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JOINT AND LAST SURVIVOR UNIVERSAL LIFE INSURANCE DESCRIPTION FORM

Policy Form No. 2091-A-NY

If you have any questions, please contact your agent or Security Mutual Life Insurance Company of New York (the "Company") for details. This summary is not intended to be a complete explanation of your Joint and Last Survivor Universal Life insurance policy. Please refer to the Life Insurance Buyer's Guide and your life insurance policy illustration for further details. Once you have read this summary, please sign the last page to confirm you understand this Joint and Last Survivor Universal Life Insurance Description Form and the universal life insurance policy for which you are applying.

SECTION 1: INTRODUCTION

What is Joint and Last Survivor Universal Life Insurance?

Joint and last survivor universal life insurance covers two persons insured under the policy for as long as either one lives if the premiums due under the policy are paid in excess of cost of insurance and expense charges. If both of the insureds die while the policy is in force prior to the maturity date, on the second death, the policy proceeds will be paid to the beneficiary or beneficiaries, subject to the provisions of the policy. A joint and last survivor universal life insurance policy has many of the same features as a traditional universal life insurance policy as follows.

A universal life insurance policy accepts flexible premium payments subject to policy terms. The premiums paid less cost of insurance and expense charges are accumulated in a policy account, called the accumulated value, that earns interest. The cash surrender value of the policy is the accumulated value less any loan and loan interest, less any surrender charges.

Cost of insurance and expense charges are deducted monthly from the accumulated value. Generally, the policy lapses when the cash surrender value is less than the next monthly deduction for cost of insurance and expense charges.

Universal life insurance allows for changes to the death benefit subject to the policy terms. Increases in the death benefit may require proof that the insured qualifies for the new death benefit. The policyowner chooses a death benefit option typically from one of two alternatives. One option provides a level specified amount of insurance. The second option provides a specified amount of insurance plus the policy's accumulated value. The premiums required to support the death benefit may differ based on the death benefit option chosen.

If the policy's premium payments plus the interest on the policy's accumulated value are less than all of the charges, the policy's accumulated value will be reduced. If the policy's accumulated value keeps dropping, eventually the policy will lapse. To prevent the policy from lapsing, the policyowner may need to start making premium payments, increase the amount of premium payments, or lower the policy's death benefit.

It is important to periodically monitor the policy's accumulated value to determine if the premium payments should be adjusted to maintain a certain amount of life insurance protection for the desired period of time. Even if there is enough accumulated value in the policy to pay the cost of insurance and expense charges, continuing to pay premiums can help the policy build additional cash value.

Any premium amount paid that is in excess of the cost of insurance and expense charges is invested by the Company and builds the policy's cash value that may be used in a variety of ways. The policyowner may borrow against a policy's cash value by taking a policy loan. A policy loan may be repaid at any time prior to the death of the insured last to die. If the loan and the interest on the loan are not repaid, the amount owed to the Company will be subtracted from the death benefit payable upon the death of the insured, or from the cash value if the policy is surrendered. The policyowner may make a partial withdrawal of the policy's accumulated value, subject to the terms of the policy.

The policyowner can also use the policy's cash value to keep insurance protection for a limited time or to buy a reduced amount of insurance without having to pay any more premiums. The policyowner can also use the cash value to increase income in retirement or to help pay for needs such as a child's tuition, without having to cancel the policy.

Participating universal life insurance policies are eligible to earn dividends. Dividends are not guaranteed. No dividends are typically included in universal life insurance policy illustrations.

Additional optional benefits and riders may be attached to the policy to help meet specific needs. Some riders add benefits to increase the policy's protective value in various ways. Most riders require additional premiums while others require no additional premium but may apply an administrative fee or have some other charge when exercised.

General Advantages and Disadvantages

Advantages

A joint and last survivor universal life insurance policy provides an economical alternative to two individual universal life insurance policies. In addition, this type of policy can generally assist individuals who may have insurability health issues obtain coverage. A joint and last survivor universal life insurance policy can assist with needs after the second insured dies, such as estate liquidity, taxes and estate settlement expenses.

The base premiums are flexible in amount, timing and frequency. However, if enough premium is not paid to cover charges and expenses under the policy, the policy will lapse. Premiums may be lower than those required for other life insurance policies. Joint and last survivor universal life insurance offers flexibility in adjusting death benefit protection. Death benefit increases may require proof that the insureds qualify for the additional life insurance protection. If premiums are paid in excess of charges and expenses under the policy, the policy will build cash value and a loan value over time. Policy loans may be taken by the policyowner any time the policy has a loan value. Partial withdrawals of the accumulated value may be taken. Riders can be added to help meet specific needs and improve the policy's protective value.

Disadvantages

Any payments plus any existing cash value in the policy must be enough to cover ongoing policy expenses and cost of insurance charges or the policy will lapse. If the actual earnings of the policy are lower or the expenses or cost of insurance charges are higher than originally assumed, you may have to make additional payments to keep the policy in effect. To maintain the policy, the policy should be monitored, at least annually, to assess the required premium amount to pay to maintain the policy in effect.

Riders may require additional premium payments or have other costs associated with them. Some riders have non-guaranteed elements. Joint and last survivor universal life policies lack the guarantees provided by whole life insurance. Outstanding policy loans reduce the cash values available on surrender and the death benefit payable upon the death of the insured last to die under the policy. Partial withdrawals reduce the cash values available and the death benefit payable upon the death of the persons insured under the policy. Please refer to the policy illustration for more information.

SECTION 2: THE JOINT AND LAST SURVIVOR UNIVERSAL LIFE INSURANCE POLICY

Your joint and last survivor universal life policy covers two persons insured under the policy for as long as either one lives if the premiums due under the policy are paid in excess of cost of insurance and expense charges.

Death Benefit

The Company will pay the death benefit to the beneficiary or beneficiaries named in the application for the policy, or as thereafter changed by the policyowner, upon the death of the insured last to die. The policyowner may surrender the policy at any time. Please refer to the policy for complete details.

Cash Values

Policy cash values are based on premium payments, interest crediting rates, cost of insurance charges and expense charges. The interest rate credited to the policy accumulation value is based on a Company declared rate but will never be less than 3.00%. The policy's accumulated value is the sum of the premiums paid, less any premium expense

charges, less the monthly deductions for cost of insurance, and administrative charges, plus interest earnings. The referenced charges are subject to change but will not exceed the guaranteed maximum charges stated in the policy.

Your joint and last survivor universal life policy includes guaranteed values and non-guaranteed values. Non-guaranteed values are also called "Flexible Factors" in the policy. Guaranteed values are outlined in the policy and shown on the policy illustration. Non-guaranteed values are also outlined in the policy and shown on the policy illustration. Non-guaranteed current values are subject to change and may be different from what was shown on the policy illustration. Please refer to the policy illustration for a further description of guaranteed and non-guaranteed values.

A policyowner does not have to surrender the policy to access the cash values. A joint and last survivor universal life policy has a loan value based in part on the policy's cash value. Policy loans may be taken against the policy. Policy loans are generally not subject to income taxes. However, policy loans are subject to interest payable at an interest rate periodically declared by the Company for policy loans. Policy loans may be repaid at any time. If a policy lapses or is surrendered with an outstanding loan, any policy gain will be taxable as ordinary income to the policyowner. A joint and last survivor universal life policy permits partial withdrawals of the policy's accumulated value. Partial withdrawals reduce the policy's cash value and death benefits. Partial withdrawals may not be repaid.

Dividends

Joint and last survivor universal life insurance policies issued by the Company are "participating" policies meaning that while the policy is in force, it is eligible to share in the divisible surplus of the Company in the form of a dividend. Dividends are **not** guaranteed. The Company expects to pay minimal dividends, if any, on joint and last survivor universal life insurance policies. No dividends are included in joint and last survivor universal life insurance policy illustrations.

SECTION 3: JOINT AND LAST SURVIVOR UNIVERSAL LIFE INSURANCE POLICY

The Company currently offers a joint and last survivor universal life policy called the **Survivorship UL3**.

Description: Survivorship UL3 features a complement of riders focused on meeting survivor benefit needs. The policy will not lapse for the first five policy years if you pay the minimum monthly premium as defined in the policy. Interest credited on unloaned amounts in excess of the guaranteed minimum interest rate is not guaranteed. The interest rate credited to loaned amounts may be lower than the interest rate credited to unloaned amounts. Cost of insurance rates, monthly administrative charges and credited interest rates are subject to change.

Advantages: Survivorship UL3 offers premium flexibility, allows for death benefit adjustments, subject to limitations, and adds potential for cash value growth. Generally, premiums are lower than those required for joint and last survivor whole life insurance.

Disadvantages: Even if the planned periodic premium as shown in the policy is initially sufficient to keep the policy in force, coverage may expire prior to the maturity termination date because of changes affecting the policy and the amount, frequency and timing of premium payments. The cost of insurance charge deducted under the policy, monthly administrative charges and the interest rates credited to the policy are subject to change (though they will never exceed the maximum charges, or be less than the minimum interest rate, shown in the policy). Also, policy loans or partial withdrawals may be taken by the policyowner, which could also impact the duration of the policy.

SECTION 4: RIDER SUMMARY (Please place a check below for each Rider included in this Recommendation)

A rider is an attachment to an insurance policy that adds benefits to the underlying insurance policy. Some riders are not available with certain life insurance policies and may have age and amount restrictions. General availability of riders may depend upon the jurisdiction in which the policy is offered. Riders add benefits to increase the policy's protective value in various ways. Most riders require additional premiums while others require no additional premium but may apply an administrative fee or have some other charge when exercised. Some riders have non-guaranteed elements.

Some of the riders that may be available are:

- ☐ **Terminal Illness Options Accelerated Benefit Rider** – If one insured has died, this rider permits the policyowner to access a portion of the life insurance proceeds during the survivor insured's lifetime in the event the survivor insured is diagnosed as terminally ill and has a life expectancy of 12 months or

less. There is no additional premium for this rider. Because the accelerated death benefit is paid prior to death, the death benefit received will be reduced by an actuarial discount factor and there may also be an administrative charge.

- [] **Policy Split Option Rider Without Evidence of Insurability Exercisable in the Event of Certain Federal Estate Tax Changes** – This rider enables the policyowner to exchange the Survivorship UL3 policy for two individual policies in the event of certain federal estate tax changes. This rider may be exercised if one of the following events take place: (a) Section 2056 of the Internal Revenue Code of 1986, or its successor, is amended so as to eliminate or reduce the unlimited marital deduction with respect to the insureds; or (b) legislation is enacted which eliminates federal estate taxes for a period of at least 60 months. The exchange option must be exercised within six months after the date of the enactment of the federal law changes applicable and no evidence of insurability is required.
- [] **Policy Split Option Rider With Evidence of Insurability Exercisable in the Event of Divorce** – This rider enables the policyowner to exchange the Survivorship UL3 policy for two individual policies in the event of the insureds' divorce. The rider must be exercised within six months after the date on which the final divorce decree or annulment is issued. Evidence of insurability is required at the time the rider is exercised. If either insured is found to be uninsurable, then no exchange will be permitted.

Please refer to the life insurance illustration for additional information regarding availability, limitations, cost and additional rider details.

SECTION 5: COST

A Surrender Cost Index is provided in the policy illustration and explained in the Life Insurance Buyer's Guide. This index is useful if you consider the level of the cash values to be of primary importance to you. It helps you to compare costs if, at some future point in time, you surrender the policy for its cash value.

A Net Payment Cost Index is also provided in the policy illustration and explained in the Life Insurance Buyer's Guide. This index is useful if your main concern is the benefits that are paid at the death of the insured last to die and if the level of cash values is of secondary importance to you. It helps you compare costs at some future point in time if you continue paying required premiums on the policy.

Cost indexes provide a convenient way to compare relative costs of similar policies. Cost indexes do not take into consideration the quality of service provided by an insurance company or an agent, differences in policy provisions, or the strength of the insurance company and its actual performance. Please refer to the Life Insurance Buyer's Guide and the illustration for a further description of the Surrender Cost and Net Payment Cost Indexes.

SECTION 6: TAXES

Generally, life insurance proceeds someone receives as a beneficiary under the life insurance policy due to the death of the insured are not included in gross income. The cash value of the life insurance policy growing tax deferred means that taxes are not paid on the growth unless and until it is paid to the policyowner. Policy loans, however, are generally not subject to income taxes. Partial withdrawals are generally not subject to income taxes to the extent they are less than the policy's cost basis.

If a policy lapses or is surrendered with an outstanding loan any policy gain will be taxable as ordinary income to the policyowner. In order to receive favorable tax treatment of distributions (including loans) under the Internal Revenue Code, a life insurance policy must satisfy a 7-Pay Premium limitation during the first 7 years and during 7 years after certain policy changes. Failure to satisfy this limitation would cause distributions, such as policy loans or partial withdrawals, to be taxable to the extent there is a gain in the policy. In addition, there is a penalty of 10% of taxable income for distributions from such policies before the policyowner's age 59½ with certain exceptions. Partial withdrawals in excess of the policy's cost basis are also taxable. In any case, a gain in the policy is taxable upon full surrender of the policy.

Selling, gifting or pledging the life insurance policy may have income and gift tax consequences. Security Mutual Life Insurance Company of New York, its agents, and representatives may not give legal or tax advice. Any discussion of taxes in this form is for general information purposes only and does not purport to be complete or cover every situation. In addition, tax law is subject to interpretation and legislative change.

You should consult with and rely on your own independent legal and tax advisors regarding your particular circumstances.

SECTION 7: OTHER INFORMATION

Compensation

The Company compensates the agent, broker, or firm selling the joint and last survivor universal life insurance policy to you.

Free Look

After you receive your life insurance policy you have ten days to review the details. If a life insurance policy is being replaced with this policy you have sixty days provided the replaced policy was issued in the State of New York or you are a resident of New York at the time of replacement. During that period if you decide against the purchase, you may return the policy and receive a complete refund of the premiums paid.

Contestability Period

Generally, the Company will not contest the policy after it has been in force, during the lifetime of at least one of the insureds, for two years from the policy's issue date.

Suicide

If either insured dies by suicide within two years from the issue date of the policy, the amount payable will be limited to the amount of premiums paid, less any dividends paid in cash, less any outstanding policy loans with interest to the date of death, and less any partial withdrawals. The policyowner will then have the option to convert the policy to a single life policy pursuant to the terms of the policy.

What Should I Know About Security Mutual Life Insurance Company of New York?

The Company is a mutual life insurance company, founded in 1886, and headquartered in Binghamton, New York. It offers a wide variety of retirement and financial security products, including life insurance and annuities.

Security Mutual Life Insurance Company of New York

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The Company's website address is: www.smlny.com

SECTION 8: DISCLOSURES

This is a summary document and not part of your life insurance policy.

It is within the Company's sole discretion to set the non-guaranteed values for this policy, subject to the minimum interest rate and the maximum expenses and costs of insurance charges listed in the policy. Any examples or historical performance are not to be considered a representation of future performance of the policy. Future performance may be greater or less than any performance shown in connection with the sale and issuance of your policy.

Joint and last survivor universal life insurance policies are not insured by the FDIC, NCUA, the Federal Reserve Board or any other federal or state agency. All guarantees and protections are subject to the claims-paying ability of the Company.

If the joint and last survivor universal life insurance policy is replacing an existing life insurance policy, it is important that you compare the two, taking into account whatever surrender charges you may incur on the surrender of the existing policy and other contractual provisions. For information about your existing life insurance, contact the insurance company that issued the policy.

SECTION 9: OWNER STATEMENT

I have read, or have been read, this document and understand its contents. By signing below, I acknowledge and understand the following: I have applied for a joint and last survivor universal life insurance policy. Any values in the policy above the contractual guarantees are not guaranteed. All guarantees and protections are subject to the claims-paying ability of Security Mutual Life Insurance Company of New York.

Name of Owner (Printed)

Owner Signature

Date

SECTION 10: AGENT STATEMENT

By signing below, I acknowledge that I have reviewed this document with the Applicant. I certify that a copy of this document, as well as any advertisement used in connection with the sale of this insurance, has been provided to the Applicant. I will maintain a record of the information gathered and used to make the determination of suitability for the statutory period and will make such information available to the Company or a regulator upon request. I have not made statements that differ in any significant manner from this material. I have not made any promises or guarantees about the future value of any non-guaranteed elements.

Signature of Agent

Agent Name (Printed)

Agency

Date