Mutual of America Financial Group℠

Retirement Services • Investments

FINANCIAL REPORT 2019

In 2020, Mutual of America is excited to celebrate its 75th year of providing retirement services and investments to employers and their employees and assisting them to prepare for a financially secure future. We also continue to look forward, with a focus on several major innovative technology changes and employer plan product enhancements that will help us become even better at meeting the retirement savings and investment needs of our clients—and further strengthen our position as one of the leading financial services companies in the country.

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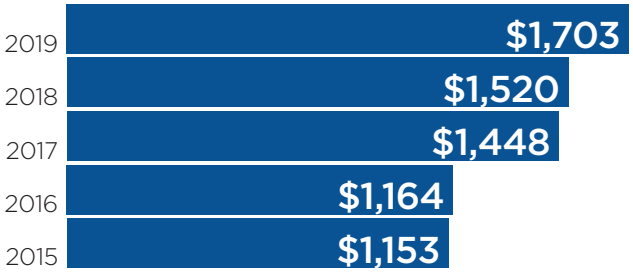
2019 FINANCIAL HIGHLIGHTS

401(k) AND 403(b) PLAN PREMIUMS
($ MILLIONS)



TOTAL ASSETS
($ BILLIONS)

NUMBER OF 401(k) AND 403(b) PLAN PARTICIPANTS

405,000

CLIENT RETENTION RATE

98.3%

401(k) AND 403(b) PLAN PREMIUMS 5-YEAR CAGR*

10.4%

BENEFITS PAID

$2.3 Billion

TOTAL SURPLUS

$992 Million

NUMBER OF 401(k) AND 403(b) PLANS

4,200

INDEPENDENT RATINGS†

A.M. BEST A+ (As of January 2020)

S&P GLOBAL RATINGS A+ (As of April 2019)

FITCH RATINGS A+ (As of April 2020)

*Compound Annual Growth Rate.

LETTER FROM CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER JOHN R. GREED

With our Company's 75th anniversary on the horizon in 2020, 2019 was a year of reflection regarding our future and of significant transition in which we reasserted our creative and innovative spirit, unyielding determination, technological know-how, unmatched retirement savings product expertise and cherished values in such a way as to inspire us to think even bigger about the future Mutual of America is poised to create. Our future came into greater focus as we introduced our new trade name, Mutual of America Financial Group, and logo. This was done to convey more clearly who we are, what we have done successfully for 75 years—retirement services and investments—and where we are going. Our future will include a new array of products and services, including offering 403(b) and 401(k) Thrift plans through a net asset value trustee administrative platform, as well as providing investment advice and wealth management services, and guaranteed income streams for those already retired.

During 2019, we also invested in new and innovative capabilities to accelerate our growth and position ourselves to succeed in a retirement savings and investments market that promises to be even more dynamic in the years ahead. This included investments in advanced technologies and data analytics that will enable us to provide both game-changing and ongoing innovations in connection with the various high-touch and high-tech ways we serve customers across the country. For example, the implementation of Salesforce's customer relationship management system and introduction of our Payroll Integration service will enhance the customer experience while providing new ways to streamline and tailor our business processes and further improve our efficiency and effectiveness through artificial-intelligence-driven data analytics. We also partnered with FIS—a global leader in retirement technology solutions—to integrate their leading-edge, online OMNI recordkeeping platform solution into our operations in 2020.

As you will see in the enclosed Financial Report, 2019 was another good year for Mutual of America Financial Group. Our total assets ended the year at $23.7 billion,

which represents an increase of $3.3 billion or 16.1% relative to 2018. That was the largest annual dollar increase in assets in the Company's 74-year history. Premiums from our 401(k) and 403(b) retirement plan business, which represents approximately 70% of our total premiums, were up $183 million or 12.0% relative to 2018. More importantly, over the past five years, premiums from this business grew at a compound annual growth rate of 10.4%. And while our net income performance for 2019 was a $19.7 million loss, it was right in line with our plan for the year, which anticipated the significant investments in our future. Finally, and very importantly, Mutual of America's capital strength continues to be extremely strong as measured by its total surplus of $992 million, a surplus ratio of 11.0% and a Risk-Based Capital ratio of 396.3%.

Indeed, 2019 was a year of reflection and significant transition, one that will help shape our Company for many years to come. Each of the new and innovative capabilities we invested in during 2019 will strengthen our products and services and further deepen our connection with customers. These significant investments in our future, combined with the tremendous dedication and efforts of our employees, give me great confidence that we are well positioned for the future.

Thank you for placing your trust in us.

John R. Greed
Chairman, President and
Chief Executive Officer

STATEMENT BY MANAGEMENT

Management is responsible for the integrity of the accompanying consolidated statutory financial statements. In meeting this responsibility, management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with appropriate authorization and are properly recorded. These systems include an organizational structure that appropriately provides for delegation of authority and division of responsibility, the communication and enforcement of accounting and business policies and procedures and the utilization of an internal audit program that requires responsive action to audit findings.

The accompanying consolidated financial statements have been prepared by management in conformity with statutory accounting principles prescribed or permitted by the New York State Department of Financial Services. Such practices differ from U.S. generally accepted accounting principles (GAAP).

Since the New York State Department of Financial Services recognizes only statutory accounting practices for determining and reporting financial condition and results of operations of insurance companies, and no consideration is given to GAAP financial information, the accompanying consolidated statutory financial statements present the Company's consolidated financial position and results of operations in conformity with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services. The significant variances between such practices and GAAP are described in Note 9 to the consolidated statutory financial statements, which is included on pages 23-25.

The accompanying consolidated statutory financial statements for the years ending December 31, 2019 and 2018, have been audited by KPMG LLP, whose opinion is included on page 26-27, and includes explanatory language that states that the Company prepared the consolidated statutory financial statements using statutory accounting practices prescribed or permitted by the New York State Department of Financial Services, which practices differ from U.S. generally accepted accounting principles. Accordingly, their opinion states that the consolidated statutory financial statements are not presented fairly in conformity with U.S. generally accepted accounting principles and further states that those statements are presented fairly, in all material respects, in conformity with accounting practices prescribed or permitted by the New York State Department of Financial Services.

The Board of Directors has appointed an Audit Committee composed solely of directors who are not officers or employees. The committee meets regularly with management, the Senior Vice President and Internal Auditor and the independent auditors to review audit scope and results, the adequacy of internal controls and accounting and financial reporting matters. The Audit Committee also reviews the services performed by the independent auditors and related fee arrangements and recommends their appointment to the Board of Directors. The independent auditors and the Senior Vice President and Internal Auditor have direct access to the Committee.

CONSOLIDATED STATUTORY STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2019 and 2018

	2019	2018
ASSETS		
General Account assets		
Bonds and notes	$ 8,032,139,570	$ 7,898,817,828
Common stocks	346,516,395	217,074,791
Cash, cash equivalents and short-term investments	117,046,858	104,546,406
Guaranteed funds transferable	8,046,812	9,438,642
Real estate	219,861,582	221,566,243
Policy loans	103,955,869	103,838,746
Investment income accrued	74,643,471	74,531,669
Deferred federal income taxes	70,107,988	53,801,035
Other assets	25,998,402	20,058,272
Total General Account assets	8,998,316,947	8,703,673,632
Separate Account assets	14,667,350,726	11,682,927,248
TOTAL ASSETS	$23,665,667,673	$20,386,600,880
LIABILITIES AND SURPLUS		
General Account liabilities		
Insurance and annuity reserves	$ 7,599,450,995	$ 7,323,006,804
Other contract holders liabilities and reserves	6,487,466	5,323,705
Interest maintenance reserve	12,739,187	22,142,049
Other liabilities	386,849,733	334,661,098
Total General Account liabilities before asset valuation reserve	8,005,527,381	7,685,133,656
Separate Account reserves and other liabilities	14,667,350,823	11,682,927,248
Total liabilities before asset valuation reserve	22,672,878,204	19,368,060,904
Asset valuation reserve	155,377,388	91,396,765
Total liabilities	22,828,255,592	19,459,457,669
SURPLUS		
Assigned surplus	1,150,000	1,150,000
Unassigned surplus	836,262,081	925,993,211
Total surplus	837,412,081	927,143,211
TOTAL LIABILITIES AND SURPLUS	**$23,665,667,673**	**$20,386,600,880**

See accompanying notes to consolidated statutory financial statements.

CONSOLIDATED STATUTORY STATEMENTS OF OPERATIONS AND SURPLUS

For The Years Ended December 31, 2019 and 2018

	2019	2018
INCOME		
Premium and annuity considerations	$2,552,012,159	$2,588,375,252
Life and disability insurance premiums	8,786,168	9,341,432
Total considerations and premiums	2,560,798,327	2,597,716,684
Separate Account investment and administrative fees	110,027,353	105,982,732
Net investment income	330,632,708	330,354,938
Other, net	9,265,861	9,425,577
Total income	3,010,724,249	3,043,479,931
DEDUCTIONS		
Change in insurance and annuity reserves	487,275,454	76,571,432
Annuity and surrender benefits	2,256,755,208	2,677,121,083
Death and disability benefits	5,611,602	10,384,613
Operating expenses	294,145,427	271,604,283
Total deductions	3,043,787,691	3,035,681,411
Net (loss) gain before dividends	(33,063,442)	7,798,520
Dividends to contract holders and policyholders	(57,806)	(61,719)
Net (loss) gain from operations	(33,121,248)	7,736,801
Federal income tax benefit	20,586	190,871
Net realized capital gains	13,455,138	8,078,372
Net (loss) income	(19,645,524)	16,006,044
SURPLUS TRANSACTIONS		
Change in:		
Asset valuation reserve	(63,980,623)	22,021,697
Unrealized (depreciation) appreciation	53,393,502	(29,396,166)
Reserve valuation basis	(43,849,651)	(20,844,803)
Nonadmitted assets:		
Prepaid assets and other, net	(6,641,490)	(3,089,338)
Net deferred income tax asset	16,292,656	13,708,510
Accounting related to:		
Qualified pension plan	-	(51,999,996)
Nonqualified deferred compensation plan	(3,400,000)	(200,002)
Post retirement medical benefit plan	(21,900,000)	(2,300,000)
Net change in surplus	(89,731,130)	(56,094,054)
SURPLUS		
Beginning of year	927,143,211	983,237,265
End of year	**$ 837,412,081**	**$ 927,143,211**

See accompanying notes to consolidated statutory financial statements.

CONSOLIDATED STATUTORY STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATIONS:		
Premium and other income collected	$ 2,560,779,959	$ 2,597,885,450
Net investment income	336,214,584	333,595,883
Separate account investment and administrative fees	110,023,784	105,977,099
Benefit payments	(2,220,311,130)	(2,672,078,244)
Net transfers to separate accounts	(244,666,242)	(108,901,428)
Investment and operating expenses paid	(263,388,613)	(215,405,280)
Other, net	7,730,807	5,867,580
Dividends paid to policyholders	(59,582)	(63,298)
Net cash from operations	286,323,567	46,877,762
CASH FLOWS FROM INVESTMENTS:		
Proceeds from investment sold, matured, or repaid:		
Bonds and notes	1,463,155,997	1,200,953,485
Common stock	279,668,216	115,764,482
Other invested assets	1,451,026	1,984,383
Other	27,619,749	8,921,605
Total	1,771,894,988	1,327,623,955
COST OF INVESTMENTS ACQUIRED:		
Bonds and notes	(1,598,189,689)	(1,063,004,871)
Common Stock	(347,931,229)	(188,919,167)
Real estate	(8,360,354)	(10,450,634)
Other	(5,476,302)	-
Total	(1,959,957,574)	(1,262,374,672)
Net change in policy loans	(116,316)	2,790,019
Net cash (used in) from investment activity	(188,178,902)	68,039,302
CASH FLOWS FROM FINANCING AND OTHER SOURCES:		
Net (withdrawals) deposits on deposit-type contracts	(7,104,672)	(514,052)
Other cash applied	(78,539,541)	(63,223,161)
Net cash used in financing and other sources	(85,644,213)	(63,737,213)
Net change in cash, cash equivalents and short term investments:	12,500,452	51,179,851
CASH, CASH EQUIVALENTS AND SHORT TERM INVESTMENTS:		
Beginning of year	104,546,406	53,366,555
End of year	**$ 117,046,858**	**$ 104,546,406**

See accompanying notes to consolidated statutory financial statements.

NOTES TO CONSOLIDATED STATUTORY FINANCIAL STATEMENTS

December 31, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying statutory financial statements include the consolidated accounts of Mutual of America Life Insurance Company ("Mutual of America") and its wholly owned subsidiaries (collectively referred to as the "Company"), as permitted by the New York State Department of Financial Services. Mutual of America Holding Company LLC ("Holdings") is a wholly-owned subsidiary of Mutual of America. Its purpose is to act as a holding company organization for activities to be carried out by its subsidiary operating companies, which presently consist of Mutual of America Securities LLC ("Securities"), Mutual of America Capital Management LLC ("Capital Management"), and 320 Park Analytics LLC ("320 Park"). Securities, the broker-dealer, is the distributor of Mutual of America Institutional Funds ("Institutional Funds"), an affiliate. Capital Management is the investment advisor (the "Advisor") to the General Account of Mutual of America, Mutual of America Investment Corporation (Investment Corporation), an affiliate, and Institutional Funds. 320 Park provides independent analysis and/or benchmarking services to assist plan sponsors. All intercompany balances and transactions have been eliminated in consolidation.

Nature of Operations

Mutual of America provides retirement and employee benefit plans in the small to medium-size company market, principally to employees in the not-for-profit social health and welfare field. In recent years, the Company has expanded to include for-profit organizations in the small to medium-size company market. The insurance company in the group is licensed in all 50 states and the District of Columbia. Sales operations are conducted primarily through a network of regional offices staffed by salaried consultants.

Basis of Presentation

The accompanying consolidated statutory financial statements are presented in conformity with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services ("New York Department"). Such practices differ from U.S. Generally Accepted Accounting Principles ("GAAP"). The significant variances between such practices and GAAP are described in Note 9. The ability of the Company to fulfill its obligations to contract holders and policyholders is of primary concern to insurance regulatory authorities.

The National Association of Insurance Commissioners ("NAIC") has codified Statutory Accounting Principles ("Codification"). The New York Department issued Regulation No. 172 ("Regulation No. 172"), which adopted Codification as the prescribed basis of accounting for its domestic insurers. Periodically, the New York Department amends Regulation No. 172 for revisions in the prescribed basis of accounting. All changes required by Regulation No. 172, as amended through December 31, 2019, are reflected in the accompanying consolidated statutory financial statements.

The preparation of the Company's consolidated statutory financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, surplus, income and deductions at the date of the consolidated statutory financial statements. Actual results may differ from these estimates. The most significant estimates include those used in the recognition of other-than-temporary impairments, the valuation of insurance and annuity reserves, the valuation of pension and employee benefit plan liabilities and the valuation of deferred tax assets.

Asset Valuations

Cash. Cash Equivalents and Short Term Investments — Cash equivalents are stated at cost, which approximates fair value, and consist of highly liquid investments purchased with maturities of ninety days or less. Short-term investments are stated at cost, which approximates fair value, and consist of highly liquid investments purchased with maturities of one year or less. Cash equivalents and short-term investment transactions are recorded on a trade date basis.

Bonds and Notes — Investment valuations are prescribed by the NAIC. Bonds in good standing, which include asset-backed and mortgage-backed investments qualifying for amortization, and notes are stated at amortized cost. Amortization of bond premium or discount is calculated using the constant yield interest method taking into consideration specified interest and principal

provisions over the life of the bond. Bond and note transactions are recorded on a trade date basis. The fair value of bonds and notes is based upon quoted market prices provided by an independent pricing organization. If quoted market prices are unavailable or an inactive market for the security currently exists, fair value is estimated using internal valuation models and techniques or based upon quoted market prices for comparable investments. At December 31, 2019, there were six securities with a fair value of $28.4 million for which no quoted market prices were available. As such, the Company used internal valuation models and techniques to determine the fair value of these securities. The Company recorded an unrealized gain of $1.5 million to adjust the carrying value of these securities. These securities are required to be reported at the lower of amortized cost or fair value. At December 31, 2018, there were seven securities with a fair value of $32.7 million that were valued using this methodology. Bonds are carried at the lower of amortized cost or fair value when their NAIC rating has fallen to class six and/or are deemed to be impaired. During 2019, one of these securities with an adjusted book value of $1.5 million was disposed of generating a realized capital gain on the sale of $2.3 million.

Payment speeds for mortgage-backed and structured securities are based on cash flows obtained from an independent analytic agency and are applied on a quarterly basis.

Losses that are considered to be other-than-temporary are recognized in net income when incurred. All bonds are subjected to the Company's quarterly review process for identifying other-than-temporary impairments. This impairment identification process utilizes a screening procedure that includes all bonds in default or not in good standing, as well as bonds with a fair value that is less than 80% of their cost for a continuous six-month period. The Company writes down bonds that it deems to have an other-than-temporary impairment after considering a wide range of factors, including, but not limited to, the extent to which cost exceeds fair value, the duration of that market decline, an analysis of the discounted estimated future cash flows for asset-backed and mortgage-backed securities, an analysis of the financial health and specific prospects for the issuer, the likelihood that the Company will be able to collect all amounts due according to the contractual terms of the debt security in effect at the date of acquisition, consideration as to whether the decline in value is due to general changes in interest rates and credit spreads and the Company's intent and ability to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. If an impairment is determined to be other-than-temporary, a realized capital loss equal to the entire difference between the amortized cost of the bond and its fair value is recorded and a new cost basis for the bond is established. Credit-related other-than-temporary impairment losses are recorded as realized capital losses included in net income (and through the asset valuation reserve ("AVR"), whereas interest-related other-than-temporary impairment losses are recorded in the Interest Maintenance Reserve ("IMR").

Common Stocks — Common stocks in good standing are stated at fair value. Fair value is determined by reference to valuations quoted by an independent pricing organization. Unrealized gains and losses are recorded directly to unassigned surplus. At December 31, 2019 and 2018, common stocks included $10.2 million and $9.1 million, respectively, invested in a Mutual of America sponsored series of mutual funds for institutional investors. At December 31, 2018, common stock also included an $8.1 million (book value $10.0 million) seed money investment in the Mutual of America Investment Corporation Small Cap Equity Index Fund (an affiliated entity) that commenced operations on July 2, 2018. This seed-money investment was liquidated in 2019 and the Company recognized a loss of $0.5 million on that sale. The December 31, 2019 and 2018, investment amounts also include $334.8 million and $199.9 million, respectively, invested in actively managed Large-Cap and Small-Cap Value equity strategies.

Losses that are considered to be other-than-temporary are recognized in net income when incurred. All equity investments are subjected to the Company's quarterly review process for identifying other-than-temporary impairments. This impairment identification process utilizes a screening procedure that includes all common stock issuers not in good standing, as well as common stocks where the fair value is less than 80% of their cost for a continuous six-month period. The Company writes down common stocks that it deems to have an other-than-temporary impairment after considering a wide range of factors, including, but not limited to, the extent to which cost exceeds fair value, the duration of that market decline, an analysis of the financial health and specific prospects for the issuer. The Company also considers other qualitative and quantitative factors in its evaluation of other-than-temporary impairments. Furthermore, any common stock whose fair value is less than its cost basis for a continuous twelve month period is deemed impaired and a realized capital loss is recorded.

Guaranteed Funds Transferable — Guaranteed funds transferable consist of funds held with a former reinsurer and is stated at the total principal amount of future guaranteed transfers to Mutual of America, transferrable through 2030.

Real Estate — Real estate, which is classified as Company occupied property, is carried at cost, including capital improvements, net of accumulated depreciation of $222.2 million and $212.2 million at December 31, 2019 and 2018, respectively, and is depreciated on a straight-line basis over 39 years. Tenant improvements on real estate investments are depreciated over the shorter of the lease term or the estimated life of the improvement.

Policy Loans — Policy loans are stated at the unpaid principal balance of the loan. During 2019 and 2018, the Company recognized $0.3 million in both years, of realized capital losses on certain loans where the loan value exceeded the associated collateral on the loans and collection efforts on the unpaid balances of the policy loans were unsuccessful. There were no additional unrealized losses recorded in both 2019 and 2018.

Other — Certain other assets, such as net deferred income tax assets not expected to be realized within three years, furniture and fixtures and prepaid expenses, are considered "non-admitted assets" and are excluded from the consolidated statutory statements of financial condition.

Insurance and Annuity Reserves

Reserves for annuity contracts are computed on the net single premium method and represent the estimated present value of future retirement benefits. These reserves, which were $1.5 billion and $1.4 billion at December 31, 2019 and 2018, respectively, are based on mortality and interest rate assumptions (ranging predominately from 4.0% to 5.25% at both December 31, 2019 and 2018,), which meet or exceed statutory requirements and are not subject to discretionary withdrawal.

Reserves for contractual funds not yet used for the purchase of annuities are accumulated at various credited interest rates that, during 2019 and 2018, averaged 2.25% and 1.91%, respectively, and are deemed sufficient to provide contractual surrender values for these funds. These reserves, which were $6.0 billion and $5.9 billion at December 31, 2019 and 2018, respectively, are subject to discretionary withdrawal at book value.

Reserves for guaranteed investment contracts, which were $0.8 million and $5.4 million at December 31, 2019 and 2018, respectively, are accumulated at various guaranteed interest rates, which during 2019 and 2018 averaged 1.33% and 1.67%, respectively, and meet statutory requirements. Reserves for life and disability insurance are based on mortality, morbidity and interest rate assumptions, and meet statutory requirements.

Effective January 1, 2019, the Company voluntarily lowered the interest rate used to value $505.1 million of fixed interest guarantee annuity contracts issued prior to January 1, 2018. Such contracts, which had valuation rates ranging from 4.25% to 5.25%, were lowered to a valuation interest of 4.00%. The effect of this change was to increase policyholder reserves and reduce statutory surplus by $43.8 million at January 1, 2019.

Effective January 1, 2018, the Company voluntarily lowered the interest rate used to value $388.1 million of fixed interest guarantee annuity contracts issued prior to January 1, 2018. Such contracts, which had valuation rates ranging from 5.50% to 6.50%, were lowered to a valuation interest of 5.25%. The effect of this change was to increase policyholder reserves and reduce statutory surplus by $20.8 million at January 1, 2018.

Interest Maintenance and Asset Valuation Reserves

Realized gains and losses, including certain other-than-temporary impairment losses, net of applicable taxes, arising from changes in interest rates are accumulated in the IMR and are amortized into net investment income over the estimated remaining life of the investment sold. All other realized gains and losses are reported in the consolidated statements of operations.

An AVR, applying to the specific risk characteristics of all invested asset categories excluding cash, policy loans and investment income accrued, has been established based on a statutory formula. Realized and unrealized gains and losses, including other-

than-temporary impairment losses arising from changes in the creditworthiness of the issuer, are included in the appropriate subcomponent of the AVR. Changes in the AVR are recorded directly to unassigned surplus.

Separate Account Operations

Variable annuity considerations and certain variable life insurance premiums may be allocated at participants' discretion among investment funds in Separate Accounts. Separate Account funds invest in mutual funds, including funds managed by the Advisor, and other funds managed by outside investment advisors. All net realized and unrealized capital gains in the Separate Accounts, which reflect investment performance of the mutual funds in which they invest, accrue directly to participants (net of administrative and other Separate Account charges) and are not reflected in the Company's Consolidated Statutory Statements of Operations and Surplus. Investment advisory charges are based on the specific fee charged for each of the individual underlying investments of the Separate Accounts and are assessed as a percentage of the plans or participant's account balance. Certain Separate Account administrative charges are assessed as a percentage of the plan's or participant's account balance as determined by the Company's pricing tiers, which are based on established ranges of plan or participant account balances. In 2019 and 2018, such charges were equal to approximately 0.83% and 0.84%, respectively, of total average Separate Account assets. Separate Account charges and investment advisory fees paid to the Advisor are included in the Consolidated Statutory Statement of Operations and Surplus. Investments held in the Separate Accounts are stated at fair value and are not available to satisfy liabilities of the General Account. Participants' corresponding equity in the Separate Accounts are reported as liabilities in the accompanying statements. Premiums and benefits related to the Separate Accounts are combined with the General Account in the accompanying consolidated statutory financial statements. Net operating gains and losses are offset by changes to reserve liabilities in the respective Separate Accounts. These reserves, which were approximately $14.7 billion and $11.7 billion at December 31, 2019 and 2018, respectively are subject to discretionary withdrawal at fair value.

Premiums and Annuity Considerations

All annuity considerations derived from voluntary retirement savings-type plans and defined benefit plans, which represent the vast majority of the Company's annual premiums, are recognized as income when received. Insurance premiums and annuity considerations derived solely from defined contribution plans are recognized as income when due. Group life and disability insurance premiums are recognized as income over the premium paying period of the related policies. Deposits on deposit-type contracts are recorded directly as a liability when received. Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred.

Investment Income and Expenses

General Account investment income is reported as earned and is presented net of related investment expenses. Operating expenses, including acquisition costs for new business, are charged to operations as incurred. All due and accrued investment amounts greater than 90 days are treated as non-admitted. The investment income amount due and accrued greater than 90 days was $2.1 million and $1.9 million at December 31, 2019 and 2018, respectively.

2. INVESTMENTS

Valuation

The statement and fair values of investments in fixed maturity securities (bonds and notes) at December 31, 2019 and 2018 are shown below. Excluding U.S. government and government agency investments, the Company is not exposed to any significant concentration of credit risk.

December 31, 2019 (in millions)	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities:				
Mortgage- and asset-backed securities:				
Residential mortgage-backed securities	$ 595.1	$ 7.8	$ 1.0	$ 601.9
Commercial mortgage-backed securities	78.5	3.1	—	81.6
Other asset-backed securities	—	—	—	—
Total	**$ 673.6**	**$ 10.9**	**$ 1.0**	**$ 683.5**
U.S. Treasury securities and obligations of U.S. government corporations and agencies	2,775.5	57.1	5.0	2,827.6
Obligations of states and political subdivisions	—	—	—	—
Debt securities issued by foreign governments	—	—	—	—
Corporate securities	4,670.8	216.7	28.7	4,858.8
Total	**$8,119.9**	**$284.7**	**$34.7**	**$8,369.9**

December 31, 2019 (in millions)	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities:				
Mortgage- and asset-backed securities:				
Residential mortgage-backed securities	$ 863.9	$11.9	$ 15.2	$ 860.6
Commercial mortgage-backed securities	—	—	—	—
Other asset-backed securities	10.2	—	—	10.2
Total	**$ 874.1**	**$11.9**	**$ 15.2**	**$ 870.8**
U.S. Treasury securities and obligations of U.S. government corporations and agencies	2,508.8	7.1	53.9	2,462.0
Obligations of states and political subdivisions	—	—	—	—
Debt securities issued by foreign governments	3.5	—	—	3.5
Corporate securities	4,597.7	62.2	111.0	4,548.9
Total	**$7,984.1**	**$81.2**	**$180.1**	**$7,885.2**

The Company does not have any exposure to subprime mortgage loans, either through direct investment in such loans or through investments in residential mortgage-backed securities, collateralized debt obligations or other similar investment vehicles. As of December 31, 2019, approximately 100% of the $3.4 billion invested in mortgage-backed securities that are included in the captions "U.S. Treasury securities and obligations of U.S. government corporations and agencies" and "Residential mortgage-backed securities" in the immediately preceding table were issued and guaranteed by the United States Treasury, Fannie Mae (FNMA), Freddie Mac (FHLMC) or Ginnie Mae (GNMA). The Company does have investments in publicly traded bonds of financial institutions. These financial institutions may have investments with subprime exposure.

Cash equivalents with a statement value and fair value of $65.3 million and $85.6 million at December 31, 2019 and 2018, respectively, and short-term investments with both a statement value and a fair value of $21.0 million are included in the above tables. At December 31, 2019 and 2018, the Company had $3.4 million and $3.3 million, respectively, (par value of $3.5 million in both years) of its long term fixed maturity securities on deposit with various regulatory agencies.

Fair Value

The Company values its financial instruments at fair value. Fair value is an estimate of the price the Company would receive upon selling a security in an orderly arms-length transaction. Investments are categorized based on a three-level valuation hierarchy for measurement and disclosure of fair value. The valuation hierarchy is based upon the transparency of inputs used to measure fair value. The three levels are as follows:

Level 1 — quoted prices in active markets for identical securities.
Level 2 — quoted prices for similar assets in active or non-active markets or other significant observable inputs (including yield, quality, coupon, rate, maturity, issue type, quoted prices for similar securities, prepayment speeds, trading characteristics, etc.).
Level 3 — significant unobservable inputs (including the assumptions in determining the fair value of investments).

The Company has determined the fair value inputs used to measure all of its assets that are considered financial instruments, which include fixed maturity securities, common stocks, cash, cash equivalents, short term investments, policy loans, guaranteed funds transferrable and Separate Account funds whose net asset values are calculated on a daily basis. Cash, cash equivalents, common stocks, investments in publicly traded mutual funds that are registered with the Securities and Exchange Commission and Separate Account assets were determined to be Level 1. Separate Account liabilities, which are equal to Separate Account assets, are determined to be Level 1 as the value of these liabilities changes in conjunction with the change in Separate Account assets. The vast majority of the Company's fixed maturity securities (bonds and notes), and all of its policy loans, and other invested assets were determined to be Level 2. Finally, certain fixed maturity securities and the guaranteed funds transferrable, representing less than 1% of the total, for which quoted market prices were unavailable or an inactive market for the security currently exists, were determined to be Level 3. The inputs used for valuing these securities are not necessarily an indication of the risk associated with investing in those securities.

The following tables provide fair value information at December 31, 2019 and 2018, about the Company's assets that are considered financial instruments:

As of December 31, 2019

Financial Instruments (in millions)	Level 1	Level 2	Level 3	Total
Bonds and notes	$ —	$8,256.4	$31.4	$ 8,287.8
Common stocks	346.5	—	—	346.5
Cash, cash equivalents and short term investments	117.0	—	—	117.0
Policy loans	—	104.0	—	104.0
Guaranteed funds transferrable	—	—	8.3	8.3
Separate Account assets	14,667.4	—	—	14,667.4
Total	**$15,130.9**	**$8,360.4**	**$39.7**	**$23,531.0**

As of December 31, 2018

Financial Instruments (in millions)	Level 1	Level 2	Level 3	Total
Bonds and notes	$ —	$7,767.6	$32.0	$7,799.6
Common stocks	217.1	—	—	217.1
Cash, cash equivalents and short term investments	104.5	—	—	104.5
Policy loans	—	103.8	—	103.8
Guaranteed funds transferrable	—	—	10.9	10.9
Separate Account assets	11,682.9	—	—	11,682.9
Total	**$12,004.5**	**$7,871.4**	**$42.9**	**$19,918.8**

The fair value of Level 3 assets decreased from $42.9 million at December 31, 2018, to $39.7 million at December 31, 2019, primarily as a result of the change in fair value of Level 3 assets, net of interim paydowns, during the year. The fair value of bonds and notes classified as Level 3 decreased by $0.6 million in 2019 as a result of the redetermination of the fair value, net of paydowns, on these securities during the year. Additionally, during 2019 one Level 3 security with a book adjusted carrying value of $1.5 million was sold and a realized gain of $2.3 million was recognized on the transaction. This amount is included in net realized capital gains not subject to the IMR on the statement of Operations and Surplus. The guaranteed funds transferrable fair value declined due to the receipt of scheduled principal payments during the year. There were no additional securities added to the Level 3 classification and there were no securities transferred between Levels 1, 2 & 3 during 2019 and 2018.

In determining the fair value of Level 3 bonds and notes, the Company utilized expected cash flows provided by an independent valuation service together with discount rate and default factor assumptions commensurate with the current credit rating of such securities and consistent with those that would be used in pricing similar types of securities based upon market conditions that existed at December 31, 2019 and 2018.

Unrealized Gains and Losses

At December 31, 2019 and 2018, net unrealized appreciation (depreciation) reflected in surplus consisted of the following:

December 31 (in millions)	2019	2018	Change
Common Stock	$35.5	$(16.7)	$52.2
Bonds and notes	(4.4)	(5.6)	1.2
Other assets	(0.9)	(0.9)	0.0
Net unrealized appreciation (depreciation)	**$30.2**	**$(23.2)**	**$53.4**

Net unrealized depreciation related to the Company's bonds, equity securities and other assets increased by $53.4 million during the year. Net unrealized appreciation of $35.5 million related to equity securities at December 31, 2019, consists of $40.1 million of gross unrealized gains and $4.6 million of gross unrealized losses, of which none of the unrealized losses are greater than 12 months old. Net unrealized depreciation of $16.7 million related to equity securities at December 31, 2018, consisted of $23.3 million of gross unrealized losses and $6.6 million of gross unrealized gains, of which none of the unrealized losses were greater than 12 months old.

The following is an analysis of the fair values and gross unrealized losses as of December 31, 2019 and 2018, aggregated by fixed maturity category and length of time that the securities were in a continuous unrealized loss position. As shown in the table below, total gross unrealized losses as of December 31, 2019 and 2018, were $34.7 million and $180.0 million, respectively, and the majority of such losses related to corporate and U.S. Treasury securities. These unrealized losses arise primarily from general changes in interest rates and credit spread widening, and are not due to fundamental credit problems that exist with the specific issuers. The Company has the ability and intent to hold those securities that are in an unrealized loss position for a sufficient period of time in order for them to recover.

The tables that follow exclude $7.4 billion and $1.9 billion at December 31, 2019 and 2018, respectively, represent the book value of those securities whose fixed maturity securities are in an unrealized gain position.

December 31, 2019 (in millions)	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Number of Issues
	Twelve Months or Less			Twelve Months or Greater		
Fixed maturities:						
Mortgage- and asset-backed securities:						
Residential mortgage-backed securities	$ 40.3	$0.2	12	$112.9	$ 0.8	32
Commercial mortgage-backed securities	9.1	0.1	1	—	—	—
Other asset-backed securities	—	—	—	—	—	—
Total	**$ 49.4**	**$0.3**	**13**	**$112.9**	**$ 0.8**	**32**
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$324.3	$2.1	61	$183.2	$ 2.8	70
Obligations of states and political subdivisions	—	—	—	—	—	—
Debt securities issued by foreign governments	—	—	—	—	—	—
Corporate securities	101.3	0.6	31	137.7	27.8	16
Total	**$475.0**	**$3.0**	**105**	**$433.8**	**$31.4**	**118**

December 31, 2018 (in millions)	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Number of Issues
	Twelve Months or Less			Twelve Months or Greater		
Fixed maturities:						
Mortgage- and asset-backed securities:						
Residential mortgage-backed securities	$ 437.2	$ 1.6	147	$ 376.4	$ 12.8	204
Commercial mortgage-backed securities	—	—	—	—	—	—
Other asset-backed securities	9.9	0.1	3	0.3	—	1
Total	**$ 447.1**	**$ 1.7**	**150**	**$ 376.7**	**$ 12.8**	**205**
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 874.5	$ 6.2	140	$1,390.0	$ 48.3	502
Obligations of states and political subdivisions	—	—	—	—	—	—
Debt securities issued by foreign governments	—	—	—	—	—	—
Corporate securities	2,222.4	54.3	423	698.7	56.7	216
Total	**$3,544.0**	**$62.2**	**713**	**$2,465.4**	**$117.8**	**923**

Realized Capital Gains and Losses

Net realized capital gains (losses) reflected in the Consolidated Statements of Operations and Surplus for the years ended December 31, 2019 and 2018, were as follows:

December 31 (in millions)	2019	2018
Common Stock	$10.5	$6.8
Fixed maturities	3.3	1.6
Other assets	(0.3)	(0.3)
Net realized capital gains (losses)	**$13.5**	**$8.1**

At December 31, 2019 and 2018, the book value and fair value of the Company's mortgage-backed and asset-backed securities portfolios totaled $3.3 billion and $3.3 billion, and $3.4 billion and $3.3 billion, respectively, of which approximately 99% in both 2019 and 2018 are U.S. government agency guaranteed instruments. Investments in loan-backed and asset-backed securities are carried at amortized cost, except for those securities rated as class 6 by the NAIC, which are carried at lower of amortized cost or fair value.

Sales of investments in fixed maturity securities resulted in $3.5 million of net interest rate related gains and $(10.4) million of net interest rate related losses being accumulated in the IMR in 2019 and 2018, respectively, as follows:

December 31 (in millions)	2019	2018
Fixed maturity securities		
Proceeds	$628.6	$1,047.9
Gross realized gains	9.5	—
Gross realized losses	(6.0)	(10.4)

During 2019 and 2018, $12.9 million and $15.6 million, respectively, of the IMR was amortized and included in net investment income.

Sales of investments in equity securities resulted in $10.5 million and $6.8 million of net capital gains in 2019 and 2018, respectively, being recognized in net income as follows:

Equity securities	2019	2018
Proceeds	$279.7	$115.8
Gross realized gains	27.6	7.5
Gross realized losses	(17.1)	(0.7)

Maturities

The statement and fair values of investments in fixed maturity securities by contractual maturity (except for mortgage-backed securities, which are stated at expected maturity) at December 31, 2019, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties.

December 31, 2019 (in millions)	Statement Value	Fair Value
Due in one year or less	$ 483.3	$ 489.1
Due after one year through five years	3,798.2	3,902.2
Due after five years through 10 years	3,554.0	3,685.6
Due after 10 years	196.6	210.0
Total	**$8,032.1**	**$8,286.9**

3. GUARANTEED FUNDS TRANSFERABLE

In 1980, Mutual of America terminated a reinsurance arrangement and assumed direct ownership of funds held by John Hancock Mutual Life Insurance Company (Hancock), the former reinsurer, and direct liability for the contractual obligations to policyholders. The liability to such policyholders is included as insurance and annuity reserves in the consolidated statutory statements of financial condition. The principal amount of the funds held by the former reinsurer is guaranteed to earn at least 3.125% per year.

The guaranteed funds are transferable to Mutual of America over time through 2030 and are stated at the total principal amount of future guaranteed transfers to Mutual of America of $8.0 million and $9.4 million at December 31, 2019 and 2018, respectively. The actual interest and other allocated investment earnings related to this contract amounted to $0.7 million and $0.6 million in 2019 and 2018, respectively, and are included in net investment income.

4. REAL ESTATE

Real estate consists primarily of an office building that Mutual of America purchased for its corporate headquarters. The Company occupies approximately one-third of this office building as its corporate headquarters and leases the remaining space. Depreciation expense was $ 10.1 million and $9.3 million in 2019 and 2018, respectively.

5. PENSION PLAN AND POSTRETIREMENT BENEFITS

Pension Benefit and Other Benefit Plans

The Company has a qualified, noncontributory defined benefit pension plan covering virtually all employees. Benefits are generally based on years of service and final average earnings. The Company's funding policy is to contribute annually, at a minimum, the amount necessary to satisfy the funding requirements under the Employee Retirement Income Security Act of 1974 (ERISA). The Company also maintains a nonqualified deferred compensation plan that provides benefits to employees whose total compensation or calculated benefit exceeds the maximum allowable limits for qualified retirement plans under ERISA.

The Company also has two other defined benefit postretirement plans covering substantially all salaried employees. Employees may become eligible for such benefits upon attainment of retirement age while in the employ of the Company and upon satisfaction of service requirements. One plan provides medical, dental and vision benefits and the second plan provides life insurance benefits. The postretirement plans are contributory for those individuals who retire with less than 25 years of eligible service, with retiree contributions adjusted annually, and contain other cost-sharing features, such as deductibles and coinsurance. All benefit plans are underwritten by Mutual of America. To the extent that the claims do not exceed stop-loss limits for single life occurrences, the plans are self-insured. Stop-loss coverage is purchased from an unaffiliated carrier. The postretirement benefit plan expense required to be recorded under these plans was $24.2 million and $21.3 million in 2019 and 2018, respectively.

As of January 1, 2019 and 2018 the Company had a total recognized liability for pension benefits of $56.0 million and $15.3 million, respectively, consisting of an unamortized transition liability of $11.7 million and $8.6 million and the accrued benefit cost of $44.3 million and $6.7 million, respectively.

For other benefits, as of January 1, 2019 and 2018 the Company had total recognized liabilities of $112.2 million and $101.5 million, respectively, for the postretirement medical plans and $68.7 million and $68.1 million, respectively, for the nonqualified deferred compensation plans. The $112.2 million and $101.5 million recognized liability for the postretirement medical plans at January 1, 2019 and 2018 consisted of an unamortized transition liability of $5.6 million in both years, and an accrued benefit cost of $106.6 million and $95.9 million, respectively. For the nonqualified deferred compensation plan, the recognized liability at January 1, 2019 and 2018 consisted of an unamortized transition liability of $1.9 million and $2.5 million and a $66.8 million and $65.6 million accrued benefit cost, respectively.

The expected amortization of the unrecognized transition liability will be $5.6 million for the postretirement medical plan and $0.2 million for the nonqualified deferred compensation plan per year through no later than 2022. There was an additional charge to surplus for the post-retirement medical plan of $18.4 million and an additional charge to surplus for the non-qualified deferred compensation plan of $3.4 million in 2019. No additional charge to surplus was required in 2018.

On January 1, 2018 an adjustment to surplus for $15.5 million was recorded for new mortality tables. Furthermore, during 2018 there was an additional charge to surplus of $36.5 million related to the qualified defined benefit plan to adjust the unrecognized transition liability to the expected amortization amount calculated when Statement of Statutory Accounting Principles ("SSAP") No. 102 was adopted.

The following table provides a status of the Company's pension and postretirement benefit plans as of December 31, 2019 and 2018 (in millions):

	Pension Benefits		Other Benefits	
	2019	2018	2019	2018
Accumulated Benefit Obligation	$ 310.4	$ 285.9	$ 47.1	$ 52.5
Projected Benefit Obligation	$ 393.8	$ 357.4	$ 218.2	$ 190.8
Plan Assets at Fair Value	352.2	295.9	—	—
Funded Status	$ (41.6)	$ (61.5)	$(218.2)	$(190.8)
Accrued Benefit Cost	36.1	(7.7)	182.6	173.2
Additional Surplus Charge greater than minimum	—	52.0	18.4	0.2
Unrecognized items	**$ (5.5)**	**$(17.2)**	**$ (17.2)**	**$ (17.4)**
Prior Service Costs	$ —	$ —	$ 6.4	$ 5.9
Unrecognized (Losses) Gains	(138.7)	(150.6)	(86.6)	(61.2)
Additional Surplus Charge Beyond Minimum	—	—	—	—
Transition asset	133.2	133.4	63.0	37.9
Total Unrecognized Liability	**$ (5.5)**	**$ (17.2)**	**$ (17.2)**	**$ (17.4)**

The components of net periodic benefit costs as calculated in the January 1, 2019 and 2018 plan valuations are as follows:

	Pension Benefits		Other Benefits	
December 31 (in millions)	**2019**	**2018**	**2019**	**2018**
Service costs	$ 16.6	$ 17.9	$ 6.2	$ 6.7
Interest cost on Projected Benefit Obligation (PBO)	14.6	13.0	7.6	7.1
Expected return on plan assets	(25.8)	(28.9)	—	—
Prior services costs	—	—	(0.8)	(0.7)
Settlement	—	—	6.4	1.9
Amortization of unrecognized net loss (gain)	11.7	8.6	4.8	6.3
Net benefit expense	**$ 17.1**	**$ 10.6**	**$24.2**	**$21.3**

During 2019 and 2018 pension expense for the non-qualified deferred compensation plan included $6.4 million and $1.9 million of settlement loss, resulting from the level of lump-sum benefit payments made from the non-qualified plan during those years exceeding the plans interest and service cost.

The changes in the PBO and plan assets are as follows:

	Pension Benefits		Other Benefits	
December 31 (in millions)	**2019**	**2018**	**2019**	**2018**
Change in PBO				
PBO, beginning of the year	$357.4	$359.7	$190.8	$194.2
Service costs	16.6	17.9	6.2	6.7
Interest costs	14.6	13.0	7.6	7.1
Change in assumptions/plan amendments	35.3	(5.1)	29.7	(13.7)
Actuarial loss (gain)	10.2	8.4	5.6	8.3
Benefits and expenses paid	(40.3)	(36.5)	(21.7)	(11.8)
PBO, end of year	**$393.8**	**$357.4**	**$218.2**	**$190.8**

	Pension Benefits		Other Benefits	
December 31 (in millions)	**2019**	**2018**	**2019**	**2018**
Change in Plan Assets				
Plan assets, beginning of the year	$295.9	$328.8	$ —	$ —
Employer contributions	25.0	25.0	—	—
Return on plan assets	71.6	(21.4)	—	—
Benefits and expenses paid	(40.3)	(36.5)	—	—
Plan assets, end of year	352.2	295.9	—	—
Plan assets (lower than) PBO	**$(41.6)**	**$(61.5)**	**$(218.2)**	**$(190.8)**

At December 31, 2019 and 2018, all of the pension plan assets are invested in several of the investment funds offered by the Company's Separate Accounts and in the Company's General Account, and consisted of approximately 83.0% in equity investments and 17.0% in fixed-income investments and 79% in equity and 21% in fixed-income investments, respectively. A distribution of plan assets by investment objective as of December 31, 2019 and 2018 are as follows:

December 31, (in millions)	**2019**	**2018**
Fixed Income Funds	$ 56.9	$ 62.1
Equity Funds:		
Index	168.3	138.5
Growth	73.7	55.7
Balanced	50.2	39.6
Total Level 1 Investments	$349.1	$295.9
General Account	3.1	—
Total plan assets	**$352.2**	**$295.9**

The underlying investments in the funds of the Separate Accounts are based on quoted market prices within an active market and as such are classified as Level 1. Amounts held in the General Account are valued at contract value, which is equal to fair value, and are considered to be cash equivalents that are not subject to fair value evaluation.

The Company made contributions to its defined benefit pension plan of $25.0 million in both 2019 and 2018. The Company estimates that it will make a contribution of $15 million to this plan in 2020. Benefits expected to be paid from this plan total $31.2 million in 2020, $30.5 million in 2021, $33.1 million in 2022, $27.8 million in 2023 and $28.2 million in 2024. The aggregate benefits expected to be paid in 2025 through 2029 total approximately $162.8 million. The calculation of expected benefits is based on the same assumptions used to measure the Company's benefit obligation at December 31, 2019.

The assumptions used in determining the aggregate projected benefit obligation for pension and other benefit plans were as follows:

	Pension Benefits		Postretirement Medical		Non Qualified Deferred Compensation	
Weighted average Assumptions at December 31	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Discount rate	3.00%	4.10%	3.40%	4.30%	2.80%	3.90%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	5.00%	5.00%
Expected return on plan assets	8.50%	8.50%	—	—	—	—

The Company's overall expected long-term rate of return on plan assets was determined based upon the current projected benefit payout period and the current mix of plan investments, which generally consists of approximately 80% equity investments and 20% fixed-income investments. The Company believes that this investment mix properly matches the plan's benefit obligations. The equity component of the expected long-term rate of return was determined using a combination of the actual rate of return of equities (net of inflation) and an inflation-adjusted equity rate of return (assuming an inflation rate of 3.50%) based upon

historical 30-year rolling averages. In selecting the expected long-term rate of return assumption, an underlying inflation assumption of 3.00% was selected taking into account historical inflation data and future inflation expectations.

The health care cost trend rate assumption has an effect on the amounts reported for the postretirement benefit plans. The assumption is 5.2% for 2019, 5.0% for 2020, 4.8% for 2021, 4.8% for 2022, and 4.8% for 2023 and beyond. Benefits expected to be paid from this plan and the nonqualified deferred compensation plan total $12.5 million in 2020, $15.0 million in 2021, $14.4 million in 2022, $11.1 million in 2023 and $4.9 million in 2024. Aggregated benefits expected to be paid in the period 2025 through 2029 total approximately $64.0 million. The calculation of expected benefits is based on the same assumptions used to measure the Company's benefit obligation at December 31, 2019.

Savings and Other Incentive Plans

All employees may participate in a Company sponsored savings plan under which the Company matches a portion of the employee's contributions up to 6% of salary. The Company contributed $3.2 million in both 2019 and 2018, respectively. The Company also has a long-term performance-based incentive compensation plan for certain employees and directors. Shares under this plan are granted each year and generally vest over a three-year period. The value of such shares is equal to the number of shares multiplied by the current share price, which is determined by the level of total assets of the Company. A financial performance threshold measure must also be met in order to receive a payout at the end of the third year. The total expense incurred related to these plans was $13.9 million and $10.7 million in 2019 and 2018, respectively. At December 31, 2019 and 2018, the accrued liability related to these plans was $24.6 million and $22.6 million, respectively.

6. COMMITMENTS AND CONTINGENCIES

Rental expenses approximated $26.4 million and $25.2 million as of December 31, 2019 and 2018, respectively. The approximate minimum rental commitments under non-cancelable operating leases are as follows: $5.5 million in 2020; $4.5 million in 2021; $4.0 million in 2022; $3.1 million in 2023; $2.5 million in 2024 and $5.6 million in 2025 and beyond. Such leases are principally for leased office space and certain data processing equipment, furniture and communications equipment. Certain office space leases provide for adjustments relating to changes in real estate taxes and other expenses.

The Company is involved in various legal actions that have arisen in the course of the Company's business. In the opinion of management, the ultimate resolution with respect to such lawsuits, as well as other contingencies, will not have a material adverse effect on the Company's consolidated financial statements.

7. FEDERAL INCOME TAXES

The Tax Cuts and Jobs Act (TCJA) was signed into law on December 22, 2017. From a corporate perspective, a goal of the tax overhaul was to reduce the corporate tax rate and redesign the taxation of international operations in order to make US companies more competitive around the world. To partially offset the decrease in revenue from these measures, the new law broadens the tax base. To that end, TCJA substantially changes the overall corporate tax structure, including specific changes relative to the taxation of the life insurance industry. TCJA changes that are generally applicable to all corporations include a reduction of the corporate income tax rate from 35% to 21%, repeal of the corporate alternative minimum tax (AMT), changes to the corporate dividend received deduction (DRD), and other changes reducing certain business deductions counterbalanced by inducements favoring capital investments by permitting accelerated write-offs.

TCJA specifically impacts life insurance companies by requiring them to take into account a specific percentage of the increase or decrease in statutory reserves; revising the capitalization rule for deferred acquisition costs; changes the net operating loss carryover rules for life insurance companies; modifies the proration rules; and, other amendments that will have the effect of reducing tax deductions.

The impact on Mutual of America's surplus is dependent on many factors, but the tax rate reduction from 35% to 21% was a major component as of December 31, 2017. We were required to recognize the effect on deferred tax assets (DTAs) and deferred tax liabilities (DTLs) of a change in tax rates in the period the tax rate change was enacted. Accordingly, the enacted reduction in the U.S. Federal corporate income tax rate resulted in a one-time, non-cash decrease to adjusted net DTAs of $126.6 million at December 31, 2017. As of December 31, 2018, the Company had recorded a receivable of $3.7 million arising from the recognition of the Alternative Minimum Tax (AMT) Credit that became refundable under the 2017 TCJA. The Company received $2.0 million of the above-mentioned receivable in December 2019 and expects to receive the remaining $1.9 million over the next three years. Life insurance companies are required to compute life insurance tax reserves differently under TCJA. Accordingly, the life insurance tax reserve DTA was remeasured, at December 31, 2017, to reflect the effects of the required changes in reserves at the date of enactment and a new DTL was established. The DTL is the difference between the old and new reserve basis and is subject to an 8-year straight-line amortization beginning in 2018. The accounting for the impact of the TCJA on tax reserves is based on reasonable estimates and such amounts have been factored into the measurement of deferred taxes. The foreign tax law changes enacted under TCJA have no impact on Mutual of America.

Mutual of America adopted SSAP No. 101, Income Taxes, a replacement of SSAP No. 10R, effective January 1, 2012. During the first quarter of 2012, Regulation No. 172 was amended to adopt the provisions of SSAP No. 101. This guidance requires that a deferred tax asset (DTA) or deferred tax liability (DTL) be established for temporary differences between the tax and statutory reporting bases of assets and liabilities. The change in Mutual of America's net Admitted DTA must be recorded as a separate component of gains and losses in surplus. Net DTAs are required to be recorded as an admitted asset to the extent that the amount will be realized within three years, subject to a maximum admitted asset equal to 15% of statutory surplus and to the Company's risk-based capital ratio exceeding certain thresholds.

A reconciliation of the income tax benefit recognized in the Company's consolidated statutory statement of operations and surplus to the amount obtained by applying the statutory rate of 21% in both 2019 and 2018 to net gain from operations before federal income taxes follows:

December 31 (in millions)	**2019**	**2018**
Net (Loss) Gain from Operations	$(33.1)	$ 7.7
Statutory rate	21%	21%
Tax at statutory rate	7.0	(1.6)
Investment Items	(3.4)	1.3
Expense Items	19.4	20.9
Net operating loss related to Dividend Received Deduction	1.8	0.2
Nonadmitted Assets	1.4	0.7
Prior year true-up related to reserves	(2.5)	—
Other including LLC adjustment	3.7	3.1
Total Income Tax Benefit	**$ 27.4**	**$24.6**
Income Tax Benefit (Expense):		
Current – Consolidated	$ —	$ 0.3
Deferred – Non-Insurance Companies	—	(0.1)
Income Tax Benefit on Operating Earnings	$ —	$ 0.2
Deferred Federal Income Tax, in Surplus	$ 27.4	$24.4
Total Income Tax Benefit	**$ 27.4**	**$24.6**

The federal income tax benefits of $27.4 million and $24.6 million in 2019 and 2018, respectively relates primarily to the change in the deferred income tax incurred by Mutual of America.

The components of the net DTA recognized in the Company's consolidated statement of financial condition are as follows:

December 31 (in millions)	2019	2018
Total gross DTAs excluding unrealized (gains) losses	$ 250.9	$ 222.8
Statutory valuation allowance adjustment	—	—
Total adjusted gross DTAs excluding unrealized (gains) losses	$ 250.9	$ 222.8
Total gross DTLs excluding unrealized (gains) losses	(10.3)	(9.6)
Mutual of America's net DTA	240.6	213.2
Tax effect of unrealized (gains) losses	(6.6)	4.6
DTA nonadmitted	(164.9)	(164.9)
Mutual of America's net admitted DTA	69.1	52.9
Non-insurance Subsidiaries DTA's	1.0	0.9
Total net DTAs	**$ 70.1**	**$ 53.8**

The realizability of the gross and admitted deferred tax assets was supported through the use of certain tax planning strategies. The Company has not recorded a valuation allowance against the deferred tax asset as of December 31, 2019 or December 31, 2018 as management believes that the recognition of the deferred tax asset balance is more likely than not based on the Company's expected future business operations and tax planning strategies.

At December 31, 2019, Mutual of America's gross DTA, excluding the tax effect of unrealized (gains) losses, of $250.9 million, consisted of $238.1 million of ordinary DTAs and $12.8 million of capital DTAs. The net increase in the net DTA was $27.4 million excluding unrealized (gains) losses. As shown in the above table, Mutual of America's net admitted DTA increased by $16.2 million during 2019.

The Company claims the separate account dividend received deduction. The impact of the separate account dividend received deduction ("DRD") is to reduce the Company's overall effective tax rate compared to the U.S. statutory tax rate of 21%. In addition, in 2019, the DRD had the initial effect of decreasing the Company's admissible asset based on projections of future taxable income for the three years following the balance sheet date of the reporting period.

For years prior to the effective date of TCJA, there was a degree of uncertainty regarding the computational aspects of the Company's separate account dividend received deduction (DRD) for assets held in connection with variable annuity contracts because final regulations have not been issued by the IRS. If such regulations were issued, they could result in the elimination of some or all of the separate account DRD tax benefit that the Company received for years prior to the effective date of the TCJA. For tax years 2018 and forward, TCJA standardized the DRD computation, thus reducing uncertainty regarding the amount of the separate account DRD deduction.

The tax effects of temporary differences that give rise to a significant portion of the DTAs and DTLs arise from the differing statutory and tax-basis treatment of assets and liabilities, insurance and annuity reserves, realized capital gains and losses on investment transactions, nonadmitted assets, and net operating loss carryforwards. Effective January 1, 1998, Mutual of America's pension business became subject to federal income tax. Included in such differences are items resulting from transition rules under the Internal Revenue Code as of January 1, 1998, which accompanied the change in taxation of Mutual of America's pension business. The transition rules along with the reduced federal income tax rate under TCJA will continue to moderate Mutual of America's current tax expense over the next several years. As such, Mutual of America incurred a consolidated federal income tax benefit of zero in 2019 and $0.2 million in 2018. At December 31, 2019, the Company had net operating loss carryforwards of approximately $510.3 million, of which $368.1 million are expiring at various dates between 2021 and 2032 and $142.2 million has no expiration, but its utilization is limited to 80% of taxable income. The Company has zero capital loss carryforwards at December 31, 2019.

Mutual of America files a separate federal income tax return and files income tax returns in various states.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial instruments have been determined using available market information and the valuation methodologies described below. Considerable judgment is often required in interpreting market data to develop estimates of fair value for financial instruments for which quoted market prices are not available or an inactive market for the instrument currently exists. Accordingly, certain fair values presented herein (refer to Note 2) may not necessarily be indicative of amounts that could be realized in a current market exchange. The use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts. Amounts related to the Company's financial instruments at December 31, 2019 and 2018, were as follows:

	2019		2018	
(in millions)	Statement Value	Fair Value	Statement Value	Fair Value
ASSETS				
Bonds and notes	$8,032.1	$8,287.8	$7,898.8	$7,799.6
Common stocks	346.5	346.5	217.1	217.1
Cash, cash equivalents and short term investments	117.0	117.0	104.5	104.5
Guaranteed funds transferable	8.0	8.3	9.4	10.9
Policy Loans	104.0	104.0	103.8	103.8

Bonds and Notes and Common Stock — Fair value for bonds and notes is determined by reference to market prices quoted by an independent pricing source. If quoted market prices are not available, fair value is determined using internal valuation models and techniques or based upon quoted prices for comparable securities. Fair value for common stocks is determined by reference to valuations quoted by an independent pricing organization.

Cash, Cash Equivalents and Short Term Investments — The carrying value for cash, cash equivalents approximates fair values due to the short-term maturities of these instruments. Short-term investments are stated at cost, which approximates fair value, and consist of highly liquid investments purchased with maturities of one year or less.

Guaranteed Funds Transferable — Fair value for guaranteed funds transferable is determined by reference to market valuations provided by the former reinsurer.

Policy Loans — The majority of policy loans are issued with variable interest rates, which are periodically adjusted based on changes in rates credited to the underlying policies and therefore are considered approximate fair value.

9. SIGNIFICANT DIFFERENCES BETWEEN STATUTORY ACCOUNTING PRACTICES AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

The accompanying financial statements are presented in conformity with statutory accounting practices prescribed or permitted by the New York Department ("Statutory Accounting"), which practices differ from GAAP. The significant variances between such practices and GAAP are described below. The Company has not computed the variance between Surplus and Net Income calculated in accordance with statutory accounting practices prescribed or permitted by the New York Department and GAAP, as there is no reporting requirement to do so and the costs involved exceed the benefits derived from these calculations. Generally, GAAP results in a more favorable presentation of the Company's financial condition.

Asset Valuations and Investment Income Recognition

GAAP requires the Company's bonds and notes to be classified as either held-to-maturity (HTM), available-for-sale (AFS), or trading; whereas for statutory accounting, no such classification is required. In addition, for GAAP, AFS bonds and notes are carried at their fair value with the unrealized gains and losses applied directly to equity; whereas for statutory accounting, all bonds and notes in good standing are carried at their amortized cost.

GAAP requires that unrealized gains and losses arising from the change in fair value of equity securities be reflected as a component of investment income whereas for statutory accounting unrealized gains and losses are reflected as a component of the change in surplus.

Realized capital gains and losses, net of applicable taxes, arising from changes in interest rates are recognized in income currently for GAAP accounting, rather than accumulated in the IMR and amortized into income over the remaining life of the security sold for statutory accounting.

A general formula-based AVR is recorded for statutory accounting purposes, whereas such a reserve is not required under GAAP.

For statutory accounting, certain assets, principally net deferred income tax assets not expected to be realized within three years, furniture and fixtures and prepaid expenses are excluded from the statement of financial condition by a direct charge to surplus; whereas under GAAP, such assets are carried at cost, net of accumulated depreciation.

Policy Acquisition Costs

Under GAAP, policy acquisition costs that are directly related to and vary with the successful acquisition of insurance contracts are deferred and amortized over the estimated life of the applicable policies, rather than being expensed as incurred, as required under statutory accounting.

Insurance and Annuity Reserves

Under statutory accounting practices, the interest rates and mortality and morbidity assumptions used are those which are prescribed or permitted by the New York Department. Under GAAP, for annuities, the interest rate assumptions used are generally those assumed in the pricing of the contract at issue; for disability benefits, the interest rates assumed are those anticipated to be earned over the duration of the benefit period. Under GAAP, mortality and morbidity assumptions are based on Company experience.

Premium Recognition

Insurance contracts that do not subject the insurer to significant mortality or morbidity risk are considered, under GAAP, to be primarily investment contracts. GAAP requires all amounts received from policyholders under these investment contracts to be recorded as a policyholder deposit rather than as premium income.

Deferred Income Taxes

GAAP requires that a deferred tax asset or liability be established to provide for temporary differences between the tax and financial reporting bases of assets and liabilities. Statutory accounting adopted similar accounting principles, except that deferred income tax assets (net of any required valuation allowance) are recognized for statutory accounting only to the extent that they can be utilized within three years; whereas for GAAP, all such assets are recognized (net of any required valuation allowance) regardless of when they will be utilized until they expire. All changes in deferred income tax assets or liabilities are recorded directly as a charge or benefit to surplus for statutory accounting purposes.

Statements of Cash Flow

The Statements of Cash Flow are presented in accordance with statutory accounting. This reporting format differs from GAAP, which requires a reconciliation of net income to net cash from operating activities.

10. SUBSEQUENT EVENTS

On January 25, 2020 the Mutual of America Variable Insurance Portfolios (VIP Funds) commenced operations. All separate account business supporting accumulations for non-qualified annuities and variable universal life insurance contracts previously invested in the Mutual of America Investment Corporation were moved to VIP Funds.

The Company has evaluated subsequent events through March 16, 2020, the date the financial statements were available to be issued, and no events have occurred subsequent to the balance sheet date and before the date of evaluation that would require disclosure in the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report
To the Board of Directors

Mutual of America Life Insurance Company:
We have audited the accompanying consolidated statutory financial statements of Mutual of America Life Insurance Company and subsidiaries (the "Company"), which comprise the consolidated statutory statements of financial condition as of December 31, 2019 and 2018, and the related consolidated statutory statements of operations and surplus, and cash flow for the years then ended, and the related notes to the consolidated statutory financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Notes 1 and 9 to the financial statements, the financial statements are prepared by the Company using statutory accounting practices prescribed or permitted by the New York State Department of Financial Services, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles.

The effects on the financial statements of the variances between the statutory accounting practices described in Notes 1 and 9 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material.
Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the variances between statutory accounting practices and U.S. generally accepted accounting principles discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of Mutual of America Life Insurance Company as of December 31, 2019 and 2018, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flow for the years then ended, in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services.

KPMG LLP

New York, NY
March 16, 2020

You should consider the investment objectives, risks, and charges and expenses of the variable annuity contract and the underlying investment funds carefully before investing. This and other information is contained in the contract prospectus or brochure and underlying funds prospectuses and summary prospectuses, which can be obtained by calling 800.468.3785 or visiting mutualofamerica.com. Read them carefully before investing.

Mutual of America's group and individual retirement products are variable annuity contracts and are suitable for long-term investing, particularly for retirement savings. The value of a variable annuity contract will fluctuate depending on the performance of the Separate Account investment options you choose. Upon redemption, you could receive more or less than the principal amount invested. A variable annuity contract provides no additional tax-deferred treatment of benefits beyond the treatment provided to any qualified retirement plan or IRA by applicable tax law. You should consider a variable annuity contract's other features before making a decision.

Statements made in this publication by clients of Mutual of America are not paid testimonials. These testimonials may not be representative of the experience of other clients and are not indicative of future performance or success.

Past performance is no guarantee of future results.

The target date set forth in each Retirement Fund's name is the approximate date that the fund expects investors to retire and begin withdrawing their account balance. The value of a Retirement Fund is not guaranteed at any time, including at and after the target date. There is no guarantee that a Retirement Fund will correctly predict market or economic conditions, and as with other mutual fund investments, you could lose money. In addition to a retirement date, individuals should consider their risk tolerance, time horizon, personal circumstances and complete financial situation before investing.

Before making a transfer, you should review the accounts you have with other providers to determine the fees and expenses you currently pay and whether there are any surrender charges that may result and to ensure that it is in your best interest to transfer your other accounts to your current plan.

† While these ratings do not apply to the safety or investment performance of the Separate Account investment options available under Mutual of America's products, they do reflect the Company's ability to fulfill its General Account obligations, which include its obligations under the Interest Accumulation Account, annuity purchase rate guarantees and annuity benefit payouts, as well as life insurance and disability income payments. Third party ratings are subject to change.

A.M. Best, S&P Global Ratings and Fitch Ratings are independent rating agencies. S&P® is a trademark of Standard & Poor's Financial Services LLC.

Mutual of America Life Insurance Company

320 Park Avenue
New York, New York 10022-6839
mutualofamerica.com
800.468.3785

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320 Park Avenue
New York, New York 10022-6839
mutualofamerica.com
800.468.3785