



QLAC Client Case Study

How can a Qualifying Longevity Annuity Contract IRA reduce required minimum distributions?¹

IRS regulations allow a deferred income annuity (DIA) to be offered as a Qualifying Longevity Annuity Contract (QLAC). The Brighthouse Guaranteed Income Builder® deferred income annuity can now be purchased as a QLAC IRA, allowing income payments to begin at an advanced age while avoiding payment of some required minimum distributions (RMDs) on the value of the QLAC until as late as age 85 – instead of 72.²

Hypothetical example for illustrative purposes only.

Meet Max

Age 68 and retired

Some facts about Max:

- Has traditional IRAs with a value totaling \$520,000 as of December 31 from the prior calendar year
- Has additional retirement income sources, including Social Security and a pension, and would like to tap into other IRA income sources in 14 years
- Wants to ensure that he has enough guaranteed lifetime income later in retirement as he expects his cost of living will increase over time
- Would prefer to avoid having to receive some of his RMDs beginning at age 72
- Wants to delay paying taxes on money that isn't needed in early retirement³

¹ An annuity in an IRA does not provide tax deferral and the annuity should not be purchased for such purpose.

² Generally, individuals must begin taking required minimum distribution by April 1 of the calendar year following the attainment of age 72.

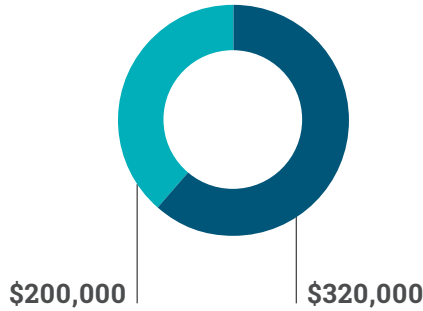
³ Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax, or accounting advice. Clients should confer with their qualified legal, tax, and accounting professionals as appropriate.

Max's IRA assets in action

Consider Max's current situation with traditional IRAs totaling \$520,000. The hypothetical example offers a glimpse into Max's required RMDs for a 10-year window, beginning at age 72.

Max's Current Traditional IRA Assets

● IRA #1 ● IRA #2



Max's RMD obligation⁴ with his current traditional IRAs over a hypothetical 10-year period:

Age 72: \$19,980

Age 82: \$24,894

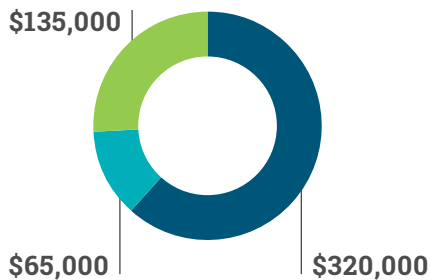
Max's cumulative RMDs subject to taxation for this period:

\$247,747

What if Max purchases a DIA, such as Brighthouse Guaranteed Income Builder, as a QLAC IRA? Rolling over part of his \$520,000 in traditional IRAs to purchase the maximum allowable QLAC – \$135,000⁵ – Max can defer the payment of some RMDs under his IRAs and the obligation of the associated taxes while scheduling guaranteed lifetime income for later in retirement:

Max's Traditional IRA Assets With a QLAC

● IRA #1 ● IRA #2 ● Guaranteed Income Builder – With QLAC



Max's RMD obligation⁴ with his QLAC of \$135,000 over a hypothetical 10-year period:

Age 72: \$14,793

Age 82: \$17,777

Max's cumulative RMDs subject to taxation for this period:

\$183,428
(+ \$64,319 in RMDs deferred)

Besides Max's RMD savings, his \$135,000 purchase payment has secured him annual income as part of his Guaranteed Income Builder QLAC contract.⁶ If Max defers income until age 82, he'll have \$28,725 in annual income for life.⁷

⁴ Required minimum distributions based on the Uniform Lifetime Table, Brighthouse Financial Federal Tax Quick Reference Guide, 2020. Assumes IRA account growth at 3% annually. Inflation and discount are not applied and all amounts are in current dollars. These examples are hypothetical and for illustrative purposes only.

⁵ An individual's purchase limit for QLACs for 2020 is the lesser of \$135,000 (total of all QLAC purchases) and 25% of the value of all IRA assets (excluding Roth IRAs, but including QLAC IRAs) as of December 31 of the prior year.

⁶ A QLAC does not make available any commutation benefit, cash surrender right, or other similar feature. Adhering to the purchase limit is your responsibility.

⁷ Future income payments are based on the annuity purchase rate available on the day you make a purchase payment into the Guaranteed Income Builder annuity. Guaranteed Income Builder income payments in the example were based on a single purchase payment, Lifetime Income with Cash Refund option for a male, age 68 and the hypothetical annuity purchase rate developed on 01/10/20, and is not to be construed as a guarantee or estimate of amounts to be paid in the future. In MA and MT, unisex annuity purchase rates are used to determine income payments.

Brighthouse Guaranteed Income Builder helps prepare for a long and comfortable retirement

If you're concerned about having enough guaranteed income in retirement and don't need a portion of IRA savings in early retirement, a strategy such as a QLAC for reducing RMDs may make sense. Contact a financial professional for more information.

A Guaranteed Income Builder annuity can help cover retirement income needs by providing:



Income for Life

From the day the deferred income annuity is purchased and the income start date is chosen, you'll know exactly how much you, or you and your spouse, will receive each year as long as you live.



Income for Living

Supplement other retirement income sources with guaranteed income that can help cover everyday expenses throughout retirement.



Income for Changing Needs

Tailor income payments by selecting the options and innovative features that can meet changing needs.

The Brighthouse Guaranteed Income Builder deferred income annuity is an insurance product and not insured by the FDIC, the NCUSIF, or any other government agency, nor is it guaranteed by, or the obligation of, the financial institution that sells it. All contract guarantees and annuity payout rates are subject to the claims-paying ability and financial strength of the issuing insurance company. They are not backed by the broker/dealer from which this annuity is purchased, by the insurance agency from which this annuity is purchased, or any affiliates of those entities, and none makes any representations or guarantees regarding the claims-paying ability and financial strength of the issuing insurance company. Similarly, the issuing insurance company does not back the financial strength of the broker/dealer or any of its affiliates.

The Brighthouse Guaranteed Income Builder deferred income annuity has charges, termination provisions, and terms for keeping it in force. Please contact your financial professional for complete 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.

If the client is buying an annuity to fund a qualified retirement plan or IRA, they should do so 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.

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.

The Brighthouse Guaranteed Income Builder® deferred income annuity is issued by, and product guarantees are solely the responsibility of, Brighthouse Life Insurance Company, Charlotte, NC 28277, on Policy Form 6-1000-1 (05/14) ("Brighthouse Financial"). Product availability and features may vary by state or firm. This product is not available in New York.

Brighthouse Financial® and its design are registered trademarks of Brighthouse Financial, Inc. and/or its affiliates.

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

Brighthouse
FINANCIAL® | Build for
what's ahead®

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