Retail Life 3rd Party Distribution
Advanced Market Network

Asset Flex (AD126)
Frequently Asked Questions and Answers

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1. **Can I backdate an Asset Flex AD126 policy to save client's age?**
Yes, but you will have to run a revised illustration on NYLIS and have it signed by the client. The interest credited will be based on when premium is received by New York Life. Please note, for insureds age 75 and greater, backdating will not work.

2. **Does Asset Flex AD126 offer an automatic monthly bank draft (Check-O-Matic) mode premium payment option?**
Yes, it does. Check-o-Matic premium mode is available with the recurring premium pay options only (e.g., 5-pay, 10-pay etc.).

3. **Can a client change their payment mode once a policy is in force, e.g., quarterly to Check-o-Matic?**
Yes. Clients can request a change to one of the currently available pay modes. Please contact Policyowner Service at AMNSC@newyorklife.com or by phone at (866) 695-3289 for assistance with mode change requests for in force policies.

    a. **When can one make the switch from annual to Check-O-Matic?**
    The policyowner can either wait until their next annual policy anniversary and change it to Check-O-Matic at that time, or they can switch from annual mode to Check-O-Matic by reversing out the annual premium, changing modes and getting refunded for the excess amount paid for the full year.

    For mode changes contact AMNSC@newyorklife.com or by phone at (866) 695-3289 for assistance with mode change requests for in force policies.

    b. **Can client complete My Payment Preference (MPP) form for that?**
    Yes, contact AMNSC@newyorklife.com or by phone at (866) 695-3289 for assistance with the MPP form

    c. **Is monthly premium available?**
    Monthly mode (client can pay every month with a check or wire) is not an applicable mode on Asset Flex.

    Monthly mode is used as a bridge between Check-O-Matic and Quarterly payment.

    If Check-O-Matic payment fails, the policy will stay on Monthly for up to two months before it is moved to Quarterly Mode. Again, Monthly is a temporary mode, which is automatically applied and not available to client as a choice.

    d. **Is there is an extra charge for Check-O-Matic mode, and if so, how much more expensive is it?**
    Premiums vary by age, risk class, payment frequency, and other product features. The premium for Check-O-Matic will not be annual/12, as it has its own modal premium. You may run an illustration to see the difference between the modes per policy.

4. **Can a client pay their premium due on MyNYL?**
   Yes, client can pay their premium due on MyNYL. However, they cannot setup an automatic payment for annual, semiannual, or quarterly at this time. The client would have to login each time the premium is due to process the payment (once bank information is saved, it does not need to be re-entered). Only monthly automatic recurring drafts may be updated on MyNYL. On MyNYL, clients also have an option to receive eDelivery (i.e., via email) of premium notices.

5. **Is the return of premium (ROP) option terminated when a loan or partial surrender is taken?**
   No, the return of premium is not terminated, but the return of premium value will be reduced dollar for dollar.

6. **Can I do term conversions to Asset Flex AD126?**
   Since Asset Flex AD126 is underwritten for mortality ***and*** morbidity (LTC), Term conversions are not permissible.

7. **Does Asset Flex AD126 offer indemnity (cash benefits)?**
   Yes. With AD126, clients choose between indemnity (cash benefits) and reimbursement benefits at the point of sale/application.

8. **Can a policy owner switch between indemnity (cash benefits) and reimbursement benefits after policy issue?**
   AD126 policy owners can only change between indemnity benefits and reimbursement benefits during the 30-day free look period immediately following initial delivery of the policy. The client's election of indemnity or reimbursement benefits at the point of sale is intended to be permanent, and the election may not be changed at point of claim.

9. **Can Asset Flex AD126 ever lapse?**
   Yes, if premiums are missed on recurring pay options, the policy could become 'Reduced Paid Up (RPU)' or 'lapse' status. Also, if loans are taken and not repaid in a timely manner, the cash value at some point could be insufficient to cover the monthly deductions, thus causing the policy to lapse.

   If a policy owner needs to take a distribution from the contract, they might want to consider taking a partial cash surrender instead of a loan.

   Please note: There are no set schedules for repaying the loan as the client can choose to leave the loan on the policy as outstanding. The only required payment is for the loan interest. The loan interest is due at each policy anniversary and is typically billed about 23 days before the anniversary. Loan interest not paid when due will become part of the Outstanding Loan Balance and will also accrue interest.

10. **Are all Asset Flex AD126 policies MECs?**
    Most single and 5 pays will be, and most 10 pay and other recurring pay frequencies will not be. The only time a single pay policy will not be a MEC is if the funding is from a 1035 exchange where the old policy was not a MEC, and no additional premiums are added out- of-pocket through Future Inflation Purchase Option (FIPO) and Underwritten Increase Provision (UIP). If a policy is a MEC, distributions, including policy loans, will be taxed on any gain first basis and may be subject to a 10% tax penalty if the client is younger than 59 1/2.

Please note, some recurring pay policies with longer pay periods will not become MECs until year 8 or later.

11. **Is Asset Flex AD126 eligible for Federal Tax incentives?**
The IRS allows for a deduction of qualified LTC insurance premiums as a medical expense if certain conditions are met.

Premiums for linked-benefit LTC products fall under these guidelines if

- LTC portion of premiums are separate from the life insurance premiums,
- LTC portion of premium is easily identifiable, and
- LTC portion of premiums are not funded from the cash value and do not affect the cost basis of the policy. Asset Flex AD126 generally meets these requirements*.

Asset Flex AD126 premiums that may be deemed as LTC insurance premium and possibly deductible as a medical expense include*:

- LTC Acceleration
- Extension of Benefits Rider (EOB)
- Automatic Compound Inflation Option (ACIO)

These distinct premium amounts can be found on Policy Expense Summary pages of our existing illustrations.

NYLIS Enhancements and Asset Flex
New York Life updated its illustration system (NYLIS) in 2025 to highlight the LTC-qualified portion of Asset Flex AD120 and AD126 premiums more clearly — helping clients and their advisors and advisors more easily identify what may be eligible for federal tax advantages. The enhancements are now available in all states **except: CA and FL**. The updated version will be rolled out in these states after regulatory approval is received.

*The LTC Acceleration premium is no longer tax-deductible when a policyowner is on active claim and is still in premium paying status.

12. **Can I take cash with the application?**
No.

13. **Can a client split their purchase into two or more Asset Flex AD126 policies?**
The client can own a maximum of two New York Life linked-benefit products (Asset Preserver (AD119) and/or Asset Flex AD126 (AD120) in any combination. We understand clients may have a need to split their policy for 'liquidity' needs and this addresses it.

Having more than two policies puts the client at a disadvantage (due to admin cost per contract which impacts overall cash value over time) and New York Life as well (due to perceived risk of exercising return of premium going up and ultimately leading to increased price in the future). Asset Flex AD126 should not be used as an alternative to a bank account but rather as coverage to protect against life and long-term care needs.

14. **Can I expect the same underwriting turnaround time for Asset Flex AD126 as I experience for my other life cases?**
Asset Flex AD126 requires all applicants go through the TeleApp underwriting process which

speeds up the process. In some instances, the underwriter may request additional medical information. Therefore, the underwriting time may vary from other life products not going through the fast-track method.

15. **What is the deadline to deliver an Asset Flex AD126 policy?**
    Asset Flex AD126 has a final delivery window of 30 days. The Advisor has 30 days to deliver an Asset Flex AD126 policy.

    The only exception is for cases awaiting 1035 Exchange funds, which can remain open beyond 30 days.

    Send exception requests to: NYL_AMN_Partners@newyorklife.com. for consideration for approval.

16. **Can a client 1035 exchange from an Annuity contract or Life contract into Asset Flex AD126?**
    A Life to Asset Flex AD126 policy is a valid 1035 exchange and is allowed. However, an Annuity to Asset Flex AD126 policy is not a valid 1035 exchange as Asset Flex AD126 is considered a life insurance policy.

17. **Can Trusts, S Corps or C Corps own Asset Flex AD126 policies?**
    Yes, Trusts, S Corporations and C Corporations may own Asset Flex AD126 policies. However, this should not occur without the customer obtaining advice from their tax and legal advisors regarding (i) whether it is appropriate and (ii) the tax and other consequences of doing so.

    There are complex tax rules that apply in each of these contexts that may impact, among other things, the tax treatment of premium and benefit payments under the policy. In addition, trust provisions designed for a particular purpose may impede a policyowner's ability to pay an insured's eligible costs of care.

18. **Asset Flex AD126's benefits and policy minimums are unique in certain states. In which state(s) is Asset Flex AD126 unique, and how?**
    In some states Asset Flex AD126 will likely have some unique benefit provisions and unique policy minimum rules. See the AD126 Asset Flex product guide or contact Sales Support at AMN_Sales_Support@newyorklife.com or by phone at (888) 695-4748, Option 4 for the latest info on Asset Flex AD126 availability and state variations.