

# Capital Preservation: The Stable Value Advantage

BROUGHT TO YOU BY NEW YORK LIFE STABLE VALUE INVESTMENTS

December 31, 2024

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## New York Life Stable Value Investments

*A leading provider of stable value products for over 40 years, with more than \$34 billion of stable value assets under management.<sup>1</sup>*

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### The Choices

The objective of both stable value funds and money market funds is capital preservation. Stable value funds generally have offered more competitive yields, limited volatility and have historically outperformed money market funds. Additionally, many stable value funds can potentially provide protection of both principal and accumulated interest.

### Money Market Funds: Highlights

Since money market funds are allowed to invest only in certain low risk, short duration/high liquidity instruments, the returns they generate are typically lower than stable value funds. Money market funds may be unable to provide a guarantee that retirement plan participants will receive their entire principal and accumulated earnings when they withdraw their investments. Additionally, money market funds may impose redemption fees and limits on withdrawals during times of extreme market stress.

### Anchor Account: Highlights

The New York Life Anchor Account (Anchor Account) is a pooled separate account stable value solution that primarily invests in a portfolio of high-quality fixed income securities. The Anchor Account provides plan participants a guarantee<sup>2</sup> of principal and accrued interest for benefit responsive<sup>3</sup> withdrawals, when the withdrawals are not triggered by plan sponsor driven activity.

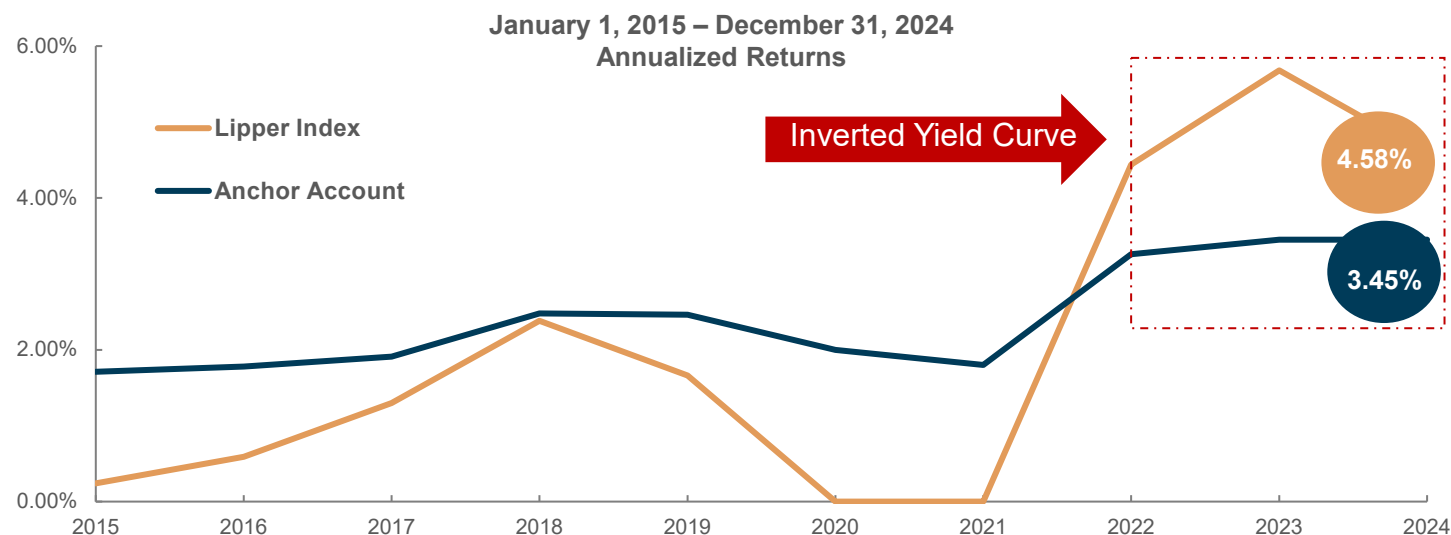
### The Impact of an Inverted Yield Curve

In 2022, short term interest rates began to rise by the end of the year. The yield curve had inverted and persisted until late 2024. Because of the lockstep relationship that money market funds have with interest rates, they outperformed stable value for the first time in over 20 years. However, this does not diminish the fact that over the long term, stable value has consistently outperformed money market funds. Stable value is designed to be a long term capital preservation solution with lower volatility than money market funds.



## Stable Value: Lower Volatility

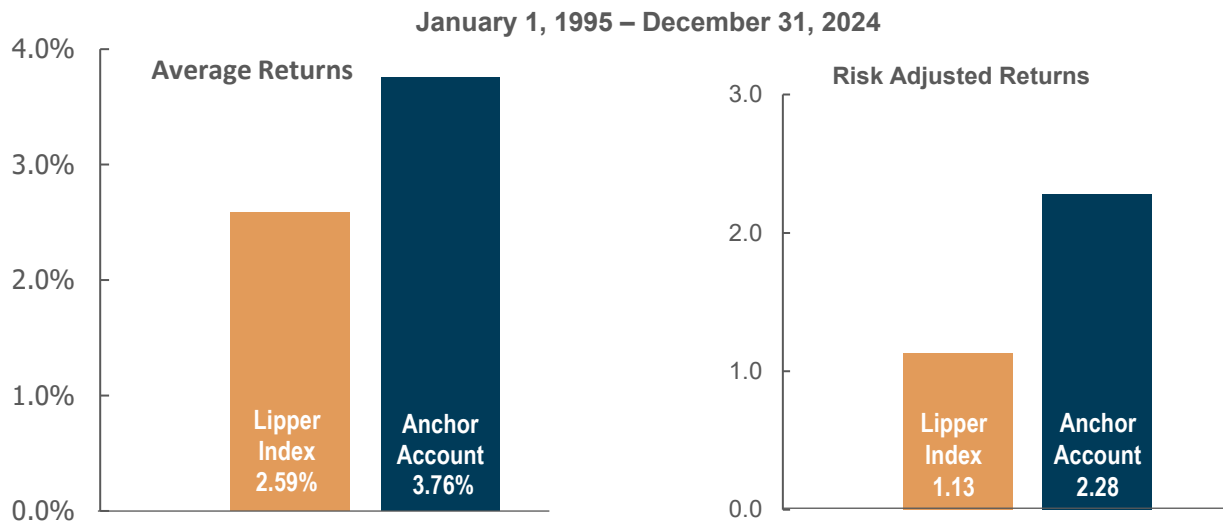
In comparison to money market funds, stable value funds have historically experienced lower volatility and are generally better equipped to withstand challenging market cycles. The chart below illustrates that over a 10-year period, the Anchor Account experienced notably lower volatility than the Average Lipper Institutional Money Market Fund Index (Lipper Index)<sup>4</sup>. During the extended yield inversion period between October 2022 and December 2024, money market rates closely followed interest rate upward movements while stable value crediting rates lagged and exhibited more stability.



Sources: Lipper Inc. and New York Life. January 1, 2015 – December 31, 2024. All returns are net of fees. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

## A Closer Look at Returns & Risk

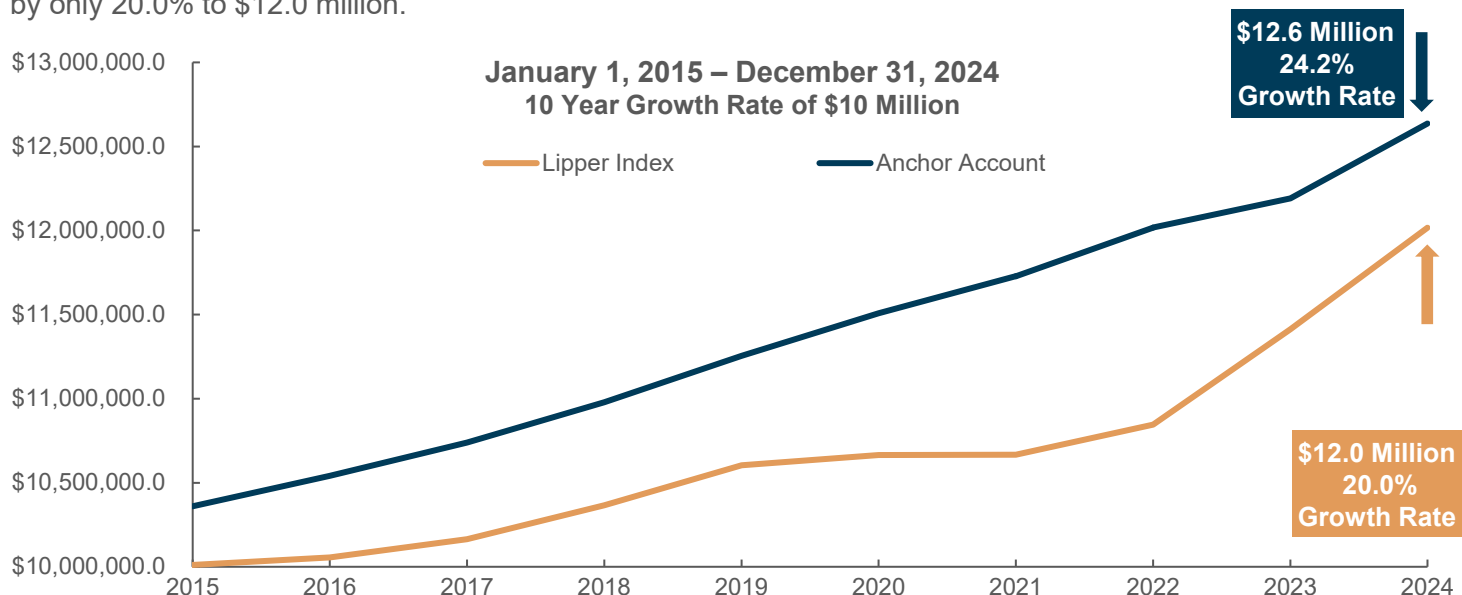
Stable value funds seek to have an attractive risk/return profile. This is highlighted in the charts below by examining both the average returns and the risk adjusted returns of the Anchor Account against the Lipper Index from 1995 – 2024. The Anchor Account demonstrated significantly higher returns, with significantly lower risk in both illustrations.



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 net of fees. January 1, 1995, is the inception date of the Anchor Account. Past performance is not a guarantee of future results. Average return is the average of the net performance returns for the calendar year. Risk adjusted return is the average return divided by standard deviation. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

## A Closer Look at Growth

The illustration below depicts a hypothetical \$10 million single, lump sum contribution allocated to both the Anchor Account and the Lipper Index and tracked for 10 years. The results show a material difference in growth. Over 10 years, the Anchor Account grew by 24.2% to \$12.6 million versus the Lipper Index which grew by only 20.0% to \$12.0 million.

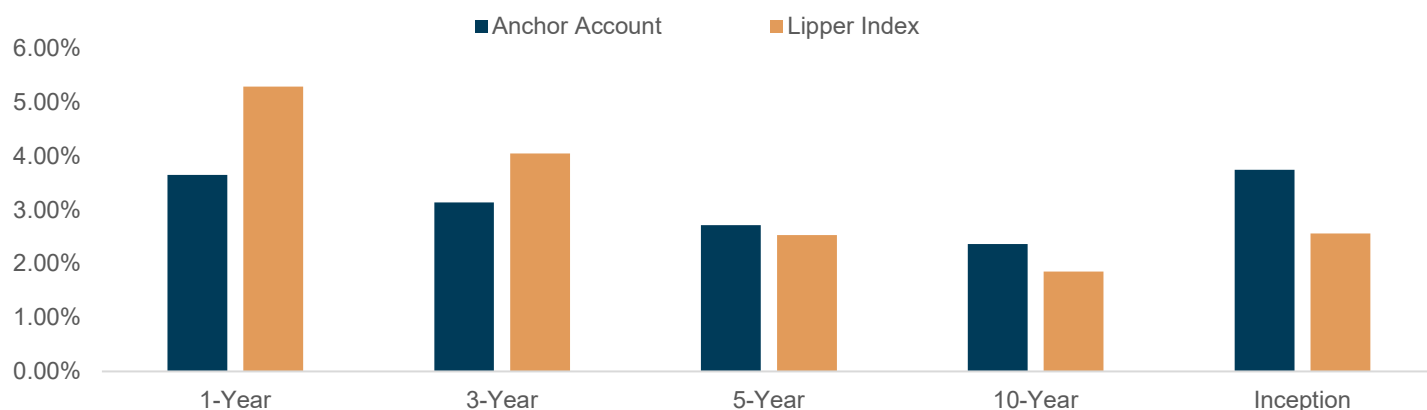


*For illustrative purposes only and not intended to represent the performance of any specific account. There are certain limitations inherent in hypothetical portfolios and hypothetical results, particularly that they are based on assumptions and do not reflect trading in actual client plans and do not reflect the impact that material economic and market factors may have had on the management of actual client plans. This does not imply any future performance. All returns are net of fees. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. Note that the \$10 million single lump sum is the only hypothetical criteria in this illustration and all performance is actual.*

## Long-Term Performance Comparison

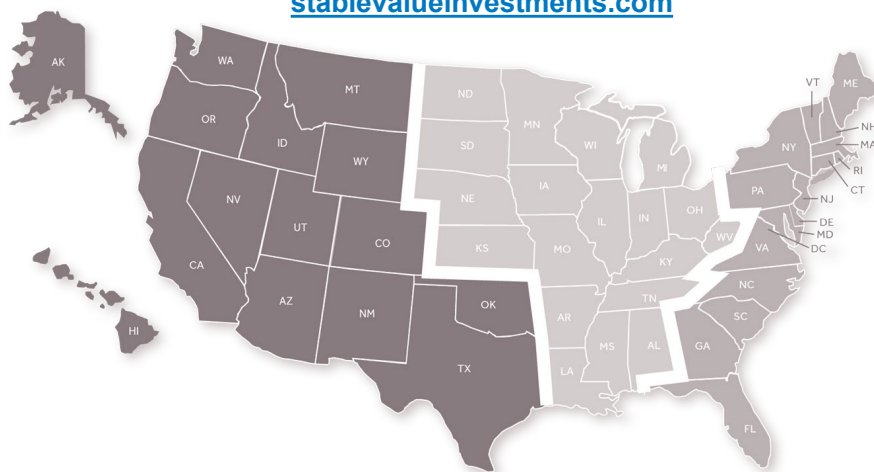
Money market funds have historically adjusted very quickly to both rapidly rising and declining interest rates. In contrast, stable value funds have taken longer to respond to changes in interest rates because they are designed as long-term capital preservation vehicles. The chart below shows that since its inception, nearly 30 years ago, except for the period of the inverted yield curve (2022 – 2024), the Anchor Account delivered consistent, long-term outperformance versus the Lipper Index over various time periods and economic market cycles.

**Anchor Account vs Lipper Index Performance**  
**January 1, 1995 to December 31, 2024**



*Sources: Lipper Inc. and New York life. All performance are net of fees. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.*

Ready to discuss stable value options in more detail? Contact your New York Life representative or visit us at [stablevalueinvestments.com](https://stablevalueinvestments.com)



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1. As of December 31, 2024.

2. New York Life Insurance Company provides the guarantee of principal and accumulated interest, based on its claims-paying ability. This option is not guaranteed by the FDIC or the federal government.

3. The term benefit responsive is used to describe investments that guarantee contract value regardless of whether the fair value of the contract's underlying assets is more or less than contract value.

4. The Average Lipper Institutional Money Market Fund Index is an equally weighted performance average adjusted for capital gains distributions and income dividends of all of the institutional money market funds in the Lipper Universe. Lipper Inc., a wholly-owned subsidiary of Thomson Reuters, is an independent monitor of mutual fund performance. Lipper averages are not class specific. Lipper returns are unaudited. Results are based on average total returns of similar funds with all dividend and capital gain distributions reinvested. It is not possible to invest in an index.

Money market funds are not guaranteed by the FDIC or any other government agency. They generally seek to preserve the value of an investment at \$1.00 per share, but it is possible to lose money by investing in a money market fund.

The Anchor Account is a group annuity contract and not a mutual fund or a collective trust and is issued by New York Life Insurance Company, New York NY.

The information contained herein is general in nature and is provided solely for educational and informational purposes. New York Life does not provide legal, accounting or tax advice. You should obtain advice specific to your circumstances from your own legal, accounting and tax advisors.



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