

# Brighthouse Shield® Level Select 3-Year Annuity

## A Case Study

A Brighthouse Shield Level Select 3-Year Annuity can add a level of protection for a portion of retirement assets while offering participation in potential growth opportunities with no annual fees.<sup>1</sup>

### 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 Annuity offers growth opportunities by linking to well-known market indices. And with a level of downside protection,<sup>2</sup> it can help limit the impact of market volatility. Plus, a Shield annuity features no annual fees.



## Meet James and Barbara Smith

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 after 2008, James and Barbara are reluctant to invest directly into the equity market. Their dilemma is that they know that reaching their financial goals requires exposure to the equity market for growth opportunities.

### 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 Select 3-Year Annuity. The purchase payment was allocated to three Shield Options.<sup>3</sup> Here's the breakdown:

- Shield Option 1: 3-Year Term, Index 1, Cap Rate 24%, Shield 15 Shield Rate; Allocation 60%
- Shield Option 2: 3-Year Term, Index 2, Cap Rate 32%, Shield 10 Shield Rate; Allocation 30%
- Shield Option 3: 3-Year Term, Index 3, Cap Rate 17%, Shield 10 Shield Rate; Allocation 10%



### Good to know

A Shield annuity does not invest directly in any index

Performance is measured against the index or indices chosen, subject to the applicable Shield Rate (level of protection) 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 Select 3-Year Difference

Based on the three Shield Options with 3-year terms shown below, the account value of James and Barbara's Shield 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, James and Barbara's account value would have been \$107,500 – a difference of \$4,000.<sup>4</sup>

## Up-market Scenario

### Shield Option 1

At the end of the 3-year term:

- Starting value: \$60,000
- Index performance: 20%
- Cap Rate: 24%
- Shield Rate: 15%
- Realized gain: 20%
- Ending value: \$72,000

### Shield Option 2

At the end of the 3-year term:

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

### Shield Option 3

At the end of the 3-year term:

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

**Total Account Value: \$111,500**

**Total Account Value  
With a Level of Protection**

At the end of  
the 3-year term

\$111,500



**Total Account Value  
Without a Level of Protection**

At the end of  
the 3-year term

\$107,500

**A difference of \$4,000**

These examples are not a representation of past or future performance for any Shield Option (term, index, Shield Rate, and rate crediting type) and are not a guarantee of any kind. Actual performance may be greater or less than what is shown. This illustration assumes no withdrawals are taken, and account values are rounded for illustrative purposes only. A withdrawal charge (see product fact card) 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 Shield Rate and rate crediting type fully accrue at the end of the term. Rate crediting types are not annual rates. After the initial term, renewal rates apply on the corresponding contract anniversary for the new term.

# Providing Value in Any Market Condition

Now let's look at a scenario where the index performance was negative across the same three Shield Options with 3-year terms. The account value of James and Barbara's Shield 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, James and Barbara's account value would have been \$92,500 – a difference of \$7,000.

## Down-market Scenario

### Shield Option 1

At the end of the 3-year term:

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

### Shield Option 2

At the end of the 3-year term:

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

### Shield Option 3

At the end of the 3-year term:

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

**Total Account Value: \$99,500**

**Total Account Value  
With a Level of Protection**

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



**Total Account Value  
Without a Level of Protection**

At the end of the 3-year term → **\$92,500**

**A difference of \$7,000**

These examples are not a representation of past or future performance for any Shield Option (term, index, Shield Rate, and rate crediting type) and are not a guarantee of any kind. Actual performance may be greater or less than what is shown. This illustration assumes no withdrawals are taken, and account values are rounded for illustrative purposes only. A withdrawal charge (see product fact card) 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 Shield Rate and rate crediting type fully accrue at the end of the term. Rate crediting types are not annual rates. After the initial term, renewal rates apply on the corresponding contract anniversary for the new term.



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- <sup>1</sup> Withdrawals may be subject to withdrawal charges.
- <sup>2</sup> Participate in rising markets up to your rate crediting type. Growth opportunities are based on the elected rate crediting type. The Shield Rate (level of protection) and rate crediting type accrue daily and fully accrue on the term end date. The issuing insurance company will absorb losses up to your level of protection in falling markets. Your account value will be reduced by any negative index performance beyond your elected level of protection. If you do not elect the Fixed Account, you could see a substantial loss if the market declines more than your level of protection.
- <sup>3</sup> The Shield Options available may vary by state or firm.
- <sup>4</sup> Taxes, fees, and expenses have not been accounted for in this hypothetical example.

**This material must be preceded or accompanied by a prospectus for Brighthouse Shield Level Select 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 reserves the right to substitute any index at any time.**

**Brighthouse Shield Level Select 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, the insurance agency, the 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 "Risk Factors" 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. Withdrawals may be subject to withdrawal charges.

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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