

Brighthouse Guaranteed Income Builder®

Common Questions

Deferred Income Annuities and Qualifying Longevity Annuity Contracts

The Brighthouse Guaranteed Income Builder® deferred income annuity is available as a qualifying longevity annuity contract (QLAC) for clients who want to leverage a portion of their assets from an individual retirement account (IRA) – as they seek to build customized, pension-like income for retirement. Here are some answers to questions regarding QLACs as part of an overall planning strategy for income in retirement.

01 What is a QLAC?

A QLAC is a deferred income annuity (DIA) contract that allows clients to use a portion of their tax-qualified assets to provide future lifetime income for later in retirement. Until income payments begin, required minimum distributions (RMDs) for amounts used to purchase a QLAC – that otherwise must begin at age 73 – are deferred.¹

02 What is a deferred income annuity?

DIA's feature lifetime income payments without market risk.² Income payments are not tied to the market, so your clients' payments will not go down if the market takes a downturn. Clients make an initial purchase payment, or a series of purchase payments over time, and set a future date (not later than age 85) to start receiving income. A DIA lets clients know, at purchase, how much future income they will receive and lets them decide when that income will start.



Up to Age 85:
RMDs for QLAC assets, that otherwise must begin at age 73,¹ are deferred to age 85.

03 When did QLACs first become available?

In 2014, U.S. Treasury regulations for RMDs first began allowing a qualifying DIA to be offered as a QLAC. A QLAC must state that it is intended to be a QLAC and must meet certain requirements until income payments begin.

¹ Generally, clients must take required minimum distributions from their Individual Retirement Annuity (IRA) once they reach age 73 or at age 72 if they were born on or after July 1, 1949 through December 31, 1950. Clients should seek advice from a qualified tax professional for complete details.

² Subject to the claims-paying ability and financial strength of the issuing insurance company.

**December 31:**

Date of record for rollover funds used in determining a client's eligible QLAC purchase amount.

04 How does a QLAC work?

Income from the QLAC is deferred until the income start date selected, which can be as late as age 85 (however, earlier income start dates are available). Until income payments begin, there are no RMDs to satisfy for the assets allocated to the QLAC.³ In order for a QLAC to remain a QLAC, purchase payment limits apply – see next question.

05 Is there a purchase limit with a QLAC IRA?⁴

Yes. For contracts purchased on or after December 29, 2022, the maximum purchase payment may not exceed \$200,000 (subject to annual cost-of-living increases starting in 2024), less previous purchase payments to any QLAC. Lower QLAC purchase payment limits may apply to QLAC contracts issued before December 29, 2022. Clients should consult with a tax professional to ensure that their purchase payment does not exceed the amount allowed under the Internal Revenue Code.

06 Can IRA rollover assets be used to purchase a QLAC?

Yes. QLAC purchase payments can be made using eligible rollover amounts from IRAs and qualified retirement plans.

07 What if a client exceeds the allowable QLAC purchases?

The client will need to keep track of all QLAC purchases made through an IRA account. A contract will lose its QLAC status if an excess premium is paid and not corrected by the end of the calendar year following the year when the excess premium is paid. Contracts that lose their QLAC status and are not corrected in a timely manner become subject to the RMD requirements as of the date of the excess contribution.

08 What are the income start date requirements under a QLAC?

Income start dates vary by insurance carrier since each carrier's DIA offers different options. With Brighthouse Guaranteed Income Builder, there is a minimum deferral period of 15 months (the annuitant must also be age 50 or older) from when Brighthouse Financial[®] receives the application. The minimum start age for a QLAC is age 70 and the maximum deferral age is 85.

09 Why consider a QLAC for clients?

A deferred income annuity may be a good option if clients are concerned about longevity risk – living longer than their assets will last. A QLAC IRA lets them schedule income to begin at a later age than would otherwise be available for their IRA savings, thereby maximizing future lifetime income for retirement while reducing their annual RMDs and corresponding tax liabilities.

10 How does Brighthouse Guaranteed Income Builder help clients prepare for income needs in retirement?

A deferred income annuity, such as Brighthouse Guaranteed Income Builder, can add a degree of certainty and predictability to clients' plans for income in retirement by:

- Offering consistent income for as long as they live
- Providing lifetime income without market risk
- Letting the client know – up front – how much their future income payments will be and when they will begin receiving them

³ A QLAC does not make available any Cash Out Option, cash surrender right, or other similar feature. Adhering to the purchase limit is the client's responsibility. Clients should consult with their own independent legal and tax professionals prior to establishing a QLAC. Brighthouse Financial cannot provide tax advice.

⁴ A way to secure retirement income later in life. Fidelity, March 14, 2023.

Brighthouse Guaranteed Income Builder

Help clients prepare for a long and comfortable retirement.

As clients move into and through their retirement years, it's important to make sure that their income needs are covered. The Brighthouse Guaranteed Income Builder deferred income annuity can help by providing:

Income for Life

From the day clients purchase their deferred income annuity and choose their income start date, they'll know exactly how much they'll receive each year. Their income payments will never stop as long as they live.

Income for Living

Add more certainty to your clients' retirement. Supplement their other income sources for retirement with guaranteed income that can help them cover everyday expenses throughout retirement.

Income for Changing Needs

Help clients build customized, pension-like income for retirement. Clients can fund future income at their own pace and choose the start date that works for their needs. By choosing from a variety of income payment options⁴ and innovative features, you can help clients tailor the product to meet their needs.

Talk to your Brighthouse Financial sales desk representative about Brighthouse Guaranteed Income Builder and QLACs for your clients' income needs in retirement.

Or, visit www.brighthousefinancialpro.com.

⁴ Income options and features may vary by state or firm.

The Brighthouse Guaranteed Income Builder deferred income annuity is an insurance product and not insured by the FDIC, the NCUSIF, or any other government agency, nor is it guaranteed by, or the obligation of, the financial institution that sells it. All contract guarantees and annuity payout rates are subject to the claims-paying ability and financial strength of the issuing insurance company. They are not backed by the broker/dealer from which this annuity is purchased, by the insurance agency from which this annuity is purchased, or any affiliates of those entities, and none makes any representations or guarantees regarding the claims-paying ability and financial strength of the issuing insurance company. Similarly, the issuing insurance company does not back the financial strength of the broker/dealer or any of its affiliates.

Withdrawals of taxable amounts are subject to ordinary income tax. Withdrawals made before age 59½ may also be subject to a 10% federal income tax penalty. Distributions of taxable amounts from a non-qualified annuity may also be subject to the 3.8% Net Investment Income Tax that is generally imposed on interest, dividends, and annuity income if the modified adjusted gross income exceeds the applicable threshold amount. Withdrawals will reduce the death benefit and account value. Withdrawals may be subject to withdrawal charges.

Buying an annuity to fund a qualified retirement plan or IRA should be done for the annuity's features and benefits other than tax deferral. Tax deferral is generally a feature of a qualified retirement plan or IRA, so an annuity would not provide an additional tax deferral benefit. References throughout this material to tax advantages, such as tax deferral and tax-free transfers, are subject to this consideration. The product described in this material is not made available to employer-sponsored qualified retirement plans. For non-qualified annuities, tax deferral is not available to corporations and certain other entities.

Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax, or accounting advice. Clients should confer with their qualified legal, tax, and accounting professionals as appropriate.

All guarantees, including any optional benefits, are subject to the claims-paying ability and financial strength of the issuing insurance company. Each issuing insurance company is solely responsible for its own financial condition and contractual obligations.

The Brighthouse Guaranteed Income Builder® deferred income annuity is issued by, and product guarantees are solely the responsibility of, Brighthouse Life Insurance Company, Charlotte, NC 28277, on Policy Form 6-1000-1 (05/14) ("Brighthouse Financial"). Product availability and features may vary by state or firm. This product is not available in New York.

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