the fair value of mortgage loans carried at fair value are included in Net investment gains (losses) while the interest income is reported in Net investment income. For a discussion on valuation approach and methods for mortgage loans reported at fair value, refer to Note 9 - Fair Value Measurements.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

Other loans include senior secured commercial loans, issued by one of the Company's subsidiaries. Senior secured commercial loans consist of one segment of loans defined as commercial loans. Senior secured commercial loans that management has the intent and ability to hold until maturity or payoff are reported at their outstanding unpaid principal balances reduced by any charge off or loss reserve, net of any deferred fees on originated loans, or unamortized premiums or discounts on purchased loans. The Company assesses its loans on a monthly basis for collectability in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, and prevailing economic conditions. Specific loans are considered for impairment when it is probable that the Company will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan document. Credit risk is managed using internal credit risk ratings, which are determined by using a combination of objective and subjective criteria. Factors considered by management in determining impairment include payment status and the financial condition of the borrower. Impaired loan measurement may be based on the present value of expected future cash flows discounted at the loan's effective interest rate, at the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. A loss reserve is established for the calculated impairment. A portfolio valuation allowance for probable incurred but not specifically identified losses is determined for the remainder of the portfolio. These loans are assigned internal credit risk ratings and the Company utilizes a specific reserve percentage for each category of risk rating. The loss reserve rate is multiplied by outstanding loans in each related risk category to determine the portfolio reserve on these loans. Changes to the specific and portfolio valuation allowances are reflected in Net investment gains (losses) in the accompanying Consolidated Statement of Operations.

Senior secured commercial loans that are held for sale are carried at the lower of cost net of any deferred origination costs and fees or fair value on an individual asset basis. At the time of the funding of a loan, management determines the amount of the loan that will be held-for-sale. The fair value estimates are generally based on projected cash flows discounted at the weighted average interest rates offered in the market for similar loans. Cash flows resulting from the sale of the loans that were originally classified as held for investment are recorded as an investing activity in the accompanying Consolidated Statement of Cash Flows. When sold, the sales price received less the Company's carrying value of these loans held for sale is recorded to Net investments gains (losses) in the accompanying Consolidated Statement of Operations.

For mortgage loans and other loans, the Company accrues interest income on loans to the extent it is deemed collectible and the loan continues to perform under its original or restructured contractual terms. The Company places loans on non-accrual status and ceases to recognize interest income when management determines that 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 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 loan has investment income due and accrued that is ninety days past due, the investment income shall continue to accrue, if deemed collectible.

Mortgage loans and other loans are occasionally restructured in a troubled debt restructuring ("TDR"). The Company assesses loan modifications on a case-by-case basis to evaluate whether a TDR has occurred. A specific valuation allowance may be established for mortgage loans and other loans restructured in a TDR for the excess carrying value of the mortgage loan over the estimated fair value of the collateral.

**Policy Loans**

Policy loans are carried at the unpaid principal balance of the loan. Because these loans are effectively collateralized by the surrender value of the underlying policies, a valuation allowance is established only when loan balances, including capitalized interest, exceeds the related policy's cash surrender value. Interest income is recorded as earned and included in Net investment income.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Other Investments**

Other investments consist primarily of direct investments in limited partnerships and limited liability companies, certain equity investments for which a measurement alternative has been elected, investments of consolidated investment companies, derivatives (see discussion on derivative instruments below), securities purchased under agreement to resell, short-term investments, real estate, and loans of certain consolidated VIEs.

Investments in limited partnerships and limited liability companies that maintain separate investor capital accounts for their investors are accounted for using the equity method of accounting unless consolidation is required. Investments in limited partnerships and limited liability companies that do not maintain separate investor capital accounts for their investors are accounted for either at fair value or under a measurement alternative if certain criteria are met or equity method accounting if the Company is deemed to have significant influence over the investee unless consolidation is required. The financial statements of equity method investees are usually not received in time for the Company to apply the equity method at each reporting period. Therefore, these investments have been recorded on a one to three-month lag. In many cases, limited partnerships and limited liability companies in which the Company invests qualify as investment companies and apply specialized accounting practices. The Company retains this specialized accounting practice in consolidation and for the equity method. For limited partnerships accounted for under the equity method, unrealized gains and losses are recorded in Net investment income. For consolidated limited partnerships, the underlying investments, which may consist of various classes of assets, are aggregated and stated at fair value in Other investments.

Certain unaffiliated equity investments that meet specific criteria are reported using a measurement alternative allowed under authoritative guidance. These are investments in corporations or limited partnerships and limited liability companies that do not maintain separate investor capital accounts and for which the Company does not have the ability to exercise significant influence. Under the measurement alternative, these investments are reported at cost less impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. These securities are reviewed for impairment by performing a qualitative credit assessment of the investment. If the qualitative assessment indicates that the investment is impaired, fair value is calculated and an impairment loss is recognized in Net investment gains (losses) for the difference between fair value and carrying value of the investment.

Short-term investments include investments with remaining maturities of one year or less, but greater than three months, at the time of acquisition and are carried at fair value. Refer to Note 6 - Investments, for details of Other investments by component.

Real estate held for the production of income and home office properties are stated at cost less accumulated depreciation. Real estate held-for-sale is stated at the lower of cost less accumulated depreciation or fair value, less 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 other-than-temporary impairment is recorded in Net investment gains (losses), 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 is calculated using the straight-line method over the estimated lives of the assets. Costs of permanent improvements are depreciated over the shorter of their estimated useful lives, or the remaining estimated life of the real estate. Any encumbrances on real estate are recorded in Debt.

**Cash and Cash Equivalents**

Cash equivalents include investments that have remaining maturities of three months or less at date of purchase and are carried at fair value.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Investment Income and Net Investment Gains (Losses)**

Income from investments is reported within Net investment income, unless otherwise stated herein. Net investment gains (losses) include gains and losses on sales for all investments, which are generally computed using the specific identification method, as well as changes in the fair value of liabilities under the FVO. Also, as stated throughout the notes, Net investment gains and losses include impairment losses and changes in fair value of Securities, at fair value.

**Derivative Instruments**

Derivatives are recorded at fair value as assets, within Other investments or as liabilities, within Other liabilities, except for embedded derivatives which are recorded with the associated host contract. The classification of changes in the fair value of derivatives depends on the characteristics of the transaction, including whether it qualifies and is designated for hedge accounting. Changes in fair value for derivatives that do not qualify or are not designated for hedge accounting are included in Net investment gains (losses).

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 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.

In order to mitigate counterparty credit risk, the Company receives collateral from counterparties with derivatives in a net positive fair value position, which is included in Other liabilities. The Company also posts collateral for derivatives that are in a net liability position, which is included in Other assets. Refer to Note 7 - Derivative Instruments and Risk Management.

**Cash Flow Hedges**

The Company accounts for the following as cash flow and foreign currency hedges, when they qualify for hedge accounting under the requirements of the authoritative guidance: (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.

When a derivative is designated as a cash flow hedge and determined to be highly effective, changes in fair value are recorded as unrealized gains or losses in AOCI and deferred until earnings are affected by the variability of cash flows being hedged (e.g., when periodic settlements on a variable-rate asset or liability are recorded in earnings). At that time, these unrealized gains or losses are reclassified to earnings to the same line item as the associated hedged item's cash flows.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

For cash flow hedges of forecasted transactions, hedge accounting is discontinued when it is probable that the forecasted transaction will not occur. In these cases, the gains and losses that were in AOCI will be recognized immediately in Net investment gains (losses) and the derivative will continue to be carried at its fair value on the balance sheet, with changes in its fair value recognized in Net investment gains (losses). When the hedged forecasted transaction is no longer probable, but is reasonably possible, the gain or loss remains in AOCI and will be recognized when the transaction affects earnings; however, prospective hedge accounting for the transaction is terminated. In all other cash flow hedge situations in which hedge accounting is discontinued, the unrealized gains or losses that were in AOCI will be recognized when the originally hedged cash flows affect earnings. Prospective changes in fair value will be recognized in Net investment gains (losses).

When a derivative is designated as a foreign currency cash flow hedge and is determined to be highly effective, changes in fair value are recorded as unrealized gains or losses in AOCI. The change in fair value of the derivative related to the change in foreign exchange rates is reported through earnings in net investment gains (losses) consistent with the foreign exchange gains and losses recorded on the hedged item.

**Net Investment Hedges**

The change in fair value of the derivative, including any forward premium or discount, is reflected in other comprehensive income ("OCI") as part of the foreign currency translation adjustment.

**Embedded Derivatives**

The Company may enter into contracts that are not themselves derivative instruments but contain embedded derivatives. For each contract, the Company assesses whether the economic characteristics of the embedded derivative are clearly and closely related to those of the host contract and determines whether a separate instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. When it is determined that the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract, and that a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative. Such embedded derivatives are recorded with the associated host contract at fair value and changes in their fair value are recorded in earnings. In certain instances, the Company may elect to carry the entire contract at fair value.

For further information on the Company's derivative instruments and related hedged items and their effect on the Company's financial position, financial performance, and cash flows, refer to Note 7 - Derivative Instruments and Risk Management.

**Variable Interest Entities**

In the normal course of its investment and investment management activities, the Company enters into relationships with various special purpose entities ("SPEs") and other entities that are deemed to be VIEs. A VIE is an entity that either (1) has equity investors that lack certain essential characteristics of a controlling financial interest (including the ability to control activities of the entity, the obligation to absorb the entity's expected losses and the right to receive the entity's expected residual returns) or (2) lacks sufficient equity to finance its own activities without financial support provided by other entities, which in turn would be expected to absorb at least some of the expected losses of the VIE.

The Company is deemed a primary beneficiary of a VIE if it has (1) the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and (2) the obligation to absorb losses of or the right to receive benefits from the VIE that could be potentially significant to the VIE. If both conditions are present, the Company is required to consolidate the VIE.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 for collateral received on securities lending in Other liabilities. 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 transferred. Securities sold under agreements to repurchase are treated as financing arrangements. 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 Other liabilities.

The Company enters into tri-party reverse repurchase agreements to purchase and resell short-term securities. Securities purchased under agreements to resell are treated as investing activities. 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 and therefore, the collateral is not recorded in 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 to be resold is monitored 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 other investments.

**Deferred Policy Acquisition Costs**

Costs that are related directly to the successful acquisition of new and renewal insurance business are deferred as DAC. DAC primarily includes commissions paid as well as a portion of employee compensation costs related to underwriting, policy issuance and processing, and medical inspection. These costs have been deferred and recorded as an asset.

For traditional participating life insurance policies, such costs are amortized over the estimated life of the contracts, in proportion to estimated gross margins. For universal life and deferred annuity contracts, such costs are amortized in proportion to estimated gross profits over the estimated life of those contracts. Annually, the Company conducts a review of valuation assumptions relative to current experience and management expectations. To the extent that expectations change as a result of this review, valuation assumptions are updated and the impact is reflected as retroactive adjustments in the current year's amortization ("unlocking") and is included in operating expenses. The Company uses a reversion to the mean approach to derive future equity return assumptions for certain separate accounts. However, if the equity return assumption calculated pierces an established cap or floor for a sustained period of time, the long-term assumption will be unlocked and re-established. For all of these contracts, the carrying amount of DAC is adjusted at each balance sheet date as if the unrealized investment gains or losses had been realized and included in the gross margins or gross profits used to determine current period amortization. The increase or decrease in DAC due to unrealized investment gains or losses is recorded in AOCI.

DAC for term insurance, international non-participating traditional life insurance, group life, group disability, and long-term care contracts are amortized in proportion to premium income over the effective premium-paying period of the contract. Assumptions as to anticipated premiums are made at the date of policy issuance and are consistently applied during the life of the contract. Deviations from estimated experience are included in operating expenses when they occur. For single premium immediate annuities with life contingencies and single premium structured settlements with life contingencies, all acquisition costs are charged to expense immediately because generally all premiums are received at the inception of the contract.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Company assesses internal replacements to determine whether such modifications significantly change the contract terms. When the modification substantially changes the contract, DAC is written-off immediately through income and only new deferrable expenses associated with the replacements are deferred. If the contract modifications do not substantially change the contract, DAC amortization on the original policy will continue and any acquisition costs associated with the related modification are expensed. DAC written-off at the date of lapse cannot be restored when a policy subsequently reinstates.

**Sales Inducements**

For some deferred annuity products, the Company offers policyholders a bonus equal to a specified percentage of the policyholder's initial deposit or enhanced crediting rates on certain dollar cost averaging programs, which are considered sales inducements in certain instances. For the older contracts, the embedded values of the guaranteed minimum accumulation benefits are considered sales inducements. From time to time, the Company conducts term life insurance conversion programs under which certain policyholders are offered additional premium credits, which are considered sales inducements, when converting a term life insurance policy or rider to a permanent life insurance contract. The Company defers these aforementioned sales inducements and generally amortizes them over the life of the policy using the same methodology and assumptions used to amortize DAC. Deferred sales inducements are reported in Other assets.

**Future Policy Benefits**

The Company's liability for Future policy benefits is mainly comprised of the present value of estimated future payments to or on behalf of policyholders, where the timing and amount of payment depends on policyholder mortality or morbidity, less the present value of future net premiums. For traditional individual participating life insurance products, the mortality assumptions applied are those used to calculate the policies' guaranteed cash surrender values. The interest rate assumptions are based on the dividend fund interest rate. For non-participating traditional life insurance, annuity, group life, and long-term care products, expected mortality and/or morbidity, lapse and surrender are generally based on the Company's historical experience or standard industry tables including a provision for the risk of adverse deviation ("PAD"). Interest rate assumptions are based on factors such as market conditions and expected investment returns. These assumptions are established at the time the policy is issued and are intended to estimate the experience for the period the policy benefits are payable. If experience is less favorable than assumed and future losses are projected under loss recognition testing, then additional liabilities may be required, resulting in an increase in liabilities for Future policy benefits. The Company does not establish loss reserves until a loss has occurred.

Future policy benefits related to certain of the Company's reinsurance contracts are carried at fair value by election of the FVO. Refer to Note 13 - Reinsurance, for a discussion on assumed reinsurance.

The Company's liability for Future policy benefits also includes liabilities for guaranteed minimum benefits related to certain non-traditional long-duration life and annuity contracts, and deferred profit on limited pay contracts. Refer to Note 11 - Policyholders' Liabilities, for a discussion on guaranteed minimum benefits.

**Policyholders' Account Balances**

The Company's liability for Policyholders' account balances primarily represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. This liability is generally equal to the accumulated account deposits, plus interest credited, less policyholder withdrawals and other charges assessed against the account balance. This liability also includes amounts that have been assessed to compensate the insurer for services to be performed over future periods, and the fair value of embedded derivatives in the above contracts.

Policyholders' account balances related to certain of the Company's reinsurance contracts are carried at fair value by election of the FVO. These amounts are dividends left on deposit. Refer to Note 13 - Reinsurance, for a discussion on assumed reinsurance.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

Policyholders' account balances also include liabilities related to the Company's Medium Term Notes ("MTN") programs and are carried at amortized cost. Under these programs, statutory trusts or SPEs ("the note issuers"), which are consolidated VIEs, issue MTNs to investors. The MTNs are secured by funding agreements issued to the statutory trust or SPE by the Company and have payment terms substantially identical to the funding agreements. The note issuers grant a security interest in the funding agreements to the indenture trustee for the notes. In recognition of the MTN note being secured by the funding agreements, it is included in Policyholders' account balances.

**Policy Claims**

Policy claims include a liability for unpaid claims consisting of (1) claims that are unpaid as of the balance sheet date and estimated claim reserves related to those reported claims that will result in future payments; (2) estimated claims that have been incurred but have not yet been reported as of the balance sheet date and (3) loss adjustment expense reserves for the expected costs of settling these claims. The Company consistently estimates incurred but not yet reported losses using actuarial principles and assumptions based on historical and projected claim incidence patterns, claim size and the expected payment period.

Liabilities for unpaid claims and claim expenses reflect long-term and short-term disability, life insurance and accident and health coverages. The majority of the Company's liability for disability claims consists of disabled life reserves, measured as the present value of estimated future benefit payments, including expected development, for each reported claim that is currently receiving benefit payments over the expected disability period or pending a decision on eligibility for benefits. The Company projects the expected disability period by using historical resolution rates combined with an analysis of current trends and operational factors to develop current estimates of resolution rates. Expected claim resolution rates may vary based upon the Company's experience for the anticipated disability period, the covered benefit period, the cause of disability, the benefit design and the claimant's specific facts such as age, gender, occupation, and income level.

Prior to a claim becoming known, the Company establishes a liability for incurred but not reported claims using standard actuarial techniques and calculations based on completion factors and loss ratio assumptions using the Company's experience combined with an analysis of current trends and operational factors. Completion factors are impacted by several key items including changes in claim inventory levels, claim payment patterns, changes in business volume and other factors. Loss ratio assumptions are developed using historical Company experience, adjusted prospectively for expected changes in the underlying business including rate actions, persistency and inforce growth. The Company also establishes a liability for the expected present value of future benefit payments for known claims that have recently been resolved but may reopen in the future, based on Company experience.

Policy claims related to certain of the Company's reinsurance contracts are carried at fair value by the election of the FVO. Refer to Note 13 - Reinsurance, for a discussion on assumed reinsurance.

**Debt**

Short-term and long-term debt are carried at unpaid principal balance, net of any unamortized discount or premium and debt issuance costs and are included in Other liabilities. Original-issue discount or premium and debt issuance costs are recognized as a component of interest expense over the period the debt is expected to be outstanding, using the interest method of amortization. Short-term debt is debt maturing in one year or less. Refer to Note 9 - Fair Value Measurements, for discussion on the fair value of debt.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Separate Account Assets and Liabilities**

The Company has separate accounts, some of which are registered with the U.S. Securities and Exchange Commission (“SEC”). The Company reports separately, as Separate account assets and Separate account liabilities, investments held in separate accounts and liabilities of the separate accounts if (1) such separate accounts are legally recognized; (2) assets supporting the contract liabilities are legally insulated from the Company’s general account liabilities; (3) investments are directed by the contractholder or in accordance with specific investment objectives; and (4) all investment performance, net of contract fees and assessments, is passed through to the contractholder. The separate accounts have varying investment objectives, are segregated from the Company’s general account and are maintained for the benefit of separate account policyholders. Investment risks associated with market value changes are borne by the policyholders, except to the extent of minimum guarantees made by the Company with respect to certain accounts. All separate account assets are stated at fair value. The separate account liabilities represent the policyholders’ interest in the account, and include accumulated net investment income and realized and unrealized gains and losses on the assets.

**Contingencies**

Amounts related to contingencies are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable.

**Benefit Plans**

New York Life 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 31<sup>st</sup> 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 other postretirement plans in Other assets or Other liabilities in the accompanying Consolidated Statements of Financial Position. The funded status is measured as the difference between plan assets at fair value and projected benefit obligation (“PBO”) for pension plans or the accumulated postretirement benefit obligations (“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. It is the basis upon which pension liabilities and net periodic pension 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 actuarial present value of other postretirement benefits attributed to employee services rendered through the measurement date. This is the valuation basis upon which postretirement 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.

For pension and other postretirement benefits, New York Life recognizes the net periodic benefit cost as an expense in the accompanying Consolidated 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 obligation 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 obligation or the market-related asset value 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.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 rates and age at retirement, withdrawal rates, and mortality. Management, in consultation with its external actuarial consulting 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.

New York Life 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 costs for current matching contributions. The defined contribution plan for agents provides for discretionary Company contributions for eligible agents. Accordingly, the Company recognizes compensation costs for current discretionary contributions. As all contributions are transferred currently to the trust for these plans, no liability for matching or discretionary contributions is recognized.

New York Life 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 costs for current matching contributions and holds a liability for these benefits, which is included in Other liabilities.

New York Life provides certain benefits to eligible employees and agents during employment for paid absences, and after employment but before retirement. A liability for these benefits is accrued when the benefit is incurred.

**Other Assets**

Other assets primarily consist of amounts receivable for undelivered securities, furniture and equipment, investment income due and accrued, capitalized software and web development costs, suspense and clearing, current taxes receivable, sales inducements, goodwill, intangible assets, and trade receivables.

Furniture and equipment is stated at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets, which generally ranges from three to ten years.

Capitalized external and internal software and web development costs are amortized on a straight-line basis over the estimated useful life of the software, generally not to exceed five years.

Goodwill and other intangible assets with an indefinite useful life are not required to be amortized. However, effective January 1, 2019, the Company elected a private company alternative which allows the Company to amortize goodwill on a straight-line basis over 10 years or less than 10 years if the Company demonstrates that another useful life is more appropriate. The Company's goodwill is amortized prospectively over a period of 10 years. Goodwill must be tested for impairment when a triggering event occurs that indicates that the fair value of an entity may be below its carrying amount. All other indefinite-lived intangible assets are required to be tested for impairment at least annually. The Company has an option to perform the impairment analysis quantitatively or qualitatively. Refer to Note 15 - Goodwill and Other Intangible Assets for additional information on goodwill and other intangible assets.

If, after qualitatively assessing the events or circumstances, it is determined that more likely than not the fair value of the entity is less than its carrying amount then the quantitative analysis is performed. If, however the Company concludes otherwise, then no further goodwill analysis is deemed necessary.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

The quantitative goodwill impairment test is performed at the consolidated entity level by comparing the fair value to its carrying value including goodwill. If the fair value exceeds its carrying value, the applicable goodwill is considered not to be impaired. If the carrying value exceeds fair value, an impairment charge is recorded for the excess. However, the loss recognized should not exceed the total amount of goodwill. Additionally, for any subsidiaries for which goodwill has been pushed down to the acquiree, the Company will consider whether local impairment triggers exist, which could result in an impairment in the subsidiaries' separate company financial statements. Subsequent reversal of goodwill impairment losses is not permitted. However, goodwill that has been impaired at the subsidiary level will remain in the parent company's financial statements if no impairment exists at that higher level.

Indefinite-lived intangible assets, other than goodwill, also follow the qualitative and/or the quantitative analysis for impairment by comparing the fair value of the asset with its carrying amount. If the carrying amount of the intangible asset exceeds its fair value, an impairment loss is recognized in the amount of that excess.

An intangible asset with a finite life is amortized over its useful life. Intangible assets with finite useful lives are tested for impairment when facts and circumstances indicate that the carrying amount may not be recoverable, and an impairment loss is recognized when the carrying amount of an asset exceeds the estimated undiscounted cash flows attributable to the asset. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value. Fair value is generally determined using discounted cash flow analysis using assumptions that a market participant would use.

VOBA is amortized based on premiums, similar to DAC, over the period of in-force business. For GBS business, VOBA is expected to be amortized over three years after the acquisition date (the estimated in-force run-off period).

**Other Liabilities**

Other liabilities consist primarily of dividends payable to policyholders, collateral received on securities lending, payables resulting from purchases of securities that had not yet settled at the balance sheet date, derivative liabilities, accrued expenses, and employee benefit liabilities.

The amount of dividends to be paid to New York Life participating policyholders is determined annually by New York Life's Board of Directors. The aggregate amount of policyholders' dividends is based on New York Life's statutory results and past experience, including investment income, net realized investment gains and losses over a number of years, mortality experience, and other factors. New York Life accrues dividends to policyholders when they are due to the policyholder. A portion of the Company's 2019 annual declaration of policyholder dividends included a guarantee of a minimum aggregate amount of dividends to be paid.

Dividends payable to policyholders related to certain of the Company's reinsurance contracts are carried at fair value by election of the FVO. Refer to Note 13 - Reinsurance, for a discussion on assumed reinsurance.

**Fair Value Measurements**

For fair values of various assets and liabilities, refer to Note 9 - Fair Value Measurements.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Foreign Currency Translation Adjustments**

Assets and liabilities of entities with their functional currency denominated in foreign currencies have been translated into U.S. dollars at the respective year-end exchange rates. Operating results are translated monthly at the average exchange rates for that month. Foreign currency translation gains and losses are credited or charged directly to the cumulative translation adjustment (“CTA”) account in AOCI net of applicable tax. The change in the CTA account includes the current year effect of the translation adjustment. CTA is reclassified from AOCI to Net investment gains (losses) on the accompanying Consolidated Statements of Operations upon the sale or complete or substantially complete liquidation of the Company’s investment in the foreign entity. Foreign currency transaction gains and losses are included in Net investment gains (losses) in the accompanying Consolidated Statements of Operations.

**Recognition of Insurance Income and Related Expenses**

Premiums from traditional participating life insurance policies, term life policies, long-term care and annuity contracts with life contingencies are recognized as revenue when due. The associated benefits and expenses are matched with revenue so as to result in the recognition of profits over the life of the policies/contracts. This match is accomplished by providing liabilities for future policy benefits (refer to Note 11 - Policyholders’ Liabilities) and the deferral and subsequent amortization of DAC. Premiums from group life policies are recognized as revenue over the contract period.

Amounts received under universal life-type contracts and investment contracts are reported as deposits to Policyholder’s account balances as discussed in Note 11 - Policyholders’ Liabilities. Revenues from these contracts consist of amounts assessed during the period for mortality and expense risk, policy administration and surrender charges, and are included in Fees – universal life and annuity policies. In addition to fees, the Company earns investment income from the investment of policyholders’ deposits in the Company’s general account portfolio. The Company establishes an unearned revenue liability for amounts previously assessed to compensate the Company for services to be performed over future periods. These amounts are deferred and recognized into income over the period benefited, using the same assumptions and factors used to amortize DAC. Policy benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related policyholders' account balances.

Premiums for contracts with a single premium or a limited number of premium payments due over a significantly shorter period than the total period over which benefits are provided are recorded as income when due. Any excess profit is deferred and recognized as income in a constant relationship to insurance in-force and, for annuities, in relation to the amount of expected future benefit payments.

Premiums, universal life fee income, benefits and expenses are stated net of reinsurance ceded. Estimated reinsurance ceding allowances are recognized over the life of the reinsured policies using assumptions consistent with those used to account for the underlying policies. Refer to Note 13 - Reinsurance for a discussion on reinsurance.

**Management Fees**

The Company receives fees for investment management advisory services and performance fees for services provided under agreements with its clients. Management fees also includes revenue from the distribution of mutual funds. The consideration received for these services is substantially all variable and the Company records the revenue when the contractual terms of the fee arrangement have been satisfied and it is probable that a significant reversal in the amount of the fee will not occur. These fees are included in Management fees and other income.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 and liabilities are recognized for expected future tax consequences of temporary differences between GAAP and taxable income. Temporary differences are identified and measured using a balance sheet approach whereby GAAP and tax balance sheets are compared to each other. Deferred income taxes are generally recognized based on enacted tax rates and a valuation allowance is recorded if it is more likely than not that any portion of the deferred tax asset will not be realized.

Authoritative guidance requires an evaluation of the recoverability of deferred tax assets and the establishment of a valuation allowance, if necessary, to reduce the deferred tax asset to an amount that is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance many factors are considered, including: (1) the nature of deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) in which tax jurisdictions they were generated and the timing of their reversal; (4) taxable income in prior carry-back years as well as projected taxable earnings exclusive of reversing temporary differences and carryforwards; (5) the length of time that carryovers can be utilized in the various tax jurisdictions; (6) any unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies the Company would employ to avoid a tax benefit from expiring unused.

New York Life files a consolidated federal income tax return with all domestic insurers and certain 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. The 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 New York Life's consolidated returns. Intercompany tax balances are generally settled quarterly on an estimated basis with a final settlement within 30 days of the filing of the consolidated 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.

The Company's foreign affiliates operating outside the United States of America compute their tax provision and file on a separate return basis, in accordance with the applicable foreign tax statutes prevailing in the country in which they are deemed a resident for tax purposes.

In accordance with the authoritative guidance related to income taxes, the Company determines whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. The amount of tax benefit recognized for an uncertain tax position is the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Unrecognized tax benefits are included in Other liabilities and are charged to earnings in the period that such determination is made. The Company classifies interest and penalties related to tax uncertainties as Income tax expense.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**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, mortality risks and operational risk, including cyber security.

The novel coronavirus (“COVID-19”) pandemic continues to spread in the United States and throughout the world, and has created and may continue to create extreme stress and disruption in the global economy and financial markets, as well as elevated mortality and morbidity experience for the global population. The ultimate extent of the impact 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 effectiveness of responses to the pandemic taken by governments and private sector businesses, and the impacts on New York Life’s customers, employees and vendors. The Company continues to monitor the economic environment and other potential impacts relating to the COVID-19 pandemic as it relates to the risks described below on its insurance liabilities, investment portfolio and business operations.

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. 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 relies on 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, for any reason 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.

**NOTE 5 - RECENT ACCOUNTING PRONOUNCEMENTS**

**Adoption of New Accounting Pronouncements**

In 2020, the FASB issued ASU 2020-04 *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU 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 ASU, reference rate reform is not expected to significantly impact the Company's financial condition or results of operations.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 5 - RECENT ACCOUNTING PRONOUNCEMENTS (continued)**

In August 2017, the FASB issued updated guidance on accounting for hedging activities with an objective to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The amendments expand and refine hedge accounting for both non-financial and financial risk components and align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. The Company early adopted this guidance on January 1, 2019. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In 2014, the FASB issued guidance on alternative accounting treatments of goodwill and intangible assets for private companies. These alternatives are optional electives that can be adopted anytime as a policy election for non-public entities. The alternative treatment of goodwill allows companies, on a prospective basis, to amortize current and future goodwill balances on a straight-line basis over a period of time not to exceed 10 years. The alternative treatment of intangible assets allows companies, on a prospective basis for transactions that occur subsequent to the adoption of this alternative, to subsume certain qualifying intangible assets into the goodwill balance at the acquisition date of a business combination and accounted for as goodwill subsequent to the acquisition date. The Company elected to adopt this private company alternative guidance on January 1, 2019. There was no impact on the Company's consolidated financial statements on the date of adoption, due to prospective adoption.

**Future Adoption of New Accounting Pronouncements**

In February 2016, the FASB issued updated guidance on accounting for leases which requires lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities rather to recognize lease expense on a straight-line basis over the term of the lease. The recognition, measurement, and presentation of expenses and cash flows arising from a lease have not significantly changed. Also, fundamental changes were not made to the lessor accounting. The Company plans to adopt the guidance on its required effective date for non-public entities of January 1, 2022 using a modified retrospective approach. The adoption of this guidance is not expected to have a significant impact on the Company's equity or net income.

In June 2016, the FASB issued updated guidance for recognizing credit losses on certain financial instruments based on an estimate of current expected credit losses. Entities will be required to estimate lifetime expected credit losses based on an asset's amortized cost that reflects losses expected over the remaining contractual life of an asset. The estimate of expected credit losses should consider historical information, current information, and reasonable and supportable forecasts of future events and circumstances, as well as estimates of prepayments. This includes the risk of loss, even when that risk is remote. The guidance also modifies existing other-than-temporary impairment guidance for available-for-sale debt securities to require the use of an allowance rather than a direct write down of the investment, and replaces existing guidance for purchased credit deteriorated loans and debt securities. The Company plans to adopt the guidance on its required effective date for non-public entities of January 1, 2023 using a modified retrospective approach. The Company is currently assessing the impact of this guidance on its consolidated financial statements.

In August 2018, the FASB issued updated guidance for the recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity. The guidance requires insurance entities to update, on retrospective basis, the assumptions used to measure the liability for future policy benefits for traditional and limited-payment contracts at least annually with the changes recognized through net income. This includes use of an upper-medium grade (low-credit-risk) fixed income discount rate that is required to be updated quarterly with changes recorded through accumulated other comprehensive income. The updated guidance also changes the amortization method of deferred acquisition costs and the measurement of market risk benefits. The guidance significantly impacts the accounting for the traditional and limited-pay contracts. The Company plans to adopt this guidance on its required effective date for non-public entities of January 1, 2025. It is expected that the updated guidance will have a significant impact on the Company's financial statements.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 – INVESTMENTS**

**Fixed Maturities**

The amortized cost and estimated fair value of fixed maturities available-for-sale at December 31, 2020 and 2019, by contractual maturity, is presented below (in millions). Expected maturities may differ from contractual maturities because issuers may have the right to call or repay obligations with or without call or prepayment penalties.

	2020		2019	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<b>Fixed maturities available-for-sale</b>				
Due in one year or less	\$ 7,275	\$ 7,375	\$ 6,886	\$ 6,953
Due after one year through five years	46,546	49,638	40,545	41,965
Due after five years through ten years	40,529	45,896	39,602	42,288
Due after ten years	48,406	58,286	43,017	49,903
Mortgage-backed and asset-backed securities	59,815	64,276	60,769	63,188
Total fixed maturities available-for-sale	\$ 202,571	\$ 225,471	\$ 190,819	\$ 204,297

At December 31, 2020 and 2019, the distribution of gross unrealized gains and losses on investments in fixed maturities were as follows (in millions):

	2020				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	OTTI in AOCI <sup>(1)</sup>
<b>Fixed maturities available-for-sale</b>					
U.S. Treasury	\$ 6,359	\$ 589	\$ 66	\$ 6,882	\$ —
U.S. government corporations & agencies	5,246	1,085	6	6,326	—
U.S. agency MBS and ABS	26,505	3,114	2	29,617	—
Foreign governments	4,125	804	1	4,928	—
U.S. corporate	106,682	13,940	117	120,504	—
Foreign corporate	20,344	2,238	28	22,554	—
Non-agency RMBS	2,580	175	6	2,749	—
Non-agency CMBS	14,287	976	105	15,159	—
Non-agency ABS <sup>(2)</sup>	16,443	467	157	16,752	(11)
Total fixed maturities available-for-sale	\$ 202,571	\$ 23,388	\$ 488	\$ 225,471	\$ (11)
	2019				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	OTTI in AOCI <sup>(1)</sup>
<b>Fixed maturities available-for-sale</b>					
U.S. Treasury	\$ 2,067	\$ 440	\$ 8	\$ 2,499	\$ —
U.S. government corporations & agencies	5,636	861	—	6,497	—
U.S. agency MBS and ABS	29,806	1,750	63	31,493	—
Foreign governments	3,781	501	17	4,265	—
U.S. corporate	98,190	8,182	132	106,240	(1)
Foreign corporate	20,376	1,299	67	21,608	—
Non-agency RMBS	2,290	114	12	2,392	(1)
Non-agency CMBS	13,877	436	16	14,297	—
Non-agency ABS <sup>(2)</sup>	14,796	255	45	15,006	—
Total fixed maturities available-for-sale	\$ 190,819	\$ 13,838	\$ 360	\$ 204,297	\$ (2)

<sup>(1)</sup> Represents the amount of OTTI losses in AOCI, which were not included in earnings pursuant to authoritative guidance. Amount excludes \$168 million and \$148 million for the years ended December 31, 2020 and 2019, respectively, of gross unrealized gains on impaired securities relating to changes in the value of such securities subsequent to the impairment measurement date.

<sup>(2)</sup> Includes auto loans, credit cards, education loans, and other asset types.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 - INVESTMENTS (continued)**

At December 31, 2020 and 2019, the Company had outstanding contractual obligations to acquire additional private placement securities for \$1,655 million and \$1,760 million, respectively.

**Mortgage Loans and Other Loans**

The Company's mortgage loans and other loans net of allowance for credit losses include the following (in millions):

	<u>2020</u>	<u>2019</u>
Mortgage loans:		
Commercial mortgage loans	\$ 37,009	\$ 35,131
Residential mortgage loans	12	18
Total mortgage loans	<u>37,021</u>	<u>35,149</u>
Other loans:		
Senior secured commercial loans, at amortized cost	6,458	6,153
Senior secured commercial loans held for sale	250	145
Total other loans	<u>6,708</u>	<u>6,298</u>
Total mortgage loans and other loans, gross of allowance for credit losses	<u>43,729</u>	<u>41,447</u>
Allowance for credit losses	<u>(309)</u>	<u>(203)</u>
Total mortgage loans and other loans, net of allowance for credit losses	<u>\$ 43,420</u>	<u>\$ 41,244</u>

The Company's mortgage loan investments are diversified by property type, location and borrower and are collateralized by the related properties.

At December 31, 2020 and 2019, contractual commitments to extend credit under mortgage loan agreements were \$2,565 million and \$2,846 million, respectively, at fixed and floating interest rates ranging from 2.25% to 12.31% in 2020 and from 2.80% to 11.50% in 2019. These commitments are diversified by property type and geographic region.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 - INVESTMENTS (continued)**

At December 31, 2020 and 2019, the distribution of the mortgage loan portfolio by property type and geographic region is as follows (\$ in millions):

	2020		2019	
	Amount	% of Total	Amount	% of Total
<b>Property type</b>				
Apartment buildings	\$ 12,085	32.6 %	\$ 11,887	33.8 %
Office buildings	10,781	29.1	9,974	28.4
Industrial	7,081	19.1	5,544	15.8
Retail facilities	6,417	17.3	7,053	20.1
Hotel/motel	633	1.7	567	1.6
Residential	12	—	18	0.1
Other	12	—	106	0.3
Total mortgage loans	<u>37,021</u>	<u>100.0 %</u>	<u>35,149</u>	<u>100.0 %</u>
Allowance for credit losses	(138)		(96)	
Total net mortgage loans	<u>\$ 36,883</u>		<u>\$ 35,053</u>	

	2020		2019	
	Amount	% of Total	Amount	% of Total
<b>Geographic region</b>				
Central	\$ 9,634	26.0 %	\$ 9,150	26.0 %
Pacific	8,467	22.9	7,299	20.8
South Atlantic	8,377	22.6	8,237	23.4
Middle Atlantic	7,836	21.2	7,754	22.1
New England	2,572	6.9	2,550	7.3
Other	135	0.4	159	0.5
Total mortgage loans	<u>37,021</u>	<u>100.0 %</u>	<u>35,149</u>	<u>100.0 %</u>
Allowance for credit losses	(138)		(96)	
Total net mortgage loans	<u>\$ 36,883</u>		<u>\$ 35,053</u>	

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 as well. 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 cycle 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.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 - INVESTMENTS (continued)**

At December 31, 2020 and 2019, LTVs on the Company's mortgage loans, based upon the recorded investment gross of allowance for credit losses, were as follows (in millions):

<b>2020</b>								
<b>LTV Ratio</b>	<b>Apartment Buildings</b>	<b>Office Buildings</b>	<b>Retail Facilities</b>	<b>Industrial</b>	<b>Hotel/Motel</b>	<b>Residential</b>	<b>Other</b>	<b>Total</b>
Above 95%	\$ —	\$ —	\$ 120	\$ —	\$ —	\$ —	\$ —	\$ 120
91% to 95%	—	—	—	—	—	—	—	—
81% to 90%	135	194	54	—	—	—	—	383
71% to 80%	1,098	468	1,000	90	—	1	—	2,657
Below 70%	10,852	10,119	5,243	6,991	633	11	12	33,861
Total	<u>\$ 12,085</u>	<u>\$ 10,781</u>	<u>\$ 6,417</u>	<u>\$ 7,081</u>	<u>\$ 633</u>	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ 37,021</u>

  

<b>2019</b>								
<b>LTV Ratio</b>	<b>Apartment Buildings</b>	<b>Office Buildings</b>	<b>Retail Facilities</b>	<b>Industrial</b>	<b>Hotel/Motel</b>	<b>Residential</b>	<b>Other</b>	<b>Total</b>
Above 95%	\$ —	\$ —	\$ 249	\$ —	\$ —	\$ —	\$ —	\$ 249
91% to 95%	—	—	—	—	—	—	—	—
81% to 90%	—	17	—	—	—	—	—	17
71% to 80%	1,319	335	68	—	—	—	—	1,722
Below 70%	10,568	9,622	6,736	5,544	567	18	106	33,161
Total	<u>\$ 11,887</u>	<u>\$ 9,974</u>	<u>\$ 7,053</u>	<u>\$ 5,544</u>	<u>\$ 567</u>	<u>\$ 18</u>	<u>\$ 106</u>	<u>\$ 35,149</u>

There was no valuation allowance associated with impaired mortgage loans at December 31, 2020 and \$29 million valuation allowance at December 31, 2019, respectively. The Company had \$3 million and \$1 million in impaired loans without a related valuation allowance at December 31, 2020 and 2019, respectively.

There were no investments in mortgage loans that have been non-income producing for the last twelve months ended December 31, 2020 and \$1 million in 2019, respectively. There were \$635 million and no mortgage loans acquired for the years ended December 31, 2020 and 2019, respectively, other than through direct origination.

The Company has investments in mortgage loans for which it elected the FVO. The contractual principal amount of mortgage loans for which the FVO has been elected was \$935 million and \$1,203 million, at December 31, 2020 and 2019, respectively. During 2020 and 2019, respectively, the Company recorded a \$21 million and \$41 million gain related to fair value changes of the investment, which is reported in Net investment gains (losses) in the accompanying Consolidated Statements of Operations.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 - INVESTMENTS (continued)**

The Company monitors the aging of its mortgage loans and senior secured commercial loans at amortized cost on a monthly basis to determine delinquencies. The following table presents an aging of past due mortgage loans and other loans based upon the recorded investment gross of allowance for credit losses, as well as the amount of loans in non-accrual status at December 31, 2020 and 2019 (in millions):

	2020						
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Loans	Non- Accrual Status
Residential mortgage loans	\$ 9	\$ —	\$ —	\$ 3	\$ 3	\$ 12	\$ —
Commercial mortgage loans	36,889	—	—	120	120	37,009	—
Senior secured commercial loans, at amortized cost	6,392	—	—	66	66	6,458	473
Total	<u>\$ 43,290</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 189</u>	<u>\$ 189</u>	<u>\$ 43,479</u>	<u>\$ 473</u>

  

	2019						
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Loans	Non- Accrual Status
Residential mortgage loans	\$ 17	\$ —	\$ —	\$ 1	\$ 1	\$ 18	\$ 1
Commercial mortgage loans	35,131	—	—	—	—	35,131	—
Senior secured commercial loans, at amortized cost	6,042	—	—	111	111	6,153	167
Total	<u>\$ 41,190</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 112</u>	<u>\$ 112</u>	<u>\$ 41,302</u>	<u>\$ 168</u>

The following table presents the activity in the allowance for credit losses for mortgage loans and senior secured commercial loans at amortized cost for the years ended December 31, 2020 and 2019 (in millions):

	2020				2019			
	Residential Mortgage Loans	Commercial Mortgage Loans	Senior Secured Commercial Loans	Total	Residential Mortgage Loans	Commercial Mortgage Loans	Senior Secured Commercial Loans	Total
Allowance for Credit Losses								
Beginning of year	\$ 2	\$ 95	\$ 106	\$ 203	\$ 2	\$ 63	\$ 81	\$ 146
Deconsolidation	—	—	—	—	—	—	—	—
Charged-off loans	—	—	(72)	(72)	—	—	—	—
Provision for credit losses	—	70	137	207	—	32	25	57
Recoveries	—	(29)	—	(29)	—	—	—	—
End of year	<u>\$ 2</u>	<u>\$ 136</u>	<u>\$ 171</u>	<u>\$ 309</u>	<u>\$ 2</u>	<u>\$ 95</u>	<u>\$ 106</u>	<u>\$ 203</u>
<b>Allowance, for credit losses:</b>								
Individually evaluated for impairment (specific)	\$ —	\$ —	\$ 119	\$ 119	\$ —	\$ 29	\$ 70	\$ 99
Collectively evaluated for impairment (portfolio)	2	136	52	190	2	66	36	104
	<u>\$ 2</u>	<u>\$ 136</u>	<u>\$ 171</u>	<u>\$ 309</u>	<u>\$ 2</u>	<u>\$ 95</u>	<u>\$ 106</u>	<u>\$ 203</u>
<b>Ending balance (recorded investment, gross of allowance for credit losses):</b>								
Individually evaluated for impairment (specific)	\$ —	\$ 557	\$ 473	\$ 1,030	\$ —	\$ 650	\$ 169	\$ 819
Collectively evaluated for impairment (portfolio)	\$ 12	\$ 34,712	\$ 5,986	\$ 40,710	\$ 18	\$ 33,242	\$ 5,984	\$ 39,244

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 - INVESTMENTS (continued)**

The Company's senior secured commercial loan portfolio credit risk is managed using credit risk ratings determined by using a combination of objective and subjective criteria. Objective criteria include a loan score, the status of a borrower's compliance with loan covenants and a borrower's actual performance relative to its financial operating plan. The Company uses a loan score model to capture certain key performance parameters and coverage ratios. The model results in a rating computation that is equal to a weighted average of specific variables which are viewed to be critical determinants of a loan's creditworthiness. Borrowers can achieve a loan score as low as "0" or as high as "10" (lower scores indicating a better assessment of creditworthiness). The majority of the loans are expected to fall in the 3 to 6 range given the middle market nature of the businesses / borrowers coupled with the Company's focus on higher yielding and leveraged loans. The loan score model is based on a blend of historic performance and prospective coverage, resulting in a borrower's score being reflective of how well the borrower is positioned to meet future obligations. The more subjective criteria includes a credit risk rating system that incorporates the loan score model, industry trends, borrower, sponsor, and management issues that have a potential impact on the credit, and other issues surfaced that are determined to impact positively or negatively the Company's position relative to the credit exposure. The credit risk rating system has a risk rating range from A through F and the following guidelines:

A. Performing – High: No covenant violations, meets or exceeds financial operating plan, strong management team and supportive sponsor, positive industry trends, loan score rating of 2.0 or lower.

B+. Performing – Plus: Credits that exhibit all of the characteristics of B rated loans and many, but not all of the characteristics of A rated loans.

B. Performing – Standard: No covenant violations, substantially meets financial operating plan, positive industry trends or company well positioned to maintain strong performance through negative industry trend, stable company / management / sponsor dynamics, loan score rating of 6.0 or lower.

C+. Performing – Minus: Loans that exhibit some of the characteristics of C rated loans with expectation of a nearer term upgrade or downgrade resulting from ongoing performance and/or other factors that reflect strengthening or weakening of the borrower's creditworthiness.

C. Performing – Special Attention: Currently meets all payment obligations, exhibits weakness in one or more of the following areas: negative industry trend, covenant violation(s), company / sponsor / management issue(s), near-term performance outlook, negative loan score trend, loan score rating 6.0 or higher.

D. Watch List: Currently meets all payment obligations, covenant violation(s) and anticipated continuing covenant violations, trends or actual events that suggest continuing deterioration of the credit, credit requires significant account management attention, payment in full of principal and interest are at potential risk, such that close scrutiny of credit and additional actions are warranted, negative loan score trend, loan score rating 7.0 or higher.

E. Nonperforming: Not currently meeting all scheduled payments of principal (not including revolver overadvances resulting from a leverage based borrowing base), interest, excess cash flow sweep payments due and other fees and expenses.

F. Write-Off: Loss of some or all principal is a certainty and is reasonably quantifiable.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 - INVESTMENTS (continued)**

The Company's senior secured commercial loans at amortized cost by credit rating determined using the most recently available borrower information at December 31, 2020 and 2019 were as follows (in millions):

<b>2020</b>									
<b>Credit Rating</b>	<b>A</b>	<b>B+</b>	<b>B</b>	<b>C+</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>Total</b>
Nonimpaired loans	\$ 57	\$ 51	\$ 4,955	\$ 260	\$ 748	\$ —	\$ —	\$ —	\$ 6,071
Allowance for loan losses	—	—	(13)	(1)	(39)	—	—	—	(53)
Deferred loan fees	(1)	—	(74)	(3)	(7)	—	—	—	(85)
Nonimpaired loans, net	<u>56</u>	<u>51</u>	<u>4,868</u>	<u>256</u>	<u>702</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,933</u>
Impaired loans	—	—	—	—	—	234	240	5	479
Allowance for loan losses	—	—	—	—	—	(42)	(75)	(1)	(118)
Deferred loan fees	—	—	—	—	—	(3)	(3)	(1)	(7)
Impaired loans, net	—	—	—	—	—	189	162	3	354
Total loans, net	<u>\$ 56</u>	<u>\$ 51</u>	<u>\$ 4,868</u>	<u>\$ 256</u>	<u>\$ 702</u>	<u>\$ 189</u>	<u>\$ 162</u>	<u>\$ 3</u>	<u>\$ 6,287</u>
<b>2019</b>									
<b>Credit Rating</b>	<b>A</b>	<b>B+</b>	<b>B</b>	<b>C+</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>Total</b>
Nonimpaired loans	\$ 15	\$ —	\$ 5,263	\$ 371	\$ 423	\$ —	\$ —	\$ —	\$ 6,072
Allowance for loan losses	—	—	(14)	(1)	(21)	—	—	—	(36)
Deferred loan fees	—	—	(81)	(3)	(4)	—	—	—	(88)
Nonimpaired loans, net	<u>15</u>	<u>—</u>	<u>5,168</u>	<u>367</u>	<u>398</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,948</u>
Impaired loans	—	—	—	—	—	37	134	—	171
Allowance for loan losses	—	—	—	—	—	(6)	(64)	—	(70)
Deferred loan fees	—	—	—	—	—	—	(2)	—	(2)
Impaired loans, net	—	—	—	—	—	31	68	—	99
Total loans, net	<u>\$ 15</u>	<u>\$ —</u>	<u>\$ 5,168</u>	<u>\$ 367</u>	<u>\$ 398</u>	<u>\$ 31</u>	<u>\$ 68</u>	<u>\$ —</u>	<u>\$ 6,047</u>

Impaired senior secured commercial loans with an average recorded investment of \$304 million and \$76 million were outstanding during the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, there were no impaired senior secured commercial loans that did not have a corresponding allowance for loan losses. Interest and fee income on impaired loans is recorded on a cash basis from the date of impairment and was \$30 million and \$9 million during 2020 and 2019, respectively.

All senior secured commercial loan modifications (including partial principal forgiveness, term extensions, and reductions in interest, among other changes) are reviewed for potential TDR classification. At December 31, 2020 and 2019, loans outstanding classified as TDR totaled \$260 million and \$139 million, with no related allowance for loan losses for 2020 or 2019. There were \$66 million in charge-offs recognized on TDR of one loan for the year ended December 31, 2020. There were no charge-offs on TDRs for the year ended December 31, 2019. There were no loans modified in TDRs that experienced a payment default during the years ended December 31, 2020 and 2019, and for which the payment default occurred within one year of the modification. At December 31, 2020 and 2019, commitments to lend additional funds to borrowers whose terms have been modified in TDRs were \$37 million and \$9 million, respectively.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 - INVESTMENTS (continued)**

**Other Investments**

The components of Other investments at December 31, 2020 and 2019 were as follows (in millions):

	<b>2020</b>	<b>2019</b>
Limited partnerships/limited liability companies	\$ 8,314	\$ 7,187
Investments of consolidated investment companies, at fair value	7,353	7,190
Real estate, net	3,045	2,921
Loans of certain consolidated VIEs	1,335	1,187
Derivatives	1,223	945
Securities purchased under agreements to resell	540	528
Short term investments	546	236
Other invested assets	1,071	633
<b>Total other investments</b>	<b>\$ 23,427</b>	<b>\$ 20,827</b>

Unfunded commitments on limited partnerships, limited liability companies and senior secured commercial loans were \$8,037 million and \$7,345 million at December 31, 2020 and 2019, respectively.

The Company receives tax credits related to its investments in qualified affordable housing projects. At December 31, 2020 and 2019, the Company had \$125 million and \$170 million, respectively, in qualified affordable housing investments, included in Limited partnerships/limited liability companies in the table above. The investment balance includes \$13 million and \$22 million of unfunded commitments at December 31, 2020 and 2019, respectively. During 2020 and 2019, the Company recorded amortization on these investments under the proportional amortization method of \$42 million and \$49 million, respectively. The Company recorded tax credits and other tax benefits on these investments of \$55 million and \$58 million for 2020 and 2019, respectively. Both the amortization of the investments as well as the tax credits and tax benefits are recognized as a component of income tax expense (benefit).

Investments, at fair value, net of consolidated investment companies consist primarily of equity securities, real estate, other limited partnerships, and fixed maturities.

Accumulated depreciation on real estate was \$476 million and \$365 million at December 31, 2020 and 2019, respectively. Depreciation expense was \$75 million and \$88 million for the years ended December 31, 2020 and 2019, respectively, and was recorded as a component of Net investment income in the accompanying Consolidated Statements of Operations.

Included in Other invested assets in the table above are certain equity investments without a readily determinable fair value for which the Company has elected the measurement alternative allowed under current guidance. The carrying value of those investments at December 31, 2020 and 2019 was \$192 million and \$178 million, respectively. During 2020 and 2019, the Company recorded \$17 million and \$9 million, respectively, in impairments on these investments. There were no observable price changes that required an upward or downward adjustment on these investments.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 - INVESTMENTS (continued)**

**Variable Interest Entities**

The following table presents the carrying value of assets and liabilities of all of the Company's consolidated VIEs and the Consolidated Statement of Financial Position line item, at December 31, 2020 and 2019 (in millions):

Consolidated Statements of Financial Position Line Item	2020			2019		
	Managed VIEs	Other Consolidated VIEs	Total	Managed VIEs	Other Consolidated VIEs	Total
Fixed maturities, securities at fair value	\$ 11	\$ —	\$ 11	\$ 12	\$ —	\$ 12
Equity securities, securities at fair value	264	—	264	469	—	469
Mortgage loans	1,600	—	1,600	1,438	—	1,438
Other investments	9,189	39	9,228	8,705	47	8,752
Cash and cash equivalents	546	—	546	397	4	401
Investment income due and accrued	19	—	19	18	—	18
Other assets	413	—	413	381	—	381
Total assets	<u>\$ 12,042</u>	<u>\$ 39</u>	<u>\$ 12,081</u>	<u>\$ 11,420</u>	<u>\$ 51</u>	<u>\$ 11,471</u>
Debt	\$ 2,938	\$ 39	\$ 2,977	\$ 2,692	\$ 50	\$ 2,742
Other liabilities	690	—	690	351	—	351
Total liabilities	<u>\$ 3,628</u>	<u>\$ 39</u>	<u>\$ 3,667</u>	<u>\$ 3,043</u>	<u>\$ 50</u>	<u>\$ 3,093</u>

**Managed VIEs**

The Company is the investment manager for certain collateralized and other investment structures, for which the Company earns fee income. The Company analyzes these relationships to determine whether it has (1) the power to direct the activities of the VIE that most significantly impacts the economic performance of the entity and (2) the obligation to absorb losses or the right to receive benefits of the entity that could be potentially significant and thus determined to be the primary beneficiary. This analysis includes a review of the Company's rights and responsibilities as investment manager, the fees received by the Company and other interest (if any) held by the Company. The Company is not required to provide, and has not provided, material financial or other support to any VIE for which it is the investment manager.

The Company has analyzed these relationships and determined that it is the primary beneficiary for certain collateralized and other investment structures and consolidates these entities. The assets of these VIEs are restricted and must be used to settle liabilities of the VIE. Creditors have no recourse against the Company in the event of default by these VIEs, nor does the Company have any significant implied or unfunded commitments to these VIEs.

The FVO has been elected for the financial assets and liabilities of the consolidated collateralized VIEs, and therefore, assets and liabilities are reported at fair value, with changes in fair value reflected in Net investment gains (losses). The fair value of those eligible assets at December 31, 2020 and 2019, totaled \$1,335 million and \$1,182 million, respectively. The outstanding principal of these assets at December 31, 2020 and 2019, totaled \$1,368 million and \$1,219 million, respectively. The fair value of those eligible liabilities at December 31, 2020 and 2019, totaled \$1,566 million and \$1,227 million, respectively. The outstanding principal of these liabilities at December 31, 2020 and 2019, totaled \$1,582 million and \$1,169 million, respectively.

During the years ended December 31, 2020 and 2019, the change in fair value of the assets resulted in a loss of \$5 million and a loss of \$4 million, respectively, which was recorded in Net investment gains (losses) in the accompanying Consolidated Statements of Operations. Interest income is recorded in Net investment income in the accompanying Consolidated Statements of Operations. During the years ended December 31, 2020 and 2019 the change in fair value of the liabilities resulted in a loss of \$2 million and \$6 million, respectively, which was recorded in Net investment gains (losses) in the accompanying Consolidated Statements of Operations.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 - INVESTMENTS (continued)**

The Company's financial or other support provided to these VIEs is limited to its investment management services and, in certain cases, its original investment. The Company's maximum exposure to loss resulting from its relationship with the managed VIEs is limited to its investment in the structures. At December 31, 2020 and 2019, the Company's maximum exposure to loss was \$457 million and \$439 million, respectively.

For certain consolidated collateralized structures, the Company elected the measurement alternative for valuing the financial liabilities of these entities. Refer to Note 9 - Fair Value Measurements for more information on the measurement alternative.

**Other Consolidated VIEs**

At December 31, 2020 and 2019, the Company consolidated other VIEs for which it was determined to be the primary beneficiary. These VIEs consisted of certain entities where the Company is not the investment manager. Creditors have no recourse against the Company in the event of default by these VIEs. The Company's maximum exposure to loss resulting from its relationship with these structures is limited to its investment. At December 31, 2020 and 2019, the Company's maximum exposure to loss was \$37 million and \$67 million, respectively.

**Unconsolidated VIEs**

In the normal course of its activities, the Company will invest in structured investments, including VIEs for which it is not the primary beneficiary. These structured investments typically invest in fixed income investments that are managed by third parties and include asset-backed securities, commercial mortgage-backed securities and residential mortgage-backed securities. The Company's maximum exposure to loss on these structured investments, both VIEs and non-VIEs, is limited to the amount of its investment. The Company has not provided financial or other support, other than its direct investment, to these structures. The Company has determined that it is not the primary beneficiary of these structures because it does not have the power to direct the activities that significantly impact the VIE's economic performance. The Company classifies these investments as Fixed maturities - Available-for-sale and Fixed maturities - Securities at fair value. The maximum exposure to loss associated with these investments was \$67,091 million and \$65,801 million at December 31, 2020 and December 31, 2019, respectively.

In the normal course of its activities, the Company will invest in joint ventures, limited partnerships and limited liability companies. These investments include hedge funds, private equity funds and real estate related funds that may or may not be VIEs. The Company's maximum exposure to loss on these investments, both VIEs and non-VIEs, is limited to the amount of its investment. The Company has determined that it is not the primary beneficiary of these structures because it does not have the power to direct the activities that significantly impact the entities' economic performance. The Company classifies these investments in Other investments in the accompanying Consolidated Statements of Financial Position and its maximum exposure to loss associated with these entities was \$8,314 million and \$7,187 million at December 31, 2020 and December 31, 2019, respectively.

These investments are subject to ongoing review for impairment and for events that may cause management to reconsider whether or not it is the primary beneficiary. The Company has no additional economic interest in these structures in the form of derivatives, related guarantees, credit enhancement or similar instruments and obligations. Creditors have no recourse against the Company in the event, of default. The Company has unfunded commitments in joint ventures, limited partnerships and limited liability companies, which are discussed in the Other investments section above.

In addition, not reflected in the table above, are MTN liabilities of \$18,685 million and \$16,584 million at December 31, 2020 and 2019, respectively, which are included in Policyholders' account balances in the accompanying Consolidated Statements of Financial Position.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 6 - INVESTMENTS (continued)**

**Restricted Assets and Special Deposits**

Assets with a carrying value of \$891 million and \$373 million at December 31, 2020 and 2019, respectively, were on deposit with governmental authorities or trustees as required by certain state insurance and foreign government laws and are included within related invested assets in the accompanying Consolidated Statements of Financial Position.

In addition, cash of \$476 million at December 31, 2020 in a trust, and assets with a carrying value of \$10,194 million and \$10,182 million at December 31, 2020 and 2019 held in a grantor trust, are only available for satisfying certain reinsurance liabilities. Refer to Note 13 - Reinsurance for additional discussion.

Refer to Note 11 - Policyholders' Liabilities and Note 16 - Commitments and Contingencies, Loaned Securities and Repurchase Agreements for additional discussion on assets pledged as collateral.

**NOTE 7 - DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT**

The Company uses derivative instruments to manage interest rate, currency, equity, and credit risk. These derivative instruments include foreign currency and bond forwards, interest rate futures, interest rate and equity options, and interest rate, inflation, credit default, total return, and foreign currency swaps. The Company does not engage in derivative instrument transactions for speculative purposes. Refer to Note 3 - Significant Accounting Policies for a discussion on the accounting for derivative instruments.

The Company may enter into exchange-traded futures and over-the-counter ("OTC") derivative instruments. Exchange-traded futures are executed through regulated exchanges and require daily posting of initial and variation margin. When the Company enters into exchange-traded futures, it 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 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 deals with a large number of highly rated OTC-bilateral counterparties, thus limiting its exposure to any single counterparty. The Company has controls in place to monitor credit exposures of OTC-bilateral counterparties by limiting transactions within specified dollar limits and continuously assessing the creditworthiness of its counterparties. The Company uses master netting arrangements and adjusts transaction levels, when appropriate, to minimize risk. The Company's policy is not to offset the fair value amounts recognized for derivatives executed with the same OTC-bilateral counterparty under the same master netting agreements with the associated collateral.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)**

The following table presents recognized derivative instruments that are subject to enforceable master netting agreements at December 31, 2020 and 2019 (in millions):

		2020							
	Gross Amounts of Recognized Derivative Instruments <sup>(1)</sup>	Gross Amounts Offset in the Statements of Financial Position	Gross Amounts Presented in the Statements of Financial Position	Gross Amounts Not Offset in Statements of Financial Position	Cash Collateral	Securities Collateral	Net Amounts of Recognized Derivative Instruments		
Assets	\$ 1,223	\$ —	\$ 1,223	\$ (674)	\$ (493)	\$ (24)	\$ 32		
Liabilities	\$ (819)	\$ —	\$ (819)	\$ 674	\$ 130	\$ —	\$ (15)		

  

		2019							
	Gross Amounts of Recognized Derivative Instruments <sup>(1)</sup>	Gross Amounts Offset in the Statements of Financial Position	Gross Amounts Presented in the Statements of Financial Position	Gross Amounts Not Offset in Statements of Financial Position	Cash Collateral	Securities Collateral	Net Amounts of Recognized Derivative Instruments		
Assets	\$ 945	\$ —	\$ 945	\$ (245)	\$ (577)	\$ (101)	\$ 22		
Liabilities	\$ (305)	\$ —	\$ (305)	\$ 245	\$ 58	\$ —	\$ (2)		

<sup>(1)</sup> The gross amounts exclude investment income due and accrued and accrued investment expense on derivatives, which are included in Other assets and Other liabilities, respectively.

Credit risk is managed by entering into transactions with creditworthy counterparties and obtaining collateral where appropriate. All of the net credit exposure for the Company from derivative contracts is with investment-grade counterparties. For OTC-cleared and exchange traded derivatives, the Company obtains 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. The CSA defines the terms under which collateral is transferred between the parties in order to mitigate credit risk arising from "in the money" derivative positions. The CSA requires that an OTC-bilateral counterparty post collateral to secure its anticipated derivative obligation, taking into account netting arrangements. In addition, certain of the Company's CSAs require that if the Company's (or its counterparty's) credit rating were to fall below a specified rating assigned by a credit rating agency, the other party could request immediate payout on all transactions under the CSAs or full collateralization of the positions thereunder. Cash collateral is invested in short-term investments. If the credit contingent features had been triggered at December 31, 2020, the Company estimates that it would have had to post additional collateral of less than \$1 million. For a one notch downgrade in the Company's credit rating, the Company would have had to post additional collateral of \$14 million for a downgrade that would trigger full collateralization.

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.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)**

The following table presents the notional amount and gross fair 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 (excluding embedded derivatives) at December 31, 2020 and 2019 (in millions):

	Primary Risk Exposure	2020			2019		
		Volume	Fair Value <sup>(2)(3)</sup>		Volume	Fair Value <sup>(2)(3)</sup>	
		Notional Amount <sup>(1)</sup>	Asset	Liability	Notional Amount <sup>(1)</sup>	Asset	Liability
<b>Derivatives qualifying and designated:</b>							
<b>Cash flow hedges:</b>							
Foreign currency swaps	Currency	\$ 46	\$ 4	\$ —	\$ 74	\$ 10	\$ —
Interest rate swaps	Interest	50	—	—	50	—	—
Subtotal		96	4	—	124	10	—
<b>Net investment hedges:</b>							
Foreign currency forwards	Currency	75	—	3	74	—	1
Subtotal		75	—	3	74	—	1
Total derivatives qualifying and designated		171	4	3	198	10	1
<b>Derivatives not designated:</b>							
Bond forwards	Interest	5,635	61	197	15	—	1
Interest rate options	Interest	84,625	69	1	97,241	3	2
Equity options	Equity	823	12	—	375	13	3
Foreign currency forwards	Currency	299	1	14	384	2	4
Foreign currency swaps	Currency	14,796	762	298	13,212	692	124
Futures	Equity	609	2	—	551	—	1
Inflation swaps	Interest	471	6	83	476	—	86
Interest rate swaps	Interest	4,953	282	97	5,268	203	68
Synthetic GICs	Interest	5,965	3	—	6,884	1	—
Total return swaps	Equity	2,594	5	108	5	—	—
<b>Credit default swaps:</b>							
Buy protection	Credit	1,684	—	18	1,329	—	15
Sell protection	Credit	883	16	—	1,156	21	—
Total derivatives not designated		123,337	1,219	816	126,896	935	304
Total derivatives		<u>\$ 123,508</u>	<u>\$ 1,223</u>	<u>\$ 819</u>	<u>\$ 127,094</u>	<u>\$ 945</u>	<u>\$ 305</u>

<sup>(1)</sup> Notional amounts of derivative instruments generally do not represent the amounts exchanged between the parties engaged in the transaction.

<sup>(2)</sup> The fair value amounts exclude investment income due and accrued, and accrued investment expense on derivatives, which is included in Other assets and Other liabilities. Refer to Note 9 - Fair Value Measurements for a discussion of valuation methods for derivative instruments.

<sup>(3)</sup> The fair value is included within Other assets and Other liabilities in the accompanying Consolidated Statements of Financial Position.

**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.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)**

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 contracts until an agreed upon interest rate ceiling, if applicable.

Bond forwards and total return swaps are used 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 values 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 purchases equity options to minimize exposure to the market risk associated with guarantees on certain underlying policyholder liabilities. Options require upfront fees paid at the time the agreements are entered into.

The Company enters into equity futures contracts, total return swaps and options on broad indices to hedge equity exposure in the general account portfolio.

**Credit Risk Management**

The Company enters into credit default swaps ("CDS") both to buy protection from and sell protection to a counterparty in the event of a default of a single name reference obligation or a referenced pool of assets. The Company uses combinations of CDS to swap the credit risk of certain foreign government issued fixed maturities with the credit risk of certain U.S. corporate securities or indices. These CDS synthetically diversify the Company's investments, which limits the Company's exposure to a single credit event.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Cash Flow Hedges**

The following table presents the effects of derivatives in qualified cash flow hedging relationships for the years ended December 31, 2020 and 2019 (in millions):

	Gain (Loss) Recognized in OCI (Effective Portion) <sup>(1)</sup>		Gain (Loss) Reclassified from AOCI into Net Income (Effective Portion)			
			Net Investment Gains (Losses)		Net Investment Income	
	2020	2019	2020	2019	2020	2019
Foreign currency swaps	\$ (1)	\$ 1	\$ 5	\$ 15	\$ 1	\$ 2
Interest rate swaps	6	5	3	3	6	6
<b>Total</b>	<b>\$ 5</b>	<b>\$ 6</b>	<b>\$ 8</b>	<b>\$ 18</b>	<b>\$ 7</b>	<b>\$ 8</b>

<sup>(1)</sup> The amount of gain or (loss) recognized in OCI is reported as a change in net unrealized investment gains or losses, a component of AOCI.

In 2020 and 2019, there were no instances in which the Company discontinued cash flow hedge accounting because the forecasted transactions for which a hedge was entered into did not occur on the anticipated date or in the additional time period permitted under the authoritative guidance on derivatives and hedging.

There were no hedged forecasted transactions, other than receipt or payment of variable interest payments.

For derivatives which are designated for hedge accounting, there were no components of the derivative's gain or loss excluded from the assessment of effectiveness for the years ended December 31, 2020 and 2019.

Presented below is a rollforward of the components of AOCI, before taxes, related to cash flow hedges (in millions):

	2020	2019
Balance, beginning of year	\$ 149	\$ 169
Gains deferred in OCI on the effective portion of cash flow hedges	5	6
Gains reclassified to net income	(15)	(26)
Balance, end of year	<u>\$ 139</u>	<u>\$ 149</u>

At December 31, 2020, gains of \$3 million on derivatives in AOCI are expected to be reclassified to earnings within the next 12 months.

**Net Investment Hedges**

The following table presents the effects of derivatives in net investment hedging relationships, for the years ended December 31, 2020 and 2019 (in millions):

	Gain (Loss) Recognized in OCI (Effective Portion) <sup>(1)</sup>		Gain (Loss) Reclassified from AOCI into Net Income (Effective Portion) <sup>(2)</sup>	
	2020	2019	2020	2019
Foreign currency forwards	\$ (1)	\$ (3)	\$ —	\$ —

<sup>(1)</sup> The amount of gain is reflected in OCI as part of the foreign currency translation adjustment.

<sup>(2)</sup> The amount is reported in net investment gains or losses.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)**

The following table presents a rollforward of the components of AOCI, before taxes, related to net investment hedges for the years ended December 31, 2020 and 2019 (in millions):

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ (198)	\$ (195)
Losses deferred in OCI on the effective portion of net investment hedges	(1)	(3)
Balance, end of year	<u>\$ (199)</u>	<u>\$ (198)</u>

**Derivatives Not Designated**

The Company has derivative instruments that are not designated or do not qualify for hedge accounting treatment.

The following table provides gains and losses on derivative instruments not designated for hedge accounting, which are included in Net investment gains (losses) in the accompanying Consolidated Statements of Operations for the years ended December 31, 2020 and 2019 (in millions):

<b>Derivative Type</b>	<b>2020</b>	<b>2019</b>
Interest rate swaps	\$ 181	119
Credit default swaps:		
Buy protection	13	(11)
Sell protection	(4)	5
Synthetic GICs	2	(2)
Inflation swaps	(1)	(29)
Interest rate options	(2)	(46)
Equity options	(7)	(9)
Foreign currency swaps	(11)	177
Foreign currency forwards	(18)	10
Bond forwards	(135)	(1)
Futures	(269)	(11)
Total return swaps	(530)	—
Net investment gains (losses)	<u>\$ (781)</u>	<u>\$ 202</u>

**Credit Derivatives Written**

The Company enters into CDS both to buy protection from, and sell protection to counterparties in the event of default of a single name reference obligation or a referenced pool of assets. At December 31, 2020, all of the underlying reference obligations of the CDS in which the Company sells protection are investment grade. The single name CDS contracts, in which the Company sells protection, mature within five years. The maximum amount the Company would be required to pay under swaps in which credit protection was sold, assuming all reference obligations default at a total loss without recoveries, would be \$883 million and \$1,156 million at December 31, 2020 and 2019, respectively. The market value of swaps for credit protection sold was a net asset of \$16 million and \$21 million at December 31, 2020 and 2019, respectively.

**Embedded Derivatives**

The Company has certain embedded derivatives that are required to be separated from their host contracts and accounted for as derivatives. At December 31, 2020 and 2019, there were no embedded derivatives that could not be separated from their host contracts.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 7 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT (continued)**

The following table presents the fair value of the Company's embedded derivatives in host contracts at December 31, 2020 and 2019 (in millions):

<b>Host Contracts</b>	<b>Consolidated Statements of Financial Position Line Item</b>	<b>2020</b>	<b>2019</b>
Guaranteed minimum accumulation benefits ("GMAB") <sup>(1)</sup>	Policyholders' account balances	\$ (43)	\$ (44)
Immediate participation guarantee ("IPG") contracts <sup>(1)</sup>	Policyholders' account balances	1,195	771
Separate account index	Policyholders' account balances	71	44
Other	Other liabilities	165	143
<b>Total</b>		<b>\$ 1,388</b>	<b>\$ 914</b>

<sup>(1)</sup> For further information on these embedded derivatives refer to Note 9 - Fair Value Measurements.

The following table presents the changes in fair value related to embedded derivatives for the years ended December 31, 2020 and 2019 (in millions):

<b>Consolidated Statements of Operations</b>	<b>2020</b>	<b>2019</b>
Net investment gains (losses)	\$ —	\$ 2
Management fees and other income	\$ (22)	\$ (36)
Interest credited to policyholders' account balances	\$ 453	\$ 526

**NOTE 8 - SEPARATE ACCOUNTS**

**Separate Accounts Registered with the SEC**

The Company maintains separate accounts, which are registered with the SEC, for its variable deferred annuity and variable life insurance products with assets of \$39,374 million and \$34,289 million at December 31, 2020 and 2019, respectively. The assets in these separate accounts are comprised of investments in shares of the New York Life sponsored MainStay VP Funds Trust and other non-proprietary insurance-dedicated funds.

**Separate Accounts Not Registered with the SEC**

The Company also maintains separate accounts, which are not registered with the SEC, with assets of \$11,264 million and \$9,296 million at December 31, 2020 and 2019, respectively. The assets in these separate accounts are comprised of hedge funds, investments in MainStay VP Funds Trust, non-proprietary mutual funds, privately placed corporate bonds, mortgage-backed and asset-backed securities, as well as publicly traded investment grade corporate bonds, high-yield bonds, treasury bonds, equities and limited partnerships.

Refer to Note 11 - Policyholders' Liabilities for information regarding separate accounts with contractual guarantees for guaranteed minimum death benefits ("GMDB"), GMAB, enhanced beneficiary benefit ("EBB") and guaranteed future income benefits ("GFIB").

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 - FAIR VALUE MEASUREMENTS**

**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. The Company's assets and liabilities recorded at fair value, except certain assets for which the NAV per share is used as a practical expedient, are measured and classified in accordance with a fair value hierarchy consisting of three levels based on the observability of the inputs used in measuring the fair value. The level is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy based on the inputs to the valuation are 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.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

**Determination of Fair Value**

The Company has an established and well-documented process for determining fair value of its financial instruments.

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 of 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 which go through this formal price challenge process.

In addition, the Company has a pricing committee that provides oversight over the Company's prices and fair value process for securities. The committee is comprised of representatives from the Company's Investment Management, Controller's, Compliance and Security Operations groups. 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.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis at December 31, 2020 and 2019 (in millions):

	2020				
	Level 1	Level 2	Level 3	NAV as a Practical Expedient <sup>(2)</sup>	Total
<b>Fixed maturities - available-for-sale</b>					
U.S. Treasury	\$ —	\$ 6,882	\$ —	\$ —	\$ 6,882
U.S. government corporations & agencies	—	6,326	—	—	6,326
U.S. agency MBS and ABS	—	29,596	21	—	29,617
Foreign governments	—	4,918	10	—	4,928
U.S. corporate	—	120,387	117	—	120,504
Foreign corporate	—	22,517	37	—	22,554
Non-agency RMBS	—	2,382	367	—	2,749
Non-agency CMBS	—	14,336	823	—	15,159
Non-agency ABS	—	15,961	791	—	16,752
<b>Total fixed maturities - available-for-sale</b>	<b>—</b>	<b>223,305</b>	<b>2,166</b>	<b>—</b>	<b>225,471</b>
<b>Fixed maturities - securities, at fair value</b>					
U.S. Treasury	—	333	—	—	333
U.S. government corporations & agencies	—	239	—	—	239
U.S. agency MBS and ABS	—	1,051	—	—	1,051
Foreign governments	—	343	—	—	343
U.S. corporate	—	10,282	50	—	10,332
Foreign corporate	—	9,251	45	—	9,296
Non-agency RMBS	—	126	53	—	179
Non-agency CMBS	—	839	8	—	847
Non-agency ABS	—	618	120	—	738
Redeemable preferred securities	—	—	—	—	—
<b>Total fixed maturities - securities, at fair value</b>	<b>—</b>	<b>23,082</b>	<b>276</b>	<b>—</b>	<b>23,358</b>
<b>Equity securities, at fair value</b>					
Common stock	2,555	369	282	—	3,206
Non-redeemable preferred stock	—	8	69	—	77
Mutual funds	64	—	—	—	64
<b>Total equity securities, at fair value</b>	<b>2,619</b>	<b>377</b>	<b>351</b>	<b>—</b>	<b>3,347</b>
Securities purchased under agreements to resell	—	540	—	—	540
Mortgage loans	—	—	985	—	985
Investments, at fair value, of consolidated investment companies	1,175	265	5,220	693	7,353
Loans of certain consolidated VIEs	—	1,335	—	—	1,335
Derivative assets (including embedded derivatives)	2	1,208	13	—	1,223
Short term investments	—	546	—	—	546
Other invested assets	—	227	—	—	227
Cash equivalents	2,382	4,446	—	—	6,828
Separate account assets	44,699	4,213	2	1,725	50,639
Limited partnerships/Limited liability companies	—	—	1	40	41
Reinsurance recoverable	—	—	3,438	—	3,438
<b>Total assets accounted for at fair value on a recurring basis</b>	<b>\$ 50,877</b>	<b>\$ 259,544</b>	<b>\$ 12,452</b>	<b>\$ 2,458</b>	<b>\$ 325,331</b>
Future policy benefits	\$ —	\$ —	\$ 7,865	\$ —	\$ 7,865
Policyholders' account balances	—	—	2,211	—	2,211
Dividends payable to policyholders	—	—	30	—	30
Policy claims	—	—	121	—	121
Debt	—	1,236	384	—	1,620
Reinsurance payable	—	—	4,090	—	4,090
Derivative liabilities	—	816	171	—	987
Other liabilities	6	8	102	—	116
<b>Total liabilities accounted for at fair value on a recurring basis<sup>(1)</sup></b>	<b>\$ 6</b>	<b>\$ 2,060</b>	<b>\$ 14,974</b>	<b>\$ —</b>	<b>\$ 17,040</b>

<sup>(1)</sup> Separate account liabilities are not included above as they are reported at contract value in accordance with the Company's policy (refer to Note 3 - Significant Accounting Policies).

<sup>(2)</sup> The fair value amounts presented in each category are intended to permit reconciliation of the total assets in this table to the amounts presented in the accompanying Consolidated Statements of Financial Position.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

	2019				
	Level 1	Level 2	Level 3	NAV as a Practical Expedient <sup>(2)</sup>	Total
<b>Fixed maturities - available-for-sale</b>					
U.S. Treasury	\$ —	\$ 2,499	\$ —	\$ —	\$ 2,499
U.S. government corporations & agencies	—	6,497	—	—	6,497
U.S. agency MBS and ABS	—	31,492	1	—	31,493
Foreign governments	—	4,255	10	—	4,265
U.S. corporate	—	106,007	233	—	106,240
Bonds to subsidiaries and affiliates	—	—	—	—	—
Foreign corporate	—	21,601	7	—	21,608
Non-agency RMBS	—	2,348	44	—	2,392
Non-agency CMBS	—	13,503	794	—	14,297
Non-agency ABS	—	14,323	683	—	15,006
Total fixed maturities - available-for-sale	<u>—</u>	<u>202,525</u>	<u>1,772</u>	<u>—</u>	<u>204,297</u>
<b>Fixed maturities - securities, at fair value</b>					
U.S. Treasury	—	344	—	—	344
U.S. government corporations & agencies	—	229	—	—	229
U.S. agency MBS and ABS	—	1,073	—	—	1,073
Foreign governments	—	368	—	—	368
U.S. corporate	—	10,305	60	—	10,365
Foreign corporate	—	7,711	14	—	7,725
Non-agency RMBS	—	111	3	—	114
Non-agency CMBS	—	701	13	—	714
Non-agency ABS	—	680	33	—	713
Redeemable preferred securities	—	—	—	—	—
Total fixed maturities - securities, at fair value	<u>—</u>	<u>21,522</u>	<u>123</u>	<u>—</u>	<u>21,645</u>
<b>Equity securities</b>					
Common stock	2,921	376	222	—	3,519
Non-redeemable preferred stock	—	56	74	—	130
Mutual funds	47	—	—	—	47
Total equity securities	<u>2,968</u>	<u>432</u>	<u>296</u>	<u>—</u>	<u>3,696</u>
Securities purchased under agreements to resell	—	528	—	—	528
Mortgage loans	—	—	1,240	—	1,240
Investments, at fair value, of consolidated investment companies	688	1,016	5,015	471	7,190
Loans of certain consolidated VIEs	—	1,187	—	—	1,187
Derivative assets (including embedded derivatives)	—	937	8	—	945
Short term investments	—	236	—	—	236
Other invested assets	—	160	—	—	160
Cash equivalents	1,042	3,500	—	—	4,542
Separate account assets	38,885	3,205	—	1,495	43,585
Limited partnerships/Limited liability companies	—	—	1	40	41
Reinsurance recoverable	—	—	3,433	—	3,433
<b>Total assets accounted for at fair value on a recurring basis</b>	<u>\$ 43,583</u>	<u>\$ 235,248</u>	<u>\$ 11,888</u>	<u>\$ 2,006</u>	<u>\$ 292,725</u>
Future policy benefits	\$ —	\$ —	\$ 7,818	\$ —	\$ 7,818
Policyholders' account balances	—	—	1,837	—	1,837
Dividends payable to policyholders	—	—	48	—	48
Policy claims	—	—	104	—	104
Debt	—	980	494	—	1,474
Reinsurance payable	—	—	4,105	—	4,105
Derivative liabilities	1	301	146	—	448
Other liabilities	—	—	47	—	47
<b>Total liabilities accounted for at fair value on a recurring basis<sup>(1)</sup></b>	<u>\$ 1</u>	<u>\$ 1,281</u>	<u>\$ 14,599</u>	<u>\$ —</u>	<u>\$ 15,881</u>

<sup>(1)</sup> Separate account liabilities are not included above as they are reported at contract value in accordance with the Company's policy (refer to Note 3 - Significant Accounting Policies).

<sup>(2)</sup> The fair value amounts presented in each category are intended to permit reconciliation of the total assets in this table to the amounts presented in the accompanying Consolidated Statements of Financial Position.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

The following represents a summary of significant valuation techniques for assets and liabilities used to determine fair value, as well as the general classification of such instruments in the valuation hierarchy.

**Fixed Maturities Available for Sale and Securities at Fair Value**

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 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.

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 recognizable, reliable and well regarded benchmarks by participants in the financial industry, which represents the broader U.S. public bond markets.

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.

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.

**Equity Securities**

Securities valued using unadjusted quoted prices in active markets that are readily and regularly available are classified as Level 1. Those securities valued using a market approach in which market quotes are available but are not considered actively traded are classified as Level 2. Securities priced through an internal valuation where significant inputs are deemed to be unobservable, which includes securities of a government organization, are classified as Level 3.

The Company uses the NAV as a practical expedient to calculate fair value for equity investments that (1) do not have a readily determinable fair value and (2) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

**Securities Purchased Under Agreements to Resell**

Due to the short-term nature (generally one month) of these securities, the asset's carrying value approximates fair value. These investments are classified as Level 2.

**Mortgage Loans**

The estimated fair value of mortgage loans held for investment and accounted for using the FVO 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 property type, LTV and remaining term of each loan. The spread is a significant component of the pricing inputs, and therefore, these investments are classified as Level 3.

**Investments, at Fair Value, of Consolidated Investment Companies**

These investments consist of equity investments and fixed maturities held in consolidated limited partnerships. The valuation of the equity investments is derived using a market approach based on unadjusted quoted prices in active markets that are readily and regularly available, and are classified as Level 1. The value of the fixed maturity investments is obtained from third-party pricing services, and is classified as Level 2. These also contain the cash equivalents held in a consolidated VIE as discussed in Note 6 - Investments. However, when the assets of the consolidated limited partnership are valued using models that contain significant unobservable inputs, they are classified as Level 3.

The Company uses the NAV as practical expedient to determine the fair value of all the underlying investments in consolidated limited partnerships which (1) do not have a readily determinable fair value and (2) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

**Loans of Certain Consolidated VIEs**

These assets are third party loans held in the collateralized structures discussed in Note 6 - Investments. The fair value of these assets is determined based on information obtained from a third-party pricing service, and they are classified as Level 2.

**Derivative Assets and Liabilities**

The fair value of derivative instruments is generally derived using valuation models that use an income approach, except for derivatives, which are either exchange-traded, or the fair value is derived using broker quotations. 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, non-performance risk and other factors. Exchange-traded derivatives are valued using a market approach as fair value is based on quoted prices in an active market and are classified as Level 1. OTC derivatives that trade in liquid markets, such as currency forwards, swaps and options, 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.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

When appropriate, valuations of OTC-bilateral derivatives are adjusted for non-performance risk. The Company uses default estimates implied by CDS spreads on senior obligations of the counterparty in order to provide an objective basis for such estimates. When in a liability position, the Company uses its own medium term note spread to estimate the default rate. The non-performance risk adjustment is applied only to the uncollateralized portion of the OTC-bilateral derivative assets and liabilities. OTC-bilateral derivative contracts are executed under master netting agreements with counterparties with a CSA, which is a bilateral ratings-sensitive agreement that requires collateral postings at established credit threshold levels. These agreements protect the interests of the Company and its counterparties should either party suffer a credit-rating deterioration. The vast majority of the Company's derivative agreements are with highly rated major international financial institutions.

**Short Term Investments**

For short term investments, amortized cost is used as the best estimate of fair value, and they are classified as Level 2.

**Other Invested Assets**

This represents surplus note investments, priced by a third party pricing service, where the inputs to the valuation are deemed to be observable. Therefore, they are classified as Level 2.

**Cash Equivalents**

These include money market funds, treasury bills, commercial paper and other highly liquid instruments. The highly liquid instruments are classified as Level 1. All other investments are classified as Level 2, since due to their short term nature, amortized cost is used as the best estimate of fair value.

**Separate Account Assets**

Assets within the separate accounts are primarily invested in equities and fixed maturities. The fair value of investments in the separate accounts is calculated using the same procedures used for equities and fixed maturities in the general account.

The separate accounts also invest in limited partnerships and hedge funds. These investments are valued based on the latest NAV received using NAV as a practical expedient.

**Limited Partnerships/Limited Liability Companies**

Investments held in limited partnerships/limited liability companies consist of investments in private equity investments, joint ventures and other investments, which are valued at fair value.

Investments in joint ventures are carried at fair value and classified as Level 3. The underlying assets of the joint ventures are valued using the same methods that the Company uses for those assets it holds directly.

For investments in limited partnerships/limited liability companies that do not have a readily available fair value, NAV is used as a practical expedient.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

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

		<b>2020</b>			
<b>Category of Investment</b>	<b>Investment Strategy</b>	<b>Fair Value Determined Using NAV</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Hedge fund	Long/short equity, sector investing, futures, options, foreign exchange arbitrage, fixed income arbitrage	\$ 469	\$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	0-180 days or less (Assets subject to lock-up periods)
Hedge fund	Distressed securities, multi strategy	\$ 270	\$ —	Semi- Annual, Quarterly, Monthly	30-90 days (Assets subject to lock-up periods)
Private equity	Leveraged buyout, mezzanine financing, distressed securities	\$ 989	\$ 435	N/A	N/A
Limited partnerships	Traditional asset allocation, alternative medium/high volatility, special situations	\$ 730	\$ 26	Yearly, Quarterly, Monthly	90 days or less
Mutual funds	Multi strategy	\$ —	\$ —	On Request	N/A
		<b>2019</b>			
<b>Category of Investment</b>	<b>Investment Strategy</b>	<b>Fair Value Determined Using NAV</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Hedge fund	Long/short equity, sector investing, futures, options, foreign exchange arbitrage, fixed income arbitrage	\$ 407	\$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	0-180 days or less (Assets subject to lock-up periods)
Hedge fund	Distressed securities, multi strategy	\$ 274	\$ —	Semi- Annual, Quarterly, Monthly	30-90 days (Assets subject to lock-up periods)
Private equity	Leveraged buyout, mezzanine financing, distressed securities	\$ 1,285	\$ 1,108	N/A	N/A
Limited partnerships	Traditional asset allocation, alternative medium/high volatility, special situations	\$ 40	\$ 27	Yearly, Quarterly, Monthly	90 days or less

**Reinsurance Recoverable**

Reinsurance recoverable represents recoverables and other receivables related to certain reinsurance assumed contracts that were partially retroceded for which the FVO is elected. Refer to Note 13 - Reinsurance for additional details. The fair value of the reinsurance recoverables is determined based on the estimated fair value of the underlying assets held by the Company in the portfolio backing these contracts. Other receivables related to the above reinsurance contracts are short term in nature and the carrying value approximates the fair value. These assets are classified as Level 3.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

**Future Policy Benefits**

Future policy benefits carried at fair value consist of certain reinsurance assumed liabilities for which the FVO was elected by the Company. The estimated fair value of the reinsurance assumed is reflected as i) the fair value of the permanently restricted assets net of certain liabilities which had a fair value of \$6,837 million and \$6,828 million at December 31, 2020 and 2019, respectively, as defined in Note 13 - Reinsurance, that must be passed back to the reinsured policyholders as future benefits or dividend payments, ii) the present value of future maintenance expenses to administer the business, and iii) the present value of future costs of capital that provides a return to the Company's policyholders for the investment in the assumed reinsurance and for the risks that the permanently restricted assets will not be sufficient to provide all required benefits. Maintenance expenses are discounted using treasury rates extrapolated to the estimated life of the insurance policies plus spreads based upon the Company's medium term notes, as discussed in the fair value of the GMAB and IPG liabilities below. Costs of capital are discounted at market consistent rates, where the market is reinsurance assumption transactions between highly rated insurance companies. Since many of the assumptions utilized are unobservable and are considered to be significant inputs to the liability valuation, the liability included in Future policy benefits has been classified as Level 3. Refer to Note 13 - Reinsurance for additional details.

**Policyholders' Account Balances**

Policyholders' account balances carried at fair value consist of general account and separate account embedded derivatives bifurcated from host contracts, which represent the embedded derivatives for GMAB and IPG contracts, and certain dividend accumulations for which the FVO has been elected.

The IPG contracts provide for a return through periodic crediting rates and termination adjustments that are based on the performance of a contractually referenced pool of assets owned by the Company and thus contain an embedded derivative under the authoritative guidance for derivatives. The fair value of the embedded derivative is based primarily on the fair value adjustment on the referenced pool of assets and the additional liability discussed in the following paragraph.

The fair values of GMAB and IPG liabilities are calculated as the present value of future expected payments to customers less the present value of imputed or assessed rider fees attributable to the embedded derivative feature. This methodology could result in either a liability or contra-liability balance, given changing capital market conditions and various policyholder behavior assumptions. The expected cash flows are discounted using treasury rate plus a spread based upon the Company's medium term notes. The spread reflects the market's perception of the Company's non-performance risk. Since there is no observable active market for the transfer of these obligations, the valuations are calculated using internally developed models. Significant inputs to these models include capital market assumptions, such as interest rate, equity market, and implied volatility assumptions, as well as various policyholder behavior assumptions that are actuarially determined, including lapse rates, benefit utilization rates, mortality rates and withdrawal rates. These assumptions are reviewed at least annually, and updated based upon historical experience. Since many of the assumptions utilized are unobservable and are considered to be significant inputs to the liability valuation, the liability included in Policyholders' account balances has been classified as Level 3.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

Dividend accumulations related to certain reinsurance assumed liabilities for which the FVO was elected are reported at carrying value which approximates fair value and are classified as Level 3.

**Dividends Payable to Policyholders**

Dividends payable to policyholders reported at fair value are related to certain reinsurance assumed liabilities for which the FVO was elected. The liability is reported at carrying value which approximates the fair value and is classified as Level 3.

**Policy Claims**

Policy claims reported at fair value are related to certain reinsurance assumed liabilities for which the FVO was elected. The liability is reported at carrying value which approximates the fair value and is classified as Level 3.

**Debt**

In accordance with authoritative guidance on collateralized finance entities, the measurement alternative allows the financial assets and the financial liabilities to be measured using the more observable of the two. The Company has measured the long-term debt of certain of its consolidated collateralized structures using the fair value of the entities' financial assets, as their value has been deemed more observable. For discussion on the valuation of the entities' assets which are classified as Level 2, see loans of certain consolidated VIEs above. Debt of certain consolidated investment companies that carry their liabilities at fair value and are classified as Level 3 are based on non-binding broker quotes. The Company validated the broker quotes by calculating the internal rate of return (yield to maturity) and discount margin (spread over index) for each of the debt obligations based on various scenarios. The results of the scenario analysis were used to validate the broker quotes.

**Reinsurance Payable**

Primarily represents funds-withheld balances payable related to certain reinsurance assumed contracts that were partially retroceded for which the FVO was elected. Refer to Note 13 - Reinsurance for additional details. The fair value of the funds-withheld liability is determined based on the estimated fair value of the underlying assets held by the Company in the portfolio backing the certain reinsurance assumed contracts that were retroceded. Also included are certain other payables, related to the reinsurance contracts, which are of short term nature where carrying value approximates the fair value. These payables are classified as Level 3.

**Other Liabilities**

Other liabilities included in Level 1 mainly represent liabilities related to short sales of publicly traded common stock by one of the Company's consolidated investment funds. Other liabilities also include consideration payable related to acquisition activity which is required to be measured at fair value. The liability is valued using models that contain significant unobservable inputs and therefore is classified as Level 3.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

**Quantitative Information Regarding Internally Priced Level 3 Assets and Liabilities**

The following table presents quantitative information on significant internally priced Level 3 assets and liabilities at December 31, 2020 and 2019 (\$ in millions):

	2020					
	Fair Value	Valuation Techniques	Unobservable Input	Range (Weighted Average)		
<b>Assets:</b>						
U.S. corporate <sup>(3)</sup>	\$ 82	Discounted cash flows	Discount rate	1.1% - 14.2% (3.8%)		
Non-agency ABS <sup>(3)</sup>	\$ 335	Discounted cash flows	Discount rate	3.0% - 43.7% (9.7%)		
Non-agency CMBS <sup>(3)</sup>	\$ 67	Discounted cash flows	Discount rate	2.9% - 8.1% (5.1%)		
Equity securities	\$ 89	Market comparable	Revenue multiple	2.4x - 24.7x		
Investments, at fair value of consolidated investment companies	\$ 3,225	Market comparable	EBITDA multiple <sup>(1)</sup>	1.3 x - 25.8x (14.2%)		
	\$ 1,993	Discounted cash flows	Discount rate	5.5% - 8.3% (6.8%)		
			Capitalization rate	4.5% - 7.5% (5.8%)		
Mortgage loans	\$ 985	Discounted cash flows	Discount rate	2.2% - 2.9% (2.6%)		
Reinsurance recoverable	\$ 246	Discounted cash flows	Discount rate	0.2% - 5.6%		
			Mortality rate	0.0% - 50%		
			Lapse rate	1.5% - 97%		
<b>Liabilities:</b>						
Future policy benefits	\$ 1,028	Discounted cash flows	Discount rate	0.2% - 5.6%		
			Mortality rate	0.0% - 50%		
			Lapse rate	1.5% - 97%		
Policyholders' account balances	\$ 1,238	Discounted cash flows	Equity returns	(0.1%) - 4.4%		
			GMAB	Equity volatility curve	20.6% - 24.1%	
				Lapse rate	0.2% - 35%	
				Mortality rate	0.0% - 50%	
			IPG	Utilization rate	0.0% - 100%	
				Withdrawal rate	2.5% - 8.3%	
				Discount rate	0.2% - 5.1%	
			Market value of assets		Mark to market <sup>(2)</sup>	16.3%
					Ratio of liabilities to assets by investment year	62.87% - 130.31% (96.1%)
					Assumed amortization period	5 years
Other liabilities	\$ 31	Market comparable	EBITDA multiple <sup>(1)</sup>	11%		

<sup>(1)</sup> EBITDA multiple represents multiples of earnings before interest, taxes, depreciation and amortization, and are amounts used when the reporting entity has determined that market participants would use these multiples when pricing the investments.

<sup>(2)</sup> Information received from independent third-party valuation service providers.

<sup>(3)</sup> Includes both Available-for-sale and Securities at fair value.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

	2019			
	Fair Value	Valuation Techniques	Unobservable Input	Range (Weighted Average)
<b>Assets:</b>				
U.S. corporate <sup>(3)</sup>	\$ 202	Discounted cash flows	Discount rate	2.5% - 21.9% (4.8%)
Non-agency ABS <sup>(3)</sup>	\$ 288	Discounted cash flows	Discount rate	3.6% - 12.0% (5.9%)
Non-agency CMBS <sup>(3)</sup>	\$ 143	Discounted cash flows	Discount rate	2.8% - 6.1% (3.6%)
Equity securities	\$ 87	Market comparable	Revenue multiple	1.9x - 21.8x
Investments, at fair value of consolidated investment companies	\$ 4,755	Market comparable	EBITDA multiple <sup>(1)</sup>	6.1x-22.7x (14.1%)
		Discounted cash flows	Discount rate	5.8% - 8.8% (7.0%)
			Capitalization rate	4.8% - 7.8% (6.0%)
			Revenue growth rate	0.0%
Mortgage loans	\$ 1,240	Discounted cash flows	Discount rate	2.9% - 3.8% (3.3%)
Reinsurance recoverable	\$ 233	Discounted cash flows	Discount rate	2.7% - 6.9%
			Mortality rate	0.01% - 50.0%
			Lapse rate	1.5% - 97.0%
<b>Liabilities:</b>				
Future policy benefits	\$ 990	Discounted cash flows	Discount rate	2.7% - 6.9%
			Mortality rate	0.01% - 50.0%
			Lapse rate	1.5% - 97.0%
Policyholders' account balances	\$ 815	Discounted cash flows	Equity returns	1.5% - 5.9%
		GMAB	Equity volatility curve	16.9% - 51.5%
			Lapse rate	0.2% - 35%
			Mortality rate	0.0% - 50%
			Utilization rate	0.1% - 100%
			Withdrawal rate	2.5% - 8.3%
			Discount rate	1.9% - 5.8%
		Market value of assets	Mark to market <sup>(2)</sup>	10.9%
		IPG	Ratio of liabilities to assets by investment year	60.43% - 128.64% (97.0%)
			Assumed amortization period	5 years

<sup>(1)</sup> EBITDA multiple represents multiples of earnings before interest, taxes, depreciation and amortization, and are amounts used when the reporting entity has determined that market participants would use these multiples when pricing the investments.

<sup>(2)</sup> Information received from independent third-party valuation service providers.

<sup>(3)</sup> Includes both Available-for-sale and Securities at fair value.

**Transfers between Levels**

Transfers between levels may occur as a result of 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. The Company's policy is to assume the transfer occurs at the beginning of the year.

**Transfers into and out of Level 3**

The Company's basis for transferring assets and liabilities into and/or out of Level 3 is based on the changes in the observability of data.

Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant input(s) becoming observable.

During the years ended December 31, 2020 and 2019, the Company transferred \$373 million and \$321 million, respectively, of securities into Level 3 consisting of fixed maturities available-for-sale, fixed maturities securities at

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

fair value, and investments at fair value of consolidated investment companies. The transfers into Level 3 related to fixed maturities available-for-sale securities were primarily due to unobservable inputs utilized within valuation methodologies and the use of broker quotes (that could not be validated) when previously, information from third-party pricing services (that could be validated) was utilized.

Transfers out of Level 3 of \$494 million and \$1 billion during the years ended December 31, 2020 and 2019, respectively, were primarily due to significant increase in market activity, one or more significant input(s) becoming observable, or a change in the valuation technique for fixed maturities available-for-sale, fixed maturities securities at fair value, equity securities, and investments at fair value of consolidated investment companies in 2020 and 2019.

The following tables present the changes in fair value of all Level 3 assets and liabilities for the years ended December 31, 2020 and 2019 (in millions):

	U.S. Government Corporations and Agencies	U.S. Agency MBS and ABS	Foreign Governments	U.S. Corporate	Foreign Corporate
<b>Fair Value, December 31, 2018</b>	\$ 20	\$ 1	\$ 19	\$ 192	\$ 47
Total gains (losses) (realized/unrealized) included in:					
Net investment gains (losses)	\$ —	\$ —	\$ —	\$ (4)	\$ —
Other comprehensive income	—	—	—	7	—
Net investment income <sup>(1)</sup>	—	—	—	(1)	—
Purchases	—	—	—	41	3
Sales	—	—	—	(22)	(34)
Settlements	(20)	—	(9)	(32)	—
Transfers into Level 3 <sup>(2)</sup>	—	—	—	129	—
Transfers out of Level 3 <sup>(2)</sup>	—	—	—	(77)	(9)
<b>Fair Value, December 31, 2019</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ 10</b>	<b>\$ 233</b>	<b>\$ 7</b>
Total gains (losses) (realized/unrealized) included in:					
Net investment gains (losses)	\$ —	\$ —	\$ —	\$ (5)	\$ —
Other comprehensive income	—	1	—	2	5
Net investment income <sup>(1)</sup>	—	—	—	(1)	—
Purchases	—	1	—	32	27
Sales	—	—	—	(20)	(2)
Issuances	—	—	—	—	—
Settlements	—	—	—	(19)	—
Transfers into Level 3 <sup>(2)</sup>	—	18	—	18	—
Transfers out of Level 3 <sup>(2)</sup>	—	—	—	(123)	—
<b>Fair Value, December 31, 2020</b>	<b>\$ —</b>	<b>\$ 21</b>	<b>\$ 10</b>	<b>\$ 117</b>	<b>\$ 37</b>

<sup>(1)</sup> Net investment income includes amortization of discount and premium on fixed maturities.

<sup>(2)</sup> Transfers into or out of Level 3 are reported at the value at the beginning of the year.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

	Non-agency RMBS	Non-agency CMBS	Non-agency ABS	Total Fixed Maturities Available For Sale
<b>Fair Value, December 31, 2018</b>	\$ 17	\$ 526	\$ 1,608	\$ 2,430
Total gains (losses) (realized/unrealized) included in:				
Net investment gains (losses)	\$ —	\$ —	\$ 1	\$ (3)
Other comprehensive income	1	4	17	29
Net investment income <sup>(1)</sup>	—	—	—	(1)
Purchases	31	284	207	566
Sales	—	—	(240)	(296)
Settlements	—	(45)	(158)	(264)
Transfers into Level 3 <sup>(2)</sup>	—	25	149	303
Transfers out of Level 3 <sup>(2)</sup>	(5)	—	(901)	(992)
<b>Fair Value, December 31, 2019</b>	\$ 44	\$ 794	\$ 683	\$ 1,772
Total gains (losses) (realized/unrealized) included in:				
Net investment gains (losses)	\$ —	\$ —	\$ (16)	\$ (21)
Other comprehensive income	5	(12)	10	11
Net investment income <sup>(1)</sup>	—	—	—	(1)
Purchases	336	84	412	892
Sales	(15)	—	(74)	(111)
Issuances	—	—	—	—
Settlements	(3)	(45)	(154)	(221)
Transfers into Level 3 <sup>(2)</sup>	—	2	189	227
Transfers out of Level 3 <sup>(2)</sup>	—	—	(259)	(382)
<b>Fair Value, December 31, 2020</b>	\$ 367	\$ 823	\$ 791	\$ 2,166

<sup>(1)</sup> Net investment income includes amortization of discount and premium on fixed maturities.

<sup>(2)</sup> Transfers into or out of Level 3 are reported at the value at the beginning of the year.

	Foreign Governments	U.S. Corporate	Foreign Corporate	Non-Agency RMBS	Non-Agency CMBS
<b>Fair Value, December 31, 2018</b>	\$ 17	\$ 57	\$ 14	\$ 1	\$ 14
Total gains (losses) (realized/unrealized) included in:					
Net investment gains (losses)	\$ —	\$ 1	\$ —	\$ —	\$ —
Net investment income <sup>(1)</sup>	—	—	—	—	—
Purchases	—	—	—	2	—
Settlements	(17)	(4)	—	—	(1)
Transfers into Level 3 <sup>(2)</sup>	—	6	—	—	—
Transfers out of Level 3 <sup>(2)</sup>	—	—	—	—	—
<b>Fair Value, December 31, 2019</b>	\$ —	\$ 60	\$ 14	\$ 3	\$ 13
Total gains (losses) (realized/unrealized) included in:					
Net investment gains (losses)	\$ —	\$ —	\$ 6	\$ 1	\$ (1)
Net investment income <sup>(1)</sup>	—	—	—	—	—
Other comprehensive income	—	—	—	—	—
Purchases	—	—	25	49	—
Sales	—	—	—	—	—
Issuances	—	—	—	—	—
Settlements	—	(4)	—	—	(4)
Transfers into Level 3 <sup>(2)</sup>	—	—	—	—	—
Transfers out of Level 3 <sup>(2)</sup>	—	(6)	—	—	—
<b>Fair Value, December 31, 2020</b>	\$ —	\$ 50	\$ 45	\$ 53	\$ 8

<sup>(1)</sup> Net investment income includes amortization of discount and premium on fixed maturities.

<sup>(2)</sup> Transfers into or out of Level 3 are reported at the value at the beginning of the year.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

	Non-Agency ABS	Total Fixed Maturities Securities at Fair Value	Common Stock	Non- Redeemable Preferred Stock	Mutual Funds
<b>Fair Value, December 31, 2018</b>	\$ 78	\$ 181	\$ 246	\$ 61	\$ —
Total gains (losses) (realized/unrealized) included in:					
Net investment gains (losses)	\$ (1)	\$ —	\$ (5)	\$ 6	\$ —
Other comprehensive income	—	—	—	—	—
Net investment income <sup>(1)</sup>	—	—	—	—	—
Purchases	11	13	22	7	—
Sales	(1)	(1)	(40)	—	—
Settlements	(10)	(32)	—	—	—
Transfers into Level 3 <sup>(2)</sup>	11	17	—	—	—
Transfers out of Level 3 <sup>(2)</sup>	(55)	(55)	(1)	—	—
<b>Fair Value, December 31, 2019</b>	\$ 33	\$ 123	\$ 222	\$ 74	\$ —
Total gains (losses) (realized/unrealized) included in:					
Net investment gains (losses)	\$ 2	\$ 8	\$ 24	\$ 5	\$ —
Other comprehensive income	—	—	—	—	—
Net investment income <sup>(1)</sup>	—	—	—	—	—
Purchases	63	137	68	7	—
Sales	—	—	(27)	(17)	—
Issuances	—	—	—	—	—
Settlements	(3)	(11)	—	—	—
Transfers into Level 3 <sup>(2)</sup>	39	39	—	—	—
Transfers out of Level 3 <sup>(2)</sup>	(14)	(20)	(5)	—	—
<b>Fair Value, December 31, 2020</b>	\$ 120	\$ 276	\$ 282	\$ 69	\$ —

<sup>(1)</sup> Net investment income includes amortization of discount and premium on fixed maturities.

<sup>(2)</sup> Transfers into or out of Level 3 are reported at the value at the beginning of the year.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

	Total Equity Securities	Mortgage Loans	Investments, at Fair Value, of Consolidated Investment Companies	Derivative Assets (Including Embedded)	Separate Account Assets
<b>Fair Value, December 31, 2018</b>	\$ 307	\$ 1,104	\$ 4,205	\$ 50	\$ 3
Total gains (losses) (realized/unrealized) included in:					
Net investment gains (losses)	\$ —	\$ 41	\$ 194	\$ (45)	\$ —
Other comprehensive income	—	—	—	—	—
Net investment income <sup>(1)</sup>	—	(9)	90	—	—
Purchases	29	243	897	3	—
Sales	(40)	—	(371)	—	—
Settlements	—	(139)	—	—	—
Transfers into Level 3 <sup>(2)</sup>	—	—	—	—	—
Transfers out of Level 3 <sup>(2)</sup>	(1)	—	—	—	(3)
<b>Fair Value, December 31, 2019</b>	\$ 295	\$ 1,240	\$ 5,015	\$ 8	\$ —
Total gains (losses) (realized/unrealized) included in:					
Net investment gains (losses)	\$ 29	\$ 21	\$ 97	\$ 7	\$ —
Other comprehensive income	—	—	—	—	—
Net investment income <sup>(1)</sup>	—	(8)	71	—	—
Purchases	75	45	688	—	2
Sales	(44)	—	(670)	(2)	—
Issuances	—	—	—	—	—
Settlements	—	(313)	—	—	—
Transfers into Level 3 <sup>(2)</sup>	—	—	106	—	—
Transfers out of Level 3 <sup>(2)</sup>	(5)	—	(87)	—	—
<b>Fair Value, December 31, 2020</b>	\$ 350	\$ 985	\$ 5,220	\$ 13	\$ 2

<sup>(1)</sup> Net investment income includes amortization of discount and premium on fixed maturities.

<sup>(2)</sup> Transfers into or out of Level 3 are reported at the value at the beginning of the year.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

	Reinsurance Recoverable	Limited Partnerships/ Limited Liability Companies	Total Assets	Policyholders' Account Balances	Future Policy Benefits
<b>Fair Value, December 31, 2018</b>	\$ 3,397	\$ 2	\$ 11,679	\$ 1,392	\$ 7,545
Total gains (losses) (realized/unrealized) included in:					
Net investment gains (losses)	\$ —	\$ —	\$ 188	\$ —	\$ 453
Other comprehensive income	7	—	37	—	23
Net investment income <sup>(1)</sup>	—	—	80	(124)	—
Interest credited to policyholder account balance	12	—	12	557	—
Purchases	17	(1)	1,763	—	—
Sales	—	—	(706)	45	—
Settlements	—	—	(436)	(33)	(203)
Transfers into Level 3 <sup>(2)</sup>	—	—	321	—	—
Transfers out of Level 3 <sup>(2)</sup>	—	—	(1,050)	—	—
<b>Fair Value, December 31, 2019</b>	<u>\$ 3,433</u>	<u>\$ 1</u>	<u>\$ 11,888</u>	<u>\$ 1,837</u>	<u>\$ 7,818</u>
Total gains (losses) (realized/unrealized) included in:					
Net investment gains (losses)	\$ —	\$ —	\$ 141	\$ —	\$ 332
Other comprehensive income	3	—	14	—	9
Net investment income <sup>(1)</sup>	—	—	62	(44)	—
Interest credited to policyholder account balance	11	—	11	393	—
Purchases	—	—	1,839	—	—
Sales	—	—	(827)	46	—
Issuances	—	—	—	—	—
Settlements	(9)	—	(555)	(21)	(294)
Transfers into Level 3 <sup>(2)</sup>	—	—	373	—	—
Transfers out of Level 3 <sup>(2)</sup>	—	—	(494)	—	—
<b>Fair Value, December 31, 2020</b>	<u>\$ 3,438</u>	<u>\$ 1</u>	<u>\$ 12,452</u>	<u>\$ 2,211</u>	<u>\$ 7,865</u>

<sup>(1)</sup> Net investment income includes amortization of discount and premium on fixed maturities.

<sup>(2)</sup> Transfers into or out of Level 3 are reported at the value at the beginning of the year.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

	Dividends to Policyholders	Policy Claims	Debt	Reinsurance Payables	Derivative Liabilities	All other Liabilities	Total Liabilities
<b>Fair Value, December 31, 2018</b>	\$ 61	\$ 155	\$ 385	\$ 4,069	\$ 112	\$ 37	\$ 13,756
Total gains (losses) (realized/ unrealized) included in:							
Net investment gains (losses)	\$ —	\$ —	\$ —	\$ 208	\$ (3)	\$ 21	\$ 679
Accretion of contingent liability	—	—	—	—	—	—	—
Interest credited to policyholder account balance	—	—	—	—	—	—	557
Other comprehensive income	—	—	—	—	—	—	23
Net investment income <sup>(1)</sup>	—	1	—	—	36	—	(87)
Purchases	—	—	—	—	2	—	2
Sales	—	—	—	—	—	(12)	33
Issuances	—	—	559	—	—	—	559
Settlements	(13)	(52)	(449)	(172)	(1)	1	(922)
Transfers into Level 3 <sup>(2)</sup>	—	—	—	—	—	—	—
Transfers out of Level 3 <sup>(2)</sup>	—	—	(1)	—	—	—	(1)
<b>Fair Value, December 31, 2019</b>	\$ 48	\$ 104	\$ 494	\$ 4,105	\$ 146	\$ 47	\$ 14,599
Total gains (losses) (realized/ unrealized) included in:							
Net investment gains (losses)	\$ —	\$ —	\$ (3)	\$ 151	\$ (2)	\$ 27	\$ 505
Accretion of contingent liability	—	—	—	—	—	31	31
Interest credited to policyholder account balance	—	—	—	—	—	—	393
Other comprehensive income	—	—	—	—	—	—	9
Net investment income <sup>(1)</sup>	—	—	—	—	24	—	(20)
Purchases	—	17	—	—	—	—	17
Sales	—	—	—	—	—	(3)	43
Issuances	—	—	128	—	—	—	128
Settlements	(18)	—	(235)	(166)	—	—	(734)
Transfers into Level 3 <sup>(2)</sup>	—	—	—	—	3	—	3
Transfers out of Level 3 <sup>(2)</sup>	—	—	—	—	—	—	—
<b>Fair Value, December 31, 2020</b>	\$ 30	\$ 121	\$ 384	\$ 4,090	\$ 171	\$ 102	\$ 14,974

<sup>(1)</sup> Net investment income includes amortization of discount and premium on fixed maturities.

<sup>(2)</sup> Transfers into or out of Level 3 are reported at the value at the beginning of the year.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

The following tables include the portion of gains and losses included in earnings attributable to unrealized gains or losses for the years ended December 31, 2020 and 2019 by category for Level 3 assets and liabilities still held at the end of each year (in millions):

	2020						
	U.S. Corporate	Non-Agency Asset- Backed Securities	Total Fixed Maturities - Available For Sale	Foreign Corporate	Non agency residential mortgage- backed securities	Non agency commercial mortgage- backed securities	Non-Agency Asset- Backed Securities
Total gains (losses) (realized/unrealized) included in earnings:							
Net investment gains (losses)	\$ (2)	\$ (16)	\$ (18)	\$ 6	\$ 1	\$ (1)	\$ 2
Interest credited to policyholders' account balances	—	—	—	—	—	—	—
Net investment income <sup>(1)</sup>	—	—	—	—	—	—	—
Total change in unrealized gains (losses)	<u>\$ (2)</u>	<u>\$ (16)</u>	<u>\$ (18)</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ 2</u>
	Total Fixed Maturities - Securities at Fair Value	Common stock	Non- Redeemable Preferred Stock	Total equity securities	Mortgage Loans	Derivative Assets	Investments, at Fair Value, of Consolidated Investment Companies
Total gains (losses) (realized/unrealized) included in earnings:							
Net investment gains (losses)	\$ 8	\$ 24	\$ 5	\$ 29	\$ 21	\$ 5	\$ 10
Interest credited to policyholders' account balances	—	—	—	\$ —	—	—	—
Net investment income <sup>(1)</sup>	—	—	—	\$ —	(8)	—	—
Total change in unrealized gains (losses)	<u>\$ 8</u>	<u>\$ 24</u>	<u>\$ 5</u>	<u>\$ 29</u>	<u>\$ 13</u>	<u>\$ 5</u>	<u>\$ 10</u>
	Limited partnerships/ Limited liability companies	Total Assets	Policyholders ' Account Balances	Debt	Derivative Liabilities	Other Liabilities	Total Liabilities
Total gains (losses) (realized/unrealized) included in earnings:							
Net investment gains (losses)	\$ 28	\$ 83	\$ —	\$ 3	\$ (1)	\$ 27	\$ 29
Interest credited to policyholders' account balances	—	—	422	—	—	—	\$ 422
Net investment income <sup>(1)</sup>	—	(8)	—	—	—	—	\$ —
Total change in unrealized gains (losses)	<u>\$ 28</u>	<u>\$ 75</u>	<u>\$ 422</u>	<u>\$ 3</u>	<u>\$ (1)</u>	<u>\$ 27</u>	<u>\$ 451</u>

<sup>(1)</sup> Net investment income includes amortization of discount and premium on fixed maturities.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

2019					
	U.S. Corporate	Non-Agency ABS	Total Fixed Maturities - Available for Sale	U.S. Corporate	Non-Agency ABS
Total gains (losses) (realized/unrealized) included in earnings:					
Net investment gains (losses)	\$ (2)	\$ 1	\$ (1)	\$ 1	\$ 1
Interest credited to policyholders' account balances	—	—	—	—	—
Net investment income <sup>(1)</sup>	(2)	—	(2)	—	—
Total change in unrealized gains (losses)	<u>\$ (4)</u>	<u>\$ 1</u>	<u>\$ (3)</u>	<u>\$ 1</u>	<u>\$ 1</u>
	Total Fixed Maturities - Securities at Fair Value	Non-Redeemable Preferred Stock	Mortgage Loans	Derivative Assets	Investments, at Fair Value, of Consolidated Investment Companies
Total gains (losses) (realized/unrealized) included in earnings:					
Net investment gains (losses)	\$ 2	\$ 6	\$ 41	\$ (46)	\$ 102
Interest credited to policyholders' account balances	—	—	—	—	—
Net investment income <sup>(1)</sup>	—	—	(7)	—	—
Total change in unrealized gains (losses)	<u>\$ 2</u>	<u>\$ 6</u>	<u>\$ 34</u>	<u>\$ (46)</u>	<u>\$ 102</u>
	Total Assets	Policyholders' Account Balances	Derivative Liabilities	Other Liabilities	Total Liabilities
Total gains (losses) (realized/unrealized) included in earnings:					
Net investment gains (losses)	\$ 104	\$ —	\$ 3	\$ 21	\$ 24
Interest credited to policyholders' account balances	—	586	—	—	586
Net investment income <sup>(1)</sup>	(9)	—	—	—	—
Total change in unrealized gains (losses)	<u>\$ 95</u>	<u>\$ 586</u>	<u>\$ 3</u>	<u>\$ 21</u>	<u>\$ 610</u>

<sup>(1)</sup> Net investment income includes amortization of discount and premium on fixed maturities.

**Non-Recurring Fair Value Measurements**

Assets and liabilities measured at fair value on a non-recurring basis include other invested assets and other assets, which are described in detail below.

The following table represents certain assets measured at estimated fair value during the years ended and still held at December 31, 2020 and 2019 (in millions):

	2020			2019		
	Carrying Value Prior to Adjustments <sup>(1)</sup>	Estimated Fair Value After Adjustments <sup>(1)</sup>	Net Investment Losses	Carrying Value Prior to Adjustments <sup>(1)</sup>	Estimated Fair Value After Adjustments <sup>(1)</sup>	Net Investment Losses
Other invested assets	\$ 24	\$ 7	\$ (17)	\$ 20	\$ 12	\$ (8)
Mortgage loans	218	120	(98)	249	220	(29)
Other assets	39	9	(30)	117	73	(44)
Total assets	<u>\$ 281</u>	<u>\$ 136</u>	<u>\$ (145)</u>	<u>\$ 386</u>	<u>\$ 305</u>	<u>\$ (81)</u>

<sup>(1)</sup> Adjustments represent impairments and observable market price changes for certain equity securities under the measurement alternative.

Other invested assets consist of limited partnership investments that do not have a readily determinable fair value and are recorded at cost. These assets were impaired at December 31, 2020.

Mortgage loans consist of one commercial mortgage loan which was deemed impaired and written down to fair value at December 31, 2020.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 9 – FAIR VALUE MEASUREMENTS (continued)**

Other assets consists of intangible assets that were impaired and written down to fair value at September 30 of any given year. Refer to Note 15 - Goodwill and Other Intangible Assets for further details.

For a description of the Company's valuation processes and controls, refer to the Determination of Fair Value section of this note above.

**NOTE 10 - INVESTMENT INCOME AND INVESTMENT GAINS AND LOSSES, AND MANAGEMENT FEES AND OTHER INCOME**

The components of Net investment income for the years ended December 31, 2020 and 2019 were as follows (in millions):

	<b>2020</b>	<b>2019</b>
Fixed maturities	\$ 8,363	\$ 8,444
Equity securities	61	92
Mortgage loans and other loans	2,004	2,191
Policy loans	657	661
Limited partnerships and other invested assets	510	553
Real estate	539	453
All other investment income	295	302
Gross investment income	12,429	12,696
Investment expenses	(659)	(671)
Net investment income	<u>\$ 11,770</u>	<u>\$ 12,025</u>

For the years ended December 31, 2020 and 2019, Net investment gains were as follows (in millions):

	<b>2020</b>	<b>2019</b>
Fixed maturities:		
Total OTTI losses	\$ (512)	\$ (161)
Portion of OTTI losses recognized in OCI	74	32
Net OTTI losses on fixed maturities recognized in earnings	(438)	(129)
All other gains	2,363	2,003
Total fixed maturities, net	1,925	1,874
Equity securities	197	517
Real estate	(44)	59
Limited partnerships and other invested assets	61	268
Derivative instruments	(762)	262
Foreign exchange	(311)	(88)
All other gains (losses)	(21)	10
Net investment gains	<u>\$ 1,045</u>	<u>\$ 2,902</u>

The net investment gains on securities at fair value (both fixed maturities and equity securities) amounted to \$2,041 million and \$2,295 million for the years ended December 31, 2020 and 2019, respectively. Of these net investment gains, \$1,726 million of gains and \$2,162 million of losses were related to changes in fair value still held at period end for the years ended December 31, 2020 and 2019, respectively.

Realized gains on sales of available-for-sale fixed maturities were \$636 million and \$172 million for the years ended December 31, 2020 and 2019, respectively, and realized losses were \$75 million and \$50 million, respectively.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 10 – INVESTMENT INCOME AND INVESTMENT GAINS AND LOSSES, AND MANAGEMENT FEES AND OTHER INCOME (continued)**

The following table presents the Company’s gross unrealized losses and fair values for fixed maturities, aggregated by investment category and length of time the individual securities have been in a continuous unrealized loss position, at December 31, 2020 and 2019 (in millions):

	<b>2020</b>					
	<b>Less than 12 months</b>		<b>12 Months or Greater</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>
<b>Fixed Maturities</b>						
U.S. Treasury	\$ 2,054	\$ 66	\$ —	\$ —	\$ 2,054	\$ 66
U.S. government corporations & agencies	545	6	—	—	545	\$ 6
U.S. agency MBS and ABS	221	1	18	1	239	2
Foreign governments	30	—	6	1	36	1
U.S. corporate	3,071	109	261	9	3,332	118
Foreign corporate	591	24	73	4	664	28
Non-agency RMBS	342	4	68	2	410	6
Non-agency CMBS	1,760	103	87	2	1,847	105
Non-agency ABS	3,438	122	2,883	35	6,321	157
Total fixed maturities	<u>\$ 12,052</u>	<u>\$ 435</u>	<u>\$ 3,396</u>	<u>\$ 54</u>	<u>\$ 15,448</u>	<u>\$ 489</u>
	<b>2019</b>					
	<b>Less than 12 months</b>		<b>12 Months or Greater</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>
<b>Fixed Maturities</b>						
U.S. Treasury	\$ 430	\$ 8	\$ 119	\$ —	\$ 549	\$ 8
U.S. government corporations & agencies	43	—	50	—	93	—
U.S. agency MBS and ABS	2,765	32	1,054	31	3,819	63
Foreign governments	487	15	51	2	538	17
U.S. corporate	3,917	94	1,304	38	5,221	132
Foreign corporate	748	42	610	25	1,358	67
Non-agency RMBS	378	10	121	3	499	13
Non-agency CMBS	1,383	11	432	4	1,815	15
Non-agency ABS	2,607	16	3,020	29	5,627	45
Total fixed maturities	<u>\$ 12,758</u>	<u>\$ 228</u>	<u>\$ 6,761</u>	<u>\$ 132</u>	<u>\$ 19,519</u>	<u>\$ 360</u>

At December 31, 2020, the unrealized losses amount consisted of approximately 1,483 different fixed maturities.

Unrealized losses on investment grade fixed maturities were \$363 million or 74% of the Company’s total fixed maturities unrealized losses at December 31, 2020. Investment grade is defined as a security having a credit rating from the National Association of Insurance Commissioners (“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”) and Fitch; or a comparable internal rating if an externally provided rating is not available. Unrealized losses on fixed maturities with a rating below investment grade were \$126 million or 26% of the Company’s total fixed maturities unrealized losses at December 31, 2020.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 10 – INVESTMENT INCOME AND INVESTMENT GAINS AND LOSSES, AND MANAGEMENT FEES AND OTHER INCOME (continued)**

The amount of gross unrealized losses for fixed maturities where the fair value had declined by 20% or more of amortized cost totaled \$74 million. The amount of time that each of these securities has continuously been 20% or more below the amortized cost consist of \$23 million for 6 months or less, \$49 million for greater than 6 months through 12 months, and \$0 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 take an impairment when it did not have the intent to sell the security or it was more likely than not that it would not be required to sell the security before its anticipated recovery.

**Net Unrealized Investment Gains or Losses**

Net unrealized investment gains or losses on available-for-sale investments are included in the accompanying Consolidated Statements of Financial Position as a component of AOCI. Changes in these amounts include reclassification adjustments for prior period net unrealized gains or losses that have been recognized as realized gains or losses during the current year and are included in Net investment gains (losses) in the accompanying Consolidated Statements of Operations.

The components of Net unrealized investment gains reported in AOCI at December 31, 2020 and 2019 were as follows (in millions):

	<b>2020</b>	<b>2019</b>
Fixed maturities - all other	\$ 23,118	\$ 13,700
Fixed maturities on which an OTTI loss has been recognized	156	146
<b>Total fixed maturities</b>	<b>23,274</b>	<b>13,846</b>
Derivatives designated as cash flow hedges	139	149
Other investments	137	115
<b>Subtotal</b>	<b>23,550</b>	<b>14,110</b>
Amounts recognized for:		
Deferred policy acquisition costs	(2,831)	(1,852)
Sales inducements	(11)	(6)
Policyholders' account balances and Future policy benefits	(2,709)	(1,006)
Deferred income taxes	(3,868)	(2,417)
<b>Net unrealized gains on investments</b>	<b>\$ 14,131</b>	<b>\$ 8,829</b>

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 10 – INVESTMENT INCOME AND INVESTMENT GAINS AND LOSSES, AND MANAGEMENT FEES AND OTHER INCOME (continued)**

The net unrealized gains or losses for the years ended December 31, 2020 and 2019 are presented separately for amounts related to fixed maturities on which an OTTI loss has been recognized, and all other net unrealized investment gains or losses, are as follows (in millions):

**Net unrealized investment gains and losses on fixed maturities on which an OTTI loss has been recognized**

	Net Unrealized Gains (Losses) On Investments	DAC	Sales Inducements	Policyholders' Account Balances and Future Policy Benefits	Deferred Tax Asset (Liability)	AOCI (Loss) Related To Net Unrealized Investment Gains (Losses)
<b>Balance, December 31, 2018</b>	\$ 119	\$ (21)	\$ —	\$ 10	\$ (19)	\$ 87
Net investment gains (losses) on investments arising during the period	25	—	—	—	(10)	15
Reclassification adjustment for (gains) losses included in net income	(4)	—	—	—	1	(3)
Reclassification adjustment for OTTI losses excluded from net income <sup>(1)</sup>	6	—	—	—	(1)	5
Impact of net unrealized investment (gains) losses on deferred policy acquisition costs and sales inducements	—	7	—	(11)	1	(3)
<b>Balance, December 31, 2019</b>	<u>\$ 146</u>	<u>\$ (14)</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ (28)</u>	<u>\$ 103</u>
Net investment gains (losses) on investments arising during the period	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Reclassification adjustment for (gains) losses included in net income	1	—	—	—	—	1
Reclassification adjustment for OTTI losses excluded from net income <sup>(1)</sup>	10	—	—	—	(2)	8
Impact of net unrealized investment (gains) losses on deferred policy acquisition costs and sales inducements	—	4	—	(1)	(1)	2
<b>Balance, December 31, 2020</b>	<u>\$ 157</u>	<u>\$ (10)</u>	<u>\$ —</u>	<u>\$ (2)</u>	<u>\$ (31)</u>	<u>\$ 114</u>

<sup>(1)</sup> Represents “transfers out” related to the portion of OTTI losses and/or changes in non-credit losses recognized during the period that were not recognized in earnings for securities with no prior OTTI loss.

**All other net unrealized investment gains and losses**

	Net Unrealized Gains (Losses) On Investments <sup>(1)</sup>	DAC	Sales Inducements	Policyholders' Account Balances and Future Policy Benefits	Deferred Tax Asset (Liability)	AOCI (Loss) Related To Net Unrealized Investment Gains (Losses)
<b>Balance, December 31, 2018</b>	\$ 1,794	\$ (26)	\$ 1	\$ (796)	\$ (242)	\$ 732
Net investment gains (losses) on investments arising during the period	12,259	—	—	—	(2,598)	9,661
Reclassification adjustment for (gains) losses included in net income <sup>(2)</sup>	(83)	—	—	—	18	(65)
Reclassification adjustment for losses (gains) excluded in net income	(6)	—	—	—	1	(5)
Impact of net unrealized investment (gains) losses on deferred policy acquisition costs and sales inducements	—	(1,812)	(7)	—	374	(1,445)
Impact of net unrealized investment (gains) losses on policyholders' account balances and future policy benefits	—	—	—	(209)	58	(151)
<b>Balance, December 31, 2019</b>	<u>\$ 13,964</u>	<u>\$ (1,838)</u>	<u>\$ (6)</u>	<u>\$ (1,005)</u>	<u>\$ (2,389)</u>	<u>\$ 8,726</u>
Net investment gains (losses) on investments arising during the period	\$ 9,809	\$ —	\$ —	\$ —	\$ (2,110)	\$ 7,699
Reclassification adjustment for (gains) losses included in net income	(369)	—	—	—	79	(290)
Reclassification adjustment for (gains) losses excluded in net income	(10)	—	—	—	2	(8)
Impact of net unrealized investment (gains) losses on deferred policy acquisition costs and sales inducements	—	(983)	(5)	(24)	218	(794)
Impact of net unrealized investment (gains) losses on policyholders' account balances and future policy benefits	—	—	—	(1,678)	361	(1,317)
<b>Balance, December 31, 2020</b>	<u>\$ 23,394</u>	<u>\$ (2,821)</u>	<u>\$ (11)</u>	<u>\$ (2,707)</u>	<u>\$ (3,839)</u>	<u>\$ 14,016</u>

<sup>(1)</sup> Includes cash flow hedges. Refer to Note 7 - Derivative Instruments and Risk Management for information on cash flow hedges.

<sup>(2)</sup> Represents “transfers out” related to the portion of OTTI losses and/or changes in non-credit losses recognized during the period that were not recognized in earnings for securities with no prior OTTI loss.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 10 – INVESTMENT INCOME AND INVESTMENT GAINS AND LOSSES, AND MANAGEMENT FEES AND OTHER INCOME (continued)**

The following table provides a rollforward of the cumulative credit loss component of OTTI losses recognized in earnings for fixed maturities still held, for which a portion of the loss was recognized in AOCI (in millions):

	<b>2020</b>	<b>2019</b>
<b>Balance at beginning of year</b>	<b>\$ 331</b>	<b>\$ 354</b>
Additions:		
Credit loss impairments recognized in the current year on securities previously not impaired	31	1
Additional credit loss impairments recognized in the current year on securities previously impaired	13	6
Reductions:		
Credit loss impairments previously recognized on securities which matured, paid down, prepaid or sold during the year	(33)	(30)
<b>Balance at end of year</b>	<b>\$ 342</b>	<b>\$ 331</b>

**Management Fees and Other Income**

The table below presents Management fees and other income predominantly related to investment management activities at December 31, 2020 and 2019 (in millions):

	<b>2020</b>	<b>2019</b>
Asset management fees	\$ 1,208	\$ 1,186
Distribution fees	164	173
Service fees	105	71
Other	111	96
<b>Total management fees and other income</b>	<b>\$ 1,588</b>	<b>\$ 1,526</b>

NYL Investments Management Holdings LLC ("NYL Investments"), through its subsidiaries, is responsible for providing investment advisory and certain related administrative services to certain mutual funds and separately managed accounts it manages on behalf of the Company. As a result, NYL Investments, through its subsidiaries, earns investment management, accounting, administration, and service fees related to these activities, which aggregated to \$1,055 million and \$1,015 million for the years ended December 31, 2020 and 2019, respectively, and are included in Management fees and other income in the accompanying Consolidated Statements of Operations.

**NOTE 11 - POLICYHOLDERS' LIABILITIES**

**Future Policy Benefits**

Future policy benefits at December 31, 2020 and 2019 were as follows (in millions):

	<b>2020</b>	<b>2019</b>
Life insurance <sup>(1)</sup>	\$ 94,264	\$ 88,485
Payout annuities	37,770	34,769
Group pension annuities	2,875	2,378
Long-term care	2,325	2,153
Other contract liabilities	2,454	1,565
<b>Total future policy benefits</b>	<b>\$ 139,688</b>	<b>\$ 129,350</b>

<sup>(1)</sup> Includes benefits held at fair value of \$7,865 million and \$7,818 million at December 31, 2020 and 2019, respectively.

Participating life insurance contracts represented 55% and 81% of total life insurance in-force for years ended December 31, 2020 and 2019. Participating life insurance premiums also represented 87% and 87% of total life insurance premiums for the years ended December 31, 2020 and 2019, respectively.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 11 - POLICYHOLDERS' LIABILITIES (continued)**

The following table highlights the key assumptions generally utilized in the calculation of liabilities for future policy benefits at December 31, 2020:

Products	Mortality	Interest Rates	Estimation Method
Traditional permanent life insurance and endowment contracts	Rates guaranteed in calculating cash surrender values	0.00% to 5.75%	Net level premium
Term life insurance	Based upon best estimates at time of policy issuance with PAD	0.25% to 7.70%	Net level premium reserve taking into account death benefits, lapses and maintenance expenses with PAD
Payout annuities	Based upon best estimates at time of policy issuance with PAD, or for structured settlement contracts issued by New York Life prior to 2018, the 2017 best estimate mortality without PAD due to reserve unlocking	1.94% to 9.50%	Present value of expected future payments at a rate expected at issue with PAD, or for structured settlement contracts issued by New York Life prior to 2018, at 2017 expected portfolio rates without PAD due to reserve unlocking
Group pension annuities	1983 Group Annuity Mortality Tables for policies issued prior to 1993, best estimate for policies issued between 1993 and 2015, and best estimate with PAD for policies issued after 2015.	1.59% to 9.50%	Present value of expected future payments at rates expected at issue, with and without PAD respectively for issues after 2015 and for issues between 1993 and 2015; or for policies issued prior to 1993 at the then expected portfolio rates.
Long-term care	1983 IAM for 1988-1996 Issues 1983 GAM for 1997-2006 Issues 1994 GAM for 2007-2016 Issues 2012 IAM for 2017 and later Issues	3.15% to 7.75%	Net level premium

**Policyholders' Account Balances**

Policyholders' account balances at December 31, 2020 and 2019 were as follows (in millions):

	2020	2019
Deferred annuities	\$ 47,688	\$ 46,966
Guaranteed investment contracts (including funding agreements)	37,319	32,351
Universal life contracts	31,840	30,638
IPG contracts	8,817	8,434
Other <sup>(1)</sup>	5,393	5,115
Total policyholders' account balances	<u>\$ 131,057</u>	<u>\$ 123,504</u>

<sup>(1)</sup> Includes balances held at fair value of \$2,211 million and \$1,837 million at December 31, 2020 and 2019, respectively.

Guaranteed investment contracts issued by the Company include MTN liabilities at December 31, 2020 and 2019 of \$18,685 million and \$16,584 million, respectively.

The Company has entered into funding agreements with the FHLB of NY, whereby the Company has issued such funding agreements in exchange for cash. The funding agreements with the FHLB of NY of \$3,256 million and \$2,832 million at December 31, 2020 and 2019, respectively, are included in guaranteed investment contracts. When a funding agreement is issued, the Company is then required to post collateral in the form of eligible securities including mortgage-backed, government and agency debt instruments for each of the advances that are entered. Upon any event of default by the Company, the FHLB's recovery on the collateral is limited to the amount of the Company's liability to the FHLB. The proceeds are used for spread lending purposes.

New York Life Insurance and Annuity Corporation ("NYLIAC"), a direct wholly owned subsidiary of New York Life, is a member of the FHLB of Pittsburgh. At December 31, 2020 and 2019, the Company had no funding advances outstanding.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 11 - POLICYHOLDERS' LIABILITIES (continued)**

The following table represents FHLB balances at December 31, 2020 and 2019 (in millions):

	Member	Common Stock <sup>(1)</sup>		Fair Value of Collateral		Maximum Capacity Amount	
		2020	2019	2020	2019	2020	2019
FHLB - NY	The Company	\$ 195	\$ 174	\$ 5,907	\$ 4,324	\$ 9,462	\$ 8,832
FHLB - Pittsburgh	NYLIAC	\$ 22	\$ 28	\$ —	\$ —	\$ 5,502	\$ 5,302

<sup>(1)</sup>FHLB common stock includes membership and activity stock and is included in equity securities at fair value.

The following table highlights the interest rate assumptions utilized in calculating Policyholders' account balances at December 31, 2020:

Products	Interest Rates
Deferred annuities	0.05% to 8.00%
Universal life contracts	1.10% to 4.50%
Guaranteed investment contracts (including funding agreements)	0.12% to 5.47%
IPG contracts	3.50% to 6.21%

**Guaranteed Minimum Benefits**

At December 31, 2020 and 2019, the Company had fixed and variable annuities with guarantees. The Company's variable annuities with guarantees may offer more than one type of guarantee in each contract; therefore, the amounts listed are not mutually exclusive. For guarantees of amounts in the event of death, the net amount at risk is defined as the current GMDB in excess of the current account balance at the balance sheet date. For contracts with the EBB optional feature, the net amount at risk is defined as the additional benefit amount that is equal to a percentage of earnings in the contract, subject to certain maximums. For guarantees of accumulation balances, the net amount at risk is defined as the GMAB minus the current account balance at the balance sheet date. For GFIB, the net amount at risk is defined as the minimum account balance in excess of the current account balance needed to fund the guaranteed income. For guaranteed lifetime income withdrawal benefits ("GLWB"), the net amount at risk represents the income base, as defined, in excess of the account value at the balance sheet date.

**Variable Annuity Contracts – GMDB, EBB, GMAB and GFIB**

The Company issues certain variable annuity contracts with a GMDB feature that guarantees either:

- a) Return of deposits: the benefit is the greater of current account value or premiums paid (adjusted for withdrawals).
- b) Ratchet: the benefit is the greatest of the current account value, premiums paid (adjusted for withdrawals), or the highest account value on any contractually specified anniversary up to contractually specified ages (adjusted for withdrawals).

Contracts with an optional EBB feature provide an additional death benefit equal to a percentage of earnings in the contract at the time of death, subject to certain maximum thresholds.

The Company issues certain variable annuity contracts with a GMAB feature that guarantees a minimum contract value at the end of the guarantee period equal to 100% or 150% of initial premium (adjusted for withdrawals), depending on the length of the guarantee period selected at issue. The minimum contract value can be reset after issue, and in such case, is set equal to the account value at the time of reset and the guaranteed period starts over. Older contracts must be surrendered in order to receive the minimum contract value. New policies may pay out the higher of the GMDB and GMAB amount upon death, depending on the age of the contract and the guaranteed period selected.

The Company issues variable annuity contracts with a GFIB feature. This feature provides a minimum fixed annuity payment guarantee that will start on a date chosen by the policyholder.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 11 - POLICYHOLDERS' LIABILITIES (continued)**

The following table provides the account value, net amount at risk and average attained age of contract holders at December 31, 2020 and 2019 for GMDBs, GMABs, EBBs, and GFIBs (\$ in millions):

	2020					
	Return of Net Deposits			Ratchet		Income
	In the Event of Death (GMDB)	Accumulation at Specified Date (GMAB)	Additional Death Benefits (EBB)	In the Event of Death (GMDB)	In the Event of Death (GMAB)	Accumulation at Specified Date (GFIB)
Account value	\$ 28,405	\$ 8,150	\$ 45	\$ 9,411	\$ 1,402	\$ 121
Net amount at risk	\$ 16	\$ 57	\$ 8	\$ 68	\$ 9	\$ —
Average attained age of contract holders	60	60	71	66	64	62

  

	2019					
	Return of Net Deposits			Ratchet		Income
	In the Event of Death (GMDB)	Accumulation at Specified Date (GMAB)	Additional Death Benefits (EBB)	In the Event of Death (GMDB)	In the Event of Death (GMAB)	Accumulation at Specified Date (GFIB)
Account value	\$ 24,359	\$ 6,991	\$ 47	\$ 8,964	\$ 1,330	\$ 165
Net amount at risk	\$ 14	\$ 72	\$ 7	\$ 71	\$ 11	\$ —
Average attained age of contract holders	60	60	71	66	63	61

The following summarizes the general account liabilities for guarantees on variable contracts included in liabilities for Future policy benefits for GMDB, EBB, and GFIB, and liabilities for Policyholders' account balances for GMAB in the accompanying Consolidated Statements of Financial Position (in millions):

	GMDB	GMAB	EBB	GFIB	Total
<b>Balance, December 31, 2018</b>	\$ 47	\$ 36	\$ 2	\$ 3	\$ 88
Incurred guaranteed benefits	48	(79)	—	1	(30)
Paid guaranteed benefits	(2)	(1)	—	—	(3)
<b>Balance, December 31, 2019</b>	<u>\$ 93</u>	<u>\$ (44)</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 55</u>
Incurred guaranteed benefits	16	2	—	—	18
Paid guaranteed benefits	(4)	(1)	—	—	(5)
<b>Balance, December 31, 2020</b>	<u>\$ 105</u>	<u>\$ (43)</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 68</u>

For GMABs, incurred guaranteed minimum benefits incorporate all changes in fair value other than amounts resulting from paid guaranteed benefits. GMABs are considered to be embedded derivatives and are recognized at fair value through interest credited to policyholders' account balances (refer to Note 9 - Fair Value Measurements).

The GMDB and EBB liabilities are determined each period end by estimating the expected value of death benefits in excess of the projected account balance and recognizing the excess ratably over the accumulation period based on total expected assessments in accordance with applicable guidance. The Company regularly evaluates assumptions and adjusts the additional liability, with a related charge or credit to Increase in liabilities for future policy benefits in the accompanying Consolidated Statements of Operations, if actual experience or other evidence suggests that earlier assumptions should be revised.

The GFIB liability is determined each period end by estimating the expected guaranteed minimum income benefit amounts less the benefit amounts funded by income benefit purchases, and recognizing the excess ratably over the accumulation period based on total expected assessments in accordance with applicable guidance. The Company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to Increase in liabilities for Future policy benefits in the accompanying Consolidated Statements of Operations, if actual experience or other evidence suggests that earlier assumptions should be revised.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 11 - POLICYHOLDERS' LIABILITIES (continued)**

The following table presents the aggregate fair value of assets at December 31, 2020 and 2019, by major investment fund options (including the general and separate account fund options), held by annuity products that are subject to GMDB, GMAB, EBB and GFIB benefits and guarantees. Since variable contracts with GMDB guarantees may also offer GMAB, GFIB and EBB guarantees in each contract, the GMDB, GMAB, EBB and GFIB amounts listed are not mutually exclusive (in millions):

	2020			
	GMDB	GMAB	EBB	GFIB
Separate account:				
Equity	\$ 18,726	\$ 4,635	\$ 26	\$ 72
Fixed income	8,326	2,529	9	33
Balanced	7,134	2,129	7	16
Total separate account	34,186	9,293	42	121
General account	3,630	259	3	—
Total	<u>\$ 37,816</u>	<u>\$ 9,552</u>	<u>\$ 45</u>	<u>\$ 121</u>
	2019			
	GMDB	GMAB	EBB	GFIB
Separate account:				
Equity	\$ 16,807	\$ 4,270	\$ 25	\$ 97
Fixed income	7,173	2,186	10	47
Balanced	5,789	1,617	8	22
Total separate account	29,769	8,073	44	165
General account	3,554	248	3	—
Total	<u>\$ 33,323</u>	<u>\$ 8,321</u>	<u>\$ 47</u>	<u>\$ 165</u>

**Fixed Annuity Contracts – GLWB**

The Company issues fixed annuity contracts with a GLWB feature. The benefit must be elected at the time of contract issuance, and provides for a percentage of the contract holder's benefit base, subject to certain restrictions, to be available for withdrawal for life as early as age 59 1/2. This benefit base grows for up to 10 years or until lifetime income payments commence, whichever comes first.

The GLWB liability is determined each period end by estimating the expected payments after the account balance is depleted and recognizing the excess ratably over the accumulation period based on total expected assessments in accordance with applicable guidance. The Company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to Increase in liabilities for future policy benefits in the accompanying Consolidated Statements of Operations, if actual experience or other evidence suggests that earlier assumptions should be revised.

The GLWB liability was \$262 million and \$214 million at December 31, 2020 and 2019, respectively.

**Additional Liability for Individual Life Products**

Certain individual life products require additional liabilities for contracts with excess insurance benefit features. These excess insurance benefit features are generally those that result in profits in early years and losses in subsequent years. For the Company's individual life contracts, this requirement primarily affects universal life policies with secondary guarantees. For these policies, we define excess insurance benefits as death benefits paid in excess of account balance released on death when the policy is either being held in-force by the presence of a no lapse guarantee or when an amount in excess of the account balance results from a GMDB.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 11 - POLICYHOLDERS' LIABILITIES (continued)**

Generally, the Company has separately defined an excess insurance benefit to exist when expected mortality exceeds all assessments. This insurance benefit is in addition to the base mortality feature, which the Company defines as expected mortality not in excess of assessments. The liability for excess insurance benefit features reflected in the general account and included in liabilities for Future policy benefits in the accompanying Consolidated Statements of Financial Position was \$404 million and \$322 million at December 31, 2020 and 2019, respectively.

**Policy Claims**

The policy claims related to short duration contracts and certain long duration contracts including the liability for claim adjustment expenses at December 31, 2020 and 2019 are as follows (in millions):

	<b>2020</b>	<b>2019</b>
Group disability and life	\$ 6,644	\$ 832
Other contracts <sup>(1)</sup>	2,950	2,555
Total policy claims	<u>\$ 9,594</u>	<u>\$ 3,387</u>

<sup>(1)</sup> Other contracts includes long-term care and certain other long duration contracts.

The Company discounts certain liabilities, predominantly long-term disability liabilities, because benefits payments are made over extended periods. Discount rate assumptions for these liabilities are based on projected investment returns for the supporting asset portfolios. Details of the Company's group disability and life unpaid claim discounted liability balance at December 31, 2020 and 2019 were as follows (in \$ millions):

	<b>2020</b>	<b>2019</b>
Discounted liabilities	\$ 5,951	\$ 718
Aggregate amount of discount	\$ 828	\$ 177
Range of discount rates	1.60% - 7.75%	2.25% - 7.75%

Activity in the Company's group disability and life liabilities for unpaid claims and claim expenses for December 31, 2020 and 2019, were as follows (in millions). Liabilities associated with Other contracts are excluded because they pertain to obligations for long-duration insurance contracts.

	<b>2020</b>	<b>2019</b>
Balance January 1	\$ 833	\$ 784
Less: reinsurance	2	2
Balance January 1, net	<u>831</u>	<u>782</u>
Incurred claims related to:		
Current year	716	658
Prior years		
Interest accretion	15	15
All other incurred	101	89
Total incurred	<u>832</u>	<u>762</u>
Paid claims related to:		
Current year	498	456
Prior years	262	262
Total paid	<u>760</u>	<u>718</u>
Acquisition of GBS	5,540	—
Foreign currency	(4)	4
Balance at December 31, net	<u>6,439</u>	<u>830</u>
Add: reinsurance	205	2
Ending balance	<u>\$ 6,644</u>	<u>\$ 832</u>

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 11 - POLICYHOLDERS' LIABILITIES (continued)**

Reinsurance in the table above reflects amounts due from reinsurers related to unpaid claims liabilities. The Company and its insurance subsidiaries enter into agreements with other companies primarily to limit losses from large exposures and to permit recovery of a portion of incurred losses. Refer to Note 13 - Reinsurance for additional information on reinsurance.

The majority of the liability for unpaid claims and claim expenses is related to disability claims with long-tailed payouts. Interest earned on assets backing these liabilities is an integral part of pricing and reserving. Therefore, interest accreted on prior year balances is shown as a separate component of prior year incurred claims. The remaining prior year incurred claims amount primarily reflects updates to the Company's liability estimates and variances between actual experience during the period relative to the assumptions and expectations reflected in determining the liability. Assumptions reflect the Company's expectations over the life of the book of business and will vary from actual experience in any period, both favorably and unfavorably, with variation in resolution rates being the most significant driver for the long-term disability business. At December 31, 2020, the majority of the policy claims balance relates to the acquisition of GBS and reflects the market environment as of that date.

The group disability and life and other contracts, net of reinsurance, also include liabilities for life, accident and short-term disability insurance products. Liabilities for these products are typically complete within one year. Claim development on these liabilities is largely driven by completion factors and loss ratio assumptions.

**NOTE 12 - DEFERRED POLICY ACQUISITION COSTS AND SALES INDUCEMENTS**

**Deferred Policy Acquisition Costs**

The following is a rollforward of DAC for the years ended December 31, 2020 and 2019 (in millions):

	<b>2020</b>	<b>2019</b>
<b>DAC:</b>		
Balance at beginning of year	\$ 6,718	\$ 8,313
Current year additions	1,384	1,418
Amortization - current year	(1,071)	(1,278)
Amortization - impact of assumption and experience unlocking	(76)	(10)
Balance at end of year before related adjustments	6,955	8,443
Adjustment for changes in unrealized net investment gains	(1,003)	(1,752)
Cumulative translation adjustment	(9)	27
Balance at end of year	<u>\$ 5,943</u>	<u>\$ 6,718</u>

**Sales Inducements**

The following is a rollforward of deferred sales inducements included in Other assets in the accompanying Consolidated Statements of Financial Position for the years ended December 31, 2020 and 2019 (in millions):

	<b>2020</b>	<b>2019</b>
Balance at beginning of year	\$ 530	\$ 582
Current year additions	63	45
Amortization - current year	(72)	(92)
Amortization - impact of assumption and experience unlocking	—	2
Balance at end of year before related adjustments	521	537
Adjustment for changes in unrealized net investment gains (losses)	(5)	(7)
Balance at end of year	<u>\$ 516</u>	<u>\$ 530</u>

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 13 – REINSURANCE**

The Company enters into reinsurance agreements in the normal course of its insurance business to reduce overall risk and volatility, protect against catastrophic claims and issue insurance policies in excess of retention limits. The Company also participates in assumed reinsurance with third parties in acquiring additional business.

Reinsurance premiums, commissions, expense reimbursements, benefits and reserves related to reinsured contracts under coinsurance arrangements are accounted for over the life of the underlying reinsured contracts using assumptions consistent with those used to account for the underlying contracts. Generally, the Company does not have any individual life, group life or group disability ceded reinsurance agreements that do not transfer risk or contain risk limiting features.

The effects of reinsurance assumed and ceded on the accompanying Consolidated Statements of Operations for the years ended December 31, 2020 and 2019 were as follows (in millions):

	<u>2020</u>	<u>2019</u>
Direct	\$ 15,609	\$ 16,113
Assumed	783	805
Ceded	(602)	(601)
Premiums	<u>\$ 15,790</u>	<u>\$ 16,317</u>
Fees - universal life and annuity policies ceded	<u>\$ (512)</u>	<u>\$ (484)</u>
Direct	\$ 11,540	\$ 10,555
Assumed	1,310	1,183
Ceded	(1,467)	(1,251)
Policyholders' benefits	<u>\$ 11,383</u>	<u>\$ 10,487</u>
Direct	\$ 6,120	\$ 7,186
Assumed	38	252
Ceded	(29)	(88)
Increase in liabilities for future policy benefits	<u>\$ 6,129</u>	<u>\$ 7,350</u>
Direct	\$ 1,959	\$ 1,955
Assumed	76	100
Ceded	(37)	(46)
Dividends to policyholders	<u>\$ 1,998</u>	<u>\$ 2,009</u>

The effects of reinsurance on the accompanying Consolidated Statements of Financial Position at December 31, 2020 and 2019 were as follows (in millions):

	<u>2020</u>	<u>2019</u>
Reinsurance recoverable	\$ 7,848	\$ 5,723
Future policy benefits assumed	\$ 7,865	\$ 7,818
Policyholder's account balances assumed	\$ 1,059	\$ 1,110
Reinsurance payable	\$ 4,327	\$ 4,218

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 13 - REINSURANCE (continued)**

**Assumed Reinsurance**

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 life insurance policies ("Closed Block"). The Company retrocedes 40% of those obligations and liabilities to John Hancock on a funds-withheld arrangement, resulting in a net 60% quota share reinsurance.

The assets received from this transaction are pledged as collateral and are contractually restricted, the majority of which are permanently restricted and must be passed back to the reinsured policyholders as a future benefit or dividend payment. The Company elected the FVO for the reinsurance obligations and liabilities and the permanently restricted assets because it is a better match with the economics of the transaction since the permanently restricted assets inure to the reinsured policies.

The contractually restricted assets within the accompanying Consolidated Statements of Financial Position at December 31, 2020 and 2019, were as follows (in millions):

	<u>2020</u>	<u>2019</u>
Fixed maturities:		
Available for sale, at fair value	\$ 1,439	\$ 1,475
Securities at fair value	6,266	6,103
Mortgage loans, at fair value	985	1,240
Policy loans	1,046	1,104
Other investments	1	1
Total investments	<u>9,737</u>	<u>9,923</u>
Cash and cash equivalents	318	101
Investment income due and accrued	100	110
Other assets	39	48
Total contractually restricted assets <sup>(1)</sup>	<u>\$ 10,194</u>	<u>\$ 10,182</u>

<sup>(1)</sup> Includes \$8,667 million and \$8,690 million of permanently restricted assets and \$1,527 million and \$1,492 million in case the permanently restricted assets are not sufficient to meet policyholder liabilities at December 31, 2020 and 2019, respectively.

At December 31, 2020 and 2019, the Company recorded liabilities for future policy benefits of \$7,865 million and \$7,818 million, respectively, and other liabilities of \$1,308 million and \$1,296 million, respectively. At December 31, 2020 and 2019, for the portion retroceded, the Company recorded amounts recoverable of \$3,438 million and \$3,433 million respectively, other assets of \$33 million and \$39 million, respectively, and a funds withheld liability of \$4,090 million and \$4,105 million, respectively. Refer to Note 9 - Fair Value Measurements, for a discussion on the valuation of these items. Under the authoritative guidance for financial instruments, changes in the fair value of a liability under the FVO related to the liability's specific credit risk, are reported in OCI with all other changes reported in earnings. The Company's process for isolating the component of the change in fair value of the liabilities related to the Company's own credit risk includes, among other things, comparing the Company's current credit spreads versus credit spreads at origination of the transaction. For the year ended December 31, 2020 and December 31, 2019, the loss in the fair value of the Closed Block liabilities related to the liabilities' specific credit risk reported in OCI was \$5 million. The cumulative impact recorded in OCI was a loss of \$6 million and a loss of \$15 million, net of deferred taxes, at December 31, 2020 and 2019, respectively.

The insurance related revenue, primarily premiums, and net investment income from the permanently restricted assets, accrue solely to the benefit of those reinsured policyholders and increase the liabilities for future policy benefits with zero impact to the Net income attributable to New York Life in the accompanying Consolidated Statements of Operations.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 13 - REINSURANCE (continued)**

The Company entered into an agreement to assume the Group Universal Life and Retained Assets businesses of Connecticut General Life Insurance Company ("CGLIC"). In connection with this agreement, the Company set up a trust with CGLIC as the beneficiary. The cash on deposit in the trust at December 31, 2020 was \$476 million. This cash is contractually restricted and is reported within Cash and cash equivalents in the accompanying Consolidated Statements of Financial Position.

**Ceded Reinsurance**

The Company reinsures the mortality risk on new individual life insurance policies on an automatic quota share yearly renewable term basis for many products, except for whole life, survivorship whole life, custom guarantee universal life, and asset flex products. For individual life insurance policies reinsured automatically, the Company cedes between 25% and 90% of each risk, with a minimum size policy that ranges from \$0 to \$2 million, depending upon the product. Individual 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%.

For group life and group disability insurance, policies are generally reinsured on an excess over retention basis to reduce volatility from large individual claims. The Company also reinsures this business to protect surplus from multiple claims resulting from catastrophic events.

The Company remains liable for reinsurance ceded if the reinsurer fails to meet its obligation on the business it has assumed. The Company periodically reviews the financial condition of its reinsurers and amounts recoverable in order to minimize its exposure to loss from reinsurer insolvencies. If necessary, an allowance would be recorded for reinsurance that the Company cannot collect.

The Company no longer writes individual medical and disability income coverage. The individual disability income policies are reinsured 100% with Unum Group on a modified coinsurance basis. The individual medical and Medicare Supplement coverage are reinsured 40% and 90%, respectively, with Mutual of Omaha.

The Company reinsures certain GBS Settlement Annuity business to CGLIC. The amount of the associated reinsured reserves and corresponding reinsurance recoverable at December 31, 2020 was \$1,502 million.

Prior to July 1, 2002, NYLIAC did business in Taiwan through a branch operation (the "Taiwan Branch"). On July 1, 2002, the Taiwan Branch ceased operations and all of its liabilities and assets were transferred to New York Life Insurance Taiwan Corporation ("Taiwan Corporation"), an indirect subsidiary of New York Life that was sold to Yuanta Financials Holding Co., Ltd. ("Yuanta") on December 31, 2013. Under the terms of the sale agreement, Yuanta agreed to satisfy in full, or cause Taiwan Corporation to satisfy in full, all of Taiwan Corporation's obligations under the Taiwan Branch policies that were transferred to Taiwan Corporation on July 1, 2002. The Company accounts for the policies issued prior to July 2002 as 100% coinsured, and included \$1,780 million and \$1,614 million of policyholder liabilities associated with those policies at December 31, 2020 and 2019, respectively, as well as a reinsurance recoverable asset from Taiwan Corporation/Yuanta of an equal amount in its accompanying Consolidated Statements of Financial Position.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 14 - BENEFIT PLANS**

**Defined Benefit Plans**

New York Life 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 New York Life are funded solely by Company contributions. New York Life'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 IRC of 1986, as amended, and no greater than the maximum amount deductible for federal income tax purposes. In 2020 and 2019, New York Life 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.

New York Life 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 New York Life. The grantor trusts are not subject to ERISA.

**Other Postretirement Benefits**

New York Life 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 New York Life. 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.

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. New York Life pays the entire life insurance costs for retired employees and agents.

New York Life 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). New York Life pays the remaining balance of these costs.

**Postemployment Benefits and Compensated Absences**

New York Life 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.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**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 IPG contract relating to New York Life's general account ("GA Contract"), and the other contract relates to New York Life's pooled separate accounts ("SA Contract"). New York Life is the issuer of the GA and SA Contracts. In addition, certain assets are directly invested in third-party real estate investment funds. Total tax-qualified plan assets at December 31, 2020 and 2019 were as follows (in millions):

	<b>Tax-qualified Pension Plans</b>	
	<b>2020</b>	<b>2019</b>
GA Contracts <sup>(1)</sup>	\$ 4,612	\$ 4,282
SA Contracts <sup>(2)</sup>	3,354	2,927
Third-party real estate investment funds	415	416
Cash	1	1
<b>Total plan assets</b>	<b>\$ 8,382</b>	<b>\$ 7,626</b>

<sup>(1)</sup> The GA Contracts are included in the Company's assets and Policyholders' account balances in the accompanying Consolidated Statements of Financial Position.

<sup>(2)</sup> The SA Contracts are included in the Company's separate account assets and liabilities in the accompanying Consolidated 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 Vanguard 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, 2020 and 2019 are as follows (in millions):

	<b>Other Postretirement Plans</b>	
	<b>2020</b>	<b>2019</b>
TOLI policies <sup>(1)</sup>	\$ 517	\$ 465
Vanguard mutual funds	231	208
MainStay MacKay International Equity Fund	87	72
IPG Contract (401(h) component) <sup>(2)</sup>	33	32
Cash and cash equivalents	5	9
<b>Total plan assets</b>	<b>\$ 873</b>	<b>\$ 786</b>

<sup>(1)</sup> Includes \$162 million and \$160 million in the Company's assets and policyholders' account balances in the accompanying Consolidated Statements of Financial Position for 2020 and 2019, respectively, and \$355 million and \$306 million in the Company's Separate Accounts assets and liabilities in the accompanying Consolidated Statements of Financial Position for 2020 and 2019, respectively.

<sup>(2)</sup> Included in the Company's assets and policyholders' account balances in the accompanying Consolidated Statements of Financial Position.

New York Life Investments Management LLC ("NYLIM") serves as investment manager of the 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.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**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, 2020 and 2019, were as follows:

Asset Category	Tax-qualified Pension Plans				VEBA Trust			
	Target Allocation		Asset Allocation		Target Allocation		Asset Allocation	
	2020	2019	2020	2019	2020	2019	2020	2019
Fixed income securities	65 %	65 %	63 %	64 %	30 %	30 %	32 %	30 %
Equity securities	35	35	37	36	70	70	68	70
Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

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

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS 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, 2020 and 2019 were as follows (in millions):

<b>2020</b>					
<b>Asset Category</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV as a Practical Expedient</b>	<b>Total</b>
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
Real estate investment funds	—	—	—	415	415
Indexed equity separate account	—	—	—	410	410
Small cap core separate account	—	—	—	203	203
Total assets accounted for at fair value	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 4,612</u>	<u>\$ 3,769</u>	<u>\$ 8,382</u>
<b>2019</b>					
<b>Asset Category</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV as a Practical Expedient</b>	<b>Total</b>
Cash	\$ 1	\$ —	\$ —	\$ —	\$ 1
Fixed income securities:					
IPG contract	—	—	4,282	—	4,282
High yield bond separate accounts	—	—	—	373	373
Municipal bond separate account	—	—	—	231	231
Absolute return hedge fund separate account	—	—	—	7	7
Equity securities:					
Private equity separate accounts	—	—	—	824	824
International equity separate account	—	—	—	552	552
Long/short equity hedge fund separate account	—	—	—	383	383
Real estate investment funds	—	—	—	416	416
Indexed equity separate account	—	—	—	374	374
Small cap core separate account	—	—	—	183	183
Total assets accounted for at fair value	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 4,282</u>	<u>\$ 3,343</u>	<u>\$ 7,626</u>

For the years ended December 31, 2020 and 2019, the tax-qualified pension plans purchased \$70 million and \$477 million, respectively, of Level 3 assets related to the IPG contracts. There were no transfers into or out of Level 3 for the years ended December 31, 2020 and 2019.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 14 - BENEFIT PLANS (continued)**

The fair values of other postretirement benefit plan assets at December 31, 2020 and 2019 were as follows (in millions):

Asset Category	2020				
	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

Asset Category	2019				
	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Total
Cash, cash equivalents, and short-term investments	\$ —	\$ 9	\$ —	\$ —	\$ 9
Fixed income securities:					
CSUL policies	—	—	160	—	160
Vanguard Bond Market Index Fund	55	—	—	—	55
IPG contract	—	—	32	—	32
Equity securities:					
CSVUL MainStay VP MacKay S&P 500 Indexed Equity Fund	—	—	262	—	262
Vanguard Institutional Index Fund	153	—	—	—	153
MainStay MacKay International Equity Fund	72	—	—	—	72
CSVUL MainStay VP MacKay International Equity Fund	—	—	43	—	43
Total assets accounted for at fair value	\$ 280	\$ 9	\$ 497	\$ —	\$ 786

The table below presents the purchases of other postretirement benefit plan Level 3 assets for the years ended December 31, 2020 and 2019 (in millions):

	2020				
	CSUL Policies	IPG Contract	CSVUL MainStay VP MacKay S&P 500 Indexed Equity Fund	CSVUL MainStay VP MacKay International Equity Fund	Total
Purchases	\$ —	\$ —	\$ —	\$ —	\$ —

  

	2019				
	CSUL Policies	IPG Contract	CSVUL MainStay VP MacKay S&P 500 Indexed Equity Fund	CSVUL MainStay VP MacKay International Equity Fund	Total
Purchases	\$ —	\$ —	\$ —	\$ 4	\$ 4

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 14 - BENEFIT PLANS (continued)**

There were no transfers into or out of Level 3 for the years ended December 31, 2020 and 2019.

**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.

**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"). In 2020, the Company reevaluated its fair value methodology to reflect a conversion value adjustment through the FVA. The FVA is the difference between the estimated cost of purchasing annuities in the open market upon termination of the contract with the cost of purchasing annuities at the discontinuance provisions of the contract. The change in the FVA increased the carrying value of the IPG contract by \$527 million. 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.

**Mutual Funds**

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

**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.

**Investments in Pooled Separate Accounts and Real Estate Funds**

The pooled separate accounts and real estate investment funds net asset value ("NAV") represents the fair value of each unit held by the tax-qualified pension plans and is the level at which transactions occur. The investments are measured using NAV as a practical expedient, and are not required to be leveled.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 14 - BENEFIT PLANS (continued)**

The following tables provide further information about the separate accounts and real estate investment funds (in millions):

		<b>2020</b>			
<b>Category of Investment</b>	<b>Investment Strategy</b>	<b>Fair Value Determined Using NAV</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
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 account	Long/short equity, futures, options, foreign exchange, arbitrage	\$ 431	\$ —	Semi-Annual, Quarterly, Monthly, Daily	30-90 days (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 account	Multi-strategy and distressed securities	\$ 5	\$ —	N/A	30-90 days (Assets subject to lock-up periods)

  

		<b>2019</b>			
<b>Category of Investment</b>	<b>Investment Strategy</b>	<b>Fair Value Determined Using NAV</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Equity separate accounts	Indexed, large cap enhanced, international, and small core funds	\$ 1,109	\$ —	Daily, Pending Market Conditions	N/A
Private equity separate accounts	Leveraged buyout, mezzanine financing, distressed securities	\$ 824	\$ 504	N/A	N/A
Long/short equity hedge fund separate account	Long/short equity, futures, options, foreign exchange, arbitrage	\$ 383	\$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	30-90 days (Assets subject to lock-up periods)
Real estate investment funds	Real estate and real estate related assets	\$ 416	\$ —	Quarterly	45-90 days (subject to availability of funds)
High yield bond separate accounts	High yield bonds	\$ 373	\$ —	Daily, Pending Market Conditions	N/A
Municipal bond separate account	Municipal bonds	\$ 231	\$ —	Daily, Pending Market Conditions	N/A
Absolute return hedge fund separate account	Multi-strategy and distressed securities	\$ 7	\$ —	N/A	30-90 days (Assets subject to lock-up periods)

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 14 - BENEFIT PLANS (continued)**

**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, 2020 and 2019, respectively (in millions):

	<b>Pension Plan Benefits</b>		<b>Other Postretirement Plan Benefits</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Change in benefit obligation</b>				
Benefit obligation at beginning of year	\$ 8,953	\$ 7,666	\$ 1,798	\$ 1,537
Service cost	181	154	29	23
Interest cost	255	304	53	62
Contributions by plan participants	—	—	13	13
Actuarial losses (gains)	941	1,216	(22)	242
Benefits paid	(399)	(387)	(63)	(79)
One-time contractual termination benefits	—	—	—	—
Plan amendments	—	—	—	—
Benefit obligation at end of year	<u>\$ 9,931</u>	<u>\$ 8,953</u>	<u>\$ 1,808</u>	<u>\$ 1,798</u>
<b>Change in plan assets</b>				
Fair value of plan assets at beginning of year	\$ 7,626	\$ 7,302	\$ 786	\$ 665
Actual return (loss) on plan assets	1,097	657	108	132
Contributions by employer	58	54	30	55
Contributions by plan participants	—	—	12	13
Benefits paid	(399)	(387)	(63)	(79)
Fair value of plan assets at end of year	<u>\$ 8,382</u>	<u>\$ 7,626</u>	<u>\$ 873</u>	<u>\$ 786</u>
Funded (unfunded) status	<u>\$ (1,550)</u>	<u>\$ (1,327)</u>	<u>\$ (935)</u>	<u>\$ (1,012)</u>
<b>Net amount recognized in the Consolidated Statements of Financial Position</b>				
Other assets	\$ —	\$ —	\$ —	\$ —
Other liabilities	(1,550)	(1,327)	(935)	(1,012)
Net amount recognized	<u>\$ (1,550)</u>	<u>\$ (1,327)</u>	<u>\$ (935)</u>	<u>\$ (1,012)</u>
<b>Amounts recognized in AOCI</b>				
Net actuarial loss	\$ 3,337	\$ 3,263	\$ 372	\$ 475
Prior service credit	(22)	(28)	(111)	(142)
Total	<u>\$ 3,315</u>	<u>\$ 3,235</u>	<u>\$ 261</u>	<u>\$ 333</u>
Accumulated benefit obligation for all defined benefit pension plans	<u>\$ 9,378</u>	<u>\$ 8,454</u>		

The following table details the PBO and ABO for pension plans in excess of plan assets at December 31, 2020 and 2019 (in millions):

	<b>Pension Plan Benefits</b>	
	<b>2020</b>	<b>2019</b>
PBO	\$ 9,931	\$ 8,953
ABO	\$ 9,378	\$ 8,454
Fair value of plan assets	\$ 8,382	\$ 7,626

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 14 - BENEFIT PLANS (continued)**

The following table details the APBO for other postretirement plans in excess of plan assets at December 31, 2020 and 2019 (in millions):

	<b>Other Postretirement Plan Benefits</b>	
	<b>2020</b>	<b>2019</b>
APBO	\$ 1,808	\$ 1,798
Fair value of plan assets	\$ 873	\$ 786

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 plan liabilities. The decrease in the benefit obligation at December 31, 2019 was primarily driven by actuarial gains of 1,458 million which were largely the result of an increase in the weighted-average discount rate.

**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 Consolidated Statements of Operations. The components of net periodic benefit cost for the years ended December 31, 2020 and 2019 were as follows (in millions):

	<b>Pension Plan Benefits</b>		<b>Other Postretirement Plan Benefits</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Service cost	\$ 181	\$ 154	\$ 29	\$ 23
Interest cost	255	304	53	62
Expected return on plan assets	(441)	(471)	(50)	(47)
Amortization of net actuarial loss	212	120	23	11
Amortization of prior service credit	(6)	(6)	(31)	(32)
<b>Total net periodic benefit cost</b>	<b>\$ 201</b>	<b>\$ 101</b>	<b>\$ 24</b>	<b>\$ 17</b>

Other changes recognized in OCI for the years ended December 31, 2020 and 2019 were as follows (in millions):

	<b>Pension Plan Benefits</b>		<b>Other Postretirement Plan Benefits</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net actuarial (gain) loss	\$ 286	\$ 1,029	\$ (80)	\$ 158
Amortization of net actuarial (gain)	(212)	(120)	(23)	(11)
Prior service cost (credit)	—	—	—	—
Amortization of prior service credit	6	6	31	32
<b>Total recognized in OCI</b>	<b>\$ 80</b>	<b>\$ 915</b>	<b>\$ (72)</b>	<b>\$ 179</b>

**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, 2020 and 2019 were as follows:

	<b>Pension Plan Benefits</b>		<b>Other Postretirement Plan Benefits</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Discount rate for benefit obligations	2.70 %	3.34 %	2.82 %	3.43 %
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 plans	3.09 %	3.68 %	N/A	N/A

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 14 - BENEFIT PLANS (continued)**

Weighted-average assumptions used to determine net periodic benefit cost at December 31, 2020 and 2019 were as follows:

	Pension Plan Benefits		Other Postretirement Plan Benefits	
	2020	2019	2020	2019
Discount rate for benefit obligations	3.34 %	4.45 %	3.45 %	4.52 %
Service cost discount rate	3.55 %	4.63 %	3.69 %	4.75 %
Effective rate of interest on benefit obligations	2.92 %	4.07 %	3.02 %	4.15 %
Expected long-term return on plan assets	6.00 %	6.50 %	6.75 %	6.75 %
Rate of compensation increase:				
Employees	4.90 %	4.90 %	4.90 %	4.90 %
Agents	6.00 %	6.00 %	N/A	N/A
Interest crediting rates for cash balance plans	3.09 %	3.68 %	N/A	N/A

New York Life 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.

New York Life 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 at December 31, 2020 and 2019 were as follows:

	2020		2019	
	Before 65	Age 65 and older	Before 65	Age 65 and older
Following year	6.50%	7.00%	7.50%	8.50%
Ultimate rate to which cost increase is assumed to decline	4.50%	4.50%	4.75%	4.75%
Year in which the ultimate trend is received	2030	2030	2028	2028

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.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 14 - BENEFIT PLANS (continued)**

**Cash Flows**

New York Life'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. New York Life does not have any regulatory contribution requirements for 2021.

Prefunding contributions can be made to either of the VEBA Trusts to partially fund postretirement health and life benefits other than pensions. New York Life does not expect to make any prefunding contributions to either of the VEBA Trusts in 2021.

The estimated future benefit payments are based on the same assumptions used to measure the benefit obligations at December 31, 2020. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in millions):

	<b>Pension Plan Benefits</b>	<b>Other Postretirement Plan Benefits</b>	<b>Postemployment Plan Benefits</b>
2021	\$ 429	\$ 65	\$ 9
2022	\$ 444	\$ 67	\$ 9
2023	\$ 458	\$ 69	\$ 10
2024	\$ 471	\$ 70	\$ 11
2025	\$ 486	\$ 72	\$ 11
2026-2030	\$ 2,589	\$ 379	\$ 65

New York Life expects to pay approximately \$54 million of non-qualified pension plan benefits during 2021. New York Life expects to pay approximately \$46 million for other postretirement benefits during 2021.

For the years ended December 31, 2020 and 2019, New York Life paid \$44 million and \$60 million, respectively, in gross benefit payments related to health benefits. For the years ended December 31, 2020 and 2019, New York Life did not receive any gross subsidy receipts.

**Defined Contribution Plans**

New York Life 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 New York Life matching contributions of up to 5% of annual salary (base plus eligible incentive pay are considered). For the years ended December 31, 2020 and 2019, New York Life's matching contributions to the employees' tax-qualified plan totaled \$41 million and \$38 million, respectively. A non-qualified plan for employees credits participant and New York Life matching contributions with respect to compensation in excess of the amount that may be taken into account under the tax-qualified plan.

For agents, the plan provides for pre-tax and/or after-tax Roth commission reduction agreements, subject to maximums.

New York Life annually determines the level of 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 years ended December 31, 2020 and 2019, New York Life's contributions to the agents' tax-qualified plan totaled \$1 million and \$2 million, respectively. There is no non-qualified plan for agents.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 15 – GOODWILL AND OTHER INTANGIBLE ASSETS**

**Goodwill**

Goodwill at December 31, 2020 and 2019 consist of the following (in millions):

	2020	2019
Gross carrying amount	\$ 608	\$ 613
Acquisition of GBS	3,410	—
Accumulated amortization	(118)	(61)
Cumulative translation adjustment	(15)	4
Goodwill de-recognized during the year	—	(23)
Net carrying amount	<u>\$ 3,885</u>	<u>\$ 533</u>

Goodwill is reported in Other assets in the accompanying Consolidated Statements of Financial Position. There were no indications that goodwill impairments existed in the years 2020 and 2019. Amortization expense was \$57 million and \$61 million for the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020, the amount of goodwill subject to tax was \$2,563 million.

**Other Intangible Assets**

Other intangible assets at December 31, 2020 and 2019 consist of the following (in millions):

	2020			2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Real estate <sup>(1)</sup>	\$ 179	\$ 141	\$ 38	\$ 167	\$ 137	\$ 30
VOBA	174	52	122	54	52	2
Asset management contracts	128	93	35	126	80	46
Value of internally developed and used software	117	—	117	—	—	—
Value of transition services agreement	14	—	14	—	—	—
Management contracts	13	6	7	12	5	7
Intangible assets not subject to amortization	66	—	66	90	—	90
Total	<u>\$ 691</u>	<u>\$ 292</u>	<u>\$ 399</u>	<u>\$ 449</u>	<u>\$ 274</u>	<u>\$ 175</u>

<sup>(1)</sup> The real estate asset relates to above market leases, leases in place, tenant relationships, and leasing commissions.

All intangible assets are reported in Other assets in the accompanying Consolidated Statements of Financial Position. The Company completed the annual impairment tests of intangible assets, which required impairments of \$30 million and \$25 million at December 31, 2020 and 2019, respectively, which were recorded in Operating expenses; the majority of which were related to asset management contracts not subject to amortization.

Intangible assets not subject to amortization consist mainly of asset management contracts where there is no finite useful life.

Amortization expense was \$18 million and \$21 million for the years ended December 31, 2020 and 2019, respectively. Amortization expense for other intangible assets is expected to be approximately \$136 million in 2021, \$76 million in 2022, \$35 million in 2023, \$31 million in 2024, \$29 million in 2025, and \$26 million in 2026 and thereafter. Higher amortization expense in 2021 and 2022 are primarily due to the VOBA amortization related to GBS acquisition which is set to amortize over the following 3 years with approximately 73% of the 2020 ending balance expected to be amortized in 2021 and 80% of the remaining balance expected to be amortized in 2021.

During 2019, the Company acquired certain IRA contracts from John Hancock, which resulted in an additional intangible asset not subject to amortization of \$6 million.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 16 - COMMITMENTS AND CONTINGENCIES, LOANED SECURITIES AND REPURCHASE AGREEMENTS**

**Litigation**

New York Life 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.

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 consolidated 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.

**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.

The Company received notification of the insolvency of various life insurers. It is expected that these insolvencies will result in guaranty fund assessments against the Company of approximately \$11 million and \$3 million, which have been accrued in Other liabilities in the accompanying Consolidated Statements of Financial Position at December 31, 2020 and 2019, respectively. The Company expects to recover \$7 million and \$7 million at December 31, 2020 and 2019, respectively, of premium offsets reflected in Other assets in the accompanying Consolidated Statements of Financial Position.

**Guarantees**

The Company, in the ordinary course of its business, has numerous agreements with respect to its affiliates, related parties and other third parties. In connection with such agreements there may be related commitments or contingent liabilities, which may take the form of guarantees. The Company believes the ultimate liability that could result from these guarantees would not have a material adverse effect on the Company's financial position.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 16 - COMMITMENTS AND CONTINGENCIES, LOANED SECURITIES AND REPURCHASE AGREEMENTS (continued)**

**Loaned Securities and Repurchase Agreements**

The following table represents recognized repurchase agreements that are subject to an enforceable master netting agreement or similar agreement at December 31, 2020 and 2019 (in millions). The Company's dollar rolls repurchase agreements to sell and repurchase securities are not done under master netting agreements or similar agreements and therefore are not included in this table:

2020					
Offsetting of financial assets	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Securities Collateral <sup>(1)</sup>	Net Amount
Securities purchased under agreement to resell	\$ 540	\$ —	\$ 540	\$ (540)	\$ —
Total assets	<u>\$ 540</u>	<u>\$ —</u>	<u>\$ 540</u>	<u>\$ (540)</u>	<u>\$ —</u>
2019					
Offsetting of financial assets	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Securities Collateral <sup>(1)</sup>	Net Amount
Securities purchased under agreement to resell	\$ 528	\$ —	\$ 528	\$ (528)	\$ —
Total assets	<u>\$ 528</u>	<u>\$ —</u>	<u>\$ 528</u>	<u>\$ (528)</u>	<u>\$ —</u>

<sup>(1)</sup> The actual collateral that was held by the custodian was \$550 million and \$538 million at December 31, 2020 and 2019, respectively, which was capped at the amount recorded in the accompanying Consolidated Statements of Financial Position in accordance with the authoritative guidance.

The following table represents recognized securities lending transactions that are subject to an enforceable master netting agreement or similar agreement at December 31, 2020 and 2019 (in millions):

2020					
Offsetting of financial liabilities	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Cash Collateral <sup>(1)</sup>	Net Amount
Securities entered into a security lending agreement	\$ 1,280	\$ —	\$ 1,280	\$ (1,280)	\$ —
Total liabilities	<u>\$ 1,280</u>	<u>\$ —</u>	<u>\$ 1,280</u>	<u>\$ (1,280)</u>	<u>\$ —</u>
2019					
Offsetting of financial liabilities	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Cash Collateral <sup>(1)</sup>	Net Amount
Securities entered into a security lending agreement	\$ 1,304	\$ —	\$ 1,304	\$ (1,304)	\$ —
Total liabilities	<u>\$ 1,304</u>	<u>\$ —</u>	<u>\$ 1,304</u>	<u>\$ (1,304)</u>	<u>\$ —</u>

<sup>(1)</sup> At December 31, 2020 and 2019, the securities loaned had a fair value of \$1,252 million and \$1,275 million, respectively. Such assets reflect the extent of the Company's involvement in securities lending, not the Company's risk of loss.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 16 - COMMITMENTS AND CONTINGENCIES, LOANED SECURITIES AND REPURCHASE AGREEMENTS (continued)**

The following table presents the terms and amounts of cash collateral received under security lending transactions for the following types of securities loaned at December 31, 2020 and 2019 (in millions):

<b>2020</b>						
<b>Remaining Contractual Maturity of the Agreements</b>						
<b>Type of Security Loaned</b>	<b>Open</b>	<b>30 days or less</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>Greater than 90 days</b>	<b>Total</b>
U.S. Treasury	\$ 50	\$ —	\$ —	\$ —	\$ —	\$ 50
U.S. government corporations & agencies	4	—	—	—	—	4
Foreign governments	6	—	—	—	—	6
U.S. corporate	1,036	—	—	—	—	1,036
Foreign corporate	184	—	—	—	—	184
Total securities lending transactions	<u>\$ 1,280</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,280</u>
<b>2019</b>						
<b>Remaining Contractual Maturity of the Agreements</b>						
<b>Type of Security Loaned</b>	<b>Open</b>	<b>30 days or less</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>Greater than 90 days</b>	<b>Total</b>
U.S. Treasury	\$ 146	\$ —	\$ —	\$ —	\$ —	\$ 146
U.S. government corporations & agencies	24	—	—	—	—	24
Foreign governments	10	—	—	—	—	10
U.S. corporate	964	—	—	—	—	964
Foreign corporate	160	—	—	—	—	160
Total securities lending transactions	<u>\$ 1,304</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,304</u>

At December 31, 2020 the Company had \$1 million in outstanding dollar repurchase agreements. At December 31, 2019 there were no agreements outstanding to sell and repurchase securities.

**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.

**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.

For the years ended December 31, 2020 and 2019, rent expense was \$163 million and \$153 million, respectively. Future minimum lease payments under non-cancellable operating leases with original or remaining lease terms in excess of one year at December 31, 2020 were as follows (in millions):

	<b>Real Property</b>	<b>Equipment</b>	<b>Total</b>
2021	\$ 153	\$ 13	\$ 166
2022	137	12	149
2023	119	7	126
2024	97	4	101
2025	64	—	64
Thereafter	275	—	275
Total rental expense	<u>845</u>	<u>36</u>	<u>881</u>
Less: future sublease rental receipts	28	—	28
Total	<u>\$ 817</u>	<u>\$ 36</u>	<u>\$ 853</u>

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 17 - INCOME TAXES**

The components of the total Income tax expense for the years ended December 31 were as follows (in millions):

	<u>2020</u>	<u>2019</u>
<b>Current:</b>		
Federal	\$ 185	\$ 290
State and local	5	14
Foreign	50	21
Total current income tax expense	<u>240</u>	<u>325</u>
<b>Deferred:</b>		
Federal	(103)	132
Foreign	(35)	37
Total deferred income tax expense	<u>(138)</u>	<u>169</u>
Total income tax expense	<u>\$ 102</u>	<u>\$ 494</u>

Taxes on comprehensive income were a tax expense of \$1,464 million and \$1,928 million for the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020 and 2019, the Company recorded a net current income tax payable of \$37 million and a net current income tax receivable of \$78 million, respectively, which is included in Other liabilities and Other assets, respectively, in the accompanying Consolidated Statements of Financial Position.

The Company's actual income tax expense for the years ended December 31, 2020 and 2019 differs from the expected amount computed by applying the U.S. statutory federal income tax rate of 21% for the following reasons (\$ in millions):

	<u>2020</u>		<u>2019</u>	
Statutory federal income tax expense	\$ 337	21.0 %	\$ 758	21.0 %
Foreign operations, net of foreign taxes	(8)	(0.5)	(1)	—
Tax exempt income	(103)	(6.4)	(139)	(3.9)
Investment credits	(84)	(5.2)	(80)	(2.2)
Amortization and deductions of investments in qualified affordable housing projects	27	1.7	39	1.1
Non-controlling interest	(72)	(4.5)	(82)	(2.3)
Other	5	0.3	(1)	—
Actual income tax expense	<u>\$ 102</u>	<u>6.4 %</u>	<u>\$ 494</u>	<u>13.7 %</u>

On March 27, 2020, the Coronavirus Aid, Relief, and Economics Security Act (the "CARES Act") was enacted into law. Enactment of the CARES Act did not have a financial impact on the Company.

The Company does not assert that earnings of its foreign affiliates are indefinitely reinvested, and recognizes the appropriate deferred tax liability for U.S. taxes that would be paid if earnings are distributed from the foreign operations.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 17 - INCOME TAXES (continued)**

The components of the net deferred tax liability at December 31, 2020 and 2019, are as follows (in millions):

	<u>2020</u>	<u>2019</u>
<b>Deferred tax assets:</b>		
Future policy benefits	\$ 1,856	\$ 1,074
Employee and agent benefits	1,000	968
Net operating losses	20	22
Other	121	56
Gross deferred tax assets before valuation allowance	<u>2,997</u>	<u>2,120</u>
Valuation allowance	<u>(12)</u>	<u>(25)</u>
Gross deferred tax assets after valuation allowance	<u>2,985</u>	<u>2,095</u>
<b>Deferred tax liabilities:</b>		
Investments	5,737	3,557
DAC	403	596
Fixed assets	185	166
Other	15	1
Gross deferred tax liabilities	<u>6,340</u>	<u>4,320</u>
Net deferred tax liability	<u>\$ 3,355</u>	<u>\$ 2,225</u>

The deferred tax assets relate to temporary differences that are expected to reverse as net ordinary deductions or capital losses. Deferred income taxes are generally recognized, based on enacted tax rates, when assets and liabilities have different values for financial statement and tax purposes. A valuation allowance is recorded if it is more likely than not that any portion of the deferred tax asset will not be realized.

At December 31, 2020 and 2019, the Company had federal and foreign gross net operating loss (“NOL”) carry forwards of \$182 million and \$184 million, respectively. At December 31, 2020, deferred tax assets for these NOLs will begin to expire in 2027.

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 consolidated financial position and results of operations as a result of these audits. The Company believes that its recorded income tax liabilities for uncertain tax positions are adequate for all open years.

The Company’s total interest expense associated with the liability for unrecognized tax benefits for the years ended December 31, 2020 and 2019 was \$12 million and \$14 million, respectively, and are included in Income tax expense in the accompanying Consolidated Statements of Operations. At December 31, 2020 and 2019, the Company had \$67 million and \$55 million, respectively, of accrued interest associated with the liability for unrecognized tax benefits, which is reported in Other liabilities in the accompanying Consolidated Statements of Financial Position. The \$12 million increase in the liability for unrecognized tax benefits is the result of a \$12 million increase in interest expense and a less than \$1 million decrease resulting from settlements with tax authorities recorded in 2020. The Company does not anticipate any significant changes to its total unrecognized tax benefits within the next 12 months.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 18 - DEBT**

**Recourse Debt**

Recourse debt, net of unamortized debt issuance costs, consisted of the following at December 31, 2020 and 2019 (in millions):

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2020</u>	<u>2019</u>
<b>Short-term recourse debt:</b>				
Commercial paper			\$ 495	\$ 497
<b>Long-term recourse debt:</b>				
2020 Surplus Notes	5/15/2050	3.750 %	1,231	—
2019 Surplus Notes	5/15/2069	4.450 %	983	983
2009 Surplus Notes	11/15/2039	6.750 %	991	991
2003 Surplus Notes	5/15/2033	5.875 %	990	989
Total long-term recourse debt			4,195	2,963
<b>Total short-term and long-term recourse debt</b>			<u>\$ 4,690</u>	<u>\$ 3,460</u>

**Commercial Paper**

New York Life Capital Corporation ("NYLCC"), an indirect wholly owned subsidiary of New York Life, serves as a conduit for New York Life to the credit markets and issues commercial paper to institutional investors. For the years ended December 31, 2020 and 2019, interest expense totaled \$4 million and \$12 million, respectively. The following table provides additional information on commercial paper:

	<u>2020</u>	<u>2019</u>
Weighted average maturity of outstanding commercial paper, in days	34.9	26.6
Weighted average interest rate on outstanding commercial paper	0.18 %	1.78 %

The commercial paper issued by NYLCC at December 31, 2020 matures on various dates through April 2021 and April 2020, respectively.

**Surplus Notes**

On April 14, 2020, New York Life issued surplus notes ("2020 Notes") with a principal balance of \$1,250 million, at a discount of \$8 million, which followed the April 2, 2019 surplus note issuance (the "2019 Notes") with a principal balance of \$1,000 million, at a discount of \$7 million. Previously, the Company had also issued surplus notes on October 8, 2009, (the "2009 Notes") with a principal balance of \$1,000 million, at a discount of \$2 million, and on May 5, 2003, surplus notes ("2003 Notes") with a principal balance of \$1,000 million, at a discount of \$10 million. All of the notes, inclusive of the 2020 Notes, 2019 Notes, 2009 Notes and 2003 Notes (collectively the "Notes"), were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by a United States bank as registrar/paying agent. Interest on the Notes is scheduled to be paid semi-annually on May 15 and November 15 of each year.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 18 – DEBT (continued)**

The Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of New York Life. There are no principal payments due in respect of the Notes prior to maturity. Each payment of interest or principal may be made only with the prior approval of the Superintendent of the Department 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, in whole or in part, 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 to the date of redemption on a semi-annual basis at an adjusted treasury rate plus 20 basis points (“bps”) in the case of the 2003 Notes, 40 bps in the case of the 2009 Notes, 25 bps in the case of the 2019 Notes, and 40 bps in case of the 2020 Notes, plus in each case, accrued interest on the Notes to be redeemed through the redemption date.

For the years ended December 31, 2020 and 2019, interest expense on New York Life’s Notes totaled \$204 million and \$159 million, respectively. In addition, accrued interest at December 31, 2020 and 2019 was \$27 million and \$21 million, respectively.

**Non-Recourse Debt**

Non-recourse debt primarily represents debt issued by SPEs consolidated by the Company. Only the assets of these entities can be used to settle their respective liabilities, and under no circumstances is the Company or any of its subsidiaries or affiliates liable for any principal or interest shortfalls should any arise. At December 31, 2020 and 2019, the Company's total non-recourse debt was \$3,819 million and \$3,550 million, respectively.

The Company consolidated certain collateralized structures for which it is the investment manager. The long-term debt related to these structures bears interest primarily at LIBOR plus a spread ranging from 0.22% to 7.50%, payable primarily on a quarterly basis and is expected to be repaid over the next 11 years. For the years ended December 31, 2020 and 2019, interest expense related to these obligations was \$51 million and \$41 million, respectively. After the non-call period, the long-term debt may be redeemed by liquidation, in whole only, by the majority of the residual tranche holders at the respective redemption prices. Refer to Note 6 - Investments for the classification and valuation of the assets supporting these liabilities.

In accordance with authoritative guidance on collateralized finance entities, the Company has elected the measurement alternative in measuring the long-term debt of certain of its’ consolidated collateralized structures for which it is the investment manager. The measurement alternative allows the financial assets and the financial liabilities to be measured using the more observable of the two. The Company has measured the long-term debt of certain of its’ consolidated collateralized structures using the fair value of the entities financial assets, as their value has been deemed more observable. Refer to Note 6 - Investments for the classification and valuation of the assets supporting this liability.

The Company, through a VIE controlled by Madison Capital Funding LLC (“MCF”), has incurred certain debt for borrowed money pursuant to a collateralized indenture, which debt is non-recourse to the Company and can only be satisfied by the assets of the VIE. MCF is a wholly-owned subsidiary of New York Life. For the years ended December 31, 2020 and 2019, interest expense was \$14 million and \$20 million, respectively. At December 31, 2020 and 2019, there was no accrued interest. Refer to Note 6 - Investments for the classification and valuation of the assets supporting these liabilities.

The Company, through a real estate fund consolidated by its indirect wholly owned subsidiary, NYL Investments, has entered into certain secured borrowing agreements. For the years ended December 31, 2020 and 2019, interest expense related to these obligations totaled \$15 million and \$15 million, respectively.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 18 – DEBT (continued)**

**Line of Credit**

Effective January 29, 2019, the Company entered into a five-year \$1,500 million revolving credit facility agreement ("the Facility") with a syndicate of lenders expiring on January 29, 2024. Facility fees are payable at an annual rate of 4.5 bps of the lenders' commitment amounts. For the Facility, the borrowing rate is 70 bps over LIBOR.

Facility fees and borrowing rates could increase if New York Life's Standard & Poor's and Moody's Financial Strength ratings were downgraded. At December 31, 2020 and 2019, the Company had not made any borrowings under the Facility.

**NOTE 19 - EQUITY**

The balance of and changes in each component of AOCI attributable to New York Life were as follows (in millions):

	Foreign Currency Translation Adjustments	Net Unrealized Investment Gains (Losses) <sup>(1)</sup>	Defined Benefit Plans Adjustment	Total Accumulated Other Comprehensive Income (Loss)
<b>Balance, December 31, 2018</b>	\$ (746)	\$ 819	\$ (1,966)	\$ (1,893)
Other comprehensive income (loss), net of tax:				
Change in foreign currency translation adjustment (net of income tax expense of \$13 million)	\$ (19)	\$ —	\$ —	\$ (19)
Change in net unrealized investment gains (losses), net of related offsets, reclassification adjustments and income taxes	—	8,010	—	8,010
Benefit plans:				
Gains and prior service credits (costs) arising during the period (net of income tax expense of \$249 million)	—	—	(942)	(942)
Less: amortization of losses and prior service costs included in net periodic benefit costs, (net of income tax expense of \$19 million)	—	—	74	74
Benefit plans, net	—	—	(868)	(868)
Other comprehensive income (loss), net of tax	(19)	8,010	(868)	7,123
Change in accounting principle - reclass of stranded tax effects	—	—	—	—
<b>Balance, December 31, 2019</b>	<b>\$ (765)</b>	<b>\$ 8,829</b>	<b>\$ (2,834)</b>	<b>\$ 5,230</b>
Other comprehensive income (loss), net of tax:				
Change in foreign currency translation adjustment (net of income tax expense of \$15 million)	\$ 68	\$ —	\$ —	\$ 68
Change in net unrealized investment gains (losses), net of related offsets, reclassification adjustments and income taxes	—	5,302	—	5,302
Benefit plans:				
Losses and prior service credits (costs) arising during the period (net of income tax benefit of \$43 million)	—	—	(164)	(164)
Less: amortization of losses and prior service costs included in net periodic benefit costs, (net of income tax expense of \$41 million)	—	—	158	158
Benefit plans, net	—	—	(6)	(6)
Other comprehensive income (loss), net of tax	68	5,302	(6)	5,364
<b>Balance, December 31, 2020</b>	<b>\$ (697)</b>	<b>\$ 14,131</b>	<b>\$ (2,840)</b>	<b>\$ 10,594</b>

<sup>(1)</sup> Includes cash flow hedges. Refer to Note 7 - Derivative Instruments and Risk Management for information on cash flow hedges. Refer to Note 10 - Investment Income and Investment Gains and Losses for additional information regarding unrealized investment gains (losses), including the split between amounts related to fixed maturities on which an other-than-temporary impairment loss has been recognized, and all other unrealized investment gains or losses.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 19 – EQUITY (continued)**

The following is a rollforward of AOCI attributable to New York Life for the years ended December 31, 2020 and 2019 (in millions):

2020				
Accumulated Other Comprehensive Income (Loss) Attributable to New York Life				
	Foreign Currency Translation Adjustments <sup>(1)</sup>	Net Unrealized Investment Gains (Losses) <sup>(1) (2)</sup>	Pension and Postretirement Unrecognized Net Periodic Benefit (Cost) <sup>(1)</sup>	Total AOCI <sup>(1)</sup>
<b>Beginning balance</b>	\$ (765)	\$ 8,829	\$ (2,834)	\$ 5,230
Change in OCI before reclassifications	68	5,591	(164)	5,495
Amounts reclassified from AOCI	—	(289)	158	(131)
Net OCI	68	5,302	(6)	5,364
<b>Ending balance</b>	<b>\$ (697)</b>	<b>\$ 14,131</b>	<b>\$ (2,840)</b>	<b>\$ 10,594</b>

  

2019				
Accumulated Other Comprehensive Income (Loss) Attributable to New York Life				
	Foreign Currency Translation Adjustments <sup>(1)</sup>	Net Unrealized Investment Gains (Losses) <sup>(1) (2)</sup>	Pension and Postretirement Unrecognized Net Periodic Benefit (Cost) <sup>(1)</sup>	Total AOCI <sup>(1)</sup>
<b>Beginning balance</b>	\$ (746)	\$ 819	\$ (1,966)	\$ (1,893)
Change in OCI before reclassifications	(19)	8,078	(942)	7,117
Amounts reclassified from AOCI	—	(68)	74	6
Net OCI	(19)	8,010	(868)	7,123
<b>Ending balance</b>	<b>\$ (765)</b>	<b>\$ 8,829</b>	<b>\$ (2,834)</b>	<b>\$ 5,230</b>

<sup>(1)</sup> All amounts are net of tax and DAC.

<sup>(2)</sup> Includes cash flow hedges and net investment hedges. Refer to Note 7 - Derivative Instruments and Risk Management for information on cash flow hedges. Refer to Note 10 - Investment Income and Investment Gains and Losses for additional information regarding unrealized investment gains or losses, including the split between amounts related to fixed maturities on which an other-than-temporary impairment loss has been recognized, and all other unrealized investment gains or losses.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 19 – EQUITY (continued)**

The amounts reclassified out of AOCI<sup>(1)</sup> attributable to New York Life for the years ended December 31, 2020 and 2019 were as follows (in millions):

	<u>2020</u>	<u>2019</u>	<u>Affected Line Item in the Consolidated Statements of Operations</u>
<b>Net unrealized investment (gains) losses</b>			
Gains and losses on cash flow hedges:			
Interest rate swaps	\$ (6)	\$ (6)	Net investment income
Interest rate swaps	(3)	(3)	Net investment gains (losses)
Currency swaps	(5)	(15)	Net investment gains (losses)
Currency swaps	(1)	(2)	Net investment income
Gains and losses on available-for-sale securities:			
Impairment losses	(1)	4	Net investment gains (losses)
All other	384	109	Net investment gains (losses)
Net unrealized gains, pre-tax	368	87	Net investment gains (losses)
Income tax expense (benefit)	(79)	(19)	Income tax expense
Net unrealized gains, net of tax	289	68	Net income
<b>Amortization of defined benefit pension items</b>			
Prior service credit	(37)	(38)	Operating expenses
Actuarial loss	236	131	Operating expenses
Amortization of defined benefit pension items, pre-tax	199	93	Operating expenses
Income tax expense	41	19	Income tax expense
Amortization of defined benefit pension items, net of tax	158	74	Net income
<b>Total reclassifications for the period</b>	<u>\$ 447</u>	<u>\$ 142</u>	Net income

<sup>(1)</sup> Negative amounts indicate gains/benefits reclassified out of AOCI. Positive amounts indicate losses/costs reclassified out of AOCI.

**NOTE 20 - SUPPLEMENTAL CASH FLOW INFORMATION**

Income taxes paid were \$82 million and \$349 million for the years ended December 31, 2020 and 2019, respectively.

Interest paid was \$455 million and \$428 million for the years ended December 31, 2020 and 2019, respectively.

**Non-cash transactions**

Non-cash investing transactions were \$297 million for the year ended December 31, 2020, primarily related to fixed maturities, equity securities, real estate, limited partnerships and other assets. Non-cash investing transactions were \$276 million for the year ended December 31, 2019, primarily related to fixed maturities, equity securities, real estate, mortgage loans, limited partnerships and other assets.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**NOTE 21 – STATUTORY FINANCIAL INFORMATION**

As discussed in Note 2 - Basis of Presentation, the Department recognizes only SAP prescribed or permitted practices by the State of New York for determining and reporting the financial position and results of operations of an insurance company, for determining its solvency under New York State Insurance law and whether its financial position warrants the payment of a dividend to its policyholders. In addition, the Company's insurance subsidiaries, NYLIAC, NYLAZ, LINA and GICNY, are subject to reporting requirements with the Delaware, Arizona, Pennsylvania and New York Insurance Departments, respectively. No consideration is given by any of the State Insurance Departments to financial statements prepared in accordance with GAAP in making such determinations.

The following tables reconcile the Company's net income and capital and surplus at December 31 between practices prescribed by the State of New York and NAIC SAP (in millions):

	<u>2020</u>	<u>2019</u>
Net income (loss), State of New York basis	\$ (76)	\$ 378
State prescribed practices:		
NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums <sup>(1)</sup>	3	9
NYSDFS Seventh Amendment to Regulation No. 172 admitted unearned reinsurance premium <sup>(2)</sup>	(3)	(4)
Net income (loss), NAIC SAP	<u>\$ (76)</u>	<u>\$ 383</u>

	<u>2020</u>	<u>2019</u>
Capital and surplus, State of New York basis	\$ 21,728	\$ 22,032
State prescribed practices:		
NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums <sup>(1)</sup>	135	132
NYSDFS Seventh Amendment to Regulation No. 172 admitted unearned reinsurance premium <sup>(2)</sup>	(56)	(54)
Capital and surplus, NAIC SAP	<u>\$ 21,807</u>	<u>\$ 22,110</u>

<sup>(1)</sup> NYSDFS Circular Letter No. 11 (2010) clarified the accounting for deferred premium assets when reinsurance is involved.

<sup>(2)</sup> NYSDFS Regulation 172 was amended to allow for the admission of an unearned reinsurance premium asset.

**NOTE 22 – SUBSEQUENT EVENTS**

At March 11, 2021, 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 consolidated financial statements that would have a material effect on the financial condition of the Company.

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES  
NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

**GLOSSARY OF TERMS**

<b>Term</b>	<b>Description</b>
ABO	Accumulated benefit obligation
ABS	Asset-backed securities
Agent VEBA	Agents' Life and Health Benefit Trust
AOCI	Accumulated other comprehensive income
APBO	Accumulated postretirement benefit obligation
ASC	Accounting Standards Codification
BPS	Basis points
CDS	Credit default swaps
CMBS	Commercial mortgage-backed securities
CSAs	Credit support annexes
CSUL	Corporate sponsored universal life policies
CSVUL	Corporate sponsored variable universal life policies
CTA	Cumulative translation adjustment
DAC	Deferred policy acquisition costs
EBB	Enhanced beneficiary benefit
EBITDA	Earnings before interest, taxes, depreciation and amortization
Employee VEBA	The Employees' Life and Health Benefit Trust
ERISA	Employee Retirement Income Security Act of 1974
FASB	Financial Accounting Standards Board
FHLB of NY	Federal Home Loan Bank of New York
FHLB of Pittsburgh	Federal Home Loan Bank of Pittsburgh
FVO	Fair value option
GA Contract	IPG contract relating to New York Life's general account
GAAP	Generally accepted accounting principles
GBS	New York Life Group Benefit Solutions
GFIB	Guaranteed future income benefits
GICNY	New York Life Group Insurance Company of NY
GLWB	Guaranteed lifetime income withdrawal benefits
GMAB	Guaranteed minimum accumulation benefits
GMDB	Guaranteed minimum death benefits
IPG	Immediate participation guarantee
IRC	Internal Revenue Code
IRS	Internal Revenue Service
LINA	Life Insurance Company of North America
LP/LLC	Limited partnerships/limited liability companies
LTV	Loan to value ratio
MBS	Mortgage-backed securities
MCF	Madison Capital Funding LLC
MTN	Medium term notes
NAIC	National Association of Insurance Commissioners

**NEW YORK LIFE INSURANCE COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED GAAP BASIS FINANCIAL STATEMENTS**

<b>Term</b>	<b>Description</b>
NAV.....	Net asset value
New York Life.....	New York Life Insurance Company
NOL.....	Net operating loss
NYLCC.....	New York Life Capital Corporation
NYLIAC.....	New York Life Insurance and Annuity Corporation
NYLIM.....	New York Life Investments Management LLC
NYL Investments.....	NYL Investments Management Holdings LLC
OCI.....	Other comprehensive income
OTC.....	Over-the-counter
OTC-cleared.....	Over-the-counter clearinghouse
OTC-bilateral.....	Over-the-counter bilateral agreements
OTTI.....	Other-than-temporary impairment(s)
PAD.....	Provision for the risk of adverse deviation
PBO.....	Projected benefit obligation
RMBS.....	Residential mortgage-backed securities
ROU.....	Right of Use
SAB 118.....	Staff Accounting Bulletin 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act
SA Contract.....	Contract related to New York Life's pooled separate accounts
SAP.....	Statutory accounting principles
SEC.....	The U.S. Securities and Exchange Commission
SPE.....	Special purpose entity/entities
Taiwan Branch.....	NYLIAC's former branch operations in Taiwan
Taiwan Corporation.....	New York Life Insurance Taiwan Corporation
TDR.....	Troubled debt restructuring
The Company.....	New York Life Insurance Company and its subsidiaries
The Facility.....	Revolving credit facility agreement
The Notes.....	The surplus notes issued in 2003, 2009, 2019, and 2020
TOLI.....	Trust owned life insurance
VEBA.....	Voluntary Employees Beneficiary Association Trusts
VIEs.....	Variable interest entities
VOBA.....	Value of in-force business acquired
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