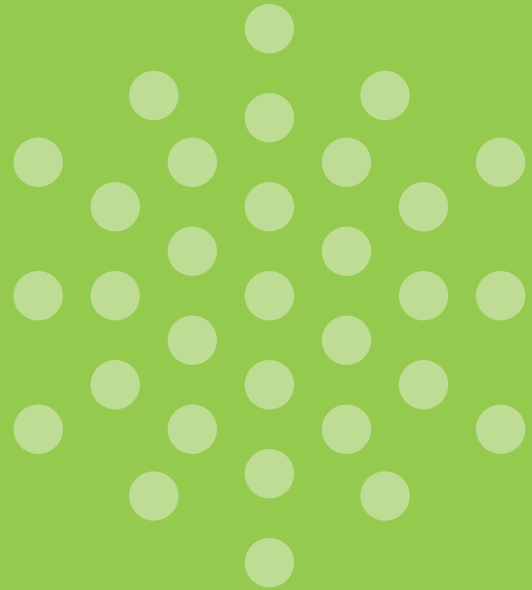




Brighthouse Shield® Level Annuity

Understanding Interim Value and
the Impact of a Withdrawal



Important Terms and Definitions

Shield Option – Each Shield Option has an associated term, index, Shield Rate (level of protection), and rate crediting type.

- **Term:** The number of years the Shield Option is in effect
- **Index:** A choice of well-known market indices to track performance:
 - S&P 500[®] Index^A
 - Russell 2000[®] Index^B
 - MSCI EAFE Index^C
 - Nasdaq-100[®] Index^D
- **Shield Rate:**¹ The amount of any negative index performance absorbed by the issuing insurance company at the end of the term (e.g., 10% level of protection)
- **Cap Rate:**^{2,3} The maximum performance that can be earned at the end of the term based on index performance
- **Step Rate:**^{2,3} Credits a predetermined percentage of growth if the index performance is either flat or up at the end of the term
- **Step Rate Edge:**^{2,3} Credits a predetermined percentage of growth if the index performance is greater than or equal to the Shield Rate at the end of the term

Index Value – The published closing value of an index on any given business day.

Index Performance – The percentage change in the index value measured from the term start date to any day within the term.

Investment Amount – The amount that is allocated to each Shield Option and adjusted for all withdrawals during the term and adjusted for performance at the end of the term.



The following is a high-level summary of what Interim Value is, how it works, and how it might affect values within a Brighthouse Shield[®] Level Annuity. Please refer to the contract and prospectus for a complete explanation and more examples, or reach out directly to your financial professional with questions.



Before You Get Started

There are several things to keep in mind as you learn about accessing your Interim Value through withdrawals.

A withdrawal before the term end date may adversely impact the performance of your Shield Option. The Shield Rate and rate crediting type (depending on which is chosen) accrue daily throughout the term and will not fully accrue before the term end date, which consequently will affect your Interim Value.

Interim Value is important to you not only because it is the amount you can withdraw from each of your Shield Options on any day before the term end date, but also because it is used to measure the impact of a partial withdrawal on the remaining investment amount. Specifically, the amount of a partial withdrawal will reduce the investment amount for each Shield Option proportionally. This means that when index performance is negative by more than your accrued Shield Rate, a withdrawal will reduce the remaining investment amount by more than a dollar for dollar basis. When index performance is positive, a withdrawal will reduce the remaining investment amount by less than a dollar for dollar basis. The examples in this piece demonstrate how this works.

Understanding Your Contract's Values

A Brighthouse Shield Level Annuity is designed to work over the full length of the selected term by providing growth opportunities with a level of protection.

Among other things, in setting the various rates we use to calculate investment amount under each Shield Option, we assume the Shield Options will be held until the term end date.

A Shield Level annuity also offers transparency by providing the ability to track how each Shield Option is performing daily, which is reflected in the Interim Value. While the Interim Value may be accessed, the effect of a withdrawal on the contract's performance through the end of the term may be substantial.⁴ The death benefit under the contract is also calculated based on the Interim Value. But what is Interim Value and how is it calculated?

Your Shield annuity contract has two distinct values:

Interim Value is the value of each Shield Option calculated on any business day prior to the end of the term. The Interim Value is the amount available for:

- Partial withdrawals or full surrenders (reduced by withdrawal charge, if applicable)⁴
- Annuitization
- Death benefit⁵

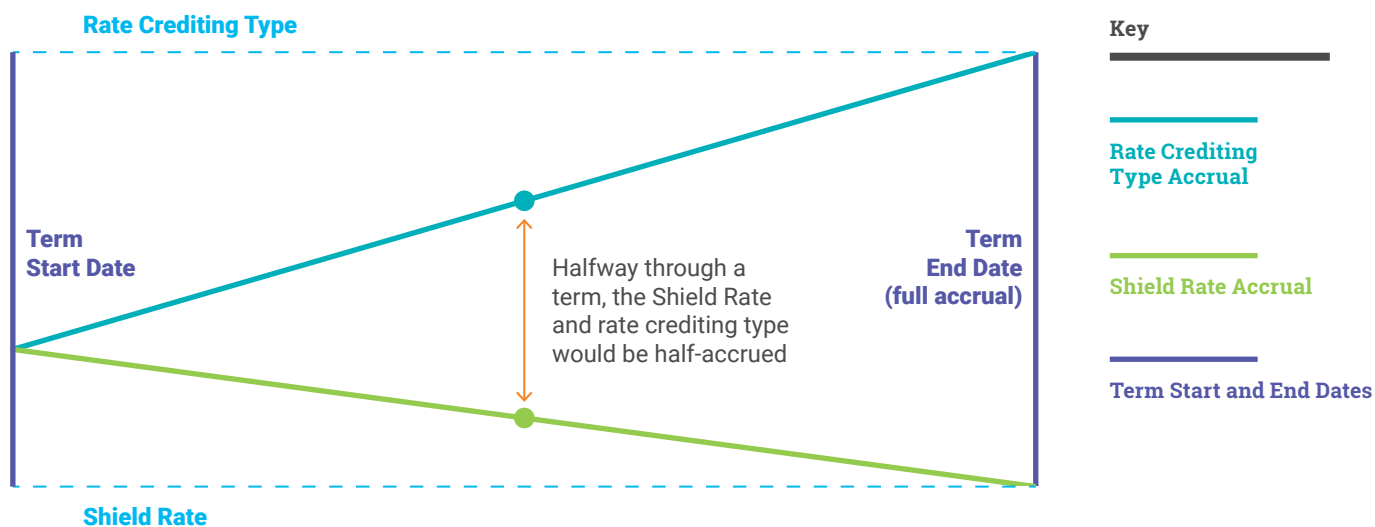
For each Shield Option, the Interim Value is calculated based on the performance of the associated index on a given day, up to the accrued Shield Rate and accrued rate crediting type. For example, halfway through the term, the Shield Rate and rate crediting type would be half-accrued.

The **account value** for each Shield Option will be the Interim Value on any day during the term and, at the end of the term, the investment amount adjusted for the Performance Rate.

The Interim Value and account value are provided in statements and available online at brighthousefinancial.com.

The Factors That Influence Interim Value

The rates for a Shield annuity accrue throughout the term.



Accruals are key to understanding Interim Value

Accrued Cap Rate is the portion of the Cap Rate that has accrued from the first day of the term to any day within the term. For Shield Options with Cap Rate, this is the maximum index performance used when calculating the Interim Value if the index performance is positive.

Accrued Step Rate is the portion of the Step Rate that has accrued from the first day of the term to any day within the term. For Shield Options with Step Rate, this is the rate used when calculating the Interim Value if the index performance is flat or up.

Accrued Edge Rate is the portion of the Edge Rate that has accrued from the first day of the term to any day within the term. For Shield Options with Step Rate Edge, this is the rate used when calculating the Interim Value if the index performance is greater than or equal to the Shield Rate.

Accrued Shield Rate is the level of protection that has accrued from the first day of the term to any day within the term. Brighthouse Financial provides a guarantee for any losses up to your level of protection.



Meet Sara

Sara is single and 60 years old. She purchased a Shield annuity to add the opportunity for growth and a level of protection to her portfolio.

Recently, Sara had a health-related event that requires a \$10,000 financial commitment. Her Shield annuity offers access to the funds she needs.

Sara should determine if her Shield annuity is the best source of funds to pay for her expenses by finding out the Interim Value of her Shield Option and the impact a withdrawal could have.⁴

Sara's Shield Option Snapshot

- Term: 6 years
- Cap Rate: 150%
- Shield Rate: 10%
- 100% allocation to selected index

Let's calculate the Interim Value and determine the impact of a withdrawal in both positive and negative market scenarios halfway through the term.



Did you know?

The performance of a Shield Option is calculated point-to-point over the term.

Positive Market Scenario

Calculating Interim Value Halfway Through the Term

- Investment amount on term start date: \$100,000
- Index value on term start date: 2,500
- Index value halfway through the term: 3,000

Step	Calculation	Result
1. Calculate Index Performance	$(3,000 - 2,500) \div 2,500$ (Index value halfway through the term - Index value on term start date) \div Index value on term start date	20%
2. Calculate Accrued Cap Rate	$150\% \times (1,095 \text{ days} \div 2,190 \text{ days})$ Cap Rate \times (Number of days elapsed halfway through the term) \div Total number of days in the term)	75%
3. Calculate Performance Rate Adjustment	$\\$100,000 \times 20\%$ Investment amount \times (Lesser of index performance or accrued Cap Rate)	\$20,000
4. Calculate Interim Value	$\\$100,000 + \\$20,000$ Investment amount + Performance Rate adjustment	\$120,000

Determining Impact of Withdrawal

Now that we know Sara's Interim Value halfway through the term, let's look at how a \$10,000 withdrawal at this point will impact his investment amount and Interim Value.

Step	Calculation	Result
5. Calculate Investment Amount Reduction (percentage and dollar amount)	$\\$10,000 \div \\$120,000$ Withdrawal amount \div Interim Value	8.33%
	$\\$100,000 \times 8.33\%$ Pre-withdrawal investment amount \times Interim Value reduction	\$8,330
6. Calculate Post-Withdrawal Investment Amount	$\\$100,000 - \\$8,330$ Pre-withdrawal investment amount - Reduction to investment amount for the withdrawal	\$91,670
7. Calculate Performance Rate Adjustment	$\\$91,670 \times 20\%$ Post-withdrawal investment amount \times (Lesser of index performance or accrued Cap Rate)	\$18,330
8. Calculate Post-Withdrawal Interim Value	$\\$91,670 + \\$18,330$ Post-withdrawal investment amount + Performance Rate adjustment	\$110,000



Because the \$10,000 that Sara withdrew is equal to the Free Withdrawal Amount available, there will be no withdrawal charges added. It is important to note that withdrawal charges may apply if an amount greater than the remaining Free Withdrawal Amount is withdrawn. Sara should also be aware that any performance on the term end date will be based on the post-withdrawal investment amount (\$91,670), not the original investment amount (\$100,000), assuming there are no additional withdrawals.

Negative Market Scenario

Calculating Interim Value Halfway Through the Term

- Investment amount on term start date: \$100,000
- Index value on term start date: 2,500
- Index value halfway through the term: 2,125

Step	Calculation	Result
1. Calculate Index Performance	$(2,125 - 2,500) \div 2,500$ (Index value halfway through the term - Index value on term start date) \div Index value on term start date	-15%
2. Calculate Accrued Shield Rate	$10\% \times (1,095 \text{ days} \div 2,190 \text{ days})$ Shield Rate x (Number of days elapsed halfway through the term \div Total number of days in the term)	5%
3. Calculate Performance Rate Adjustment	$\$100,000 \times (-10\%)$ Investment amount x (Index performance + Accrued Shield Rate)	-\$10,000
4. Calculate Interim Value	$\$100,000 + (-\$10,000)$ Investment amount + Performance Rate adjustment	\$90,000

Determining Impact of Withdrawal

Now that we know Sara's Interim Value halfway through the term, let's look at how a \$10,000 withdrawal at this point will impact her investment amount and Interim Value.

Step	Calculation	Result
5. Calculate Investment Amount Reduction (percentage and dollar amount)	$\$10,000 \div \$90,000$ Withdrawal amount \div Interim Value	11.11%
	$\$100,000 \times 11.11\%$ Pre-withdrawal investment amount x Interim Value reduction	\$11,110
6. Calculate Post-Withdrawal Investment Amount	$\$100,000 - \$11,110$ Pre-withdrawal investment amount - Reduction to investment amount for the withdrawal	\$88,890
7. Calculate Performance Rate Adjustment	$\$88,890 \times (-10\%)$ Post-withdrawal investment amount x (Index performance + Accrued Shield Rate)	-\$8,889
8. Calculate Post-Withdrawal Interim Value	$\$88,890 + (-\$8,890)$ Post-withdrawal investment amount + Performance Rate adjustment	\$80,000

As you can see, a withdrawal occurring after negative index performance, beyond the accrued Shield Rate, affected the investment amount more significantly than the amount of the withdrawal itself (while the amount of the withdrawal was \$10,000, the investment amount was reduced not to \$90,000 but to \$88,890). Any performance on the term end date will be based on the post-withdrawal investment amount (\$88,890), not the original investment amount (\$100,000), assuming there are no additional withdrawals. **Because the \$10,000 that Sara withdrew is equal to the Free Withdrawal Amount available, there will be no withdrawal charges added. It is important to note that withdrawal charges may apply if an amount greater than the remaining Free Withdrawal Amount is withdrawn. For examples of an Interim Value calculation including withdrawal charges, please see the prospectus.**

If you need funds to meet more pressing needs, you should talk to your financial professional to determine whether a withdrawal from your annuity is the right move. Please talk to your financial professional and consult the prospectus for more details on Interim Value and how any withdrawals will affect your Shield annuity.

These examples are not representative of past or future performance for any Shield Option. Actual performance may be greater or less than what is shown. Performance may differ due to the Shield Rate and rate crediting type. Shield annuities do not invest directly in any index.

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- ¹ The Shield Rate accrues daily and fully accrues on the term end date. If a withdrawal is taken from the contract prior to the term end date, negative index performance could lead to a loss if it exceeds the accrued Shield Rate. See the prospectus for more details.
- ² The rate crediting type accrues daily and fully accrues on the term end date. If a withdrawal is taken from the contract prior to the term end date, any gain may be limited by the applicable accrued rate crediting type. See the prospectus for more details.
- ³ The Shield Rate (level of protection) and rate crediting type accrue daily and fully accrue on the term end date. In exchange for a predetermined percentage of growth, Step Rates and Edge Rates are generally lower than Cap Rates for the same Shield Options. Additionally, Edge Rates are generally lower than Step Rates for the same Shield Options. Rates will vary based on the selected term, index, and level of protection. If index performance is equal to or greater than zero but less than the Step Rate or Edge Rate, and you chose a Cap Rate for your Shield Option, the Performance Rate adjustment will be lower than it otherwise would have been if you had chosen Step Rate or Step Rate Edge. Alternatively, if index performance is positive and exceeds the Step Rate or Edge Rate, and you chose either Step Rate or Step Rate Edge for your Shield Option, the Performance Rate adjustment will be lower than it otherwise would have been if you had chosen a Cap Rate.
- ⁴ 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.
- ⁵ For contracts issued with a Return of Premium Death Benefit, the Interim Value may be lower than the death benefit.

This material must be preceded or accompanied by a prospectus for Brighthouse Shield Level Select 6-Year Annuity, Brighthouse Shield Level Select 3-Year Annuity, or Brighthouse Shield Level Select Advisory 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 reserves the right to substitute any index at any time.

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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.

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