



The Split-Annuity Concept

Guaranteed Income with Principal Preservation

The Company You Keep®

When your financial priorities turn to income, having your retirement savings exposed to the ups and downs of the stock market can be a nerve-racking proposition. At New York Life, we realize the importance of prudent retirement planning. That's why we developed a strategy that may help alleviate the concerns of daily market volatility and allow you to enjoy the finer things in life.

What Is the Split-Annuity Concept?

The split-annuity concept provides you with a guaranteed income stream along with principal preservation. To accomplish this goal, you purchase two non-qualified annuity contracts: a fixed period annuity for income and a single premium fixed deferred annuity for growth.



Benefit #1: Dependable Income

A fixed period annuity¹ can supplement your retirement income by providing you with a safe, predictable, and guaranteed cash flow.² Depending on your income needs, the fixed period annuity can generate a stream of monthly income for anywhere from five to 40 years. No matter what the prevailing market conditions may be, you can rest easy knowing your monthly income payment will never

fluctuate. (If your needs dictate otherwise, the payment mode can be quarterly, semi-annually, or annually. If you are over age 59½ at the time of the first payment, you can even choose to have the payment amount increase each year by a fixed percentage to protect you against inflation.)

Benefit #2: Tax-Deferred Growth and Principal Preservation

The second portion of the split-annuity concept features a single premium fixed-interest deferred annuity.³ This product offers tax-deferred growth at a fixed rate of interest. You can choose a deferred annuity with a one-year, two-year, three-year, five-year, six-year or seven-year initial interest rate guarantee period. After the initial interest rate guarantee period, your policy will receive a new interest rate on each subsequent policy anniversary.

How the Split-Annuity Concept Works

The following example provides a clearer understanding of how the split-annuity concept works:

Let's say you are searching for a conservative way to supplement your retirement income over the next 10 years without having to expose a large portion of your nest egg to the whims of the stock market. You recognize the need to protect your principal, in this case \$100,000. This hypothetical example shows what could happen when you apportion \$31,934.29 to a fixed period annuity and \$68,065.71 to a fixed-interest deferred annuity.

The fixed period annuity will generate a monthly income of \$321.16 based on a hypothetical 4.10% interest rate. Of this amount, over 95%, or \$305.75 is net of current income taxes, assuming a 28% federal tax rate.⁴ Over 10 years, the fixed period annuity portion will generate over \$38,000 of total income.

At the same time, your fixed-interest deferred annuity premium payment of \$68,065.71 compounds at a 5.15%

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¹ The New York Life Fixed Period Annuity is issued by New York Life Insurance and Annuity Corporation (NYLIAC), a wholly owned subsidiary of New York Life Insurance Company.

² Guarantee is dependent on the claims-paying ability of the issuer.

³ NYLIAC offers the New York Life Enhanced Fixed Annuity, the New York Life Preferred Fixed Annuity, the New York Life Optimal Fixed Annuity and the New York Life Select 5 Fixed Annuity. The New York Life Select 5 Fixed Annuity may not be available in all jurisdictions.

⁴ This example assumes a monthly income for the fixed period annuity with a payout period of 10 years.

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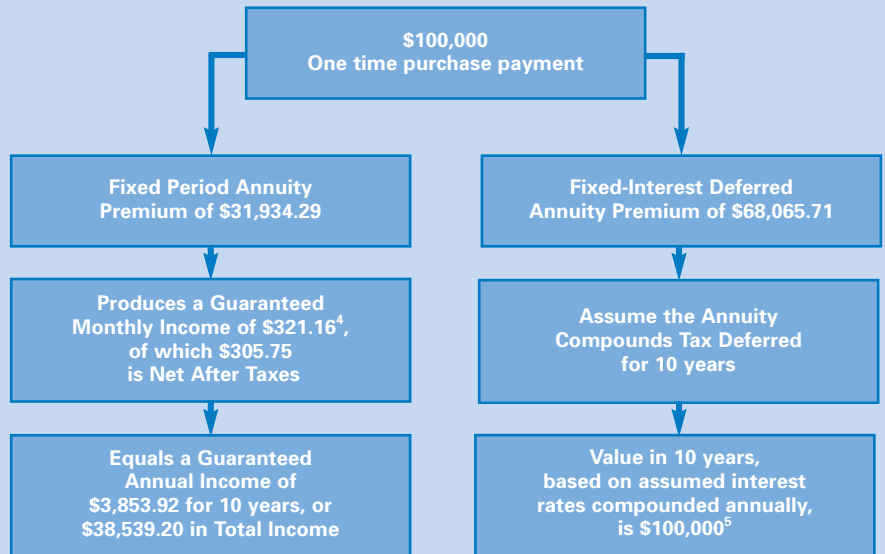
hypothetical rate of return tax-deferred for the first three policy years and 3.4% for the next seven policy years to \$100,000, assuming no withdrawals⁵ This is the same amount you originally invested in both the fixed period annuity and the fixed-interest deferred annuity. In essence, you received a steady monthly income stream for 10 years while preserving your original premium. And, you can feel secure knowing your beneficiaries will be protected should you die unexpectedly.²

Your deferred annuity policy's beneficiaries will receive the full cash value from your fixed-interest deferred annuity contract (if you die prior to annuitization), while your fixed period annuity policy's beneficiaries will continue to receive any remaining income payments. These benefits will be paid directly to your beneficiaries, avoiding the costs and delays of probate. In addition, instead of taking a lump-sum distribution, your beneficiary can also choose to take the death benefit proceeds (cash value) from the deferred annuity and purchase a lifetime income annuity.⁶

⁵ This example is using hypothetical rates for illustrative purposes only.

⁶ The Lifetime Income Annuity is issued by New York Life Insurance and Annuity Corporation.

Here's How Your Income Can Grow



This example is used for illustrative purposes only. The return is not indicative of any specific investment product and is not intended to be a projection of future values. Sales charges and administrative fees are not taken into account and would reduce the tax-deferred performance shown if they were. Actual results will vary.

This example assumes a \$100,000 lump sum, \$31,934.29 into a fixed period annuity and \$68,065.71 into a fixed-interest deferred annuity. The fixed period annuity assumes a hypothetical interest rate of 4.10% and the fixed-interest deferred annuity assumes a hypothetical interest rate of 5.15% for the first three years and 3.40% for the next seven years.

The following are additional considerations you should take into account. By liquidating current taxable holdings, you may be subject to capital gains or losses, which could impact your tax liability. Tax-deferred performance would be reduced by income taxes on gains upon withdrawal. Tax-deferred investments can have other fees associated with them such as charges, sales charges and administrative fees that should also be taken into consideration. In addition, withdrawals from a deferred annuity, for example, prior to age 59½, may be subject to a 10% penalty tax and a surrender charge will generally apply if the withdrawal is made during the early years of the policy.

A Program to Meet Your Retirement Needs

Is the split-annuity concept right for you? That depends on your retirement objectives. If you are looking for a dependable source of income, principal preservation, and death benefit protection, then the split-annuity concept may be worth exploring. Contact your New York Life agent for more information and a customized proposal.

Your New York Life agent does not provide tax or legal advice. Please consult your own tax or legal advisor before making any decisions. The hypothetical example is for illustrative purposes only and does not guarantee or predict the results of any particular product.



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