New York Life Stable Value Investments

Comparing Anchor Account to Money Market Funds

Retirement plan sponsors need to offer prudent investment alternatives to plan participants as a part of compliance with ERISA 404c. A stable value solution offers steady returns and it can guarantee both principal protection and accumulated interest. Both stable value solutions and money market funds have the objective of principal preservation, however stable value solutions generally offer more competitive yields, limited volatility and have historically outperformed money market funds.

Principal preservation and predictable returns
Money market funds are allowed to invest only in certain low risk, short duration/high liquidity instruments. Because of the limited portfolio options available to money market funds, the returns they are able to offer are typically lower than stable value solutions. Additionally, money market funds do not provide a guarantee that retirement plan participants will receive their entire principal and accumulated earnings when they withdraw their investments.

The New York Life Anchor Account is a pooled separate account group annuity stable value solution that primarily invests in a portfolio of high quality fixed income securities. The Anchor Account provides plan participants a guarantee of principal and accrued interest for “benefit responsive” withdrawals (when the withdrawals are not precipitated by plan sponsor activity).

Stable value and money market return comparisons
Historically, stable value solutions have experienced lower volatility and are generally better equipped to withstand challenging market cycles as compared to money market funds. The graph below illustrates that since its inception in 1995, the New York Life Anchor Account has experienced lower volatility than the Average Lipper Money Market Fund. Since the aftermath of the 2008 credit crisis, money market funds’ returns lingered at or just above the 0% level for approximately eight years. In 2016, money market funds’ returns began to rise, peaked in early 2019 at around 2.64%. Since that time, their rates have steadily declined; as of March 31, 2020 their rate was 0.35%. In contrast, the Anchor Account has consistently delivered higher returns during the same time period; as of March 31, 2020 its rate was 2.67%.

Sources: Lipper Inc. and New York Life.
All returns are gross of fees. Past performance is not a guarantee of future results.
A closer look at returns, risk and performance
The competitive benefits of a New York Life stable value solution as compared to money market funds can be illustrated by comparing the performance of the Anchor Account to the Average Lipper Money Market Fund in three ways: average returns, risk adjusted returns and growth.

By examining both the average returns and the risk adjusted returns of the Anchor Account, since its inception, against the Average Lipper Money Market Fund for the same time period, the Anchor Account has demonstrated higher returns in both scenarios.

January 3, 1995 – March 31, 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Anchor Account</th>
<th>Average Lipper MM Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>4.30%</td>
<td>2.58%</td>
</tr>
<tr>
<td>2010</td>
<td>2.52%</td>
<td>1.14%</td>
</tr>
</tbody>
</table>

While the Anchor Account carries relatively low risk, primary inherent risks include interest rate risk, credit/default risk, liquidity risk and group annuity contract risk. All returns are gross of fees. Past performance is not a guarantee of future results.

In another scenario, if a $10 million single, lump sum contribution was allocated to each on January 1, 2010, the tracked performance for 10 years shows that the Anchor Account consistently delivered higher returns over the Average Lipper Money Market Fund.

January 1, 2010 – December 31, 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Anchor Account</th>
<th>Average Lipper MM Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$10.65 mil</td>
<td>$12.77 mil</td>
</tr>
</tbody>
</table>

For illustrative purposes only and not intended to represent the performance of any specific account. This does not imply any future performance. All returns are gross of fees. Past performance is not a guarantee of future results.

As an adviser, you understand the importance of the fiduciary role that plan sponsors accept when they choose to offer an investment to a retirement plan. The Anchor Account has provided consistently competitive returns with a guarantee of principal and accumulated interest.

Contact your New York Life representative to find out if a stable value solution may be the ideal option for capital preservation in your clients’ retirement plans.

Ready to discuss stable value options in more detail?
Contact your New York Life representative or visit us at stablevalueinvestments.com.