

MoneyGuard® Reserve Plus



Presented by: Jack Lenenberg
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Narrative Summary

For: Valued Client Specified Amount of Death Benefit: \$110,034
 Age/Sex/State: 60, Male, IL
 Risk Class: Non-Tobacco

All Values and Benefits are Guaranteed¹

Premium Total First Year Premium	\$100,000.00 \$100,000.00	Single premium assumed to be received on policy effective date.																
Total Long-Term Care Benefit Limit	\$202,669	The Total Long-Term Care Benefit Limit provides expense reimbursement for long-term care expenses including adult day care, home health care, personal care services, hospice services, nursing home care services, assisted living, and alternative care services. There is no deductible period and benefits are payable on the first day of care for eligible claims. The specific services covered are described in the contract. The Total Long-Term Care Benefit Limit is composed of the following rider(s): Convalescent Care Benefits Rider Benefit Limit: \$110,034 Extension of Benefits Rider Benefit Limit: \$73,356 The benefit limit shown to the left is the benefit limit at policy issue. See page 5 of this projection for benefit limits after the first year.																
Maximum Monthly Long-Term Care Benefit Limit	\$3,057	The Maximum Monthly Long-Term Care Benefit Limit is the initial amount available for reimbursement of covered services in any one month.																
Minimum Long-Term Care Benefit Duration	5 Years	Based on the rider(s) selected, the policy will provide reimbursement for long-term care expenses for a minimum of 5 years. Long-Term Care Benefit Duration is based on the Convalescent Care Benefits Rider (CCBR) duration of 3 years, followed by the Extension of Benefits Rider (EOBR) duration of 2 years selected at issue.																
Specified Amount of Death Benefit	\$110,034	The Specified Amount of Death Benefit is set at issue and is used to determine the amount of guaranteed Death Benefit. Long-Term Care reimbursement will reduce the Specified Amount of Death Benefit on a dollar-for-dollar basis.																
Enhanced Surrender Value	\$100,000	The Enhanced Surrender Value (ESV) ensures the amount payable upon surrender will not be less than the sum of premiums paid (once all premiums are paid) beginning in the 6th policy year. In years one through five, the surrender value is determined based on the ESV durational percentage as shown in the table below. <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Duration Month</th> <th>ESV Percentage</th> </tr> </thead> <tbody> <tr> <td>0-6</td> <td>100%</td> </tr> <tr> <td>7-12</td> <td>90%</td> </tr> <tr> <td>13-24</td> <td>92%</td> </tr> <tr> <td>25-36</td> <td>94%</td> </tr> <tr> <td>37-48</td> <td>96%</td> </tr> <tr> <td>49-60</td> <td>98%</td> </tr> <tr> <td>61+</td> <td>100%</td> </tr> </tbody> </table>	Duration Month	ESV Percentage	0-6	100%	7-12	90%	13-24	92%	25-36	94%	37-48	96%	49-60	98%	61+	100%
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0-6	100%																	
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25-36	94%																	
37-48	96%																	
49-60	98%																	
61+	100%																	

This is a Projection of Values for *MoneyGuard*® Reserve Plus which is a Flexible Premium Adjustable Life (Universal Life) Insurance policy issued by The Lincoln National Life Insurance Company on Policy Form ICC11LN870 with a Convalescent Care Benefits Rider (CCBR) and state variation thereto on Rider Form ICC11LR870, an Extension of Benefits Rider (EOBR) and state variation thereto on Rider Form ICC11LR871 and an Enhanced Surrender Value Endorsement and state variation thereto on Endorsement Form ICC12B10504F. Benefits and features may vary by state. Benefits provided are subject to medical underwriting. The policy contains exclusions and limitations, please contact The Lincoln National Life Insurance Company for costs and complete details.

The Long-Term Care benefits are intended for recognition as "Qualified Long-Term Care Insurance" under 7702B of the Internal Revenue Code (IRC). THIS PROJECTION OF VALUES IS TO BE ACCOMPANIED BY AN OUTLINE OF COVERAGE.

¹ Benefits and values are guaranteed based on guaranteed interest of 4.00% and guaranteed cost of insurance charges, as long as no loans or withdrawals are taken.

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Affiliates are separately responsible for their own financial and contractual obligations.

Narrative Summary, Continued

For: Valued Client
Age/Sex/State: 60 / Male / IL
Risk Class: Non-Tobacco

Specified Amount of Death Benefit: \$110,034

All Values and Benefits are Guaranteed¹

Residual Death Benefit	\$11,003	Regardless of how much of your Specified Amount you use to pay for long-term care expenses, your beneficiary will receive an amount no less than the Residual Death Benefit. At issue, this benefit is equal to 10% of your initial Specified Amount of Death Benefit. After issue, this benefit will be reduced for loans, loan interest, or withdrawals, and increased for loan or loan interest repayments.
Optional Inflation Protection (Compound 5% Inflation)	This Projection of Values includes optional inflation protection that will automatically increase the prior year's maximum monthly CCBP by 5% compounded annually. The prior year's maximum monthly EOBR will be increased by 5% compounded annually. The increased benefit amount is reflected in the Total LTC Benefit column of this Projection of Values.	
Nonforfeiture Benefit Rider	Not Elected	
Long-Term Care Rider Charges	The monthly deduction for the CCBP is \$91.65. This deduction includes a monthly rider charge of \$13.20 and a CCBP Monthly Inflation Charge of \$78.45. The monthly deduction for the EOBR is \$62.06. This deduction includes a monthly rider charge of \$18.60 and a EOBR Monthly Inflation Charge of \$43.46. We cannot increase these charges.	
Surrender Charges	The initial surrender charge decreases, eventually reaching zero at the end of year 10. Surrender charges are only assessed if the cash surrender value is greater than the Enhanced Surrender Value (ESV). The Surrender Value for each year of the policy is shown in the Surrender Value column of the Guaranteed Values page.	

THIS IS A LIFE INSURANCE POLICY PROJECTION OF VALUES AND NOT A CONTRACT. ACTUAL RESULTS MAY VARY FROM THE VALUES SHOWN IN THIS PROJECTION OF VALUES. POLICY LIMITATIONS AND EXCLUSIONS ARE DESCRIBED IN THE OUTLINE OF COVERAGE THAT ACCOMPANIES THIS PROJECTION OF VALUES. GUARANTEES ARE SUBJECT TO THE FINANCIAL STRENGTH OF THE LINCOLN NATIONAL LIFE INSURANCE COMPANY.

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MoneyGuard® Reserve Plus

Presented by: Jack Lenenberg
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Disclosures

For: Valued Client
Age/Sex/State: 60 / Male / IL
Risk Class: Non-Tobacco

Specified Amount of Death Benefit: \$110,034

Tax Status

The MoneyGuard® Reserve Plus Death Benefit is generally received by the beneficiary income tax-free under Section 101(a)(1) of the Internal Revenue Code (IRC) and the long-term care benefits paid are not taxed as income under IRC Section 104(a)(3). The owner will pay no current income taxes on interest earnings credited to the policy's Cash Value.

Based on our understanding of applicable law, the projected policy is a Modified Endowment Contract (MEC) as defined in section 7702A of the Internal Revenue Code. Distributions from a MEC may be subject to income tax, and an additional 10% federal income tax penalty applies to taxable distributions received before the policy owner reaches age 59 1/2.

The Pension Protection Act of 2006 (PPA) has changed the tax treatment of your MoneyGuard policy effective January 1, 2010. Based on our understanding and analysis of the PPA:

- Qualified Long-Term Care Rider charges will continue to be treated as distributions from your policy, but Lincoln will not report the distributions as taxable (even if your policy is a MEC).
- Qualified Long-Term Care Rider charges will reduce the investment in the contract (cost basis), but not below zero, as the charges are taken from your policy.
- Once the investment in the contract has been reduced to zero, distributions for Qualified Long-Term Care Rider charges will come from any gain in the contract (but will still not be reported as taxable distributions). You will receive a 1099R form for the charges, but the charges are not reported as taxable.

Please note that the state income tax laws in certain states do not conform to the federal income tax treatment of the Qualified Long-Term Care Rider charges described above. In such states, the charges may be treated as taxable distributions from the policy for state income tax purposes. However, the federal income tax treatment described above will continue to apply to such charges.

It is important to remember that these rider charges now and in the future impact the policy's cost basis. In the event any other financial transaction is requested, such as a request to exercise the Enhanced Surrender Value Endorsement, the cost basis is used in determining if that transaction creates a taxable event. As previously noted, the cost basis is reduced as a result of these rider charges. The owner should consult his/her personal tax advisor regarding this and other applicable tax matters.

IRS Circular 230 Disclosure: This material was prepared to support the promotion and marketing of insurance products. Lincoln Financial Group® affiliates, their distributors, and their respective employees, representatives, and/or insurance agents do not provide tax, accounting, or legal advice. Any tax statements contained herein were not intended or written to be used, and cannot be used for the purpose of avoiding U.S. federal, state or local tax penalties. Please consult with your own independent advisor as to any tax, accounting or legal statements made herein.

Enhanced Surrender Value Disclosure

The Enhanced Surrender Value is subject to a durational percentage that is applied to the sum of planned premiums in years one through five. The Enhanced Surrender Value Percentage is 100% for the first six months of the policy and in years six and beyond. The Enhanced Surrender Value does not apply until all planned premiums have been paid. In policy years 1-5, the grading percentage is reflected in the Surrender Value Column of the Guaranteed Ledger.

Understanding Your Projection of Values

For: Valued Client
Age/Sex/State 60 / Male / IL
Risk Class: Non-Tobacco

Specified Amount of Death Benefit: \$110,034

Year

Year is the policy year beginning with the effective date of the policy.

Age

Age is the insured's age at the end of the policy year shown.

Premium Outlay

Premium Outlay is the total amount paid into the policy for the year shown.

Enhanced Surrender Value (ESV)

The ESV is equal to the sum of the Premium Outlay shown as part of the Projection of Values multiplied by the ESV Durational Percentage.

Cash Value

The Cash Value is displayed at policy year-end and includes the prior policy year-end Cash Value, increased by net premiums received, decreased by net loans, net indebtedness and monthly deductions and increased by interest credited during the policy year. Long-Term Care benefit payments will reduce the Cash Value by the same percentage amount as they reduce the Specified Amount.

Surrender Value

The Surrender Value is displayed at policy year-end and is the greater of Enhanced Surrender Value or the prior year-end Cash Value, increased by net premiums received, decreased by policy charges and any surrender charges, increased by interest credited during the policy year.

Death Benefit

The Death Benefit is the greater of the initial Specified Amount of Death Benefit on the date of death decreased by any indebtedness and withdrawals or the Minimum Required Death Benefit decreased by any indebtedness and Long-Term Care benefits paid. Under the IRC, the Minimum Required Death Benefit for a life insurance policy must be equal to or exceed a percentage of the greater of Gross Cash Value or the amount which would be received upon policy surrender. This percentage varies by age.

Total Long-Term Care Benefit Limit

The Total Long-Term Care Benefit Limit is the amount available for reimbursement of costs incurred for long-term care expenses. It is equal to the initial Specified Amount of Death Benefit, as provided by the Convalescent Care Benefits Rider, plus the benefits provided by the Extension of Benefits Rider. The amounts shown reflect the Optional Inflation Protection provision described in this Projection of Values.

This Projection of Values is neither a contract nor an offer to contract. A full description of policy provisions and limitations is included in the policy itself and any applicable riders.

The applicant certifies the following: 1) I have received a copy of this Projection of Values, 2) I have received the Modified Endowment Contract disclosure statement and understand that the proposed plan of insurance would be a Modified Endowment Contract subject to special tax treatment, 3) I have been advised to consult with my own tax advisor regarding the tax effects of the projected policy, its valuation, as well as the potential tax impact on surrender under the Enhanced Surrender Value Endorsement, 4) I have received a copy of an Outline of Coverage and (5) I understand that the benefits provided are subject to medical underwriting.

Applicant: _____

Date: _____

The agent certifies the following: 1) I certify that this Projection of Values has been presented to the applicant and that I have made no statements that are inconsistent with the Projection of Values and 2) I certify that I have presented to the applicant an Outline of Coverage.

Licensed Agent/Representative: _____

Date: _____

MoneyGuard® Reserve Plus

Presented by: Jack Lenenberg
LTC Partner



Guaranteed Values

For: Valued Client
Age/Sex/State: 60 / Male / IL
Risk Class: Non-Tobacco

Specified Amount of Death Benefit: \$110,034

ALL VALUES SHOWN ARE GUARANTEED ⁽¹⁾

Year	Age	Premium Outlay	Surrender Value(2)	Death Benefit(3)	Cash Value	Total LTC Benefit(4)	Maximum Monthly CCBR and EOBR (5%) Benefit(5)
1	61	100,000	93,805	231,818	98,041	202,669	3,057
2	62	0	94,271	224,800	98,508	212,803	3,209
3	63	0	95,048	218,004	98,885	223,443	3,370
4	64	0	96,000	211,417	99,168	234,615	3,538
5	65	0	98,000	205,022	99,351	246,346	3,715
6	66	0	100,000	199,956	99,720	258,663	3,901
7	67	0	100,000	193,964	100,013	271,596	4,096
8	68	0	100,000	188,730	100,250	285,176	4,301
9	69	0	100,000	183,670	100,441	299,434	4,516
10	70	0	100,000	178,610	100,509	314,406	4,742
11	71	0	100,754	174,197	100,754	330,127	4,979
12	72	0	100,842	169,858	100,842	346,633	5,228
13	73	0	100,763	165,603	100,763	363,965	5,489
14	74	0	100,539	161,472	100,539	382,163	5,763
15	75	0	100,211	157,488	100,211	401,271	6,052
16	76	0	100,002	153,925	100,002	421,334	6,354
17	77	0	100,000	150,776	99,756	442,401	6,672
18	78	0	100,000	147,725	99,453	464,521	7,006
19	79	0	100,000	144,775	99,063	487,747	7,356
20	80	0	100,000	141,954	98,549	512,135	7,724
21	81	0	100,000	139,287	98,212	537,742	8,110
22	82	0	100,000	136,752	97,758	564,629	8,515
23	83	0	100,000	134,342	97,175	592,860	8,941
24	84	0	100,000	132,045	96,438	622,503	9,388
25	85	0	100,000	129,855	95,535	653,628	9,858
26	86	0	100,000	127,745	94,454	686,310	10,350
27	87	0	100,000	125,683	93,246	720,625	10,868
28	88	0	100,000	123,572	91,912	756,656	11,411
29	89	0	100,000	121,376	90,456	794,489	11,982
30	90	0	100,000	119,056	88,890	834,214	12,581

- (1) Benefits and values are guaranteed based on guaranteed interest of 4.00% and guaranteed cost of insurance charges, as long as no loans or withdrawals are taken.
- (2) Surrender Value is the greater of the Surrender Value as defined on the Understanding Your Projection of Values page or the Enhanced Surrender Value, if available.
- (3) Under the Internal Revenue Code, the minimum Death Benefit for a life insurance policy must be equal to or exceed a percentage of the greater of Gross Cash Value or the amount which would be received upon policy surrender. This percentage varies by age. The actual factors used to meet this requirement are disclosed in the Minimum Required Death Benefit Percentage Table included in your policy. When the projected Death Benefit is greater than the initial Specified Amount of Death Benefit, it means we have applied these factors.
- (4) The values shown in the Total LTC Benefit column assumes the monthly maximum is used for the entire duration selected and the long-term care value will continue to increase on each policy anniversary as a result of the inflation option selected.
- (5) The monthly benefit noted in each year is the amount available for the first 12 months of care. The monthly maximum available for subsequent years will increase on each policy anniversary as a result of the inflation option selected and is reflected in the Total LTC Benefit column.

This Projection of Values is not complete without all pages.
ICC12LCN 201104-2053805

The Lincoln National Life Insurance Company
Ft. Wayne, IN

MoneyGuard® Reserve Plus

Presented by: Jack Lenenberg
LTC Partner



Guaranteed Values

For: Valued Client
Age/Sex/State: 60 / Male / IL
Risk Class: Non-Tobacco

Specified Amount of Death Benefit: \$110,034

ALL VALUES SHOWN ARE GUARANTEED ⁽¹⁾

Year	Age	Premium Outlay	Surrender Value(2)	Death Benefit(3)	Cash Value	Total LTC Benefit(4)	Maximum Monthly CCBR and EOBR (5%) Benefit(5)
31	91	0	100,000	116,569	87,239	875,924	13,210
32	92	0	100,000	113,865	85,537	919,720	13,871
33	93	0	100,000	110,896	83,824	965,706	14,564
34	94	0	100,000	110,034	81,825	1,013,992	15,292
35	95	0	100,000	110,034	79,366	1,064,691	16,057
40	100	0	100,000	110,034	96,561	1,358,846	20,493
45	105	0	117,481	117,481	117,481	1,734,270	26,155
50	110	0	142,934	142,934	142,934	2,213,417	33,381
55	115	0	173,900	173,900	173,900	2,824,943	42,604
60	120	0	211,577	211,577	211,577	3,605,423	54,374

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- (3) Under the Internal Revenue Code, the minimum Death Benefit for a life insurance policy must be equal to or exceed a percentage of the greater of Gross Cash Value or the amount which would be received upon policy surrender. This percentage varies by age. The actual factors used to meet this requirement are disclosed in the Minimum Required Death Benefit Percentage Table included in your policy. When the projected Death Benefit is greater than the initial Specified Amount of Death Benefit, it means we have applied these factors.
- (4) The values shown in the Total LTC Benefit column assumes the monthly maximum is used for the entire duration selected and the long-term care value will continue to increase on each policy anniversary as a result of the inflation option selected.
- (5) The monthly benefit noted in each year is the amount available for the first 12 months of care. The monthly maximum available for subsequent years will increase on each policy anniversary as a result of the inflation option selected and is reflected in the Total LTC Benefit column.

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ICC12LCN 201104-2053805

The Lincoln National Life Insurance Company
Ft. Wayne, IN

MoneyGuard® Reserve Plus

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Important Information

For: Valued Client
Age/Sex/State 60 / Male / IL
Risk Class: Non-Tobacco

Specified Amount of Death Benefit: \$110,034

Life Insurance Cost Indices

LIFE INSURANCE COST INDICES BASED ON GUARANTEED AMOUNT PAYABLE ON DEATH

Based on Guaranteed 4.00% Interest
Rate and Guaranteed Charges

	10 Year	20 Year
Surrender Cost	23.12	25.36
Net Payment	59.88	40.69

AN EXPLANATION OF THE INTENDED USE OF THESE INDICES IS PROVIDED IN THE LIFE INSURANCE BUYER'S GUIDE. THESE INDICES ARE USEFUL ONLY FOR THE COMPARISON OF RELATIVE COSTS OF TWO OR MORE SIMILAR POLICIES. THE PLANNED ANNUAL PREMIUM LESS ANNUAL CHARGES FOR RIDERS IS USED FOR THE BASIC POLICY PREMIUM IN CALCULATING THE INDICES ABOVE.

New Business Data Sheet

You must include the New Business Data Sheet when submitting the Projection of Values to the Home Office

The following are all initial values and do not reflect any future changes.

Product Name	MoneyGuard® Reserve Plus
State	Valued Client
Gender	IL
Age	Male
Class	60
	Non-Tobacco
Death Benefit Option	Level
MEC	Yes
Face Amount	\$110,034
Planned Premium	\$100,000.00
Payment Mode	Annual
Lump Sum Deposit	\$0
Age 95 Solve Percent	0.72125
Solve Details	Face Solve

Riders

CCBR: **3 Years**
 Inflation Protection: **Compound 5%**
 EOBR: **2 Years**
 Inflation Protection: **Compound 5%**
 Enhanced Surrender Value Endorsement: G
 Enhanced Surrender Value Threshold: **\$100,000.00**
 NFO Rider: **No**

Year	Total Premiums
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1	100,000.00
2	0

Software version:
 LFD-D v23.0 C
 12/18/2013 3:23 PM
 TP: 10,068.11
 7P: 7,658.41

**OUTLINE OF COVERAGE
TABLE**

Convalescent Care Benefits Rider ("CCBR")

CCBR Benefit Limit: \$110,034
CCBR Duration: 3 Years
Maximum Monthly CCBR Benefit: \$3,057

Monthly Rider Charge: \$13.20

Extension of Benefits Rider ("EOBR")

EOBR Benefit Limit: \$73,356
EOBR Duration: 2 Years
Maximum Monthly EOBR Benefit: \$3,057

Monthly Rider Charge: \$18.60

Optional Inflation Protection

Option: Compound 5%

CCBR Monthly Inflation Charge: \$78.45
EOBR Monthly Inflation Charge: \$43.46

Nonforfeiture Benefit Rider

Monthly Rider Charge: \$0

Caregiver Training Benefit Limit: \$500

TOTAL ANNUAL RIDER CHARGES: \$1,844.52