

Lincoln MoneyGuard[®] II

Reimbursement for Long-Term Care expenses offered through a flexible premium life insurance policy

Prepared for: Valued Client
In the State of: MA
On: 8/25/2017
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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 advisor 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 advisor 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 after all premiums are paid. This amount varies based on the return of premium choice selected.

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® II which is a Flexible Premium Adjustable Life (Universal Life) Insurance policy issued by The Lincoln National Life Insurance Company, Fort Wayne, IN on Policy Form ICC13LN880, with a Long-Term Care Acceleration of Benefits Rider (LABR) on Rider Form ICC13LR881, a Long-Term Care Extension of Benefits Rider (LEBR) on Rider Form ICC13LR882, and a Value Protection Rider on Rider Form ICC15LR880 Rev.

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.

Life Insurance Cost Indices

Life insurance cost indices are based on the guaranteed amount payable on death.

Based on guaranteed 2.00% interest rate and guaranteed charges, Surrender Cost for 10-Year would be \$37.13 and Surrender Cost for 20-Year would be \$34.57. Net Payment for 10-Year would be \$72.97 and Net Payment for 20-Year would be \$49.50.

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.

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



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

- Adult day care
- Home health care
- Hospice services
- Nursing home care services
- Assisted living
- Alternative care services

Single Premium Amount	\$100,000	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	\$4,832	These are the initial amounts available for expense reimbursement for Qualified Long-Term Care Services, subject to rider terms and conditions.
Initial Annual	\$57,986	
Initial Total	\$375,077	
Inflation Option	3% Compound	The inflation option will automatically increase the monthly rider(s) amounts by 3% annually. Increased benefit amounts are shown in the LTC Benefit column on page 4 herein.
Minimum Long-Term Care Benefit Duration	6 years	Reimbursements for Qualified Long-Term Care Services, are available, based on the selected rider(s): Long-Term Care Acceleration of Benefits Rider (LABR): 2 years Long-Term Care Extension of Benefits Rider (LEBR): 4 years
Deductible Period	None	There is no deductible period. Benefits are payable on the first day of care for eligible claims.
Initial Specified Amount	\$115,972	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	\$5,798	The minimum death benefit if Long-Term Care reimbursements have reduced the Specified Amount.
Return of Premium	\$80,000	If the policy is surrendered prior to total planned premiums being paid, the surrender value to be paid is the cash value minus any applicable surrender charge. Once total planned premiums are paid, the Return of Premium Benefit is available.
LTC Acceleration of Benefits Rider Charge *	\$249.69/mth	LABR Base charge is \$36.07 per month for 10 years. LABR Inflation charge is \$213.62 per month for 10 years.
LTC Extension of Benefits Rider Charge *	\$391.29/mth	LEBR Base charge is \$175.81 per month for 10 years. LEBR Inflation charge is \$215.48 per month for 10 years.
		* These are not additional premiums; the LTC Rider Charges are deducted from the Gross Cash Value.

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



ALL VALUES AND BENEFITS SHOWN ARE GUARANTEED⁽¹⁾

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	80,000	188,800	88.8%	375,077	57,986	4,832	56.2%
2	61	0	80,000	183,200	35.4%	386,330	59,726	4,977	38.9%
3	62	0	80,000	178,400	21.3%	397,919	61,517	5,126	30.4%
4	63	0	80,000	173,600	14.8%	409,857	63,363	5,280	25.3%
5	64	0	80,000	168,800	11.0%	422,153	65,264	5,439	21.8%
6	65	0	80,000	164,000	8.6%	434,817	67,222	5,602	19.3%
7	66	0	80,000	160,000	6.9%	447,862	69,238	5,770	17.4%
8	67	0	80,000	156,000	5.7%	461,298	71,315	5,943	15.9%
9	68	0	80,000	151,200	4.7%	475,137	73,455	6,121	14.7%
10	69	0	80,000	148,000	4.0%	489,391	75,659	6,305	13.7%
11	70	0	80,000	144,000	3.4%	504,072	77,928	6,494	12.8%
12	71	0	80,000	140,000	2.8%	519,195	80,266	6,689	12.1%
13	72	0	80,000	136,800	2.4%	534,770	82,674	6,890	11.5%
14	73	0	80,000	133,600	2.1%	550,814	85,154	7,096	10.9%
15	74	0	80,000	130,400	1.8%	567,338	87,709	7,309	10.5%
16	75	0	80,000	127,200	1.5%	584,358	90,340	7,528	10.0%
17	76	0	80,000	124,800	1.3%	601,889	93,050	7,754	9.7%
18	77	0	80,000	121,600	1.1%	619,946	95,842	7,987	9.3%
19	78	0	80,000	119,200	0.9%	638,544	98,717	8,226	9.0%
20	79	0	80,000	116,000	0.7%	657,700	101,679	8,473	8.8%
21	80	0	80,000	115,972	0.7%	677,431	104,729	8,727	8.5%
22	81	0	80,000	115,972	0.7%	697,754	107,871	8,989	8.3%
23	82	0	80,000	115,972	0.7%	718,687	111,107	9,259	8.1%
24	83	0	80,000	115,972	0.6%	740,248	114,440	9,537	7.9%
25	84	0	80,000	115,972	0.6%	762,455	117,874	9,823	7.7%
26	85	0	80,000	115,972	0.6%	785,328	121,410	10,117	7.5%
27	86	0	80,000	115,972	0.6%	808,888	125,052	10,421	7.4%
28	87	0	80,000	115,972	0.5%	833,155	128,804	10,734	7.2%
29	88	0	80,000	115,972	0.5%	858,150	132,668	11,056	7.1%
30	89	0	80,000	115,972	0.5%	883,894	136,648	11,387	6.9%
31	90	0	80,000	115,972	0.5%	910,411	140,747	11,729	6.8%
32	91	0	80,000	115,972	0.5%	937,723	144,970	12,081	6.7%
33	92	0	80,000	115,972	0.5%	965,855	149,319	12,443	6.6%
34	93	0	80,000	115,972	0.4%	994,830	153,798	12,817	6.5%
35	94	0	80,000	115,972	0.4%	1,024,675	158,412	13,201	6.4%
40	99	0	80,000	115,972	0.4%	1,187,880	183,643	15,304	6.0%
45	104	0	80,000	115,972	0.3%	1,377,078	212,893	17,741	5.7%
50	109	0	80,000	115,972	0.3%	1,596,411	246,801	20,567	5.4%
55	114	0	80,000	115,972		1,850,678	286,110	23,843	
60	119	0	80,000	115,972		2,145,443	331,680	27,640	

(1) Projection values based on guaranteed maximum policy charges and guaranteed minimum credited rate. No-Lapse Protection provided by the Value Protection Rider. 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) Surrender Value is the greater of the Policy Value less Surrender Charge or the Return of Premium Benefit, if available.

(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.

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



Tax Status

The Lincoln *MoneyGuard*® II 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) 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 Acceleration of Benefits Rider and the Long-Term Care Extension of Benefits Rider (if applicable), 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.

Return of Premium Benefit Disclosure

The Return of Premium Benefit does not apply until all planned premiums have been paid.

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: _____

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New Business Data



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

Product: Lincoln *MoneyGuard*® II (2017)
Name: Valued Client
State: MA
Gender: Female
Age: 60
Underwriting Class: Couples Discount

Death Benefit Option: Level
MEC: Yes
Initial Specified Amount: \$115,972
Planned Premium: \$100,000
Payment Mode: Annual
Lump Sum Deposit: \$0
Solve Type: Face Solve

LABR: 2 Years
Inflation Option: 3%

LEBR: 4 Years
Inflation Option: 3%

Value Protection Rider: Basic
ROP Threshold: \$100,000.00

Planned Policy Changes: No

Business ID:

<u>Year</u>	<u>Total Premiums</u>
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1	100,000.00
2	0

Software version:
LFD-D v38.0
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TP: 10,000.11
7P: 8,269.72
CP: \$100,001.10
Monthly NLP: \$1,050.95

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

Lincoln MoneyGuard® II

For: Valued Client
Age: 60
Underwriting Class: Female, Couples Discount
Minimum LTC Duration: 6 Years (2 Years LABR , 4 Years LEBR)
LTC Inflation Option: 3% Compound
ROP Type: Basic (Option 1)



Premium Options

LTC Duration	Initial Max Monthly Benefit	Initial Total LTC Benefits	Specified Amount
6 Years	\$4,832	\$375,077	\$115,972

Premium Options	Modal Premium	Total Planned Premium
1 Year	100,000	100,000
2 Years	51,220	102,440
3 Years	34,973	104,919
4 Years	26,859	107,436
5 Years	21,998	109,990
6 Years	18,764	112,584
7 Years	16,459	115,213
8 Years	14,736	117,888
9 Years	13,400	120,600
10 Years	12,334	123,340

This is a supplemental report for Lincoln MoneyGuard® II which is a Flexible Premium Adjustable Life (Universal Life) Insurance policy issued by **The Lincoln National Life Insurance Company, Fort Wayne, IN** on Policy Form ICC13LN880 with a Long-Term Care Acceleration of Benefits Rider (LABR) on Rider Form ICC13LR881, a Long-Term Care Extension of Benefits Rider (LEBR) on Rider Form ICC13LR882 and a Value Protection Rider on Rider Form ICC15LR880 Rev. This supplemental report is based on guaranteed elements. For a complete description of the benefits, costs, exclusions, limitations and conditions of Lincoln MoneyGuard® II, 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 and riders have exclusions and limitations; please contact The Lincoln National Life Insurance Company for costs and complete details.

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