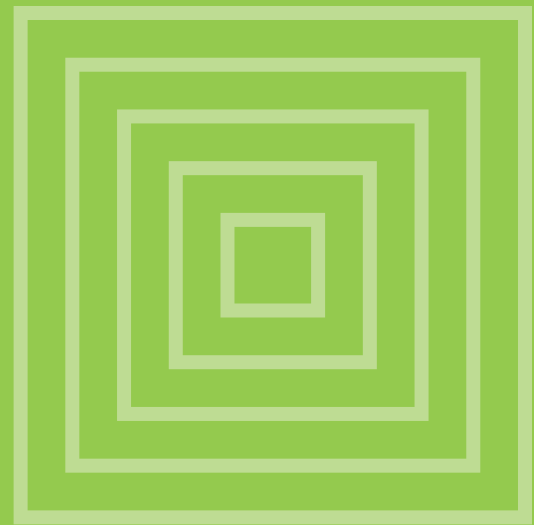




# Brighthouse Shield Level Pay Plus® Annuities

Today's Retirement Landscape



Brighthouse Shield Level Pay Plus® Annuity and Brighthouse Shield Level Pay Plus® Advisory Annuity, collectively referred to as "Shield Level Pay Plus® Annuities," are part of the Brighthouse Financial® suite of single premium deferred index-linked annuity products referred to as "Shield® Level Annuities Product Suite" or "Shield® Level Suite Annuities." This material provides a general overview of Shield Level Pay Plus Annuities. Please refer to the product fact card and prospectus for complete details regarding the Shield Level Pay Plus Annuity being discussed. Product availability and features may vary by state or firm. Shield Level Pay Plus Annuities are not available in New York.



# Retirement Considerations for a New Generation

Today's retirees face unique challenges when saving and planning for retirement income.

## Preparing for a long retirement

We may not know how long we'll live, but advances in science and technology could help many live to see a triple-digit birthday. A retirement lasting 30 years or more highlights the importance of a sustainable plan for retirement.

With this in mind, it's not surprising that many pre-retirees:



## Shifting savings responsibility

In the past, many Americans relied on pensions as the foundation of their retirement income, but they are increasingly uncommon today. For most workers, the responsibility for building retirement savings has shifted from employer to employee.

The percentage of companies offering traditional pension plans dropped from 35% in the early 1990s to 15% in 2022.<sup>2</sup>



<sup>1</sup> Key Findings From Our 2020 Retirement Risk Readiness Study. Allianz, July 2020.

<sup>2</sup> Pensions Provide Retirees With Lifetime Income. Forbes Advisor, May 24, 2023.

## Supplementing earned benefits

Social Security has historically served as an income staple for many retirees. While benefit increases can help keep pace with inflation, Social Security benefits may not be enough to cover essential expenses and could lead retirees to seek additional income sources.



The average Social Security retirement benefit in December 2023 was **\$1,767 per month.**<sup>6</sup>

## Planning for market volatility

Over the long term, history has shown that equity and fixed income investments can be a powerful way to grow assets, but market volatility and low interest rates can challenge investors trying to keep their plans on track.<sup>3</sup>

7.9%

That's how much the average investor has underperformed the broader market over the last 10 years.<sup>4</sup> Why? Because some investors may sell at the first sign of bad news.<sup>5</sup>

Achieving financial security sometimes means having the courage to maintain discipline despite market volatility or underperforming investments. It may be easier to adhere to a strategy with a portfolio that includes a level of protection.

<sup>3</sup> Past performance does not guarantee future results.

<sup>4</sup> The average investor performance since 2012 is 8.7% while the S&P 500® Index average performance since 2012 is 16.6%. Guide to the Markets. J.P. Morgan Asset Management, December 31, 2022.

<sup>5</sup> Should You Take Money Out Of The Stock Market? Forbes Advisor, August 14, 2023.

<sup>6</sup> Monthly Statistical Snapshot, December 2023 (Table 2). Social Security Administration, January 2024.

# Planning for Volatile Markets

A life lesson in keeping short-term events from impacting long-term plans.

Planning for the unpredictability of market fluctuations is part of keeping financial goals within reach.

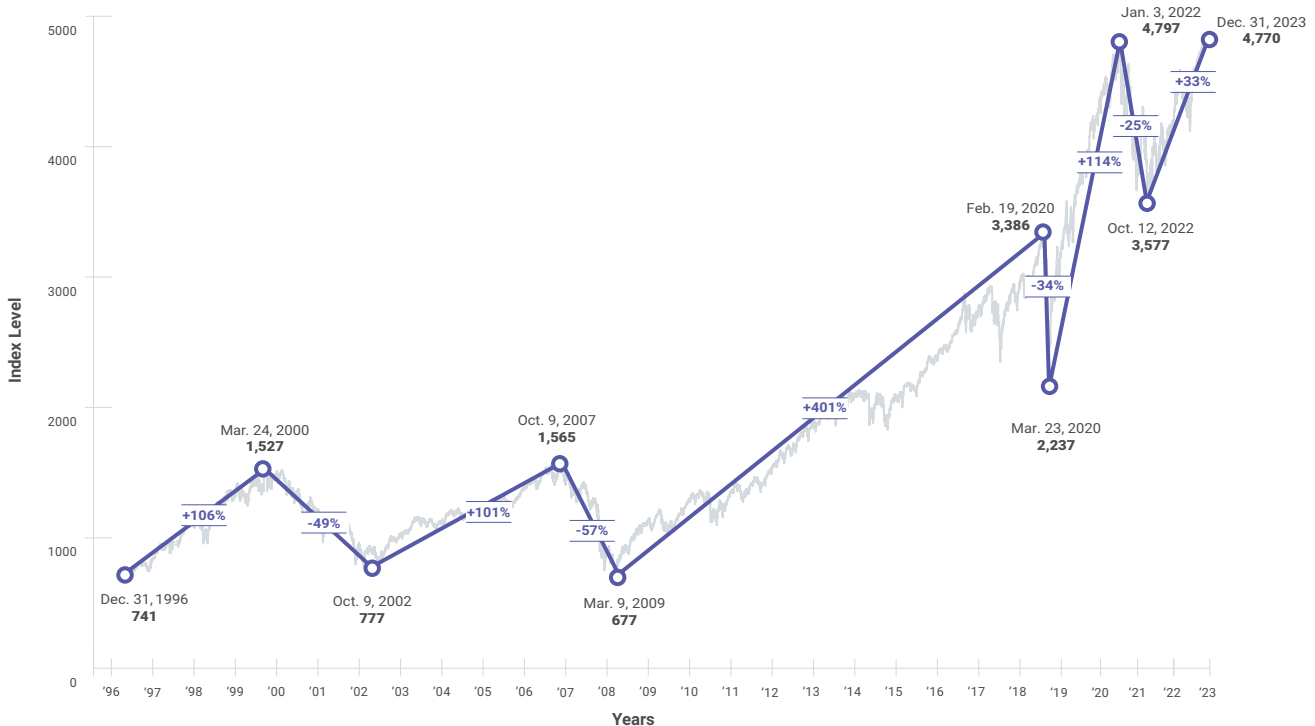
While markets have historically increased over time, market volatility can cause even the best-laid plans to be questioned. What's evident is that without equities and the growth opportunities they offer, reaching financial goals could be much more difficult.

Let's take a look at the past performance of the S&P 500®, a well-known index that reflects broader market performance.



Looking at the volatility in the chart below could be enough to make anyone anxious about investing – especially if they're looking for consistency in their portfolio. Fortunately, there may be ways to help smooth the ride.

## S&P 500 Index Historical Performance



Source: Guide to the Markets. J.P. Morgan Asset Management, December 31, 2023.

Returns are cumulative and based on the S&P 500 Index price movement only, do not include the reinvestment of dividends, and do not reflect the performance of any particular product. Past performance is not indicative of future returns. Data as of December 31, 2023.

# A Decade or More of Low-Yield Returns

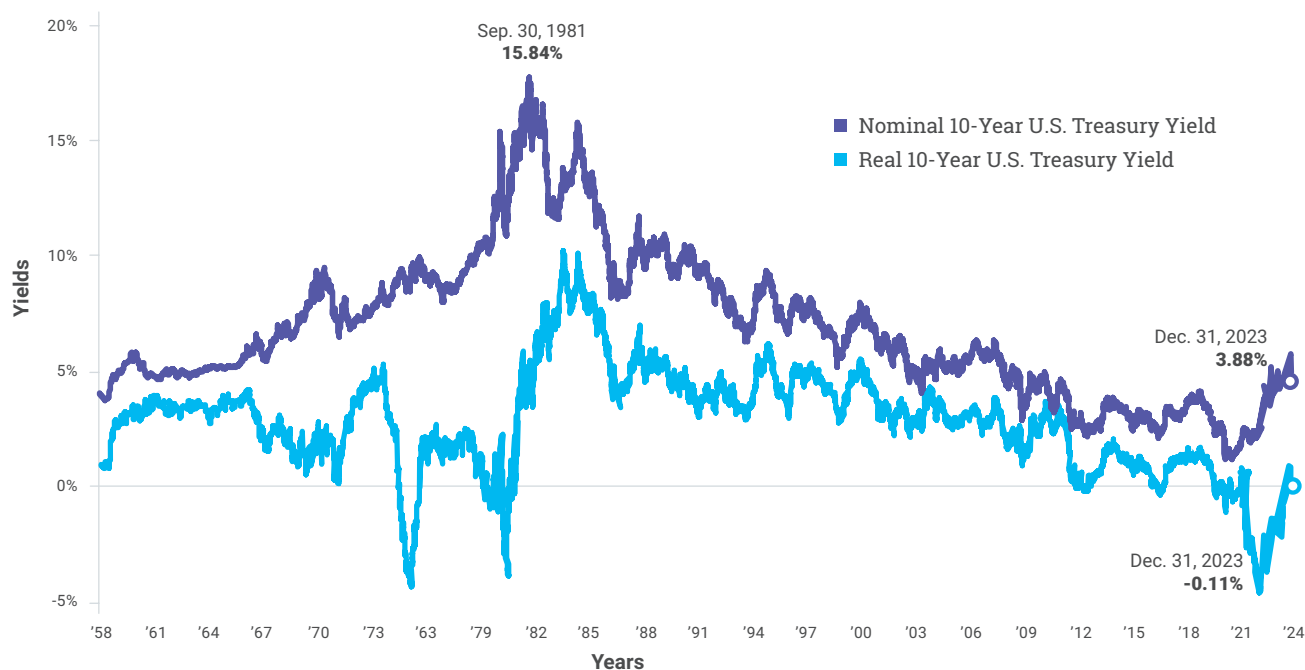
Returns for U.S. Treasuries have struggled to keep pace with inflation.<sup>7</sup>

While fixed income investments can help diversify and steady portfolios during periods of equity market declines, the low yields associated with many of these investments can make it difficult to keep pace with inflation. In addition, fixed income assets generally have an inverse relationship with interest rates – meaning if rates rise, the assets may lose value.

No one knows the future of interest rates, but it's important to plan ahead and consider different approaches for protecting a portion of retirement assets from interest rate risk.

	Average (1958-2023)	12/31/2023
<b>Nominal Yields</b>	5.75%	3.88%
<b>Real Yields</b>	2.07%	-0.11%
<b>Inflation</b>	3.68%	3.99%

## Historical 10-Year U.S. Treasury Yield



Source: Guide to the Markets. J.P. Morgan Asset Management, December 31, 2023.

Real 10-year U.S. Treasury yields are calculated as the daily Treasury yield less year-over-year core Consumer Price Index (CPI) inflation for that month. For the current month, the prior month's core CPI figure is used until the latest data is available. Data as of December 31, 2023.

<sup>7</sup> U.S. Treasury securities are direct obligations of the U.S. government and are backed by the full faith and credit of the U.S. government if held to maturity.



# Generating Income for a Long Retirement

Factors such as market performance and even the year you retire can impact how long your savings could last in retirement.

When developing an income strategy for a retirement that lasts 30 years or longer, it's important to consider how market fluctuations can impact your plans, especially if a downturn occurs early in retirement. For example, if you retired just before the 2008 downturn and subsequent recession, your portfolio – and plans for retirement – could have experienced a major setback.

To put it another way, market declines in the early years of retirement paired with recurring withdrawals could reduce the length of time your savings can last in retirement.

The table on the next page shows how a mixed portfolio of stocks and bonds in varying proportions coupled with various withdrawal rates could increase or decrease the probability of funding a 30-year retirement, regardless of the total dollar amount. For example, a portfolio made up of 80% stocks and 20% bonds (80/20 mix) with a 3% withdrawal rate is more likely to sustain a 30-year retirement, as indicated on the table. In contrast, a portfolio composed of 40% stocks and 60% bonds (40/60 mix) with an 8% withdrawal rate is less likely to sustain a 30-year retirement.

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T. Rowe Price has analyzed a variety of retirement savings strategies using Monte Carlo simulations to determine the likelihood of “success” (having at least \$1 remaining in the portfolio at the end of the retirement period) of each strategy, shown as percentages in each grid. A Monte Carlo simulation is an analytic tool for modeling future uncertainty. The simulation success rates are based on simulating 1,000 possible market scenarios and various retirement income strategies. The initial withdrawal amount is the percentage of the initial value of the investments withdrawn on the first day of the year; in each subsequent year, the amount withdrawn is adjusted to reflect a 3% annual rate of inflation.

**Material Assumptions:** The hypothetical example on the next page is based on the performance of the S&P 500 Index, which tracks the performance of 500 large-company stocks, and the Bloomberg Barclays U.S. Aggregate Bond Index, which tracks domestic investment-grade bonds (including corporate, government, and mortgage-backed securities) for the time periods represented. Indices are unmanaged, and it is not possible to invest directly in an index. These hypothetical examples are meant for illustrative purposes only and do not reflect an actual investment, nor do they account for the effects of taxes or any investment expenses. Investment returns are not guaranteed, cannot be predicted, and will fluctuate. All investments are subject to risk, including the possible loss of the money invested. These assumptions, as well as an assumed degree of fluctuation of returns around these long-term rates, are used to generate random monthly returns for each asset class over specified time periods. The monthly returns are then used to generate thousands of scenarios, representing a spectrum of possible return outcomes for the modeled asset classes. Success rates are based on these scenarios.



## Possible Return Outcomes Over a 30-Year Retirement

Key:	Withdrawal Rate	Stock/Bond Mix				
		100/0	80/20	60/40	40/60	20/80
More Likely	3%	97%	98%	99%	99%	99%
	4%	85%	87%	90%	89%	85%
	5%	69%	69%	66%	57%	43%
	6%	52%	49%	41%	26%	10%
	7%	38%	30%	21%	7%	1%
Less Likely	8%	25%	17%	7%	1%	0%

**IMPORTANT:** Simulations that model future uncertainty, like this one, are referred to as a Monte Carlo simulation. These projections and simulations are hypothetical in nature and do not represent past or future investment results. The simulations are based on a number of assumptions. There can be no assurance that the projected or simulated results will be achieved or sustained. These charts only present a range of possible outcomes. Actual results will vary and may be better or worse than the simulated scenarios. Investors should be aware that the potential for loss (or gain) may be greater than demonstrated in the simulation.

Source: Modeling Future Uncertainty: Monte Carlo Analysis. T. Rowe Price, 2020.

**Model Portfolio Construction:** Five model investment portfolios were designed by investment professionals according to the principles of Modern Portfolio Theory, which is used to achieve effective diversification among different asset classes. An effectively diversified portfolio theoretically consists of all investable asset classes, including equities, bonds, real estate, foreign investments, commodities, precious metals, currencies, and others. Since it is unlikely that investors will own all of these assets, the ones selected were believed to be the most appropriate for long-term investors. The asset classes used for the model portfolios are stocks and bonds.

**Modeling Assumptions:** Results of the analysis are driven primarily by the assumed long-term compound rates of return of each asset class in the scenarios. Corresponding assumptions are gross of fees and are as follows: for stocks, 8.3%, and for bonds, 5.0%. These returns do not reflect fees and expenses or the effects of inflation. The model reflects returns based on historical periods, benchmarks, and risk-free premiums above the risk-free rate (theoretical borrowing rates with zero risk). The modeled returns and other assumption variables, like volatility, are based on benchmarks and model asset classes; therefore, they do not model any individual securities or their associated returns or expenses and fees.

# Meeting Retirement Goals

Without a reliable source of income, many investment and retirement spending strategies could fall short. In order to meet future goals, some people may be left with the following options:



**Work longer**



**Save more**



**Spend less**

Avoiding any of these compromises may require a retirement portfolio that includes multiple income sources, such as one that provides an income stream you can rely on – no matter how the market behaves. Consider a retirement income product that provides:

- Guaranteed lifetime income through the choice of two versions of an income rider
- The opportunity to capture potential market growth
- A level of downside protection
- A lower fee than some traditional variable annuities<sup>8</sup> with income riders
- Flexibility to suit individual needs and goals

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<sup>8</sup> A variable annuity is a financial product that turns a portion of your savings into an income source that is guaranteed for life. The annuity features investment options that have the potential for tax-deferred growth. The account value can vary depending on the performance of a portfolio of underlying investment options.

# What are Shield Level Pay Plus Annuities?

Brighthouse Shield Level Pay Plus<sup>®</sup> Annuities are index-linked annuities<sup>9</sup> that offer market growth opportunities coupled with a level of downside protection and, when you're ready, guaranteed income that lasts for life.<sup>10,11</sup> An index-linked annuity is a long-term financial product designed to help you save for retirement.

Shield Level Pay Plus Annuities feature the added benefit of providing guaranteed lifetime income through the choice of two versions of our built-in income rider: **Market Growth** and **Market Growth with Rollup**.<sup>12</sup>



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<sup>9</sup> Brighthouse Shield Level Pay Plus Annuities are index-linked annuities, which means they track the performance of one or more market indices and do not invest directly in the markets.

<sup>10</sup> Guaranteed lifetime income depends upon staying within the parameters of the rider.

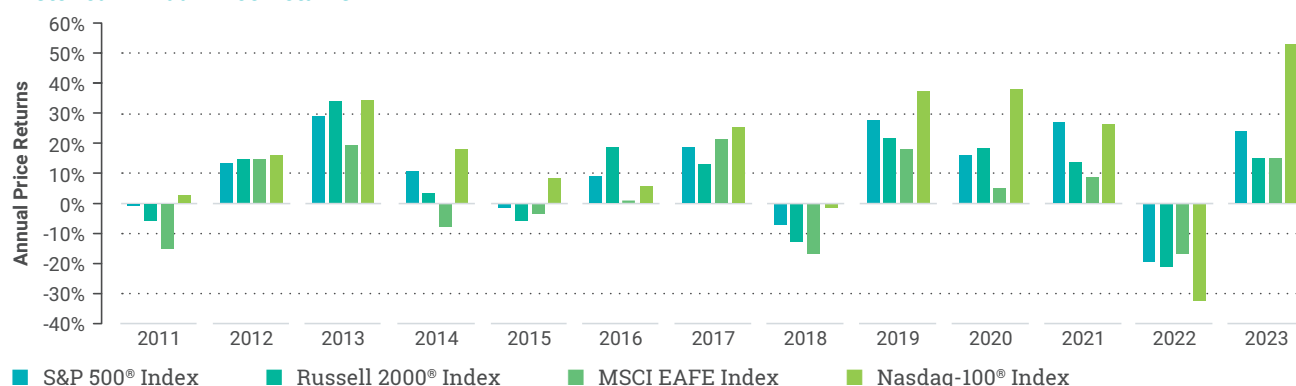
<sup>11</sup> Participate in rising markets up to your rate crediting type. Growth opportunities are based on the elected rate crediting type. The Shield Rate (level of protection) and rate crediting type accrue daily and fully accrue on the term end date. The issuing insurance company will absorb losses 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. Availability of the Fixed Account may vary by state.

<sup>12</sup> The income rider is referred to as the Guaranteed Lifetime Withdrawal Benefit (GLWB) Rider in the prospectus.

# Index Performance Over Time

Shield Level Pay Plus Annuities help protect a portion of retirement assets while offering diversified growth opportunities based on the performance of well-known market indices, which track the performance of large-cap, small-cap, and international stocks.<sup>13</sup> You can familiarize yourself with the indices by reviewing their historical annual price returns below.<sup>14</sup>

## Historical Annual Price Returns<sup>15</sup>



A Shield Level Pay Plus Annuity immediately puts money to work and allows participation in some of the growth opportunities the market offers, up to the rate crediting type. At the end of each term, the index value at the beginning and end of the term will be compared – factoring in the Shield Rate (level of protection) and rate crediting type – which will result in a new account value.

## Did you know?

### S&P 500 Index<sup>A</sup>

Over the past 67 calendar years, the S&P 500 Index has experienced losses at the end of 18 of those years.

#### Of those 18 down years:

- 5 years experienced a loss of greater than 15%
- 7 years experienced a loss of 10-15%
- 6 years experienced a loss of less than 10%

### Russell 2000 Index<sup>B</sup>

Over the past 45 calendar years, the Russell 2000 Index has experienced losses at the end of 14 of those years.

#### Of those 14 down years:

- 4 years experienced a loss of greater than 15%
- 2 years experienced a loss of 10-15%
- 8 years experienced a loss of less than 10%

### MSCI EAFE Index<sup>C</sup>

Over the past 54 calendar years, the MSCI EAFE Index has experienced losses at the end of 18 of those years.

#### Of those 18 down years:

- 9 years experienced a loss of greater than 15%
- 3 years experienced a loss of 10-15%
- 6 years experienced a loss of less than 10%

### Nasdaq-100 Index<sup>D</sup>

Over the past 38 calendar years, the Nasdaq-100 Index has experienced losses at the end of 7 of those years.

#### Of those 7 down years:

- 5 years experienced a loss of greater than 15%
- 1 year experienced a loss of 10-15%
- 1 year experienced a loss of less than 10%

Note: Shield Level Pay Plus Annuities do not invest directly in any index.

Past performance does not guarantee future results. Market indices referenced are not managed and are used as a measurement of the value of a section of the stock market. Information about indices is provided to illustrate historical market trends and does not represent the performance of any specific investment. Performance does not include dividends. You cannot invest directly in an index.

<sup>13</sup> Diversification does not ensure a profit or protect against a loss. The issuing insurance company reserves the right to substitute any index at any time.

<sup>14</sup> The annual price returns of each respective index are measured using the closing index value on the last business day of each year.

<sup>15</sup> Source: Bloomberg, January 2024.



# Brighthouse Shield Level Pay Plus Annuities



## Permanent source of retirement income

Enjoy guaranteed lifetime income with the opportunity to increase your withdrawal rate the longer you wait to begin payments.<sup>16</sup>



## Protection with growth opportunities

With a Shield Level Pay Plus Annuity, balance is built in by combining a level of downside protection with opportunities to participate in market growth.<sup>9</sup>



## Priced to maximize investment

Put more of your money to work with a lower fee than some traditional variable annuities that have an income rider.

<sup>16</sup> Early or excess withdrawals may affect the amount or ability to receive lifetime income. All guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company. If the account value reduces to zero due to a non-excess withdrawal, or if there are insufficient funds to deduct the rider charge, lifetime income payments will be calculated using the applicable lifetime guarantee rate. If the account value is reduced to zero due to early or excess withdrawals, lifetime income payments will not be received.



# Build a Brighter Future

Your financial professional can help you determine if a Brighthouse Shield Level Pay Plus Annuity may work for a portion of your retirement assets.

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Visit [brighthousefinancial.com](https://brighthousefinancial.com) for additional information and resources.



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**Brighthouse Shield Level Pay Plus Annuity and Brighthouse Shield Level Pay Plus Advisory Annuity are long-term investments designed for retirement purposes. They have limitations, exclusions, charges, termination provisions, and terms for keeping them in force, and are not guaranteed by the broker/dealer, the insurance agency, the underwriter, or any affiliates of those entities from which they were 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. Early or excess withdrawals may reduce the Benefit Base and Net Purchase Payment Amount. The Benefit Base is referred to as the GLWB Base in the prospectus. 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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