Lincoln Financial Group®

You're In Charge®

WealthProtection Expertise℠

Life insurance playbook

Simplify life for your clients with goals-based planning strategies

Not a deposit	Not FDIC-insured	May go down in value
Not insured by any federal government agency		
Not guaranteed by any bank or savings association		

Insurance products issued by:
The Lincoln National Life Insurance Company
Lincoln Life & Annuity Company of New York

1713465

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Not for use with the public.**

Planning to achieve life's goals

Clients rely on you to help them protect and create wealth. Life insurance is an asset that can help them accomplish goals throughout their lives because it can offer much more than financial protection. To find the policy most appropriate for your clients, start by identifying their needs.

Temporary protection that's affordable

If you have clients who want affordability, flexibility and a simple, convenient application process, we have what they're looking for.

PG 4

Wealth accumulation for living life

To help clients build wealth, plan with an asset that offers tax-efficient growth potential and a future income tax-free financial resource.

PG 7

Supplemental retirement income

Plan with a tax-efficient asset to supplement your clients' retirement income strategies.

PG 10

Wealth transfer and legacy planning

Life insurance is an ideal solution for gifting or for clients who want to increase or protect their legacies.

PG 13

Long-term care expense protection

Clients want protection from uncertainty. So, they should plan for future health-related expenses.

PG 16

Business protection

Small-business owners need financial protection, employee retention and recruitment strategies, and succession planning.

PG 19

Conversation starters

Many times clients don't know they have a need for life insurance, or they may not realize that there are policies that can help them meet short-term and long-term financial goals. To open up a discussion about their needs, ask your clients a few simple questions.

- Are you sure you have sufficient financial protection for your family?
- Have you experienced any significant life events since we last met (such as marriage, new home, new baby)?
- Did you know, it's a good idea to review your life insurance every two to three years?

The Lincoln life insurance product suite

Your go-to wealth protection solution, which can help protect client assets from many of today's biggest challenges: taxes, longevity, inflation, market risk and more. Turn to the Lincoln suite of tax-efficient protection, accumulation and distribution solutions for your clients' needs.

- Term life
- Universal life
- Indexed universal life
- Variable universal life
- Coverage for long-term care expenses

Lincoln simplifies life

You can expect more from a leader in life sales, including:

- **Case study design** — Assistance with your estate, business and charitable planning, and executive compensation strategies
- **Simplified process** — Ease of doing business for you and your clients with the *LincXpress*® Tele-App process, a lab-free underwriting opportunity, and eDelivery
- **Leading-edge underwriting** — Dedicated teams to support your business and competitive advantages, such as special considerations for non-cigarette tobacco users
- **Enhanced policy management** — Automatic reminders and in-force illustrations to help you better manage your book of business

#1 total life sales*

*LIMRA — YTD ranking for publicly traded reporting companies as of 4Q 2016.

Client goal: Temporary protection that's affordable

Who are your clients?

Younger, cost-conscious middle-market clients

Examples include: individuals beginning their careers and couples starting families who may also

- Live for the present—focus primarily on short-term goals
- Have limited disposable income despite significant earnings
- Underestimate their protection needs
- Gather information and purchase online

Older, affluent clients who need more coverage

Examples include: couples in first or second marriage, and working parents who may also

- Own life insurance but probably are underinsured
- Be disciplined savers and are budget-minded
- Value tax-advantaged benefits
- Have limited time outside career and family obligations

Questions to ask your clients

- Have you made any employment changes? If so, do you have group insurance coverage? What amount?
- Are you carrying any student loans or other significant debt? What amount?
- Has anything changed in your family life (e.g., engagement, divorce, expecting, or birth of a child)?
- Have you purchased a new home? If so, let's discuss mortgage protection.

Solutions to consider

***Lincoln TermAccel*® Level Term offers**

- Highly competitive premiums with face amounts up to $500,000
- 15-, 20- or 30-year terms
- Quick, streamlined purchase process
- Fully automated underwriting with no APS required
- An opportunity to waive labs for qualifying clients
- Guaranteed convertibility to a Lincoln permanent life policy*

***Lincoln LifeElements*® Level Term offers**

- Competitive premiums for face amounts in excess of $500,000
- 10-, 15-, 20- or 30-year terms
- Faster turnaround times with the *LincXpress*® Tele-App process and the opportunity to waive labs for qualifying clients
- Concierge underwriting
- Guaranteed convertibility to a Lincoln permanent life policy*

*Ask your representative what opportunities may apply. Convertible to the end of the level-premium payment period prior to insured's attained age 70, whichever comes first.

Case study: Sufficient coverage for the underinsured

Client:

Sam, age 35, is a healthy male, newly married.

Financial situation:

Sam thinks that a $150,000 term policy would be enough death benefit protection, but he's not sure. What he doesn't realize is that he can purchase more life insurance to provide the protection he and his wife will need for a fraction of his monthly utility bills.

The solution:

Sam and his advisor use the online life insurance calculator to determine if a $150,000 policy is sufficient. Sam is surprised to discover how affordable the right amount of term coverage can be. Because Sam's active and healthy, he can get his policy without having to undergo lab work with the *Lincoln TermAccel*® streamlined process.

The outcome:

Sam can increase his term coverage for less than most of his monthly household expenses.

Car loan[1]	$483.00				
Utilities[2]	$323.75				
Car insurance[3]	$212.37				
Cable TV bundle[4]	$165.00				
Wireless telephone[5]	$160.00				
$150,000 20-year term premium[6]	**$13.30**	**$250,000 term premium[6]**	**$17.68**	$500,000 term premium[6]	$29.19

Needs assessment: Does your client have enough life insurance?

Often clients will ask their advisors to provide them a quote for a specific amount of life insurance coverage. Unfortunately, they may be asking for much less than they need and exposing their loved ones to financial risk. This is why you should check to make sure your clients have sufficient death benefit protection.

Almost half of all U.S. households have a life insurance coverage gap.*

Even though more couples under age 45 with children are buying insurance, they are purchasing lower amounts.*

Dual-income households are on the rise, yet only 56% of American women have insurance.[†]

*LIMRA, "Life Insurance Ownership in Focus," U.S. Household Trends — 2016."

[†]LIMRA, "Women Still Lag Men in Life Insurance Ownership," November 16, 2016.

[1] Experian, "Gap Between New and Used Vehicle Payment Widens to Reach an All-time High," https://www.experianplc.com/media/news/2015/q2-2015-safm-pt-2/, August 27, 2015.

[2] U.S. Department of Labor: Bureau of Labor Statistics, "Consumer Expenditures — 2015," *BLS News Release*, http://www.bls.gov/news.release/archives/cesan_08302016.pdf, August 30, 2016.

[3] DMV.org, "Average Car Insurance Rates," http://www.dmv.org/insurance/average-car-insurance-rates.php (accessed November 30, 2016). Ann Carrns, "Adding Teen Driver to Auto Policy Yield Average 79% Premium Rise," *New York Times*, http://www.nytimes.com/2016/06/18/your-money/adding-teen-driver-to-auto-policy-yields-average-79-premium-rise.html?_r=0, June 17, 2016.

[4] Martha White, "No 'Bundle' of Joy: Cost of TV, Internet and Phone Service Rising," *NBC News*, http://www.nbcnews.com/business/consumer/no-bundle-joy-cost-tv-internet-phone-service-rising-n443646, October 13, 2015.

[5] Kelsey Sheehy, "Best Family Cell Phone Plans," *nerdwallet*, https://www.nerdwallet.com/blog/utilities/best-family-cell-phone-plans/, September 1, 2016.

[6] Hypothetical *Lincoln TermAccel*® Level Term monthly premiums for male, preferred nontobacco.

Case study: Affordable temporary coverage

Client:

Ethan, age 45, is a healthy, married father with three children.

Financial situation:

Ethan and his wife just purchased a vacation home with a 20-year mortgage. Even though he has some term protection as an employee benefit, Ethan realizes he needs more. He believes that an additional $1 million term policy should be enough, but he's not really sure. What he doesn't realize is that he can buy more life insurance with monthly premiums that are less than his car payment.

The solution:

Ethan and his advisor use the Lincoln survivorship management guide to determine if a $1 million term policy would provide sufficient coverage for his family. When they determined that he should carry more financial protection, they were pleased to find out how affordable the right amount of term coverage can be. Because Ethan is in excellent physical shape, he may be able to get his policy without having to undergo lab work with the *LincXpress*® Tele-App process.

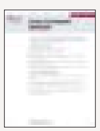
The outcome:

Ethan can increase his term insurance coverage for less than most of his monthly household expenses.

Car loan[1]	$483.00				
Utilities[2]	$323.75				
Car insurance[3]	$212.37				
Cable TV bundle[4]	$165.00				
Wireless telephone[5]	$160.00				
$1 million 20-year term premium[6]	**$113.06**	**$2 million term premium[6]**	**$218.23**	$3 million term premium[6]	$323.41

Assess your client's coverage needs

In less than 15 minutes, you can determine if your client has an insurance shortfall with these tools.



The life insurance planning guide
An effective resource to use in client meetings, this workbook is designed to help clients determine how much coverage is right for them. Engaging your client in this assessment, gives them an emotional stake in the determination of their insurance needs.
Order code: LIF-SRM-FLI001

The interactive life insurance calculator
For clients who prefer an interactive experience, use this web-based tool to calculate their insurance needs. Available online at LincolnFinancial.com

[1]Experian, "Gap Between New and Used Vehicle Payment Widens to Reach an All-time High," https://www.experianplc.com/media/news/2015/q2-2015-safm-pt-2/, August 27, 2015.

[2]U.S. Department of Labor: Bureau of Labor Statistics, "Consumer Expenditures — 2015," *BLS News Release*, http://www.bls.gov/news.release/archives/cesan_08302016.pdf, August 30, 2016.

[3]DMV.org, "Average Car Insurance Rates," http://www.dmv.org/insurance/average-car-insurance-rates.php (accessed November 30, 2016). Ann Carrns,"Adding Teen Driver to Auto Policy Yield Average 79% Premium Rise," *New York Times*, http://www.nytimes.com/2016/06/18/your-money/adding-teen-driver-to-auto-policy-yields-average-79-premium-rise.html?_r=0, June 17, 2016.

[4]Martha White, "No 'Bundle' of Joy: Cost of TV, Internet and Phone Service Rising," *NBC News*, http://www.nbcnews.com/business/consumer/no-bundle-joy-cost-tv-internet-phone-service-rising-n443646, October 13, 2015.

[5]Kelsey Sheehy, "Best Family Cell Phone Plans," *nerdwallet*, https://www.nerdwallet.com/blog/utilities/best-family-cell-phone-plans/, September 1, 2016.

[6]Hypothetical *Lincoln LifeElements*® Level Term monthly premiums for male, preferred nontobacco.

Who are your clients?

Younger professionals

Examples include: doctors, lawyers and business owners who are

- Enjoying life now and looking to build toward future success
- Currently in need of financial protection for their family

Clients in the top tax brackets

Examples include: CEOs, seasoned entrepreneurs, professional athletes and entertainers who are

- Continuing to accumulate wealth for retirement
- Concerned about taxes now and in retirement
- Currently in need of additional financial protection

Questions to ask your clients

- Do you plan on paying college tuitions for your children or grandchildren?
- Would you like to purchase a vacation home for retirement?
- Do you want to give to a favorite charity?
- Would you like to have more income, so you have a better work-life balance?
- Do you want added protection from any future health-related issues?
- Would you be interested in a solution that can help you enjoy your lifestyle today and in retirement?

Solutions to consider

For clients who want market growth opportunities with investment options for all of life's phases

***Lincoln AssetEdge*® VUL offers**

- Maximum cash value growth potential with an array of market-driven investment options
- Indexed account options for moderate growth potential with guaranteed downside protection

For clients who are concerned about volatility and have a more conservative outlook

***Lincoln WealthAdvantage*® Indexed UL offers**

- Strong cash value growth potential from three indexed account options
- Tax-efficient retirement income
- Built-in guaranteed features for the risk-averse client

Case study: College funding

Client:

Melissa, age 36, is a healthy, married mother with three children.

Financial situation:

Melissa and her husband, Steve, are professionals. Now that their twins have entered elementary school, they're no longer paying daycare expenses, and they want to leverage the money they're saving for other financial needs. Melissa realizes that she probably needs to carry more life insurance coverage, but she'd like a solution that offers more than a death benefit.

Melissa is a risk-averse investor who is concerned about the financial future. She and Steve want to pay for their children to go to college, but the costs keep rising. Melissa also wonders about the solvency of Social Security. She thinks people her age will either not have benefits or receive reduced Social Security payments in retirement.

Goals:

- Additional financial protection for Melissa
- A financial resource to pay her children's college tuitions
- Supplemental retirement income
- Protection from market risk

The solution:

Melissa's advisor recommends that she purchase a 12-pay *Lincoln WealthAdvantage®* IUL policy with an initial death benefit of $490,082. Her policy provides the additional death benefit protection her family needs and can build future cash value without exposure to downside risk.[1] She will use the money she's not spending on daycare expenses to pay the $1,000 monthly premiums for the next 12 years. Melissa can allocate her policy cash value to three indexed accounts, which offer tax-deferred growth linked to the performance of the S&P 500 Index or a Fixed Account. She likes that her policy offers:

- **A guaranteed floor**—No matter what indexed accounts she elects, she'll never be credited less than 1% regardless of market performance.[1]
- **Locked-in gains**—She'll never have to recover from market losses.
- **More flexibility than some college savings plans**—If her children decide not to go to college, Melissa can use her policy cash value for other purposes.
- **A tax-efficient financial resource**—She can take income tax-free policy loans and withdrawals to help meet her goals throughout life.[2]

College tuition funding	
Annual	Total
$39,372	**$196,860**
Retirement distributions	
Annual	Total
$15,277	**$305,540**
Death benefit	
$656,418 (age 48)	
$195,860 (age 85)	

Today, more women recognize that their life insurance coverage is not sufficient to provide for their families. But when financial professionals take the time to listen, educate, and discuss how solutions fit in the overall strategy, they are more likely to be successful when selling to female clients.*

The outcome:

Melissa feels confident that she has sufficient death benefit protection for her family with a policy that gives her financial flexibility for her future. In 12 years, Melissa can take annual income tax-free policy loans of $39,372 over a 5-year period to pay her children's college tuitions. When she retires at age 65, she can start taking annual income tax-free policy loans of $15,277 to supplement her retirement income for the next 20 years. If she dies at age 85, her heirs will inherit a death benefit of $195,860.

But if Melissa dies prematurely, for example if she would die the year before her children start college, her husband would receive a $656,418 death benefit, which could pay off the mortgage and the upcoming tuition bills.

This hypothetical example assumes female, age 36, preferred plus, minimum non-MEC death benefit with optimal 2-to-1 switch, 6% assumed rate with 100% premium allocation into the monthly DCA and 1-Year Point-to-Point Capped Indexed Account, annual participating loans taken in years shown, non-MEC policy design. **At current charges with 1% guaranteed interest rates and distributions, policy will lapse in year 16.**

*LIMRA, "Women Still Lag Men in Life Insurance Ownership," November 16, 2016.

[1] Guarantees are subject to the claims-paying ability of the issuing company. Policy charges remain in effect and could reduce policy value.

[2] Loans and withdrawals will reduce the policy's cash value and death benefit, may cause the policy to lapse, and may have tax implications.

Case study: Planning for changing financial needs

Client:

Kevin, age 28, is a professional athlete and married father-to-be.

Financial situation:

Kevin is a talented quarterback who enters free agency. He receives an offer from a team that wants to build an offensive line around him. Kevin signs a 5-year contract and receives a sizable signing bonus. Like many individuals in the sports and entertainment fields, Kevin knows that he'll retire before average retirement age. At that time, he may start a new career. But because his future is uncertain, he wants to have a tax-efficient financial plan that gives him options.

Goals:

- Sufficient life insurance protection for his growing family
- A tax-efficient financial resource for early retirement
- Financial flexibility for his future
- Protection from tax risk

The solution:

Kevin's advisor recommends that he use a portion of his 5-year contract to purchase a 5-pay *Lincoln AssetEdge®* VUL policy. By using this strategy, Kevin preserves the tax-advantaged treatment of his policy distributions and avoids creating a modified endowment contract. This will enable him to have the tax-efficient financial options he wants for his future.

This strategy is ideal for clients like Kevin, who need financial flexibility for early retirement, because life insurance offers these advantages:

- **No tax penalty**—Unlike the 10% annual penalty associated with withdrawals taken from qualified plans before age 59½.
- **Tax efficiency**—Funds taken from the policy won't impact his income tax bracket, modified adjusted gross income (MAGI), capital gains exposure, Social Security benefits, or Medicare Part B premiums.

Funding for early retirement	
Income tax-free annual policy loans	Total amount taken
$120,280 for 20 years (ages 43 through 63)	**$2,405,600**

Death benefit
$10,044,566 (year 1)
$1,032,487 (age 64)

Tax season is a burden for many professional athletes because, in addition to filing federal and state taxes where they reside, they must also file in many of the states and cities where they play – to pay what's referred to as the "jock tax."*

The outcome:

When Kevin is in his prime earning years, his family will have more than $10 million of income replacement. When he retires at age 43, Kevin's death benefit is reduced and he will take annual policy loans of $120,280 income tax-free.[1] After 20 years, Kevin will take distributions from his qualified retirement assets and his death benefit will begin to increase again. When Kevin dies, the death benefit will transfer to his wife income tax-free.

This hypothetical example assumes male, age 28, preferred nontobacco, minimum non-MEC death benefit with optimal 2-to-1 switch, 7% assumed rate. **Assuming a 0% interest rate, current charges and distributions, the policy will lapse in year 21.**

*Eric Brady, "Tax Season Quite Taxing for Professional Athletes," *USA Today,* http://www.usatoday.com/story/sports/2015/04/13/tax-day-april-15-accountant-pro-athletes/25742385/, April 15, 2015.

[1]Loans and withdrawals will reduce the policy's cash value and death benefit, may cause the policy to lapse, and may have tax implications.

Client goal: Supplemental retirement income

Who are your clients?

Affluent clients in their peak earning years

Examples include: executives, dual-income families, and sophisticated investors who want return on their investment and may also

- Have income to support multiple short-term and long-term goals
- Have liabilities that exceed their savings
- Be paying large expenses, including college tuition

Maturing individuals, preparing for retirement

Examples include: clients planning to retire within 15 years who want to firm up their financial footing and may also be

- Contributing the maximum to their qualified plans
- Living a healthy lifestyle with a family history of longevity
- Tax-aware investors
- Diversified investors who haven't forgotten the market crash of 2008

Questions to ask your clients

- Have you considered downsizing, relocating, or remaining in your home when you retire?
- Would you be interested in reducing your tax burden?
- Now that [insert a life-changing event] has taken place, how much debt are you carrying?
- Do you have a family history of longevity?
- Are you concerned about facing losses if there is a market downturn?

Solutions to consider

For clients who want diversification and more upside potential

***Lincoln AssetEdge*® VUL offers**

- Maximum cash value growth potential with an array of market-driven investment options
- Indexed account options for moderate growth potential with guaranteed downside protection

For clients with multiple financial goals and a more conservative outlook

***Lincoln WealthAdvantage*® Indexed UL offers**

- Strong cash value growth potential from three indexed account options
- Tax-efficient retirement income
- Built-in guaranteed features for the risk-averse client

Case study: Retirement income options

Client:

Jim, age 45, is a healthy divorcee with one daughter, age 12.

Financial situation:

Jim makes contributions to his retirement account every year, and if his investments do well, he expects to accumulate $1 million over the next 20 years. He's concerned about the impact of extreme volatility on his retirement savings because he saw how his father experienced significant market losses after retiring in 2008. As a result, his father needed to find employment.

Goals:

- Portfolio protection from volatility and tax erosion
- Sufficient retirement income to enjoy his lifestyle
- Financial protection so that his daughter can complete her education

The solution:

Because market downturns can have an erosive effect on the value of his retirement portfolio when he's taking distributions, his advisor recommends that he supplement his retirement income strategy with a *Lincoln WealthAdvantage®* Indexed UL policy. Jim will pay an annual premium of $9,500 until he's age 65, and his policy will provide:

- A $600,000 income tax-free death benefit for his daughter if he dies prior to taking policy distributions
- Tax-deferred growth opportunities with reduced market volatility
- A potential source of tax-efficient retirement income, which can help protect his savings

Age	After-tax distributions from retirement account	Tax-free fixed loans from policy	Hypothetical S&P 500 Index annual return	Policy death benefit at year end	Retirement account value at year end
66	$50,000	$0	–0.97%	$600,000	$924,262
67		$50,500	9.90%	$549,500	$1,015,801
68	$51,005	$0	20.01%	$546,975	$1,137,469
69	$51,515	$0	–21.57%	$544,324	$838,234
70		$52,030	–28.35%	$489,510	$600,637
71		$52,551	32.55%	$431,434	$796,119
72	$53,076	$0	19.36%	$423,006	$865,744
73	$53,607	$0	–11.02%	$414,156	$706,713
74		$54,143	1.90%	$350,721	$720,160
75	$54,684	$0	14.69%	$338,257	$742,301
76	$55,231	$0	18.40%	$325,170	$791,713
77	$55,783	$0	–4.99%	$311,429	$681,538
78		$56,341	9.96%	$240,659	$749,420
79	$56,905	$0	19.54%	$253,444	$805,129
80	$57,474	$0	1.21%	$275,033	$737,285
81	$58,048	$0	29.59%	$298,184	$855,139
82	$58,629	$0	17.07%	$322,987	$909,589
83	$59,215	$0	–2.18%	$349,534	$812,564
84		$59,807	12.96%	$318,115	$917,878
85	$60,405	$0	27.66%	$345,451	$1,068,927

Hypothetical annual returns based on the performance of the S&P 500 Index without dividends for annual periods from December 15, 1970, through 1989. Examples are for illustrative purposes only and do not represent the returns for any investment. This example does not include any required minimum distributions taken after the age of 70½. *Lincoln WealthAdvantage®* Indexed UL assumes male, age 45, standard nontobacco, $600,000 level death benefit, $9,500 annual premium paid for 20 years, annual loans taken in years shown, 6% assumed rate, state of Pennsylvania. **Assuming 1%, guaranteed charges, and no distributions, policy lapses at age 86.** Assumed 25% tax rate on retirement account distributions.

[1]Assumes a 1% annual growth rate.
[2]Excluding dividends.

The outcome:

Jim retires at age 66 with income options. He plans to take annual withdrawals from his nonqualified retirement account but will rely on tax-free participating loans from his *Lincoln WealthAdvantage* IUL policy the year following a negative return.[1] This gives his retirement account the chance to recover from market downturns. The policy offers indexed account options tied to S&P 500 Index performance to cover a wide range of returns, a guaranteed 1% minimum interest rate, and a guaranteed persistency bonus starting in the sixteenth policy year, which credits interest regardless of S&P 500 performance.[2] And because the index accounts never earn a negative interest rate, his policy gains are locked in. Jim will never have to recover from S&P 500 Index losses before seeing positive interest credited to his account.

Protection from sequence-of-returns risk:

What if the stock market falls from all-time highs? What if we return to the volatility and bouts of negative returns we saw in the 1970s and 80s? In the years following a negative stock market return (indicated by the green bars in the table above), Jim takes annual participating loans from his *Lincoln WealthAdvantage* IUL policy instead of his retirement account, thus allowing the retirement account to potentially rebound when the stock market rebounds.

Case study: Accumulating more for retirement

Client:

George, age 50, is a healthy, married father with two children.

Financial situation:

George is contributing the maximum amount to his employer's retirement plan, but he wants to accumulate more for his future. He doesn't have a pension, and he's concerned about outliving his savings.

George is comfortable with market risk, but he feels that may change when he retires and needs more financial security.

Goals:

- Additional financial protection for his family
- The ability to start building wealth now, so he'll have enough retirement income to enjoy his lifestyle
- Protection from volatility and tax erosion when he retires

The solution:

Because George wants to accumulate more for his retirement and also needs additional financial protection for his family, his advisor suggests that he purchase a *Lincoln AssetEdge*® VUL policy. He will pay a $15,000 annual premium for 15 years. His policy provides the death benefit protection he needs during his working years, asset growth opportunities, and a tax-efficient supplement for retirement. *Lincoln AssetEdge* VUL offers a range of tax-efficient choices, including:

- **More than 70 market-driven variable investment options** available through the Lincoln *Elite Series* of Funds, which gives George access to every major asset class from leading investment managers.
- **Three indexed accounts linked to S&P 500 Index performance,** excluding dividends, for moderate growth potential with the downside protection of a 1% guaranteed minimum interest rate.*
- **A Fixed Account not subject to market volatility** with a 1% guaranteed minimum interest rate.

The outcome:

Accumulation phase	
Maximum growth opportunities	
George is more aggressive while he's accumulating wealth.	He has the freedom to choose allocations from the Lincoln *Elite Series* of Funds to tap into market growth opportunities.
He is also creating an income tax-free legacy.	Starting day one of his policy ownership, his family will have $302,673 in death benefit protection.
His total outlay: $225,000 **His death benefit before taking policy loans or withdrawals:** $579,660	

Retirement phase	
Moderate growth opportunities with guaranteed downside protection	
George wants to reduce investment risk with downside protection and moderate growth potential.	When he's ready to retire, he can transfer the policy value to the indexed accounts, which provides moderate growth opportunities linked to the S&P 500. His gains are locked in with reduced market risk and a guaranteed minimum 1% interest rate.
During retirement	George takes participating loans of $26,870 each year for 20 years.[1] These are income tax-free and do not affect his tax bracket.
His total tax-free policy loans: $537,400 **His death benefit after taking loans:** $139,261	

Full case study: AE-LOAN-FLI001

This hypothetical example assumes a male, age 50, standard nontobacco with a minimum death benefit to qualify as life insurance and not cause a modified endowment contract, and a death benefit option equal to the specified amount of $263,194 plus cash value for 15 years that is then changed to a death benefit option equal to the specified amount of $579,752. A $15,000 annual premium is paid for 15 years with a 100% allocation to variable subaccounts at a 7% gross rate of return. In year 16, policy value is transferred to the indexed account assuming a 6% rate of return after which monthly participating loans are taken for 20 years. The values shown assume current policy charges. **Assuming a 0% gross rate of return for the variable subaccounts and the guaranteed minimum 1% return for the indexed account guaranteed maximum policy charges and distributions, the policy lapses at age 71.**

*Guarantees are subject to the claims-paying ability of the issuing company. Policy charges remain in effect and could reduce your policy value. Caps and participation rates may apply and are declared for each indexed account segment at the beginning of the segment year. Subsequent rates may differ but will never be less than the guaranteed minimum. If the indexed accounts fail to provide adequate returns, the account value must be sufficient to keep the policy in-force or additional premiums will be required to avoid a policy lapse.

[1]Distributions are taken through loans and withdrawals, which reduce the policy's cash surrender value and death benefit and may cause the policy to lapse. Loans are not considered income and are tax-free. Withdrawals and surrenders are tax-free up to the cost basis, provided the policy is not a modified endowment contract (MEC).

Who are your clients?

Clients who want to create a legacy

Examples include: retirees who aren't multimillionaires, but who want to make a difference by

- Magnifying their endowments
- Putting plans in place so that they'll be remembered when they're gone
- Protecting legacy assets from market risk

Couples facing tax exposure

Examples include: clients in or near retirement who have appreciating real estate and other assets, and residents of states with high inheritance taxes who may

- Express concern about federal or state estate taxes
- Be unaware that inheriting qualified assets can create income tax exposure for their heirs

Questions to ask your clients

- Would you like to be able to support a cause that you're passionate about?
- Do you want to make sure your family assets are divided equitably to your children or heirs?
- Would you want to maintain control of your estate assets?
- If your client has a loved one with special needs or a dependent who cannot manage money, would you want to be able to provide for (Name)?
- Are you concerned about the possibility of facing an unexpected health-related issue at some point in retirement?

Solutions to consider

For clients who want to minimize tax exposure while accumulating assets

The Lincoln IUL Suite[1] offers

- Strong cash value growth potential from three indexed account options
- Tax-efficient retirement income
- Protection from losses and reduced volatility on policy assets
- Legacy asset protection from tax exposure and market risk
- Coverage on one or two lives
- The optional *Lincoln LifeEnhance®* Accelerated Benefits Rider for added financial protection in the event of a permanent chronic or terminal illness

For clients who want a guaranteed legacy

The *Lincoln VUL^{ONE}* Suite[2] offers

- Guaranteed death benefit protection
- Cash value growth potential to enhance the legacy
- Premiums that never increase
- Coverage on one or two lives
- The optional *Lincoln LifeEnhance* Accelerated Benefits Rider for added financial protection in the event of a permanent chronic or terminal illness[3]

[1] *Lincoln WealthAdvantage®* IUL, *Lincoln LifeReserve®* Indexed UL Accumulator, and *Lincoln WealthPreserve®* Survivorship IUL.
[2] *Lincoln VUL^{ONE}* (2014) and *Lincoln SVUL^{ONE}* (2016).
[3] *Lincoln LifeEnhance®* Accelerated Benefits Rider is available only at issue, for an additional cost, subject to restrictions and availability. Not available with *Lincoln SVUL^{ONE}*.

Case study: Creating a gift that keeps on giving

Client:

Linda and Bill are future grandparents.

Their daughter, Cindy, age 32, is expecting their first grandchild.

Financial situation:

Linda and Bill are enjoying their retirement years. Since they have sufficient assets and income, financial protection, and a long-term care plan, they feel they've got the financial means to help their daughter and grandchild succeed in life. They're also concerned that as their investments grow and the value of their real estate holdings rise, Cindy may face increasing estate tax risk.

Goals:

- Provide a solid financial footing for Cindy and their grandchild
- Protect their heirs from tax exposure
- Leverage their legacy assets

The solution:

Linda and Bill can help create, protect, and pass on wealth to the next generation of their family through a gifting strategy. By gifting legacy assets now, they can help reduce the size of their estate and the taxes Cindy may face after they die. So Linda and Bill's advisor suggests they both contribute their maximum annual gift of $14,000 each for 17 years to fund a *Lincoln WealthAdvantage*® IUL policy for Cindy. They will pay a $28,000 annual premium until Cindy is age 49.

With today's annual federal tax exclusion amount, your clients can gift $14,000 each to individual recipients every calendar year without triggering a tax event.

They can use gifting to provide their loved ones tax-advantaged life insurance for financial protection and supplemental income needs.

The outcome:

This strategy combines death benefit protection with the potential to generate an income tax-free financial resource to help Cindy and her child throughout their lives.

Benefits for their grandchild	
When their grandchild is ages 18 to 21	$43,000 annually for four years to fund college
When their grandchild is age 31	$100,000 down payment for a home
Benefits for their daughter	
When Cindy is ages 66 to 90	$3,626,000 supplemental retirement income ($145,040 annually for 25 years)
Death benefit at age 85: **$947,647**	**6.68%** internal rate of return on Cindy's death benefit at age 85 **8.55%** pretax equivalent at a 28% marginal tax rate

This hypothetical example assumes female, age 32, preferred plus, initial death benefit of $1,351,458 with optimal 2-to-1 switch, 6% assumed interest rate with 100% premium allocation into the monthly DCA and 1-Year Point-to-Point Capped Indexed Account, annual participating loans taken in years shown, non-MEC policy design. **Assuming a 1% return, policy will lapse in year 34.** Distributions are taken through loans and withdrawals, which reduce the policy's cash surrender value and death benefit, and may cause the policy to lapse. Loans are not considered income and are tax-free.

Case study: Enhancing a legacy

Client:

Glen is a healthy nonsmoker, age 57.

Financial situation:

Glen purchased a whole life policy 24 years ago when he and his wife started raising a family. His kids are grown and Glen currently uses paid-up additions to pay his policy premiums. Depending on his nonguaranteed future credits, his death benefit could go down over time, and he may have to start paying premiums out-of-pocket someday. Glen is concerned about financial uncertainty as he approaches his retirement years. He realizes that someday he may face significant health-related expenses or need long-term care.

Goals:

- More financial assurance for the years ahead
- Life insurance protection that offers better options for his future needs

The solution:

Glen meets with his advisor to review his whole life policy. His advisor suggests that he exchange the policy for *Lincoln VUL^{ONE}* with the *Lincoln LifeEnhance*® Accelerated Benefits Rider, which will provide protection from unexpected expenses due to a permanent chronic or terminal illness.

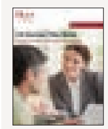
Five reasons to potentially exchange a life insurance policy

1. Secondary guarantees and no-lapse premium guarantees
2. Escalating premiums to keep policy in-force
3. Existing type and amount of insurance no longer meets client's goals
4. The need for living benefits
5. The improved financial health of an insurer

The outcome:

By exchanging his older whole life policy, Glen can stop paying premiums and save hundreds of thousands of dollars. He also has the potential to supplement his retirement income by taking income tax-free loans and withdrawals from his *Lincoln VUL^{ONE}* policy.[1]

Glen's current whole life policy	Exchange for *Lincoln VUL^{ONE}* with *Lincoln LifeEnhance* ABR	
$6,656 Annual premiums	**$0** Out-of-pocket premiums	**$6,656** Annual premium savings
	$286,208 Total savings in premiums to age 100	
$768,836 Guaranteed death benefit	**$768,836** Guaranteed death benefit	
No chronic illness protection	Chronic illness protection	
$243,343 Cash surrender value	**$22,017** Target	
	Both the rollover premium and the new premium will receive full first-year compensation.	



Offer your clients a policy review

Review your client's life insurance coverage at least every three to five years or sooner if there are significant changes in their financial responsibilities. Contact your Lincoln representative at Lincoln-LifeMarketing@LFD.com to get your copy of the policy review kit.

Order code: LIF-PR-KIT001

Please note: Whole life and VUL policies both offer a death benefit but differ greatly in their design, functionality, cost and risk exposure. These differences and others should be taken into consideration before recommending any one product over another to a client.

New policy assumes male, age 57, standard nontobacco, solved for lifetime guaranteed death benefit using rollover premium shown, DBO1, GPT, with the *Lincoln LifeEnhance*® Accelerated Benefit Rider. The policy will have a surrender value at the end of the first year of $176,804 assuming 7% gross and $161,845 assuming 0% gross return. *Lincoln LifeEnhance*® Accelerated Benefits Rider is available only at issue, for an additional cost, subject to restrictions and availability.

[1]Loans and withdrawals will reduce the policy's cash value and the guaranteed death benefit.

Client goal: Long-term care expense protection

Planning to protect assets from long-term care expenses

There's a growing need for long-term care planning as a result of longevity risk and client awareness of the need for financial protection. Many have personal experiences with loved ones who've needed care. Others are concerned about the devastating effect of long-term care expenses on their retirement plan.

A Lincoln survey revealed that 66% of Americans believe long-term care planning is important, but only 20% have discussed the topic with an advisor. Yet advisors estimate that clients who experience a long-term care event without having protection will draw down their retirement savings at rates two to three times faster than planned.[1]

Consider options for long-term care expenses

Preparing for unexpected health-related expenses doesn't end with a long-term care plan; clients should also be aware of the financial risk of chronic or terminal illness. If your clients want financial protection from future uncertainty, discuss why they should have coverage for both recoverable and terminal conditions. Here are some things to take into consideration.

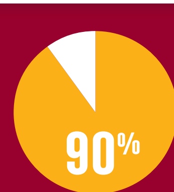
Planning for long-term care expenses with Lincoln *MoneyGuard*® solutions	**Planning for chronic illness with *Lincoln LifeEnhance*® Accelerated Benefits Rider** (Optional rider is available on most Lincoln permanent life policies.)
• Permanent or recoverable condition	• Permanent chronic or terminal condition only
• Eligibility requirements: The inability to perform at least 2 of 6 activities of daily living **OR** a need for substantial supervision due to severe chronic impairment **AND** services are expected to last at least 90 days	• Eligibility requirements: Services are need of the rest of the client's life and **EITHER** the inability to perform at least 2 of 6 activities of daily living **OR** a need for substantial supervision due to severe chronic impairment
• Reimbursements—receipts required for qualified long-term care expenses	• Indemnity—no receipts required. Funds can be used for any purpose.

Activities of daily living

- Eating
- Bathing
- Dressing
- Toileting
- Transferring
- Continence

1 OF EVERY 2 individuals turning age 65 today will need the coverage of a long-term care solution during their lifetime*

4 of every 10 people over age 85 develop dementia†



of advisors expect the demand for long-term care protection to increase over the next 5 years‡

Access comprehensive planning tools

Visit our online advisor planning resource at LTCLincoln.com/solutions. Find everything you need to start a client conversation, uncover new opportunities, and identify solutions to meet your clients' goals.

[1] Lincoln Financial Group and Hanover Research, "Long-Term Care Risk: Survey Results from Advisors and Consumers," 2015.
*Office of Disability, Aging and Long-Term Care Policy, "Long-Term Services and Support for Older Americans: Risks and Financing Research Brief," *ASPE*, https://aspe.hhs.gov/sites/default/files/pdf/106211/ElderLTCrb-rev.pdf, revised February 2015.
†Alzheimer's Association, "2015 Alzheimer's Disease Facts and Figures," *Alzheimer's & Dementia,* 2015;11(3)332, https://www.alz.org/facts/downloads/facts_figures_2015.pdf.
‡Lincoln Financial Group and Hanover Research, "Managing Long-Term Care Risks," October 2014.

Client goal: Long-term care expense protection

Who are your clients?

Clients who want asset protection and flexible payment options

Examples include: retirees, working professionals, individuals who receive annual commissions who may

- Want to have a plan for their future
- Want to protect their loved ones
- Want to enhance their life insurance protection
- Are aware of the risk of long-term care expenses
- Are concerned about the financial security of their surviving spouse

Clients concerned about future health risks

Examples include: individuals or couples in or nearing retirement who may

- Want protection from uncertainty
- Want to protect their assets from financial risk

Questions to ask your clients

- Do you know anyone who needed long-term care?
- What is the cost of care in your area?
- (If your client wants to self-insure) Which assets would you sell first if you needed care someday?
- Would your spouse or children be able to assist you?
- (If client has uninsured parents) Would you or your siblings be able to assist your parents if they needed care?
- How long did your grandparents (parents) live? Sounds like there's a good chance you'll have a lot of years.

Solutions to consider

Combining life insurance with accelerated benefits riders with Lincoln *MoneyGuard*® II can give your clients added assurance from future uncertainty. Whether they should ever need long-term care or develop a serious, nonrecoverable illness, they'll have coverage.

For long-term care planning

Lincoln *MoneyGuard*® II offers

- Income tax-free benefits if your client needs care[1]
- An income tax-free death benefit if they don't
- Return of premium options if they change their mind
- Inflation options to help keep pace with rising costs (Additional cost applies.)
- No elimination period or deductible period

For chronic illness protection

***Lincoln LifeEnhance*® Accelerated Benefits Rider on a permanent policy offers**

- Access to death benefit in the event of a permanent chronic or terminal illness
- The freedom to use the funds for any purpose
- No waiting period
- If the benefits are unneeded, the policy performs as illustrated with death benefit protection and potential cash value growth

Lincoln *MoneyGuard*® II is not available in New York.

[1]Reimbursements for qualified long-term care expenses. Benefits are generally paid income tax-free under Internal Revenue Code Section 104(a)(3).

Case study: Protecting retirement and legacy assets

Client:

Carla, age 50, and Martin, age 51, are a healthy married couple with two children.

Financial situation:

Carla and Martin feel confident they'll have a solid financial footing for retirement, and because of a recent inheritance, they have $450,000 to meet two additional objectives. Since Carla's mother needed long-term care, they want to make sure they have a plan. But they have concerns. One of their friends had to drop their long-term care insurance policy because their premiums rose significantly. At this stage in life, they want to avoid risk and make smart moves with their money.

Goals:

- Long-term care planning to help protect their savings
- Legacy planning to provide each child a $1 million death benefit
- Asset protection from long-term care expenses, taxes and volatility risk

The solution:

The long-term care planning goal — Carla and Martin will each purchase a Lincoln *MoneyGuard*® II single premium policy, which offers guaranteed premiums that will not increase and guaranteed benefits even if they never need long-term care. And there's no elimination period for benefits once they qualify.

The legacy-planning goal — Carla and Martin will also purchase a $2 million *Lincoln SVUL*ONE policy. The policy gives Carla and Martin the ability to pursue tax-deferred growth opportunities and access to cash value, should their needs change. Their children will inherit an income tax-free legacy when their parents die.

The outcome:

	Long-term care plan				Legacy plan
	Lincoln *MoneyGuard* II policy for Carla		Lincoln *MoneyGuard* II policy for Martin		*Lincoln SVUL*ONE policy for Carla and Martin
Premium	$84,336		$84,336		4 annual payments of $70,332
Death benefit	$119,822 (if Carla never needs care)		$86,198 (if Martin never needs care)		$2,000,000
Length of no-lapse guarantee	Lifetime		Lifetime		Lifetime
Initial monthly benefit	$4,993		$3,592		N/A
Initial total LTC pool	$387,529		$293,156		N/A
Benefit duration	6 years		6 years		N/A
Inflation protection	3% compound		5% compound		N/A
Year 15 cash surrender value	$67,469 guaranteed		$67,469 guaranteed		$377,174 nonguaranteed
Age 100 death benefit	$119,822		$86,198		$2,000,000
Age 80 LTC benefits	Monthly $12,118	Total pool $940,634	Monthly $14,783	Total pool $1,206,668	N/A
Age 85 LTC benefits	Monthly $14,048	Total pool $1,090,453	Monthly $18,868	Total pool $1,540,049	N/A

$450,000 payment → **Over $4 million of guaranteed coverage by life expectancy ($2 million death benefit + $2 million combined LTC pools)**

Plan to maximize benefits when your clients may need them most because most long-term care claims are filed for individuals in their 80s.*

*Data per new claims opened in 2014, *2015 AALTCI Sourcebook*.

Guarantees are subject to the claims-paying ability of the issuing company. Policy charges remain in effect and could reduce your policy value. The year 10 cash surrender value shown is the return of premium value (the 80% basic ROP option was elected).

This hypothetical example assumes male, age 51, preferred nontobacco and female, age 50, preferred nontobacco, 6.00% gross/5.42% net rate of return, current charges. At 0% and guaranteed charges, cash values are zero in year 26. Assumptions for Lincoln *MoneyGuard*® II (2017): male, age 51, Couples Discount, 5% compound inflation, basic ROP, 2-year LABR + 4-year LEBR. Female, age 50, Couples Discount, 3% compound inflation, basic ROP, 2-year LABR + 4-year LEBR.

Who are your clients?

Business owners who want to attract and retain top talent

Examples include: owners in competitive fields, such as electrical engineering, software development, and information security, who are concerned about

- Attracting new talent
- Retaining key talent
- Providing benefits with tax-deductible dollars

Business owners who rely on their key employees

Examples include: owners who have a partner or top executive crucial to the business who may be concerned about or unaware of these risks

- Revenue loss in the event of the death of a key employee
- Business disruption or inability to recover from the loss of a key employee
- Having sufficient capital to recruit and train a replacement

Questions to ask your clients

- What steps have you taken to retain your top talent?
- Are you having difficulty with recruitment?
- Would you be interested in a cost-efficient recruitment and retention package?
- Do you have any employees critical to the success of your business?
- If this employee would unexpectedly die, what would happen to your customers and staff?
- Do you know what it would cost to replace your key employee?

Solutions to consider

For owners who want to attract and retain top talent

An executive bonus plan using *Lincoln WealthAdvantage*® IUL can provide a powerful incentive for top performers

Employer advantages

- A discretionary plan with the owner deciding who can participate
- Easy to establish and administer, no IRS-approval required
- Business has a current tax reduction for bonuses paid*

Employee advantages

- Policy ownership
- Tax-deferred growth opportunities to create a future income tax-free financial resource
- Access to living benefits
- An income tax-free death benefit for their beneficiary

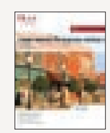
For owners who want financial protection for the unexpected death of a key employee

Key person insurance using *Lincoln WealthAdvantage* IUL can provide

- A source of income to replace profit or capital loss
- A balance sheet advantage with an optional rider that provides high early cash surrender value
- Tax-deferred growth and tax-efficient cash value that can be used to fund other objectives
- Tax-deferred growth opportunities to create a future income tax-free financial resource
- Access to living benefits
- An income tax-free death benefit for their beneficiary

View the interactive business planning white paper.
It has the in-depth technical content financial professionals need in an easy-to-use, dynamic format.

Available online at: www.lfg.com/planningstrategiesforbusinessowners



Find more planning strategies for small-business owners
Ask your Lincoln representative for a copy of the business insurance solutions guide.

Order code: LIF-BI-BRC001

*The deductibility of the bonus is subject to the reasonable compensation limits established by Internal Revenue Code Section 162(a).

Case study: Retaining top talent with an executive bonus plan

Client:

Phil is the owner of Packaging in Action.

Key employee:

Greg, age 45, is Phil's top-notch plant manager.

Financial situation:

Greg joined the firm 10 years ago. Phil realizes that Greg is an innovator who helps his firm keep its leading edge and maintain a healthy profit margin. Because Phil doesn't want to lose Greg to a competitor, he wants to reward him with a benefit that will encourage him to stay employed at Packaging in Action until he retires.

Goals for the business:

- Maintain its competitive edge
- Establish a simple, tax-advantaged way to reward and retain key employees
- Ease of plan implementation and administration

Goal for Greg's benefits package:

- Provide a significant future retirement benefit and an attractive benefit for today

52% of owners say they're hiring or trying to hire new talent, but 45% of these employers claimed that there are few or no qualified applicants for the positions they're trying to fill.

Source: "NFIB Small Business Economic Trends," www.nfib.com, January 2016.

The solution:

To help ensure that Packaging in Action keeps key talent like Greg, Phil's advisor recommends an executive bonus plan using life insurance. The strategy gives Phil's corporation a cost-efficient way to provide Greg an attractive benefit package with added advantages. Packaging in Action agrees to pay an annual tax-deductible bonus in the amount of $10,000 for a life insurance premium where Greg will be both the insured and policyowner.*

A *Lincoln WealthAdvantage*® Indexed UL policy is purchased on Greg's life. Greg names his wife, Karen, as the policy beneficiary. The advisor recommends this product because it can provide valuable death benefit protection and has the potential to accumulate significant cash value, which can supplement Greg's retirement income.

How an executive bonus plan works:

- Unlike qualified plans, an owner has total discretion regarding which employees to include in the plan.
- The selected employee purchases a life insurance policy, and the employee is now the owner of the policy and names his beneficiary.
- The premium is paid by the company and is typically made directly to the insurance company. The premium is treated as a "bonus" to the employee, and it will be taxed as ordinary income to the employee.
- The company can generally take a current tax reduction for any annual bonuses paid.*
- There are many design options. The owner might simply choose to bonus the premium paid, or they may decide to "double bonus" the employee, providing the initial bonus (premium) and taxes due on the bonus.

*The deductibility of the bonus is subject to the reasonable compensation limits established by Internal Revenue Code Section 162(a).

The outcome:

Benefits for Greg

- Access to cash value and an income tax-free death benefit for his wife
- Tax-deferred growth opportunities to create a financial resource for his future
- No required distributions at age 70½ and no early withdrawal penalties before age 59½ when properly designed

Total out-of-pocket expense over 20 years to pay taxes on his bonus	–$56,000
Total amount of money Greg can take as income tax-free loans to supplement his retirement income	+$630,700
Greg's death benefit at age 85	+$169,621
Net benefit to Greg at age 85	**$744,321**

Benefits for the business

- A valuable key employee with an attractive benefit that provides financial protection and a retirement supplement
- A plan that's easy to implement and maintain with no IRS-approval needed

Total bonus paid to Greg to age 65*	$200,000 ($10,000 per year for 20 years)
Total tax reductions for bonuses paid†	–$68,000 ($3,400 per year for 20 years)
Total after-tax cost of the benefit	**$132,000**

*The deductibility of the bonus is subject to the reasonable compensation limits established by Internal Revenue Code Section 162(a).

This hypothetical example assumes a male, age 45, standard nontobacco, tax bracket 28%, *Lincoln WealthAdvantage*® Indexed UL, solve for a minimum non-MEC death benefit with a $10,000 annual premium paid for 20 years, increasing by cash death benefit option for 20 years then switch to a level death benefit option, solve for maximum annualized participating loans from ages 66 through 85 with $1 at maturity and 6% assumed index crediting. **At 1% with guaranteed crediting and distributions, policy lapses at age 70.**

†Assuming a 34% tax bracket.

Case study: Protecting the business with key employee coverage

Client:

Vince is the owner of a large construction company.

Business key person:

Mark, a healthy nonsmoker, is age 45.

Financial situation:

Mark is a well-respected civil engineer and general sales manager hired by Vince in 2008 to take his commercial construction company to the next level. Since then, Mark has continued to generate considerable sales. Mark is vital to the company's success, and his unexpected death would expose Vince's business to financial risk.

A key employee may be a partner, a top executive, or an important member of an organization with unique talents, experience or skills. Key-employee protection can help maintain business continuity and solvency in the event of a key employee's death. Often financial institutions and investors require that companies carry this coverage to protect their business loans and investments.

Goals:

- Replace lost revenue in the event of Mark's death
- Provide liquidity to recruit and train Mark's successor
- Maintain business continuity for Vince's clients, creditors and employees

The solution:

Vince's business purchases a *Lincoln WealthAdvantage*® IUL policy, with Mark as the insured.

- The business is the owner, premium payer, and beneficiary of the life insurance policy.
- By adding the optional Surrender Value Enhancement Endorsement to the policy, surrender charges are waived in all years, which allows for potentially higher early cash value.* This can be especially valuable to a business with balance sheet sensitivity, such as Vince's.

How the strategy works:

• The business pays a $10,000 annual premium for 20 years:	$200,000 total premium
• Key person protection with death benefit:	$1 million
• Policy cash value when the owners are age 65:	$236,287

Hypothetical example assumes a male, age 45, preferred nontobacco, *Lincoln WealthAdvantage*® IUL, $1,000,000 level death benefit, $10,000 annual premium paid for 20 years, assumed interest rate 6%, state of North Carolina, **assuming 1% guaranteed charges and distributions, policy lapses at age 67/year 22.**

*The Surrender Value Enhancement Endorsement is available for an additional cost.

Advantages of *Lincoln WealthAdvantage* IUL in the key person strategy

1. Cash values that can be accessed by the construction company through policy loans and withdrawals[1]
2. Higher early cash value potential for the balance sheet with the Surrender Value Enhancement Endorsement, which waives surrender charges in all years*
3. Tax-deferred cash value growth potential
4. Financial flexibility at retirement or termination of employment with the option to:
   - A. Keep or surrender the policy
   - B. Transfer the policy to the insured employee
   - C. Use policy values for informal funding of executive compensation arrangement

Some owners may not be aware of the financial risk they face. The death of a key employee could lead to business disruption, loss of profits, and the costs of recruiting and training a suitable replacement.

The outcome:

- In the event of Mark's death, the business can use the $1 million death benefit proceeds to help sustain its operations.[2]

[1]Loans and withdrawals will reduce the policy's cash value and death benefit, may cause the policy to lapse, and may have tax implications. If amounts are withdrawn from the indexed accounts prior to the end of the term, any interest earned for that term.

[2]If the requirements of IRC §101(j) are not met, the life insurance proceeds received by the employer will be subject to income tax to the extent that the proceeds exceed the employer's cost basis in the policy.

For more information about planning with life insurance, contact your Lincoln representative. Visit us online at: LFG.com/SimplifyLife.

The strength of Lincoln

Additional information is available at LincolnFinancial.com. Click **About us** and **Financial strength** to find the "Key Facts" flier.

The Lincoln National Life Insurance Company (Fort Wayne, IN)		
Rating agency	**Rating**	**Ranking**
A.M. Best	A+	2nd highest of 16
Standard & Poor's	AA–	4th highest of 21
Moody's	A1	5th highest of 21
Fitch	A+	5th highest of 19

Lincoln Life & Annuity Company of New York (Syracuse, NY)		
Rating agency	**Rating**	**Ranking**
A.M. Best	A+	2nd highest of 16
Standard & Poor's	AA–	4th highest of 21
Moody's	A1	5th highest of 21
Fitch	A+	5th highest of 19

These ratings apply only to the claims-paying ability as of February 1, 2017. All ratings are subject to revision or withdrawal at any time by the rating agencies. The ratings are not recommendations to buy, sell or hold our securities. For more information on ratings, including rating agency outlooks, see www.LincolnFinancial.com/investor. The outlook for ratings from all four ratings agencies is stable.

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Issuers:
The Lincoln National Life Insurance Company, Fort Wayne, IN
Lincoln Life & Annuity Company of New York, Syracuse, NY

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Products, riders and features are subject to state availability. The insurance policy and riders have limitations, exclusions, and/or reductions. Check state availability. Long-term care benefit riders may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. Accelerated death benefits may be taxable and may affect public assistance eligibility.

Distributor: Lincoln Financial Distributors, Inc., a broker-dealer

Policies:
Lincoln LifeElements® Level Term (2017) — 05/15/17, policy form TRM6063 and state variations. Not available in NY.

Lincoln LifeElements® Level Term (2014) — 03/14/16, policy form TRM5065/ICC14TRM5065, with endorsement END7013 and Conversion Products Amendment AMD-7029, and state variations; TRM5065N.2/15 in NY.

Lincoln TermAccel® Level Term — 05/15/17, policy form TRM5065/ICC15TRM5065 with endorsement END7013, data pages TA5165, and state variations. Not available in NY.

Lincoln LifeReserve® Indexed UL Accumulator (2014) policy form UL6024/ICC14UL6024 and state variations with optional rider form ABR-5762; UL6024N with optional rider form ABR-5762N in NY.

Lincoln WealthAdvantage® Indexed UL policy form UL6046/ICC15UL6046 and state variations with optional rider form ABR-7027/ICC15ABR-7027; UL6046N with optional rider form ABR-7027N in NY.

Lincoln WealthPreserve® Survivorship IUL policy form SUL6035 and state variations with optional rider form ICC14ABR-7012/ABR-7012; SUL6035N with optional rider form ABR-7012N in NY.

Lincoln *MoneyGuard*® Reserve, universal life insurance policy form LN850 (8/05) with a Convalescent Care Benefits Rider on Rider Form LR851 (8/05), an Extension of Benefits Rider on Rider Form LR852 (8/05), a Return of Premium Rider on Rider Form LR850 (10/07), a Terminal Illness Accelerated Death Benefit Rider on Rider Form LR853 (8/05), a Right to Purchase a Long-Term Care Policy on Endorsement Form LR856 (8/05), and a Nonforfeiture Benefit Rider on Rider Form LR855 (8/05). Only available in NY.

Lincoln *MoneyGuard*® II, universal life insurance policy form LN880/ICC13LN880 with the Value Protection Rider (VPR) on form LR880 and state variations/ICC15LR880 Rev, Long-Term Care Acceleration of Benefits Rider (LABR) on form LR881/ICC13LR881, and optional Long-Term Care Extension of Benefits Rider (LEBR) on form LR882/ICC13LR882. Not available in NY.

Lincoln AssetEdge® VUL (2015) policy form LN683 and state variations with optional rider form ICC15LR631/LR-631; LN683 with optional rider form LR631 in NY.

*Lincoln VUL*ONE (2014) policy form LN696 and state variations with optional rider form ICC15LR631/LR-630. Not available in NY.

*Lincoln SVUL*ONE (2016) policy form LN667 and state variations. Not available in NY.

Variable products: Policy values will fluctuate and are subject to market risk and to possible loss of principal.

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