

# Lincoln MoneyGuard® III

Reimbursement for Long-Term Care expenses offered through  
an individual flexible premium adjustable life insurance policy

Prepared for: Valued Client  
In the State of: VA  
On: 6/17/2020  
**Prepared by: Jack Lenenberg, J.D.**  
**LTC Partner**  
**312 Maxwell Rd., Suite 400**  
**Alpharetta, GA 30009**  
**Phone: (800) 891-5824**  
**Jack@LTCPartner.com**

**This material was prepared to show the operation of an insurance product issued by The Lincoln National Life Insurance Company, based on the options, features and assumptions you or your financial professional specified. This projection, and the options, features or assumptions on which it is based, is not intended to be, and should not be, viewed as specific investment advice or any suggestion or recommendation by The Lincoln National Life Insurance Company or any of its employees for you or your investment situation. A financial professional can provide you with investment advice for your investment situation. The Lincoln National Life Insurance Company, its respective employees, representatives, and/or insurance agents do not provide tax, accounting, or legal advice.**

**For use by a licensed agent/representative with the proposed insured/owner/applicant.**

## Understanding Your Projection of Values

**Year:** The policy year beginning with the effective date of the policy.

**Age:** The insured's age at the beginning of the policy year shown.

**Surrender Value:** The amount you will receive for fully surrendering the contract. The amount shown is the value on the last day of the policy year. Surrender charges will apply in the event that the cash surrender value is greater than the Return of Premium Benefit. The initial surrender charge decreases, eventually reaching zero at the end of year 10.

**Return of Premium Provision (ROP):** The amount available upon surrender of the contract. This amount varies based on the return of premium choice selected, and premiums paid at time of surrender.

**Death Benefit:** The amount payable upon death. The amount shown is the value on the last day of the policy year. The Death Benefit may be higher than the Specified Amount due to the Minimum Required Death Benefit provision, please see the contract for details.

**Long-Term Care Benefit Limits:** The amount available for reimbursement of costs incurred for Qualified Long-Term Care expenses.

## Things to Know

This is a Projection of Values for Lincoln *MoneyGuard*® III which is an Individual Flexible Premium Adjustable Life Insurance policy issued by The Lincoln National Life Insurance Company, Fort Wayne, IN on Policy Form ICC19-MG890, with a Long-Term Care Benefits Rider (LTCSR) on Rider Form ICC19LTCSR-890, a Terminal Illness Acceleration of Death Benefit Rider on Form ICC19TIR-891, and a Value Protection Endorsement on Form ICC19END-10534.

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.

**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.**

**For:** Valued Client  
**Age:** 60  
**Underwriting Class:** Female, Couples Discount  
**Minimum LTC Duration:** 6 Years



**Lincoln MoneyGuard® III provides expense reimbursement for Qualified Long-Term Care expenses including:**

- Adult day care
- Home health care
- Hospice services
- Transitional care assistance
- Nursing home care services
- Assisted living
- Alternative care services
- Caregiver training

Single Premium Amount	<b>\$100,000</b>	This projection of values assumes premiums are paid as shown. The premium amount is received on the policy effective date.
Long-Term Care Benefit Limits:		
Initial Monthly	<b>\$3,529</b>	These are the initial amounts available for expense reimbursement for Qualified Long-Term Care Services, subject to rider terms and conditions.
Initial Annual	<b>\$42,345</b>	
Initial Total	<b>\$273,906</b>	
Inflation Option	<b>3% Compound</b>	The inflation option will automatically increase the monthly rider amount by 3% annually. Increased benefit amounts are shown in the LTC Benefit column on page 4 herein.
Minimum Long-Term Care Benefit Duration	<b>6 years</b>	Reimbursements for Qualified Long-Term Care Services, are available, based on the selected duration: Long-Term Care Benefits Rider (LTCBR): 6 years
Deductible Period	<b>None</b>	There is no deductible period. Benefits are payable on the first day of care for eligible claims.
Initial Specified Amount	<b>\$91,748</b>	The Specified Amount is set at issue. Long-Term Care reimbursements reduce the Specified Amount on a dollar-for-dollar basis.
Initial Residual Death Benefit	<b>\$4,587</b>	The minimum death benefit if Long-Term Care reimbursements have reduced the Specified Amount.
Return of Premium	<b>\$70,000</b>	If the policy is surrendered there will be a Return of Premium value available. The Return of Premium value is reduced by any debt, withdrawals and claims received.
LTC Benefits Rider Charge *	<b>\$999.26/mth</b>	LTCBR charge is \$999.26 per month for 10 years.  * These are not additional premiums; the LTC Rider Charge is deducted from the Gross Cash Value.

For: Valued Client  
 Age: 60  
 Underwriting Class: Female, Couples Discount  
 Minimum LTC Duration: 6 Years



**ALL VALUES AND BENEFITS SHOWN ARE GUARANTEED<sup>(1)</sup>**

Policy Year	Age	Planned Premium	Surrender Value(3)	Death Benefit Amount	IRR(4)	Long-Term Care Reimbursement Benefit Limits (2)			
						3% Compound Interest			
						Total	Annual	Monthly	IRR(5)
1	60	100,000	70,000	183,919	83.9%	273,906	42,345	3,529	38.0%
2	61	0	70,000	170,100	30.4%	282,124	43,616	3,635	27.8%
3	62	0	70,000	165,200	18.2%	290,588	44,924	3,744	22.3%
4	63	0	70,000	159,600	12.4%	299,306	46,272	3,856	18.9%
5	64	0	70,000	154,700	9.1%	308,285	47,660	3,972	16.5%
6	65	0	70,000	150,500	7.1%	317,535	49,090	4,091	14.8%
7	66	0	70,000	146,300	5.6%	327,061	50,563	4,214	13.4%
8	67	0	70,000	142,100	4.5%	336,873	52,080	4,340	12.4%
9	68	0	70,000	137,900	3.6%	346,979	53,642	4,470	11.5%
10	69	0	70,000	133,700	3.0%	357,389	55,251	4,604	10.8%
11	70	0	70,000	130,200	2.4%	368,111	56,909	4,742	10.2%
12	71	0	70,000	126,700	2.0%	379,155	58,616	4,885	9.7%
13	72	0	70,000	123,200	1.6%	390,530	60,375	5,031	9.2%
14	73	0	70,000	120,400	1.3%	402,246	62,186	5,182	8.8%
15	74	0	70,000	116,900	1.1%	414,314	64,052	5,338	8.5%
16	75	0	70,000	114,100	0.8%	426,744	65,973	5,498	8.2%
17	76	0	70,000	111,300	0.6%	439,546	67,953	5,663	7.9%
18	77	0	70,000	108,500	0.5%	452,733	69,991	5,833	7.7%
19	78	0	70,000	106,400	0.3%	466,315	72,091	6,008	7.4%
20	79	0	70,000	103,600	0.2%	480,305	74,254	6,188	7.2%
21	80	0	70,000	101,500	0.1%	494,715	76,482	6,373	7.0%
22	81	0	70,000	100,000	0	509,556	78,776	6,565	6.9%
23	82	0	70,000	100,000	0	524,844	81,140	6,762	6.7%
24	83	0	70,000	100,000	0	540,589	83,574	6,964	6.6%
25	84	0	70,000	100,000	0	556,807	86,081	7,173	6.4%
26	85	0	70,000	100,000	0	573,512	88,664	7,389	6.3%
27	86	0	70,000	100,000	0	590,718	91,323	7,610	6.2%
28	87	0	70,000	100,000	0	608,439	94,063	7,839	6.1%
29	88	0	70,000	100,000	0	626,693	96,885	8,074	6.0%
30	89	0	70,000	100,000	0	645,494	99,792	8,316	5.9%
31	90	0	70,000	100,000	0	664,859	102,786	8,565	5.8%
32	91	0	70,000	100,000	0	684,805	105,869	8,822	5.7%
33	92	0	70,000	100,000	0	705,350	109,045	9,087	5.7%
34	93	0	70,000	100,000	0	726,511	112,317	9,360	5.6%
35	94	0	70,000	100,000	0	748,307	115,686	9,641	5.5%

(1) Projection values based on guaranteed policy charges and guaranteed minimum credited rate. No-Lapse Protection provided by the Value Protection Endorsement. This projection assumes all planned premiums paid on due date.

(2) Total benefit limits for reimbursement of Qualified Long-Term Care Services. These values assume 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 chosen. The monthly benefit shown is the amount available for the first 12 months of care.

(3) The amount paid on surrender reflects any Return of Premium.

(4) Internal Rate of Return on the Death Benefit Amount. IRR column is blank in years where IRR calculation is unavailable.

(5) Internal Rate of Return on the Total LTC Benefits. IRR column is blank in years where IRR calculation is unavailable.

***This Projection of Values is not complete without all pages.***

LCN-2530298-050619ICC19

6/17/2020 11:36 AM

For: Valued Client  
 Age: 60  
 Underwriting Class: Female, Couples Discount  
 Minimum LTC Duration: 6 Years



**ALL VALUES AND BENEFITS SHOWN ARE GUARANTEED<sup>(1)</sup>**

Policy Year	Age	Planned Premium	Surrender Value(3)	Death Benefit Amount	IRR(4)	Long-Term Care Reimbursement Benefit Limits (2)			
						3% Compound Interest			
						Total	Annual	Monthly	IRR(5)
36	95	0	70,000	100,000	0	770,756	119,157	9,930	5.5%
37	96	0	70,000	100,000	0	793,880	122,732	10,228	5.4%
38	97	0	70,000	100,000	0	817,696	126,414	10,534	5.3%
39	98	0	70,000	100,000	0	842,227	130,206	10,851	5.3%
40	99	0	70,000	100,000	0	867,494	134,112	11,176	5.2%
41	100	0	70,000	100,000	0	893,520	138,136	11,511	5.2%
42	101	0	70,000	100,000	0	920,326	142,280	11,857	5.1%
43	102	0	70,000	100,000	0	947,936	146,549	12,212	5.1%
44	103	0	70,000	100,000	0	976,375	150,945	12,579	5.0%
45	104	0	70,000	100,000	0	1,005,667	155,474	12,956	5.0%
46	105	0	70,000	100,000	0	1,035,837	160,138	13,345	4.9%
47	106	0	70,000	100,000	0	1,066,913	164,942	13,745	4.9%
48	107	0	70,000	100,000	0	1,098,920	169,890	14,158	4.9%
49	108	0	70,000	100,000	0	1,131,888	174,987	14,582	4.8%
50	109	0	70,000	100,000	0	1,165,845	180,237	15,020	4.8%
51	110	0	70,000	100,000	0	1,200,821	185,644	15,470	4.8%
52	111	0	70,000	100,000	0	1,236,846	191,213	15,934	4.7%
53	112	0	70,000	100,000	0	1,273,952	196,950	16,412	4.7%
54	113	0	70,000	100,000	0	1,312,171	202,858	16,905	4.7%
55	114	0	70,000	100,000	0	1,351,536	208,944	17,412	4.6%
56	115	0	70,000	100,000	0	1,392,083	215,213	17,934	4.6%
57	116	0	70,000	100,000	0	1,433,846	221,669	18,472	4.6%
58	117	0	70,000	100,000	0	1,476,862	228,319	19,027	4.6%
59	118	0	70,000	100,000	0	1,521,168	235,169	19,597	4.5%
60	119	0	70,000	100,000	0	1,566,804	242,224	20,185	4.5%
61	120	0	70,000	100,000	0	1,613,808	249,491	20,791	4.5%
62	121	0	70,000	100,000	0	1,662,222	256,975	21,415	4.2%
63	122	0	70,000	100,000	0	1,712,089	264,685	22,057	3.8%
64	123	0	70,000	100,000	0	1,763,453	272,625	22,719	3.3%
65	124	0	70,000	100,000	0	1,816,357	280,804	23,400	2.7%
66	125	0	70,000	100,000	0	1,870,848	289,228	24,102	1.6%

(1) Projection values based on guaranteed policy charges and guaranteed minimum credited rate. No-Lapse Protection provided by the Value Protection Endorsement. This projection assumes all planned premiums paid on due date.

(2) Total benefit limits for reimbursement of Qualified Long-Term Care Services. These values assume 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 chosen. The monthly benefit shown is the amount available for the first 12 months of care.

(3) The amount paid on surrender reflects any Return of Premium.

(4) Internal Rate of Return on the Death Benefit Amount. IRR column is blank in years where IRR calculation is unavailable.

(5) Internal Rate of Return on the Total LTC Benefits. IRR column is blank in years where IRR calculation is unavailable.

***This Projection of Values is not complete without all pages.***

LCN-2530298-050619ICC19

6/17/2020 11:36 AM

**For:** Valued Client  
**Age:** 60  
**Underwriting Class:** Female, Couples Discount  
**Minimum LTC Duration:** 6 Years



## Tax Status

The Lincoln *MoneyGuard*® III 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 Gross 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) 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 may 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 Return of Premium Provision, 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. Any Return of Premium Benefit paid upon full surrender of the policy is treated, for Federal income tax purposes, as being funded in part by a refund of the charges taken from the Long-Term Care Benefits Rider and in part by the value of the underlying policy. The full surrender of the policy may result in a taxable event and the owner should consult his/her personal tax advisor regarding this and other applicable tax matters.

Lincoln Financial Group® affiliates, their distributors, and their respective employees, representatives and/or insurance agents do not provide tax, accounting or legal advice. Clients should consult their own independent advisor as to any tax, accounting or legal statements made herein.

**This projection of values is neither a contract nor an offer to contract. A full description of the 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 reviewed the Modified Endowment Contract disclosure statement above 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 Return of Premium Provision and 4) I have received a copy of an Outline of Coverage.

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: \_\_\_\_\_

***This Projection of Values is not complete without all pages.***

LCN-2530298-050619ICC19

6/17/2020 11:36 AM

## New Business Data



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

Product: Lincoln *MoneyGuard*® III (2020) - 06/15/20  
Sub-Plan Code: Lincoln MoneyGuard III - 061520  
Name: Valued Client  
State: VA  
Gender: Female  
Age: 60  
Underwriting Class: Couples Discount  
Death Benefit Option: Level  
MEC: Yes  
Initial Specified Amount: \$91,748  
Planned Premium: \$100,000  
Payment Mode: Annual  
Lump Sum Deposit: \$0  
Solve Type: Face Solve

LTCBR: 6 Years  
Inflation Option: 3%

Value Protection  
Endorsement: Basic

Terminal Illness Rider: Yes

Planned Policy  
Changes: No

Business ID:

Year	Total Premiums
------	----------------

1	100,000.00
2	0

Software version:  
LFD-D v49.0 C  
6/17/2020 11:36 AM  
TP: 10,000.08  
7P: 6,096.54  
TPP: 100,000.00  
CP: \$100,000.80  
Monthly NLP: \$1,028.25  
VPET: \$123,390.00

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

### APPLICATION PART 1 INFORMATION:

The following information should be used to complete fields in the Policy Information and Billing Information sections on Page 1 of the Application.

**Plan of Insurance (2a):** Lincoln *MoneyGuard*® III  
**Specified Amount (2b):** \$91,748  
**Long-Term Care Benefits Rider Duration (2c):** 6 Years  
**Return of Premium (2e):** Basic  
**Other Benefits/Riders/Options (2f):** Leave blank on application  
**Premium Amount (3a):** \$100,000  
**Premium Mode (3a):** Annual

# Lincoln MoneyGuard® III

For: Valued Client  
Age: 60  
Underwriting Class: Female, Couples Discount  
Minimum LTC Duration: 6 Years  
LTC Inflation Option: 3% Compound  
ROP Type: Basic



## Premium Options

LTC Duration	Initial Max Monthly Benefit	Initial Total LTC Benefits	Specified Amount
6 Years	\$3,529	\$273,906	\$91,748

  

Premium Options	Modal Premium	Total Planned Premium
1 Year	100,000	100,000
2 Years	51,100	102,200
3 Years	34,811	104,433
4 Years	26,674	106,696
5 Years	21,799	108,995
6 Years	18,553	111,318
7 Years	16,240	113,680
8 Years	14,508	116,064
9 Years	13,165	118,485
10 Years	12,094	120,940

This is a supplemental report for Lincoln MoneyGuard® III which is an Individual Flexible Premium Adjustable Life (Universal Life) Insurance policy issued by **The Lincoln National Life Insurance Company, Fort Wayne, IN** on Policy Form ICC19-MG890 with a Long-Term Care Benefits Rider (LTCBR) on Rider Form ICC19LTCBR-890, a Terminal Illness Acceleration of Death Benefit Rider on Form ICC19TIR-891, and a Value Protection Endorsement on Form ICC19END-10534. This supplemental report is based on guaranteed elements. For a complete description of the benefits, costs, exclusions, limitations and conditions of Lincoln MoneyGuard® III, including other important information, please refer to the attached projection of values and Outline of Coverage. Benefits provided are subject to medical underwriting. The insurance policy, riders and endorsement have exclusions and limitations; please contact The Lincoln National Life Insurance Company for costs and complete details.

**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.**



# Lincoln MoneyGuard® III

**For:** Valued Client  
**Age:** 60  
**Underwriting Class:** Female, Couples Discount  
**Minimum LTC Duration:** 6 Years  
**LTC Inflation Option:** 3% Compound  
**ROP Type:** Basic



## List of Disclosures

### Exclusions, Exceptions and Limitations

The Long-Term Care Benefits Rider (LTCBR) will not provide benefits for:

- a. treatment or care due to alcoholism or drug addiction;
- b. treatment arising out of an attempt (while sane, mentally or psychologically impaired or insane) at suicide or an intentionally self-inflicted injury;
- c. treatment provided in a Veteran's Administration or government facility, unless the Insured or the Insured's estate is charged for the confinement or services or unless otherwise required by law;
- d. loss to the extent that benefits are payable under any of the following:
  1. Medicare or any other governmental programs (except Medicaid);
  2. state or Federal workers' compensation laws;
  3. employer's liability laws;
  4. occupational disease laws; and
  5. any motor vehicle no-fault laws;
- e. confinement or care received outside the United States or its territories and possessions, other than benefits for Nursing Home Care Services and Assisted Living Facility Services as described in the "International Benefits" provision below;
- f. services provided by a facility or an agency that does not meet the rider definition for such facility or agency, except as provided under Alternative Care Services;
- g. services provided by an Immediate Family Member, except as provided in the "Transitional Care Assistance" provision, unless the Immediate Family Member providing the service meets the criteria described in the rider; and
- h. services for which no charge is or would normally be made in the absence of insurance.

### Renewability, Termination and Cancelability

The LTCBR is non-cancelable. This means you have the right, subject to the terms of your policy and rider, to continue this rider as long as your policy stays in force. The Lincoln National Life Insurance Company cannot change any of the terms of your policy and rider on its own and cannot increase the monthly rider charge.

### Pre-Existing Conditions

We will not deny benefits for pre-existing conditions. This does not preclude us from exercising other remedies available at law, in equity or in contract because of misrepresentations. A pre-existing condition is a condition of the insured for which medical advice or treatment was discussed with, recommended by, or received from, any provider of health, psychological or other care services within 6 months preceding the issue date.

### Reductions

Partial surrenders and decreases to the specified amount, will reduce the LTCBR benefit limit. Any reduction in the LTCBR benefit limit will reduce the LTCBR maximum monthly benefit proportionately. Reducing the LTC duration will reduce the LTCBR benefit limit (this transaction will not reduce the maximum monthly LTCBR benefit). If there is debt on the policy, any benefit paid under this rider will first be used to repay a portion of the outstanding debt.

### Tax Qualification

This policy is intended to qualify as life insurance under the Internal Revenue Code. The death benefit provided by this policy is intended to qualify for the Federal Income Tax exclusion. The LTCBR is intended to be a federally tax-qualified long-term care insurance contract under Section 7702B(b) of the Internal Revenue Code of 1986, as amended.

### Elimination Period and Grace Period

There is no waiting period once the policyowner has qualified for benefits. If your policy enters a grace period, we will allow 61 days to pay a premium sufficient to prevent your policy from lapsing.

This is a supplemental report for Lincoln MoneyGuard® III which is an Individual Flexible Premium Adjustable Life (Universal Life) Insurance policy issued by **The Lincoln National Life Insurance Company, Fort Wayne, IN** on Policy Form ICC19-MG890 with a Long-Term Care Benefits Rider (LTCBR) on Rider Form ICC19LTCBR-890, a Terminal Illness Acceleration of Death Benefit Rider on Form ICC19TIR-891, and a Value Protection Endorsement on Form ICC19END-10534.

**Issued by The Lincoln National Life Insurance Company, Fort Wayne, IN. 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.**