

LIFE INSURANCE
INDEXED UNIVERSAL WITH
LONG-TERM CARE PROVIDED
BY RIDERS

Brighthouse
SmartCare®

How Growth Potential Can Challenge Guarantees





| Two Paths for Growth Potential

In addition to providing a death benefit, permanent life insurance products like Indexed Universal Life (IUL) and Fixed Universal Life policies offer cash value growth opportunities, although how that cash value grows can vary greatly.

IUL products provide cash value growth potential by tracking the performance of major market indices. To help protect from market downturns, IULs often feature a Floor Rate, which is a minimum interest rate credited to the cash value regardless of how the index performs. These policies also include a Cap Rate that limits the policy's growth potential up to an annual percent.

In contrast, Fixed Universal Life products offer cash value growth through company-declared interest crediting rates. While these products can provide some cash value growth, fixed crediting rates may not provide the cash value growth potential that index-linked crediting rates can provide in low interest rate environments.

A Historical Look at Market Performance

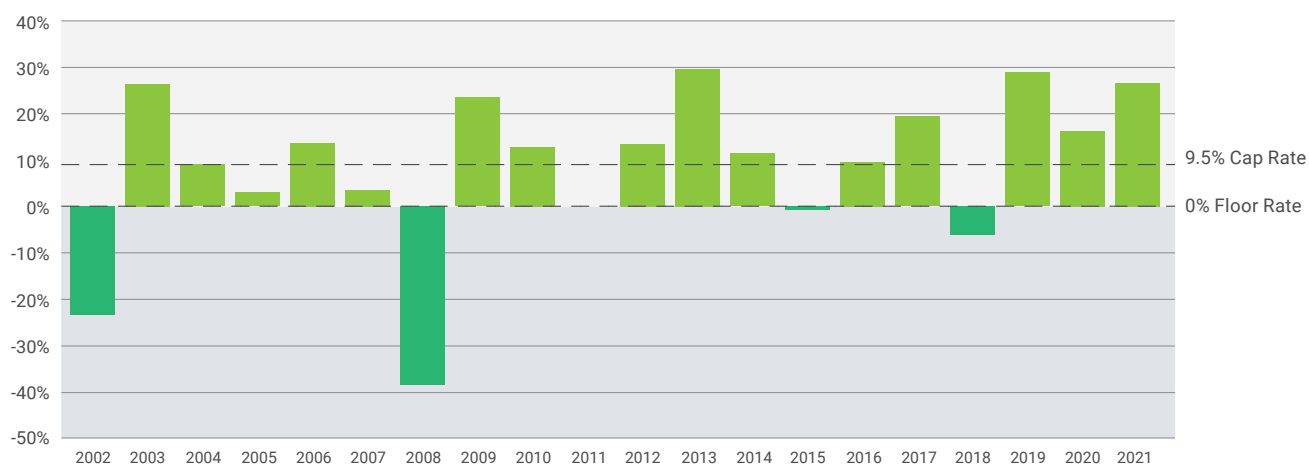
Investing in equity markets can be a risky but rewarding endeavor. Clients with a conservative risk tolerance may hesitate on or even shut down investing conversations because the risk of loss may be too great – especially for retirees and those close to retirement.

However, investors with longer investment time horizons may benefit from longer-term equity market performance. Average annual returns for U.S. equity markets have historically grown over time, even during periods of negative economic conditions. In fact, looking at the historical sequence of returns for the S&P 500® Index over the last two decades shows long-term cumulative growth despite periods of poor economic growth, such as the 2008 recession and post-recession recovery.

We use up to a 6% illustration rate for each index-linked Brighthouse SmartCare® policy – a hybrid life insurance product with long-term care riders. Although Brighthouse SmartCare was not available until December 2018, we can see how a policy's value would have changed over time by looking at historical market performance.

In the graph below, we show the historical annual S&P 500® Index return from 2002 to 2021. With our current 9.5% Cap Rate for the S&P 500 and 0% Floor Rate included, the average index crediting rate over that time would have experienced 5.86% growth.

S&P 500 Index Performance, 2002-2021



Past performance is not a guarantee of future performance and does not include the reinvestment of dividends. 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. You cannot invest directly in an index.

For more information on
Brighthouse SmartCare, talk to
your Life and LTC Specialist or
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