
Honorable Mention

By Editorial Staff Thu, Aug 10, 2017

Brief or late-breaking items from Great American Life, Brookstone Capital, MetLife, Brighthouse Financial, and the SEC.

‘One share of Brighthouse for every 11 shares of MET’

Brighthouse Financial, Inc. today announced that its separation from MetLife, Inc. was completed on Friday, Aug. 4, 2017. Brighthouse common stock began “regular-way” trading under the symbol “BHF” on the NASDAQ Stock Market on Aug. 7, 2017, when markets opened. MetLife will continue to trade on the NYSE under the ticker symbol “MET.”

Brighthouse is a U.S. provider of annuity and life insurance solutions with \$219 billion of total assets and over 2.7 million annuity contracts and life insurance policies in-force. It has distribution relationships with more than 400 partners.

Under the terms of the separation, on the Aug. 4, 2017 distribution date, MetLife, Inc. common shareholders received a distribution of one share of Brighthouse Financial, Inc. common stock for every 11 shares of MetLife, Inc. common stock they held as of 5 p.m. New York City time on the July 19, 2017 record date.

MetLife, Inc. common shareholders who sold their “MET” shares in the “regular-way” market after that date, but before and through the August 4 date that Brighthouse Financial, Inc. common stock was distributed, sold their entitlement to receive Brighthouse Financial, Inc. common stock in the distribution.

Shareholders of MetLife, Inc. who owned less than 11 shares of common stock, or others who would otherwise have received fractional shares, received cash.

Brookstone Capital to distribute Great American’s fee-based FIA

Great American Life Insurance Company announced this week that Brookstone Capital Management (BCM) will distribute its fee-based fixed indexed annuity. Nearly 50 Registered Investment Advisors (RIAs) can now sell Great American’s Index Protector 7.

Index Protector was one of the first fee-based annuities to be offered. Like other indexed annuities, it offers earning potential, tax-deferred growth and a return of premium guarantee. Consumers can add the Income Keeper rider, which provides lifetime income payments that may increase when equity markets rise

Great American Life Insurance Company is a member of Great American Insurance Group and is rated “A+” by Standard & Poor’s and “A” (Excellent) by A.M. Best for financial strength and operating

performance.

Four brokers charged in \$40 million variable annuity sales fraud

Variable deferred annuities are once again on the defensive in the national media.

On July 31, the Securities and Exchange Commission charged four Atlanta-area brokers with fraudulently selling \$40 million worth of VA contracts to more than 200 Georgia participants in the federal government's Thrift Savings Program (TSP).

The suit was reported this week in the *New York Times*.

In a complaint filed in the Atlanta Division of U.S. District Court, Northern District of Georgia, the SEC charged four registered reps working for Keystone Capital Partners (dba Federal Employee Benefits Counselors) of inducing federal employees to roll money out of their TSP accounts to buy VAs with living benefits in 2012 through 2014.

The complaint doesn't name the insurance company or companies that issued the variable annuity contracts. The four accused brokers—Christopher S. Laws, 49, Jonathan D. Cooke, 34, Danny S. Hood, 44 and Brandon P. Long, 28—earned an alleged \$1.7 million in commissions from the sales.

The SEC charged the men with pretending to represent government benefits counselors and with misrepresenting the product that they were selling. According to the complaint, didn't identify it as a variable annuity, they didn't explain the difference between the benefit base of the guaranteed lifetime withdrawal benefit and the account value, didn't clarify that the 7% annual increase in the benefit base was not a guaranteed growth rate in the account value, didn't establish the amount of the surrender penalty, and didn't full explain the annual fees, which included a mortality and expense risk fee of 1.3% and an income rider fee of 1.25 to 1.50%.

Upon leaving federal service, federal employees have three options for making a full withdrawal of their entire TSP account, any two or three of which can be combined: (1) a single payment, (2) a series of monthly payments spread out over time, and (3) as a TSP life annuity, which the TSP purchases on behalf of the TSP participant from the TSP's annuity vendor.

The TSP life annuity provides a monthly benefit paid to the employee for life and, if the employee chooses, for the life of a designated survivor. To purchase the life annuity, the former employee must complete a "Form TSP-70," as a request for a full withdrawal from the TSP, and select the "life annuity" option within the "Withdrawal Election" section of that form.

Current federal employees age 59½ or older who are not planning an immediate separation from federal service have the option to take partial or full withdrawals from their TSP accounts. To effectuate such a withdrawal, which is referred to as an age-based, in-service withdrawal, the employee must complete a

“Form TSP-75.”

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