

**LIFE  
INSURANCE**

Indexed Universal with  
Long-Term Care Provided by Riders

# Brighthouse SmartCare®

## Producer Guide



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# Using Protection Dollars Wisely

Protecting what clients have earned and ensuring it lasts is an important part of a smart financial strategy. In fact, our mission at Brighthouse Financial is to help your clients do just that.

To ensure that loved ones are financially cared for, life insurance is important. But what if your clients experience an illness or injury that requires long-term care?

## **Brighthouse SmartCare<sup>®</sup> provides:<sup>1</sup>**

- A guaranteed death benefit<sup>2</sup>
- Guaranteed long-term care (LTC) protection with monthly benefit payments – no receipts required
  - Guarantees assume premiums have been paid to keep the policy in force. Benefits paid from the Long-Term Care Acceleration of Death Benefit Rider will reduce the death benefit dollar for dollar. All other policy values will reduce proportionately. Any policy distributions or loans will also reduce policy values. If the terminal illness benefit is paid out, all LTC riders will end.<sup>3</sup>
- The ability to grow LTC benefits as well as protection during market downturns if the Indexed LTC option is elected

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<sup>1</sup> Brighthouse SmartCare is an indexed universal life insurance policy with long-term care benefits provided by riders.

<sup>2</sup> Policy and death benefit values will be reduced if the terminal illness benefit or Long-Term Care Acceleration of Death Benefit Rider is exercised or policy loans are taken.

<sup>3</sup> Clients should consult a tax professional to determine the tax consequences before requesting any accelerated death benefit payments or LTC payments.

# The Right Clients Are Within Reach

Based on extensive research, we have identified profiles of consumers who might be good candidates for Brighthouse SmartCare.

## Look for current clients or prospects who:



Are retired or are preparing for retirement



Have average household incomes between \$90K and \$150K



May have a parent or loved one who received long-term care



Plan to stay busy in retirement (volunteering, encore career, travel, etc.)



Are parents of older children

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These are general guidelines intended to help you determine which clients may be a good fit for Brighthouse SmartCare. You should only recommend Brighthouse SmartCare after a complete review of each client's individual circumstances. While not appropriate for all clients fitting this profile, Brighthouse SmartCare may provide an opportunity that fits individual needs. For more in-depth client profiles, review our Find the Right Client flyer or visit [brighthousefinancialpro.com](https://brighthousefinancialpro.com).

# Brighthouse SmartCare

As clients approach retirement, they want their money to work smarter for them. Because people are living longer, the chance of needing – and the cost of paying for – LTC protection will continue to rise. A fixed amount of coverage today may not meet your clients’ needs tomorrow.

Brighthouse SmartCare is a hybrid life insurance product that offers death benefit protection, long-term care coverage through riders, and cash value that can grow over time. If clients choose to track the performance of major market indices, LTC benefits have the ability to grow over time with protection from market loss.

Brighthouse SmartCare is a smart way to help protect your clients’ retirement against the unexpected costs of long-term care.

## 01

### Preparation for an LTC need<sup>4</sup>

Brighthouse SmartCare is a hybrid life insurance product also designed to provide protection for LTC expenses.

## 02

### Protection from unexpected events

Brighthouse SmartCare provides a guaranteed<sup>5</sup> death benefit and cash value that’s protected from market loss if the indexed option is selected.

## 03

### Participation in growth opportunities

Brighthouse SmartCare offers two growth options to potentially increase policy values over time with the ability to lock in LTC benefits at any time.

<sup>4</sup> Growth of LTC benefits relies on the indexed crediting rate being sufficient to cover annual charges.

<sup>5</sup> Guarantees assume premiums have been paid to keep the policy in force. Benefits paid from the Long-Term Care Acceleration of Death Benefit Rider will reduce the death benefit dollar for dollar. All other policy values will reduce proportionately. Any policy distributions or loans will also reduce policy values. If the terminal illness benefit is paid out, all LTC riders will end. Clients should consult with a tax professional to determine the tax consequences before requesting any accelerated death benefit payments or LTC payments.

# A Different Kind of Indexed Universal Life Policy

With downside protection, there's less risk to policy benefits.

Brighthouse SmartCare is an indexed universal life (IUL) insurance product. Although it does not invest directly in any index, its performance is measured against a chosen index or indices. Clients can choose to track one or more of the following indices: the S&P 500® Index, Russell 2000® Index, or MSCI EAFE Index. As with any IUL policy, in addition to growing cash value as the market rises, policy values can decrease in times of market volatility.

This product was designed to offer both growth opportunities and protection from market loss. Based on the LTC coverage option selected, LTC benefits have the potential to increase from market gains by tracking cash value performance. Cash value is credited up to an annual maximum growth rate and adjusted by any policy charges.<sup>6</sup>

**Below are the indexed crediting options currently available for Brighthouse SmartCare policies:**

| Crediting Method                    | Indices  | Index Growth  |
|-------------------------------------|--|---|
| Annual Point-to-Point with Cap Rate | S&P 500 Index<br>Russell 2000 Index<br>MSCI EAFE Index | 100% of the index performance over a 1-year segment term is credited to the policy's cash value up to the current Cap Rate. Index-based losses are limited with a 0% guaranteed Floor Rate. |

<sup>6</sup> Brighthouse SmartCare has a guaranteed minimum Floor Rate of 0%. Policy values can be reduced if interest crediting is not sufficient to cover policy charges.

# Benefit Payments That Suit Your Clients' Needs

Brighthouse SmartCare LTC benefits are paid through cash indemnity, not reimbursement.

Brighthouse SmartCare is a cash indemnity policy that provides monthly LTC benefit payments that may exceed actual LTC expenses. Once the insured is eligible to receive benefits, owners can access the maximum amount of available benefit dollars, regardless of actual cost of care, with no receipts or tracked expenses required.<sup>7,8,9</sup>

Many other hybrid life insurance products offer LTC benefits through reimbursement, which requires receipts to be submitted back to the carrier in order to track expenses.



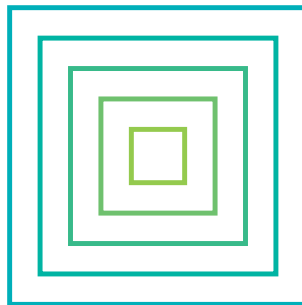
**Brighthouse SmartCare allows the owner to control the use of funds as they see fit.** Cash indemnity payments offer flexibility – so the owner can pay for everything from housing and utility expenses to housekeeping services, family caregiver support, and medical costs not covered by health insurance.

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<sup>7</sup> LTC benefits are taxable if yearly payments exceed IRS limits. See the disclosure page for additional details.

<sup>8</sup> The maximum lifetime benefit amount is determined at the time of the first claim for benefits under the rider. When monthly payments received under the rider equal the maximum lifetime benefit amount, the rider will terminate.

<sup>9</sup> Generally, LTC benefits are not payable unless an insured is chronically ill (as defined in the tax code) and is receiving qualified long-term care (QLTC) services under a plan of care prescribed by a physician.





# Care With More Choice and Flexibility

Your clients can enjoy the freedom of customizing their own care.

If offered a choice, many Americans would receive long-term care services in their home.<sup>10</sup>

Once the insured is eligible to receive benefit payments, Brighthouse SmartCare allows the owner to control their long-term care decisions, including how and where they choose to receive care.



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## Some popular care services include:

- Adult day care
- Assisted living care
- Home health care
- Hospice care
- Nursing home care
- Skilled nursing care

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<sup>10</sup> A Guide to Long-Term Care for Seniors. SeniorLiving.org, May 30, 2023.

# How Brighthouse SmartCare Works

Clients can customize their indexed universal life insurance policy with LTC coverage options, LTC benefit periods, and premium payment options.



## Brighthouse SmartCare is an indexed universal life insurance policy.

This hybrid life insurance product provides a death benefit to beneficiaries and coverage for LTC expenses through riders. Your client should follow the steps below to customize their policy.



### Step 1: Choose an LTC Coverage Option

The guaranteed LTC benefit is determined when your client applies for a policy, subject to approval by the issuing company. This amount can grow based on the LTC coverage option elected.

#### Indexed LTC

Benefit amounts have the potential to increase with market gains up to an annual maximum growth rate but will never drop below the policy's original amounts.<sup>7</sup> Your client can choose to track the performance of one or more of the following indices: S&P 500 Index (large cap), Russell 2000 Index (small cap), or MSCI EAFE Index (international).

#### Fixed Growth LTC

Benefit amounts earn 5% annual compound growth, which may help protect against inflation.<sup>11</sup>

#### Level LTC

Benefit amounts remain the same over time.



### Step 2: Choose an LTC Benefit Period

Brighthouse SmartCare includes an LTC Acceleration of Death Benefit Rider (LTC ADBR) and an Extension of Benefits Rider (EOBR), which determine the duration of coverage once a claim begins.

#### LTC ADBR

Up to 98% of the policy's face amount can be accessed early for LTC expenses. Only the death benefit is reduced dollar for dollar. All other policy values are reduced proportionally. The LTC ADBR pays benefits for the first 2 years of a claim.<sup>12</sup>

2 years

#### EOBR

Once benefits from the LTC ADBR have been exhausted, benefits are paid by the Extension of Benefits Rider.<sup>13</sup> The EOBR provides benefit payments for 2 or 4 additional years<sup>12</sup> once the LTC ADBR benefits have been used, resulting in a combined payout period of 4 years. These payments do not reduce policy values.

2 years

6 years



### Step 3: Choose a Premium Payment Schedule

Your client can choose to make either a single premium payment or annual payments for 2 to 5 years.

Single premium

2 years

3 years

4 years

5 years

<sup>11</sup> If the amount of coverage increases, the rider charges will also increase.

<sup>12</sup> LTC ADBR and EOBR benefit periods are based on electing the maximum benefit amount allowed.

<sup>13</sup> This does not include growth related to the LTC ADBR. Growth related to the LTC ADBR is paid out during the LTC ADBR benefit period.

# Brighthouse Simple Underwriting

The traditional underwriting process can stand in the way of stronger client relationships. Brighthouse Simple Underwriting is changing that.

## **What is Brighthouse Simple Underwriting?**

Brighthouse Simple Underwriting is a process used for Brighthouse SmartCare applications in which no exams or labs are required, and a final underwriting decision may be delivered within 24 hours.

Instead of labs and full medical requirements, we leverage the application responses with database checks: Medical Information Bureau (MIB), Prescription Database (Rx), Motor Vehicle Report (MVR), and public records. For full details, please contact your wholesaler.

### **Brighthouse Simple Underwriting key features for qualifying cases:**

- Simple, less-invasive process – no labs and no exams
- Simple underwriting offer – yes or no answer
- Faster underwriting decision – generally within 24 hours after receiving completed requirements



**Available for eligible clients ages 40-75 and with face amounts up to \$1 million, Brighthouse Simple Underwriting includes:<sup>14</sup>**

| <b>Requirements</b>                 | <b>Ages 40-65</b>   | <b>Ages 66-75</b>   |
|-------------------------------------|---|---|
| <b>Application</b>                  | Simplified application  | Simplified application  |
| <b>Labs or Exams<sup>15</sup></b>   | None  | None  |
| <b>Medical Records<sup>16</sup></b> | For significant medical conditions only                       | Yes   |
| <b>Interview</b>                    | None  | Cognitive screening   |
| <b>Database Checks</b>              | MIB, Rx, MVR, public records                                  | MIB, Rx, MVR, public records                                  |
| <b>Initial Decision</b>             | Generally within 24 hours of receiving completed requirements | Generally within 24 hours of receiving completed requirements |

<sup>14</sup> Underwriting is necessary for both the life insurance policy and the riders. Coverage for the life insurance policy and the riders may also require a medical examination.

<sup>15</sup> Labs and exams are only required if the applicant has no evidence of medical care.

<sup>16</sup> Medical records and a cognitive assessment are required for all applicants ages 66 and older.

## Product Details

State variations may apply to all sections in this document. For full details, please see the policy for the relevant state.

|                           |   |
|---------------------------|---|
| <b>Issue Ages</b>         | 40-75 years old   |
| <b>Risk Classes</b>       | Nonsmoker, Smoker   |
| <b>Face Amount Limits</b> | <b>Minimum Face Amount:</b> \$50,000<br><b>Maximum Face Amount:</b> \$1,000,000   |
| <b>Premiums</b>           | <b>Minimum Premium:</b> \$50,000 (divided by the premium paying period)<br>Premiums can be paid over 1-5 years (annual mode only).  |
| <b>Policy Charges</b>     | <b>Percent of Premium Charge:</b> The amount charged on each premium that is paid and is charged as a percentage of the premium.<br><b>Annual Deduction:</b> Deducted annually from the policy's cash value and is composed of the three charges below: <ul style="list-style-type: none"> <li>• <b>Cost of Insurance Charge</b> – Includes the cost of providing the benefit paid to beneficiaries upon the death of the insured; it is charged as a percentage of the policy's net amount at risk</li> <li>• <b>Administrative Charge</b> – Includes administrative costs such as record keeping, processing claims and policy changes, preparing and mailing reports, and overhead costs; it is charged as a percentage of the policy's face amount</li> <li>• <b>Rider Charges</b> – Are used to fund the benefits that the riders provide and are based on the rider benefit amount</li> </ul> |
| <b>Interest Crediting</b> | <b>Indexed Accounts</b> <ul style="list-style-type: none"> <li>• Indices: S&amp;P 500 Index, Russell 2000 Index, MSCI EAFE Index</li> <li>• Crediting Method: Annual Point-to-Point with Cap Rate</li> </ul> <b>Fixed Account</b> <ul style="list-style-type: none"> <li>• An account that is credited interest daily at no less than the Guaranteed Interest Crediting Rate</li> </ul>   |

**Available Transactions**

**Policy Loans:** Available at any time after policy issue.

**Policy Surrender:** Policy may be surrendered for its full cash surrender value at any time.<sup>17</sup> No partial segment indexed interest is credited for policies surrendered on any date other than the policy anniversary.

**Partial Withdrawals:** Withdrawals are not allowed.

**Transfers/Reallocations:** Available within 21 days after each policy anniversary.

**Death Proceeds<sup>18</sup>**

**Death Benefit:** The amount payable to the beneficiary(ies) if the insured dies while the policy is in force.

**Base Policy Features**

**Lapse Prevention Benefit:** Guarantees that the policy will not lapse if annual required premiums are paid. The number of required premiums payable is equal to the premium paying period selected at issue. Lapse prevention premium rates vary by issue age, sex, smoker status, premium paying period, riders selected, and rider benefit durations. If a policy loan is taken, additional funding to pay the loan balance may be needed to retain this benefit.

**Terminal Illness Benefit:** Will be payable if the insured has been certified by a physician as having less than 12 months to live from the date of certification. The maximum benefit amount that may be requested will be the lesser of \$250,000 or 50% of the policy's face amount. The terminal illness benefit will be a one-time payout that reduces the death benefit dollar for dollar. All other policy values will reduce proportionately. The payment of this benefit will terminate both the Long-Term Care Acceleration of Death Benefit Rider and the Extension of Benefits Rider.

<sup>17</sup> Surrender of the policy may be taxable to the extent of any gain. If the policy is a modified endowment contract (MEC), any loan or surrender prior to age 59½ may be taxable to the extent of any gain and may be subject to a 10% income tax penalty.

<sup>18</sup> Policy and death benefit values will be reduced if the terminal illness benefit or Long-Term Care Acceleration of Death Benefit Rider is exercised or policy loans are taken.

## Long-Term Care Rider Details

| LTC Riders  | Long-Term Care Acceleration of Death Benefit Rider (LTC ADBR)  | Extension of Benefits Rider (EOBR)   |
|---|--|--|
| <b>Availability</b>                                 | Issued with every policy in addition to the selected Extension of Benefits Rider.  | Three options for this rider are available. One of these three rider options is required to issue a policy: <ul style="list-style-type: none"> <li>• Indexed LTC</li> <li>• Fixed Growth LTC (5% compound growth)<sup>19</sup></li> <li>• Level LTC</li> </ul> |
| <b>LTC Benefit Periods</b><br>(Total: 4 or 6 years) | <b>2 years</b> <ul style="list-style-type: none"> <li>• Benefits paid from this rider will reduce the death benefit dollar for dollar; all other policy values will reduce proportionately</li> <li>• Up to 98% of the policy's face amount may be accessed for LTC expenses</li> </ul>  | <b>2 years or 4 years</b> <ul style="list-style-type: none"> <li>• Payable after LTC ADBR benefits have been exhausted</li> <li>• Benefit payments do not reduce the death benefit or other policy values</li> </ul>   |
| <b>LTC Coverage Options</b>                         | <p><b>Indexed LTC:</b> The initial LTC benefit amount is determined at issue and has the potential to increase based on the performance of cash value. The LTC benefit amounts will never fall below the policy's original amounts.</p> <p><b>Fixed Growth LTC:</b> The initial LTC benefit amount is determined at issue and increases at a fixed rate of 5% compounded annually. Face amount maximums and issue ages:<sup>17</sup></p> <ul style="list-style-type: none"> <li>• \$100,000 for issue ages 40-49</li> <li>• \$200,000 for issue ages 50-59</li> <li>• \$300,000 for issue ages 60-69</li> <li>• \$500,000 for issue ages 70-75</li> </ul> <p><b>Level LTC:</b> The LTC benefit amount is determined at issue and does not change.</p> <p>For both Indexed LTC and Fixed Growth LTC options, the policy owner can request to lock in their benefit at any time.</p> |  |
| <b>Elimination Period</b>                           | After the insured meets the elimination requirements, there is a period of 90 calendar days before benefit payments begin. The elimination period begins on the first day the insured is certified as being chronically ill and receiving qualified long-term care (QLTC) services. Benefits will be paid retroactively from the beginning of the elimination period.  |  |
| <b>Benefit Payment Type</b>                         | <b>Cash Indemnity:</b> Provides monthly LTC benefit payments without the submission of receipts or tracked expenses. Once eligible to receive benefits, the owner can access the maximum available benefit dollars, regardless of actual cost of care.   |  |
| <b>Qualified Long-Term Care Services</b>            | <ul style="list-style-type: none"> <li>• Adult day care</li> <li>• Assisted living care</li> <li>• Home health care (provided by a home health care provider or by skilled or unskilled individuals, including family members)</li> <li>• Hospice care facility</li> <li>• Intermediate care or custodial care in a long-term care facility</li> <li>• Skilled nursing care</li> </ul>   |  |
| <b>Rider Charges</b>                                | <ul style="list-style-type: none"> <li>• Rider charge rates for the LTC ADBR and EOBR are non-cancellable for the life of the policy</li> <li>• Annual deductions and required premium payments are waived while on claim</li> </ul>   |  |

<sup>19</sup> Fixed Growth LTC option availability is restricted by face amount and issue age.





## Key Terms and Definitions

**Cap Rate** – The maximum market performance clients can earn according to a predetermined percentage.

**Cash Value** – The equity in a life insurance policy that can be accessed by the policy owner in the form of loans or by surrendering the policy.

**Cash Indemnity** – Payments of the maximum available benefit with no receipts required.

**Death Benefit** – The amount payable to beneficiaries upon the insured's death.

**Indexed Universal Life Insurance** – A permanent life insurance policy that credits interest based on the performance of a major market index up to a Cap Rate.

**Long-Term Care** – A form of care for people living with chronic health problems that affect their ability to perform two of the six activities of daily living: bathing, continence, dressing, eating, toileting, transferring. Generally, LTC benefits are not payable unless an insured is "chronically ill" (as defined in Internal Revenue Code Section 7702B) and is receiving covered qualified long-term care services under a plan of care prescribed by a licensed health care practitioner.

**Net Amount at Risk** – The difference between the death benefit and cash value of a permanent life insurance policy.

**Riders** – Features added to a base insurance policy that may or may not include an additional charge, allowing the policy owner to tailor coverage to increased levels of protection.

# 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.,<sup>20</sup> 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.

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To find out more about how Brighthouse SmartCare can help protect your clients' retirement against the unexpected costs of long-term care, visit [brighthousefinancialpro.com](https://brighthousefinancialpro.com).

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<sup>20</sup> Ranked by 2021 admitted assets. Best's Review®: Top 200 U.S. Life/Health Insurers. AM Best, 2022.



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Long-term care (LTC) benefits provided by riders to the policy are intended to provide qualified long-term care insurance under Internal Revenue Code Section 7702B(b). Although benefits paid under a rider are intended to be income tax free as accident and health benefits under a qualified long-term care insurance contract, benefits may be taxable in certain circumstances. For example, benefits may be taxable when the aggregate LTC benefits payments received under a rider and other policies or riders exceed the Internal Revenue Code section 7702B(d)(2) per diem limitation. Clients should consult with an attorney or qualified tax professional before purchasing Brighthouse SmartCare and when exercising any right to receive LTC benefits under any rider included with the policy. The policy's death benefit and policy values will be reduced as a result of any LTC ADBR payment.

All policy values will be reduced and any LTC rider will be terminated if an Accelerated Death Benefit Payment is made under the policy. Receipt of Accelerated Death Benefits may affect eligibility for public assistance programs and may be taxable. Clients should consult with a tax professional to determine the current tax consequences before requesting any Accelerated Death Benefit Payment.

Any discussion of taxes is for general information 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.

Brighthouse SmartCare® is an indexed universal life insurance policy with long-term care riders issued by, and product guarantees are solely the responsibility of, Brighthouse Life Insurance Company, Charlotte, NC 28277 ("Brighthouse Financial"). 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. Brighthouse SmartCare has exclusions, limitations, reduction of benefits, and terms under which the policy may be continued in force or discontinued. May not be available in all states or firms.

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