Brighthouse FINANCIAL®
Build for what's ahead®

PROFESSIONAL

Illustrative Guide to Annuities

For Financial Professional Use Only.
Not For Public Distribution.

What is an annuity?

An annuity is a financial product designed to generate a guaranteed stream of income in retirement.

Ways to pay in

- A portion of someone's retirement savings
- A lump sum
- Scheduled payments for an agreed-upon period of time

The annuity

The return

- A guaranteed income stream
- For a fixed period
- Or for as long as the annuitant lives

What happens to savings in an annuity?

An annuity is an agreement between a person and an insurance company. In exchange for an agreed-upon amount of their savings, the insurance company provides a guaranteed income stream.

What is paid in

The annuity is set up with a portion of retirement savings. This is the principal.

Distributions are typically a combination of principal and interest, or the growth the annuity product provides. Distribution may experience growth or loss.

Invested for growth

The insurance company either invests the payments so the principal has the potential for growth or guarantees a fixed interest amount on the principal.

Guaranteed income stream

The insurance company pays the annuity owner a guaranteed income, which varies depending on the type of annuity.

What are the types of annuities?

Different types of annuities have different features designed to help meet different needs for retirement.

Annuities are either immediate or deferred.

Immediate

Distributions must start within 12 months.

Funded by paying in a lump sum.

Deferred

Distributions will start at an agreed-upon date in the future.

Funded by either paying in a lump sum or with scheduled payments for an agreed-upon period of time.

These are the three most common types of annuities, which can be either immediate or deferred.

Fixed

The amount of each income payment is fixed and will not fluctuate with the markets.

Variable

The amount of each income payment fluctuates with the market and may experience growth or loss.

Indexed

The amount of each income payment fluctuates with the chosen index or indices, but both growth and loss are limited to agreed-upon levels.

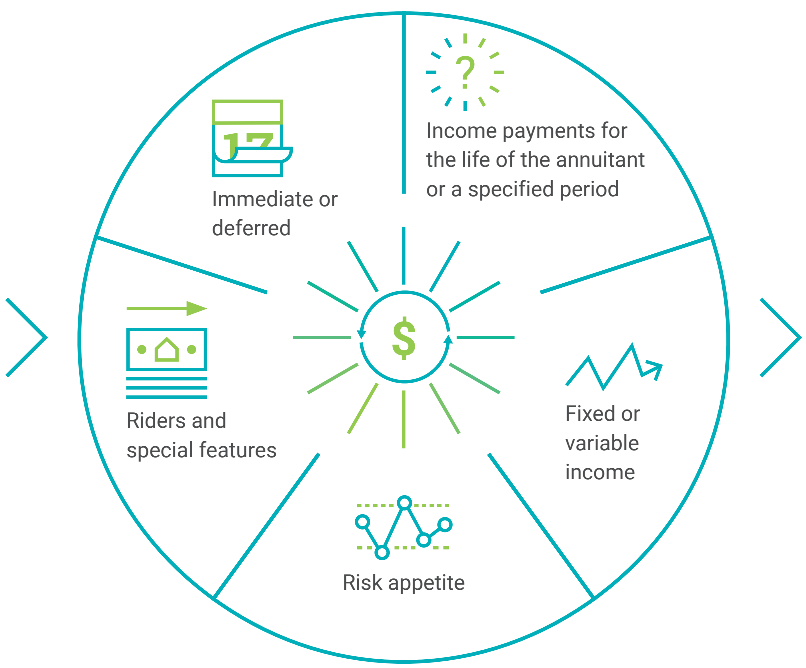
For Financial Professional Use Only. Not For Public Distribution.

What goes into an annuity?

Annuities are financial products that combine different features to help meet different needs for retirement.

Features of an annuity

What is paid in
A portion of retirement savings



The return
A guaranteed income stream when annuitized

How is an annuity taxed?

Annuities can potentially offer tax benefit opportunities.

Contract owners pay in post-tax dollars into a deferred annuity.

What is paid in
This is the principal.

Distributions are typically a combination of the principal and the type of growth the annuity provides.

Guaranteed income stream
The insurance company pays the contract owner a guaranteed income stream, which varies on the type of annuity.

Invested for growth
The insurance company invests the payments so it has the potential to grow or guarantees a fixed interest amount on the principal.

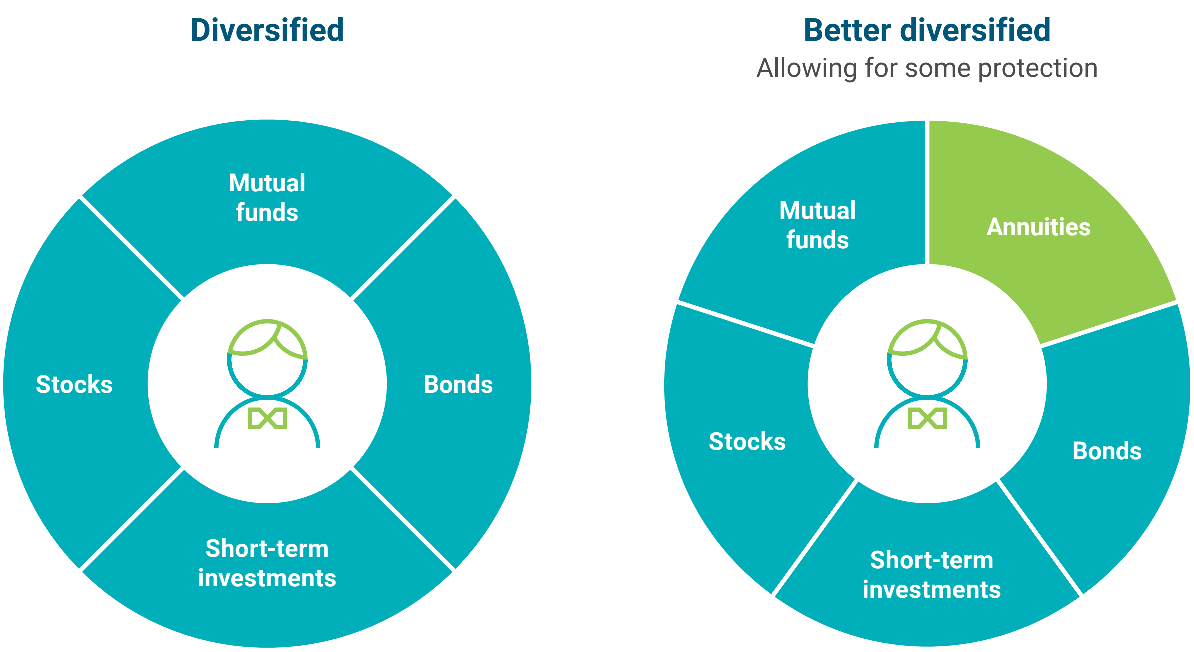
Taxable income
The growth portion will be taxed as ordinary income. If the contract owner makes a withdrawal (including a loan), the growth is taxed first. If the contract owner converts the annuity into an income stream, a portion of each payment is taxed as ordinary income.

Working tax rate
Contract owners can defer paying taxes on annuity payments when the owner may still be working and paying a higher rate of income tax.

Retirement tax rate
Income payments are deferred when many contract owners may be paying a lower income tax rate.

How does an annuity help diversify a portfolio?

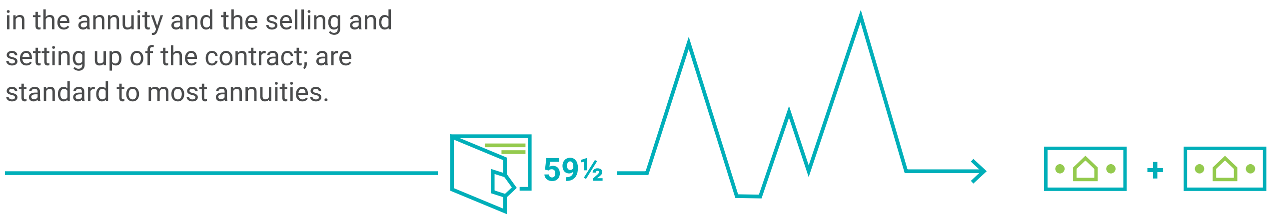
An annuity can help diversify a portfolio against major risks in retirement, such as market volatility and outliving savings.



What types of charges come with an annuity?

Charges and fees vary depending on the type of annuity.

Administrative charges
Cover the cost to the insurance company of the guarantees included in the annuity and the selling and setting up of the contract; are standard to most annuities.



Commission
Compensation a salesperson receives for selling the annuity.

Rider charges
Cover the cost of an additional feature the contract owner selects with the annuity.

Early withdrawal charge
A 10% charge by the IRS on the withdrawal of money before the client is 59½.[1]

Management charges
Apply to variable annuities and cover the cost of managing subaccounts, similar to a mutual fund.

Surrender charges
May apply when withdrawals are made above agreed-upon allowable limits or if the annuity is surrendered within a certain number of years after it is purchased.

[1] Certain exceptions may apply.

We're Brighthouse Financial

We are on a mission to help people achieve financial security.

As one of the largest providers of annuities and life insurance in the U.S.,[2] we specialize in products designed to help people protect what they've earned and ensure it lasts. We are built on a foundation of experience and knowledge, which allows us to keep our promises and provide the value they deserve.

Learn more at **brighthousefinancialpro.com.**

[2] Ranked by 2021 admitted assets. Best's Review®: Top 200 U.S. Life/Health Insurers. A.M. Best, 2022.

This material applies to non-qualified annuities only.

Withdrawals of taxable amounts are subject to ordinary income tax. Withdrawals made before age 59½ may 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 living and death benefits 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.

Certain products are sold by prospectus. Contact Brighthouse Financial for more information.

Annuities are issued by, and product guarantees are solely the responsibility of, Brighthouse Life Insurance Company, Charlotte, NC 28277 and, in New York only, by Brighthouse Life Insurance Company of NY, New York, NY 10017 ("Brighthouse Financial"). Variable products are distributed by Brighthouse Securities, LLC (member FINRA). All are Brighthouse Financial affiliated companies.

• Not a Deposit • Not FDIC Insured • Not Insured by Any Federal Government Agency
• Not Guaranteed by Any Bank or Credit Union • May Lose Value

Brighthouse FINANCIAL® | Build for what's ahead®

Brighthouse Life Insurance Company
11225 North Community House Road
Charlotte, NC 28277
brighthousefinancial.com

Brighthouse Life Insurance Company of NY
285 Madison Avenue
New York, NY 10017

2206 **BDRM527377-4**

For Financial Professional Use Only. Not For Public Distribution.