Brighthouse Shield® Level II 3-Year Annuity

A Case Study

What is an index-linked annuity?

An index-linked annuity is a long-term financial product designed to help you save for retirement. A Brighthouse Shield® Level II Annuity offers growth opportunities by tracking the performance of well-known market indices. And with a level of downside protection,[1] it can help limit the impact of market volatility. Plus, a Shield Level II Annuity features no annual contract fees.[2]

Meet James and Barbara

Hypothetical example for illustrative purposes only.

Maintaining a level of exposure to equities

With retirement on the horizon, and fear of not being able to recover financially from the market drop that occurred in 2008, James and Barbara are reluctant to invest directly in the equity market. However, they know that reaching their financial goals requires growth opportunities that the equity market can provide.

Diversifying with an allocation that tracks multiple indices

James and Barbara's financial professional recommended moving $100,000 – a portion of their retirement assets – into a Brighthouse Shield® Level II 3-Year Annuity. The purchase payment was allocated to three Shield Options.[3] Each Shield Option has an associated term (length of time), index, Shield Rate (level of protection), and rate crediting type.

Good to know

A Shield Level II Annuity does not invest directly in any index. Performance is measured against the index or indices chosen, subject to the applicable Shield Rate if the performance is negative or the applicable rate crediting type if positive. Negative index performance beyond the Shield Rate could result in a substantial loss.

The Shield Level II 3-Year Difference

Based on the Shield Options below, the account value of James and Barbara's Shield Level II 3-Year Annuity increased from their single purchase payment of $100,000 to $111,500. If they had invested in a different investment that tracks the same market index but does not provide a level of protection, their account value would have been $107,500 – a difference of $4,000.

Up-Market Scenario

Shield Option 1
Term: 3 Years

- Starting Value: $60,000
- Index Performance: 20%
- Shield Rate: 15%
- Cap Rate: 24%
- Performance Rate: 20%
- Ending Value: $72,000

Shield Option 2
Term: 3 Years

- Starting Value: $30,000
- Index Performance: -10%
- Shield Rate: 10%
- Cap Rate: 32%
- Performance Rate: 0%
- Ending Value: $30,000

Shield Option 3
Term: 3 Years

- Starting Value: $10,000
- Index Performance: -15%
- Shield Rate: 10%
- Cap Rate: 17%
- Performance Rate: -5%
- Ending Value: $9,500

$72,000 + $30,000 + $9,500 = Total Account Value: $111,500

Total Account Value With a Shield Level II 3-Year Annuity

At the end of the 3-year term → **$111,500**

VS

Total Account Value Without a Shield Level II 3-Year Annuity

At the end of 3 years → **$107,500**

A difference of $4,000

Hypothetical examples for illustrative purposes only. This example is not a representation of past or future performance of any Shield Option (which has an associated term, index, Shield Rate, and rate crediting type) and is not a guarantee of any kind. Actual performance may be greater or less than what is shown. Shield Level II Annuities do not invest directly in the markets. This scenario assumes no withdrawals are taken and does not account for the effect of any applicable taxes, fees, or expenses. Account values are rounded for illustrative purposes only. A withdrawal charge is applied on amounts withdrawn in excess of the Free Withdrawal Amount after the first contract year. Cap Rates are hypothetical for illustrative purposes only and may not reflect actual declared rates. The Cap Rate will vary depending on the selected term, index, and Shield Rate. The performance (Performance Rate) for each Shield Option is determined on the term end date and is based on the index performance, adjusted for the applicable Shield Rate (level of protection) and rate crediting type. After the initial term, renewal rates apply on the corresponding contract anniversary for the new term. Unless a Shield Option with a 1-year term is selected, the rate crediting type is not an annual rate.

Providing Value in Down Markets

Now let's look at the same Shield Options in a down market. The account value of James and Barbara's Shield Level II 3-Year Annuity decreased from their single purchase payment of $100,000 to $99,500. If they had invested in a different investment that tracks the same market index but does not provide a level of protection, their account value would have been $92,500 – a difference of $7,000.

Down-Market Scenario

Shield Option 1
Term: 3 Years

- Starting value: $60,000
- Index performance: -5%
- Shield Rate: 15%
- Cap Rate: 24%
- Performance Rate: 0%
- Ending value: $60,000

Shield Option 2
Term: 3 Years

- Starting value: $30,000
- Index performance: -10%
- Shield Rate: 10%
- Cap Rate: 32%
- Performance Rate: 0%
- Ending value: $30,000

Shield Option 3
Term: 3 Years

- Starting value: $10,000
- Index performance: -15%
- Shield Rate: 10%
- Cap Rate: 17%
- Performance Rate: -5%
- Ending value: $9,500

$60,000 + $30,000 + $9,500 = Total Account Value: $99,500

Total Account Value With a Shield Level II 3-Year Annuity

At the end of the 3-year term → **$99,500**

VS

Total Account Value Without a Shield Level II 3-Year Annuity

At the end of 3 years → **$92,500**

A difference of $7,000

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Visit **brighthousefinancial.com** for interactive tools and resources, or speak to your financial professional about how a Brighthouse Shield Level II 3-Year Annuity can complement your overall retirement planning strategy.

[1] The contract owner can participate in rising markets up to the rate crediting type. Growth opportunities are based on the elected rate crediting type. The performance (Performance Rate) for each Shield Option is determined on the term end date and is based on the index performance, adjusted for the applicable Shield Rate (level of protection) and rate crediting type. An adjustment to the value of the Shield Option to reflect any losses as well as the limitation on positive index gains could be viewed as implicit fees. The issuing insurance company will absorb losses up to the level of protection in falling markets. The account value will be reduced by any negative index performance beyond the elected level of protection. There could be a substantial loss if the index declines more than the level of protection.

[2] Withdrawals may be subject to withdrawal charges.

[3] The Shield Options available may vary by state or firm.

This material must be preceded or accompanied by a prospectus for Brighthouse Shield Level II 3-Year Annuity, issued by Brighthouse Life Insurance Company, which contains information about the contract's features, risks, charges, and expenses. Clients should read the prospectus, which is available from their financial professional, and consider its information carefully before investing. Brighthouse Financial has the right to substitute an index prior to the end of a term if an index is discontinued or we determine that our use of such index should be discontinued.

Brighthouse Shield Level II 3-Year Annuity is a long-term investment designed for retirement purposes. It has limitations, exclusions, charges, termination provisions, and terms for keeping it in force and is not guaranteed by the broker/dealer, insurance agency, underwriter, or any affiliates of those entities from which it was purchased. All representations and contract guarantees, including the death benefit and annuity payout rates, are subject to the claims-paying ability and financial strength of the issuing insurance company. Because the client agrees to absorb all losses beyond their chosen Shield Rate, there is a risk of substantial loss of principal. Please refer to "Principal Risks of Investing in the Contract" in the contract prospectus for more details.

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. When a withdrawal is taken on any day other than the term end date, the value of the Shield Option will be adjusted to reflect any gains or losses attributable to an Interim Value calculation. Losses beyond the elected level of protection could be substantial. Withdrawals may be subject to withdrawal charges. See the prospectus for more details.

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Brighthouse Shield® Level II 3-Year Annuity, referred to as "Shield® Level Annuities," "Shield® Level II Annuities," "Shield® Annuities," or "Shield® II Annuities," is an index-linked annuity issued by, and product guarantees are solely the responsibility of, Brighthouse Life Insurance Company, Charlotte, NC 28277, on Policy Form 5-213-1 (07/24) ("Brighthouse Financial"). This product is distributed by Brighthouse Securities, LLC (member FINRA). All are Brighthouse Financial affiliated companies. Product availability and features may vary by state or firm.

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