
Illustrative Guide to Annuities

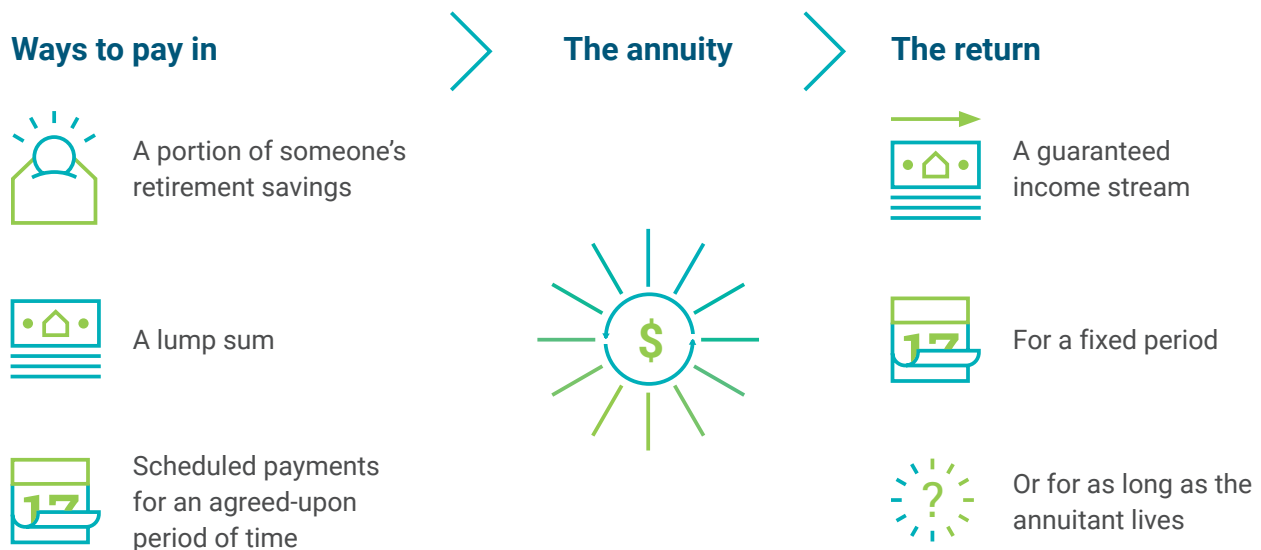
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What is an annuity?

An annuity is a financial product designed to generate a guaranteed stream of income in retirement.



What happens to savings in an annuity?

An annuity is an agreement between a person and an insurance company. In exchange for an agreed-upon amount of their savings, the insurance company provides a guaranteed income stream.



What is paid in

The annuity is set up with a portion of retirement savings. This is the principal.



Distributions are typically a combination of principal and interest, or the growth the annuity product provides. Distribution may experience growth or loss.



Guaranteed income stream

The insurance company pays the annuity owner a guaranteed income, which varies depending on the type of annuity.



Invested for growth

The insurance company either invests the payments so the principal has the potential for growth or guarantees a fixed interest amount on the principal.

What are the types of annuities?

Different types of annuities have different features designed to help meet different needs for retirement.

Annuities are either immediate or deferred.

Immediate

Distributions must start within 12 months.



Funded by paying in a lump sum.

Deferred

Distributions will start at an agreed-upon date in the future.



Funded by either paying in a lump sum or with scheduled payments for an agreed-upon period of time.

These are the three most common types of annuities, which can be either immediate or deferred.



Fixed

The amount of each income payment is fixed and will not fluctuate with the markets.



Variable

The amount of each income payment fluctuates with the market and may experience growth or loss.

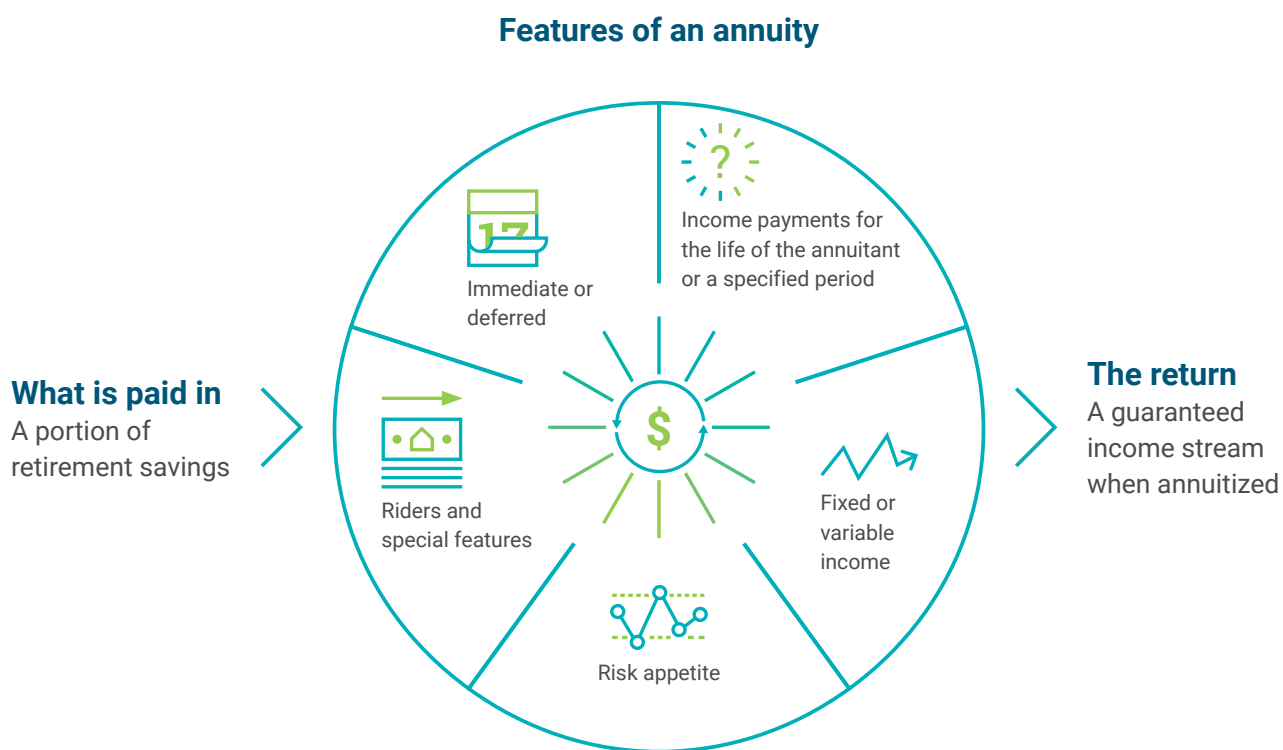


Indexed

The amount of each income payment fluctuates with the chosen index or indices, but both growth and loss are limited to agreed-upon levels.

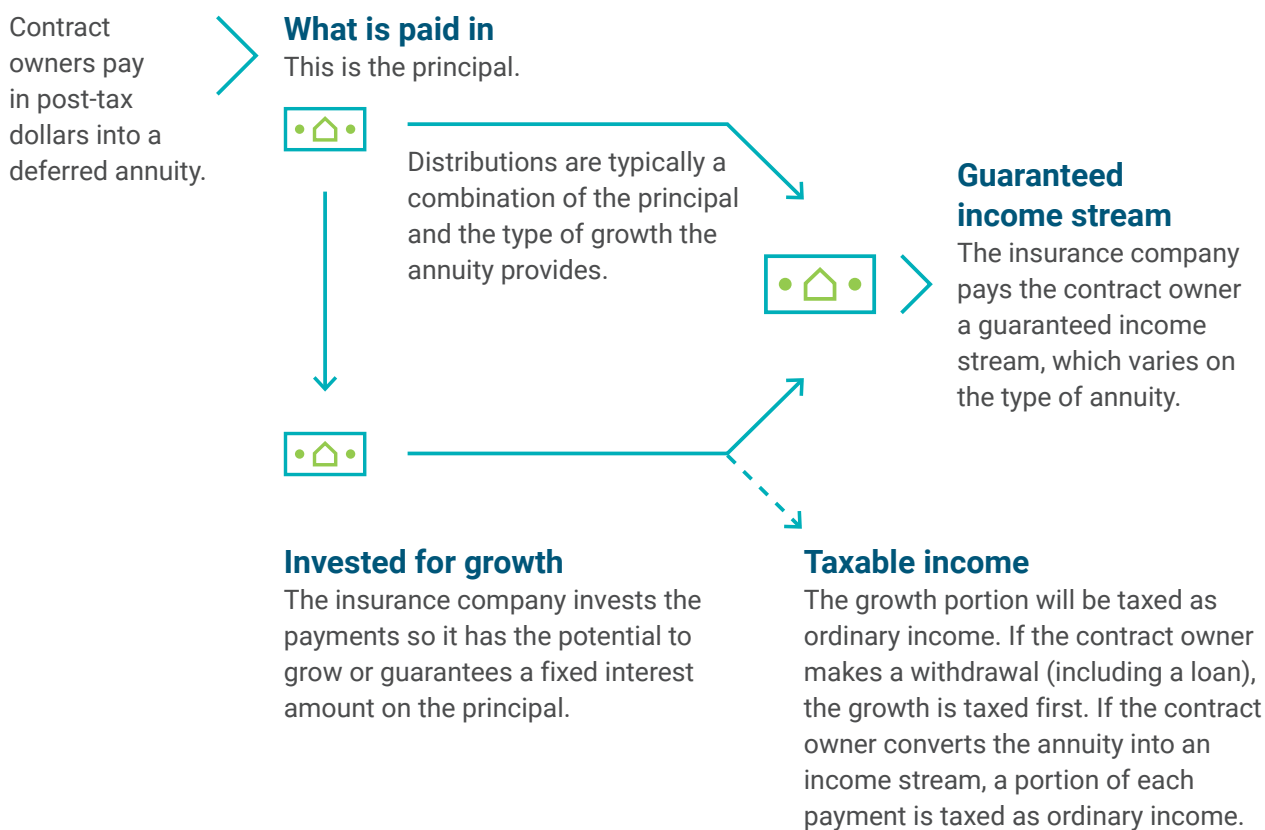
What goes into an annuity?

Annuities are financial products that combine different features to help meet different needs for retirement.



How is an annuity taxed?

Annuities can potentially offer tax benefit opportunities.



Working tax rate

Contract owners can defer paying taxes on annuity payments when the owner may still be working and paying a higher rate of income tax.

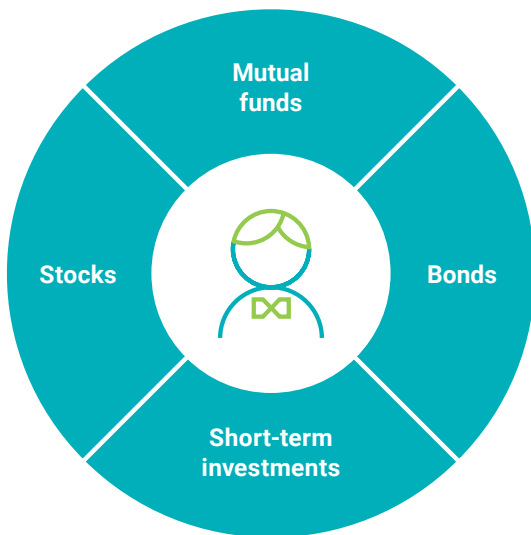
Retirement tax rate

Income payments are deferred when many contract owners may be paying a lower income tax rate.

How does an annuity help diversify a portfolio?

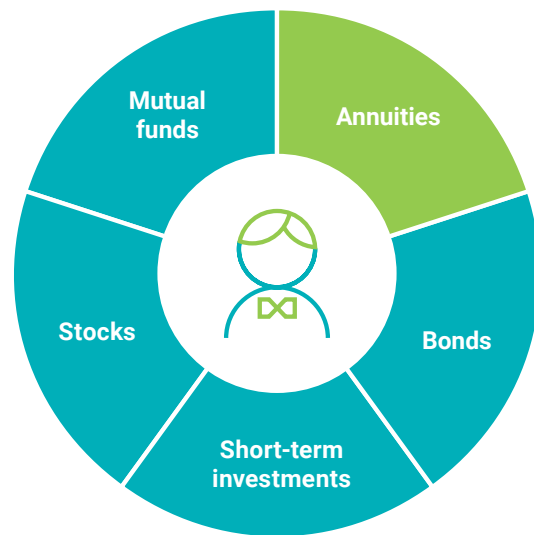
An annuity can help diversify a portfolio against major risks in retirement, such as market volatility and outliving savings.

Diversified



Better diversified

Allowing for some protection



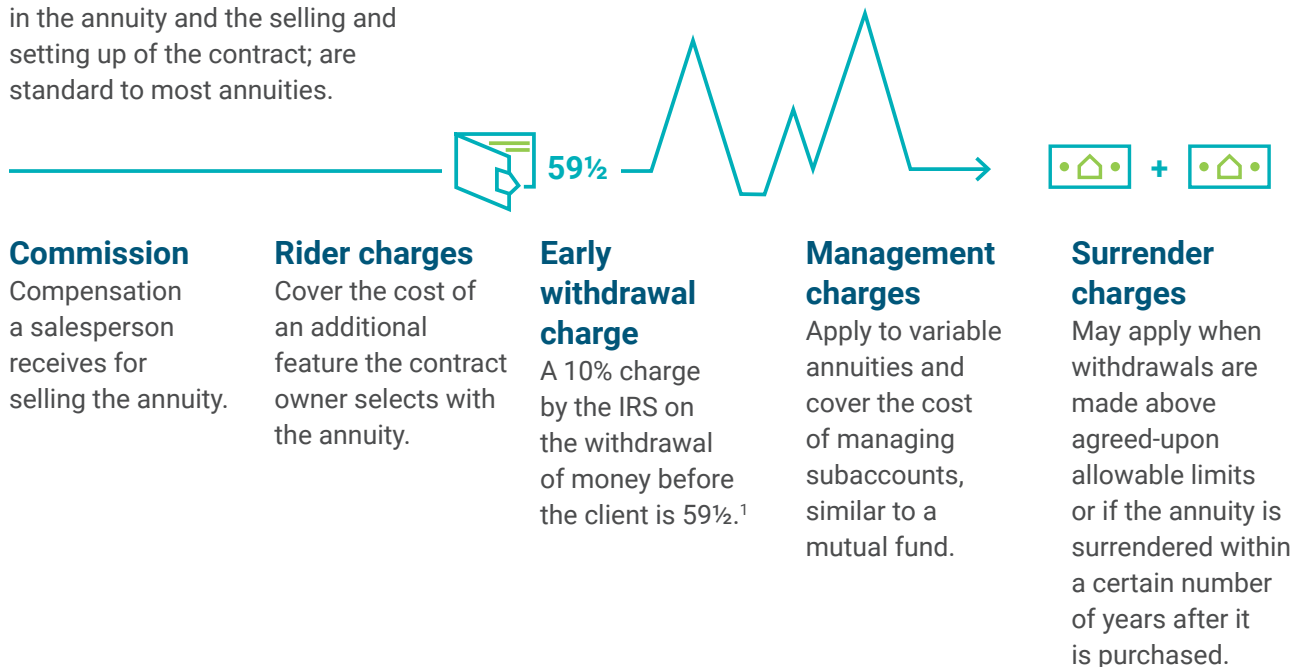
What types of charges come with an annuity?

Charges and fees vary depending on the type of annuity.



Administrative charges

Cover the cost to the insurance company of the guarantees included in the annuity and the selling and setting up of the contract; are standard to most annuities.



¹ Certain exceptions may apply.

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As one of the largest providers of annuities and life insurance in the U.S.,² 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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² Ranked by 2021 admitted assets. Best's Review®: Top 200 U.S. Life/Health Insurers. A.M. Best, 2022.



This material applies to non-qualified annuities only.

Withdrawals of taxable amounts are subject to ordinary income tax. Withdrawals made before age 59½ may 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 living and death benefits and account value. Withdrawals may be subject to withdrawal charges.

Buying an annuity to fund a qualified retirement plan or IRA should be done 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.

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.

Certain products are sold by prospectus. Contact Brighthouse Financial for more information.

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