



# The Need for Lifetime Income

ANNUITIES | VARIABLE

FlexChoice Access

A VA Rider



**Bighthouse**  
FINANCIAL

Established by **MetLife**

---

This material should not be interpreted as a recommendation or as fiduciary investment advice by Brighthouse Life Insurance Company, Brighthouse Life Insurance Company of NY or Brighthouse Securities, LLC.

• Not A Deposit • Not FDIC Insured • Not Insured By Any Federal Government Agency  
• Not Guaranteed By Any Bank Or Credit Union • May Lose Value

# The Ever-Changing Landscape for Income in Retirement

Today, Americans face unique challenges when saving and planning for retirement income.



## Preparing for a long retirement

How long will you live? There's no way to know, but many Americans could be retired for nearly as long as they worked. That's because, on average, people are living longer than ever before.



## Pensions are no longer a tradition

Traditionally, pensions used to play a major role in retirement planning, but today, only 1 in 8 Americans have a pension from their private sector employer.<sup>1</sup>



## Being at the mercy of the market

Over the long-term, history has shown that stocks can be a powerful way to grow assets and outpace inflation, but over the short-term, stocks don't always travel in an upward direction.



## U.S. Treasury yields are at or near historic lows

Interest rates are at historic lows, and could remain low for decades, making it more difficult to generate the reliable income needed for retirement.



The challenges of planning for retirement are compounded for the **68% of Americans who are married<sup>2</sup>** because their portfolio will need to generate enough income for **both lives**.

<sup>1</sup> PewTrusts.org Issue Brief, September 14, 2016.

<sup>2</sup> Brighthouse Financial Consumer Segmentation Survey (n=5000), July 2016.

# Preparing for a Long Retirement

Living longer means retirement may last 20 to 30 years, or more.

With the average life expectancy on the rise, it may be quite common in the coming years for people to remain active well into their 80s and 90s. While this sounds like good news, the challenge is to find a way to make retirement savings last for as long as possible. Financial experts call this “longevity risk” — and it’s one of the primary reasons to consider adding a source of guaranteed lifetime income to a retirement portfolio.

Because there is no way to know in advance how long retirement savings should last, it is no wonder that more than **80% of Americans** do not know how much they’ll need to retire.<sup>3</sup>

---

## Average Life Expectancy<sup>4</sup>



Men  
**84.3 Years**



Women  
**86.6 Years**

---

Among married couples, both age 65:<sup>4</sup>

**50% chance**

one spouse will live to be 92

**25% chance**

one spouse will live to be 97

---

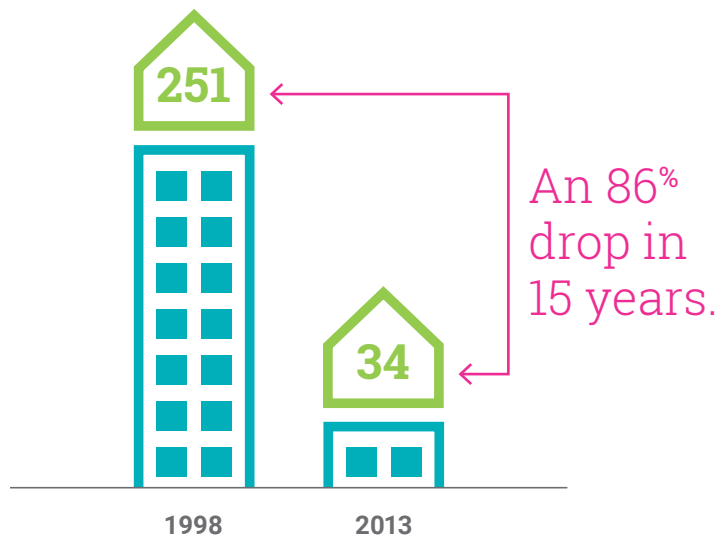
<sup>3</sup> Finances in Retirement: New Challenges, New Solutions, 2017.

<sup>4</sup> Annuity 2000 Mortality Table; Society of Actuaries.

## Pensions are becoming a thing of the past

Americans once relied on pensions to be the foundation of their retirement income but they are uncommon in today's retirement landscape.

Between 1998 and 2013, the number of Fortune 500 companies offering traditional pension plans dropped from 251 to 34.<sup>5</sup>



**Only 1 in 8**  
private sector  
workers have  
a pension.<sup>6</sup>



## Other sources of guaranteed income may not cover the gap

The problem persists as other secure sources of income, such as Social Security which only covers **40% of a worker's pay**, fail to fully provide the income many need in retirement.<sup>7</sup> Perhaps this is why running out of money remains a top retirement concern.<sup>8</sup>

## Consider adding other sources of guaranteed income

Income in retirement will primarily come from sources such as investment accounts and Social Security. Annuities are another way to provide guaranteed lifetime income that may complement an overall retirement plan, regardless of market conditions.

<sup>5</sup> Pensions Are Taking the Long, Lonely Road to Retirement - US News.com, July 20, 2015

<sup>6</sup> PewTrusts.org Issue Brief, September 14, 2016.

<sup>7</sup> Social Security Administration.

<sup>8</sup> The AICPA PFP Trends Survey, 2015.

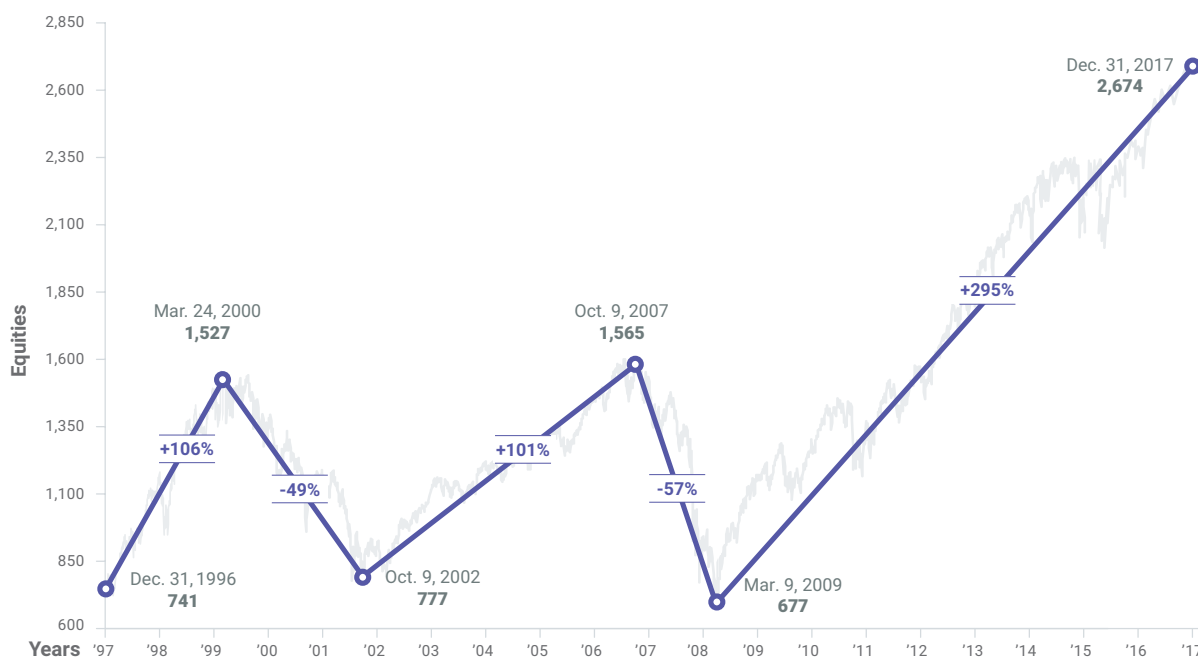
# Planning for Market Volatility in Retirement

When retirement begins, the market's impact on a retirement portfolio takes on even greater importance.

No one can predict what the market will do in the future. To show how volatile it can be, let's take a look at the past 20-year performance of the S&P 500®, a popular index that reflects broader market performance.

Looking at the chart below, its volatility could be enough to make even the most confident person anxious — especially one who is relying on their portfolio for income. If no withdrawals are taken from a retirement portfolio, it may be possible to recover from losses. But even taking a few withdrawals during a down market may make it difficult to recover from the loss.

## S&P 500 20-Year Historical Performance



Source: J.P. Morgan Guide to the Markets – U.S.

Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns. Guide to the Markets – U.S. Data are as of December 31, 2017.

## Withdrawals during a negative market cycle can wreak havoc on a retirement portfolio

A market correction during the early years of retirement can be difficult to recover from because withdrawals and losses can significantly deplete retirement savings. Here are two investors who have the same average return, and withdraw the same amount – but the first investor has a large loss early in retirement, finishing the first decade with an account value (AV) \$136,235 less than the second investor.<sup>9</sup>

Initial Investment: \$250,000

Withdrawal Amount: 5% or \$12,500

Average Rate of Return Over the Entire Period: 2.54%

### Early Negative Return

Year	Rate of Return	End AV
01	-25.00%	\$178,125
02	-20.00%	\$132,500
03	-15.00%	\$102,000
04	5.00%	\$93,975
05	10.00%	\$89,623
06	12.00%	\$86,377
07	10.00%	\$81,265
08	25.00%	\$85,956
09	20.00%	\$88,147
10	18.00%	\$89,264

### Early Positive Return

Year	Rate of Return	End AV
01	18.00%	\$280,250
02	20.00%	\$321,300
03	25.00%	\$386,000
04	10.00%	\$410,850
05	12.00%	\$446,152
06	10.00%	\$477,017
07	5.00%	\$487,743
08	-15.00%	\$403,957
09	-20.00%	\$313,165
10	-25.00%	\$225,499

→ \$136,235 Difference

<sup>9</sup> Assumes an annual withdrawal of \$12,500 (5% of initial balance) made at the start of each year, before returns are calculated for a given year. Hypothetical annual rate of returns are identical for both investors, but are applied in reverse order to illustrate the impact of starting with a loss versus starting with a gain. 2.54% represents the geometric mean of the Rate of Return for the 10-year period. Note that this example is hypothetical and for illustrative purposes only and is not a representation of past or future performance. The rates of return are hypothetical and do not reflect any contract fees or investment portfolio management fee. The impacts of income or penalty taxes are not considered in this example.

# Producing Income in Retirement

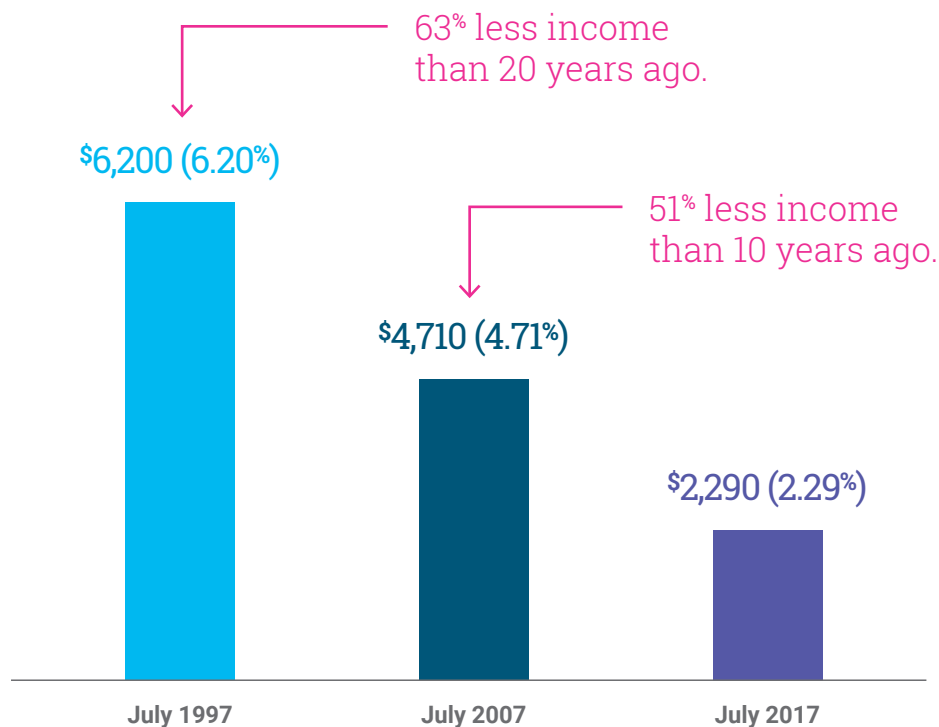
U.S. Treasuries are experiencing an extended period of low yields – producing less income than in past decades.

**An investment of \$100,000 in the 10-year U.S. Treasury bond would produce:**

**Hypothetical Example. For Illustrative Purposes Only.**



With yields at or near all-time lows, a more reliable source of income may need to be found elsewhere.



Source: Federal Reserve. Data as of September 9, 2017.

Government bonds and Treasury bills are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and fixed principal value.





---

# Meeting Retirement Goals

Unless a reliable source of income is found, many investment and retirement spending strategies may fall short. Therefore, in order to meet their future goals, many people are left with the following options:



**Work longer**



**Save more**



**Spend less**

**OR**



**Consider a variable annuity**



# Lifetime Income With Fewer Compromises

With the deepening concerns of an ever-changing retirement landscape, it may be time to consider a variable annuity with a living benefit rider.

A Brighthouse Financial variable annuity with the optional FlexChoice Access living benefit rider lets you turn a portion of your savings into guaranteed income that lasts for life.<sup>10</sup>

Take the next step toward a retirement portfolio that can provide growth and income. See more details about how FlexChoice Access works in the **Product Brochure**.

---

<sup>10</sup> We use the terms “income” and “lifetime income” to refer to any allowable withdrawal(s) under the FlexChoice Access rider, as well as any lifetime income payments received under the rider if the account value reduces to zero.

Variable annuities are issued by Brighthouse Life Insurance Company on Policy Form 8010 (11/00) and, in New York only, by Brighthouse Life Insurance Company of NY on Policy Form 6010 (3/07). All variable products are distributed by Brighthouse Securities, LLC (member FINRA). All are Brighthouse Financial affiliated companies.

# We're Brighthouse Financial

A new company established by  
MetLife, our mission is to help  
people achieve financial security.

Built on a foundation of industry knowledge and experience, we specialize in offering essential annuity and life insurance products designed to help you protect what you've earned and ensure it lasts. Our approach includes a journey toward providing simplicity, transparency, and value – because your future is too important to be hard.

---

Brighthouse Financial is the brand name for Brighthouse Life Insurance Company, Brighthouse Life Insurance Company of NY, and New England Life Insurance Company.

This brochure is part of a Brighthouse Financial variable annuity kit. It is not intended to be a standalone marketing brochure.

Investment Performance Is Not Guaranteed.

***This material must be preceded or accompanied by a prospectus for the variable annuity issued by Brighthouse Life Insurance Company and, in New York only, by Brighthouse Life Insurance Company of NY. Prospectuses for the investment portfolios offered thereunder, are available from your financial professional. The contract prospectus contains information about the contract's features, risks, charges and expenses. Investors should consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. The investment objectives, risks and policies of the investment options, as well as other information about the investment options, are described in their respective prospectuses. Please read the prospectuses and consider this information carefully before investing. Product availability and features may vary by state. Please refer to the contract prospectus for more complete details regarding the living and death benefits.***

**Variable annuities are long-term investments designed for retirement purposes. Variable annuities issued by Brighthouse Life Insurance Company and, in New York only, by Brighthouse Life Insurance Company of NY, have limitations, exclusions, charges, termination provisions and terms for keeping them in force. There is no guarantee that any of the variable investment options in this product will meet their stated goals or objectives. The account value is subject to market fluctuations and investment risk so that, when withdrawn, it may be worth more or less than its original value, even when an optional protection benefit rider is elected. All contract and rider guarantees, including optional benefits and annuity payout rates, are subject to the claims paying ability and financial strength of the issuing insurance company. Please contact your financial professional for complete details.**

In applying the information provided in this material, you should consider your other assets, income and investments – such as the equity in your home, your social security benefits, any IRAs, savings accounts, and other plans that may provide retirement income, as those other assets may not be included in this discussion, model, or estimate.

Withdrawals of taxable amounts are subject to ordinary income tax and if 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% Unearned Income Medicare Contribution tax that is generally imposed on interest, dividends, and annuity income if your 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.

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 advisors as appropriate.

Variable annuities are issued by, and product guarantees are solely the responsibility of, Brighthouse Life Insurance Company on Policy Form 8010 (11/00) and, in New York only, by Brighthouse Life Insurance Company of NY on Policy Form 6010 (3/07) ("Brighthouse Financial"). All variable products are distributed by Brighthouse Securities, LLC (member FINRA). All are affiliated companies. MetLife is a registered service mark of Metropolitan Life Insurance Company (with its affiliates, "MetLife"), and is used under license to Brighthouse Services, LLC, and its affiliates. Brighthouse Financial and MetLife are not affiliated and product guarantees are not backed by MetLife.

Brighthouse Financial and its design are service marks of Brighthouse Financial, Inc. or its affiliates.

• Not A Deposit • Not FDIC Insured • Not Insured By Any Federal Government Agency  
• Not Guaranteed By Any Bank Or Credit Union • May Lose Value

**Brighthouse**  
FINANCIAL | Established by  
MetLife

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

Brighthouse Life Insurance Company of NY  
285 Madison Avenue  
New York, NY 10017