



The Lincoln Leader

Life Insurance

Coming Soon – *Lincoln LifeGuarantee*[®] UL (2011)

Effective August 15, 2011, Lincoln will introduce the newest individual product in its universal life insurance portfolio: *Lincoln LifeGuarantee*[®] UL (2011).

Lincoln LifeGuarantee[®] UL (2011) is an updated version of *Lincoln LifeGuarantee*[®] UL (2009). The new product provides the same type of affordable, flexible and guaranteed protection on the life of the insured with a focus on lifetime guarantees.

Key changes

Highlights of what has changed with the new product:

The **Coverage Protection Guarantee** provides the same secondary guarantee protection, but now has two funding options: Lifetime Option and Flex Option.

- The **Lifetime Option** is designed to be most efficient for levelized premiums paid until the insured reaches age 100, with guarantees for life. The option is less expensive overall than the Flex Option. The Lifetime Option is an appropriate option if the client's main concern is to buy the most amount of guaranteed death benefit for the premium.
- The **Flex Option** provides lower charges than the Lifetime Option in the initial years but the charges in the later years will be higher and will continue out to the insured's age 121. Choosing this option allows the client to have a lower initial outlay than would be available with the Lifetime Option. The Flex Option is an appropriate option if the client is looking for the best internal rate of return on the death benefit during the initial years or, if due to funding strategies, the client only has a certain amount of upfront dollars to provide to the policy but feels they will have more purchasing power in the future.
- **The choice of funding options must be made before policy issue and cannot be changed later**

Headlines

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State Approvals

[Click here to view the current product availability charts](#)

Additional changes

Highlights of what has changed with the new product:

- Only Death Benefit Option 1 and CVAT are available.
- *Lincoln DesignIt*SM, versions 14.0 and later, includes the ***Flex versus Lifetime Premium Comparison Report***. This report compares the total premiums required (adjusted by an optional discount rate) to guarantee a contract with and without the *Flex Option*. This powerful report visually identifies the point in time where cumulative premiums of one design exceed the other. A *Lincoln LifeGuarantee*[®] UL (2011) *Frequently Asked Questions* document will be available at launch containing complete details on how to run this valuable report.
- Due to systems readiness
 - Premium Deposit Fund (PDF) is targeted to be available November 2011.
 - 1035 Exchanges (internal and external) **with loans will not be available** until November 2011.
- Due to sustained low interest rates, Lincoln has had to eliminate compensation on excess premium paid over target in the first year.
- Like the other previously updated *Lincoln LifeGuarantee*[®] UL products, *Lincoln LifeGuarantee*[®] UL (2011) includes *only guaranteed values because current = guaranteed*. This will be reflected in the policy projections provided by the *Lincoln DesignIt*SM software.

Availability

New business policies will be accepted on **August 22, 2011** in states where *Lincoln LifeGuarantee*[®] UL (2011) has been approved.

Transition Guidelines (Transition Guidelines Q & A next page)

Following are the transition guidelines for *Lincoln LifeGuarantee*[®] UL (2011):

- A sixty (**60**) day transition period will apply from the date of marketing launch for those states that have already approved the product. For all states that are available for sale on August 15, 2011 fully completed applications for *Lincoln LifeGuarantee*[®] UL (2009) must be signed, dated and received in good order (including the 1035 Policy Exchange Agreement/Absolute Assignment form if the case is a 1035 Exchange) in Lincoln's home office by **Friday, October 14, 2011** in order to qualify.
- States that are approved **after August 15, 2011** will have a thirty (**30**) day transition period. Fully completed applications for *Lincoln LifeGuarantee*[®] UL (2009) must be signed, dated and received in good order (including the 1035 Policy Exchange Agreement/Absolute Assignment form if the case is a 1035 Exchange) in Lincoln's home office within 30 days of the state availability date in order to qualify.

Transition Guidelines Q&A

1. **Question:** Under what circumstances will a client qualify for the “old” product (*Lincoln LifeGuarantee*[®] UL (2009))?

Answer: In order to qualify for *Lincoln LifeGuarantee*[®] UL (2009), only fully completed, signed, formal applications received in good order in Lincoln’s Home Office by the end of the transition period will qualify. Even if an application is signed by the cut off date or received in either an Agency or agent’s office, it **will not qualify** because it has not been received in good order at the Home Office by the required date.

This rule also applies to replacement business. Applications for individuals who are part of a group sale must follow the same guidelines to qualify.

2. **Question:** Are there any circumstances under which *Lincoln LifeGuarantee*[®] UL (2009) will be available even if paperwork is not all received?

Answer: Yes. There is one exception to the rule. If an application has been signed and received in the Home Office by the end of the transition period but Lincoln is still awaiting a trust to be set up as part of the normal course of business, the applicant **will still qualify** for *Lincoln LifeGuarantee*[®] UL (2009).

3. **Question:** What happens if a state has not yet approved the new product as of the August 15, 2011 marketing launch date?

Answer: States that are approved **after** the August 15, 2011 marketing launch date will have a transition period which will begin on the approval date and end 30 days later. Formal applications for *Lincoln LifeGuarantee*[®] UL (2009) must be signed, dated and received in good order in the Home Office within 30 days from the state approval date.

4. **Question:** Once an application is received in good order in Lincoln’s Home Office by the end of the transition period, can any changes be made to the application?

Answer: That depends upon the change being requested. Once an application has been received in good order in the Home Office, Lincoln will:

- **Not allow** an increase to the face amount on the application on the same insured. Any new face amount must be issued on *Lincoln LifeGuarantee*[®] UL (2011).
- **Not allow** additional face amounts on a second policy using the same application. Additional policies must be issued on *Lincoln LifeGuarantee*[®] UL (2011).

Coming Soon! – *Lincoln LifeReserve*[®] Indexed UL (2011)

Effective August 15, 2011, Lincoln will introduce the newest indexed universal life insurance product, *Lincoln LifeReserve*[®] Indexed UL (2011). This new product represents an update of the current version with a focus on improving accumulation, distributions and compensation, while packaged in a simplified story that capitalizes on the strengths and consistency of Lincoln.

Key Features

Lincoln LifeReserve[®] Indexed UL (2011) is a Fixed UL solution for the client who wants upside opportunity with limited downside risk:

- **Protect:** Death benefit protection, short-term no lapse guarantee, and 1% guaranteed floor
- **Accumulate:** Sustainable 13% one-year point-to-point cap and 100% participation rate
- **Distribute:** Participating loans, guaranteed loan rate, and overloan protection
- **Compensate:** Industry leading rolling targets and growing market opportunity
- **Simplify:** S&P 500[®]*, streamlined forms and software enhancements

* This product uses the Standard and Poor's 500 Composite Stock Price Index to determine the indexed interest crediting rate for the Indexed Accounts. "Standard & Poor's[®]" and "S&P 500[®]" are trademarks of Standard & Poors Financial Services, LLC, a subsidiary of The McGraw-Hill Companies, Inc. and have been licensed for use by Lincoln National Life Insurance Company. Lincoln's products are not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing this product.

Key changes

Highlights of what has changed with the new product:

- **Lower Premium Loads** – The new premium loads are 5% in years 1-15 and 3.5% in years 16+ (was 10% in years 1-10 and 5% in years 11+).
- **New rates** for: COI's, Per Unit Loads, Surrender Charges, Target Premiums
- The **1-Year Point-to-Point cap** on interest credited has been **increased to 13%** (previously 12%).
- There is a **new Guaranteed Index Bonus** which helps to take the guesswork out of premium allocations by eliminating the need to allocate premiums to the Fixed Account for the purpose of covering Monthly Deductions.
- The **Guaranteed Loan Rate Charged** before age 100 has been **changed** to 6% in years 1-10 and 5% in years 11+, (was 5% in all years).
- **New Death Benefit Option 2 Floor** equal to 115% of the Specified Amount.
- **New 10-Year No-Lapse Guarantee** (replacing the 5-Year NLG and 20-Year STG)
- Under **Extended Maturity** the Specified Amount is not changed (previously changed to equal the account value)
- *Lincoln DesignIt*SM **Improvements** that simplify the sales process and promote Lincoln's strengths

Illustrating 1035 Proceeds

When proceeds are received for internal or external 1035 exchanges and the associated cost basis discloses that a portion of the total proceeds includes dividends, return of premium, or unearned premium, the 1035 cash value portion will need to be illustrated separately from the non-rollover portion. Dividends, return of premium, and any unearned premium that will be paid into the Lincoln policy should be subtracted from the total 1035 money received and illustrated as a Lump Sum payment; the remaining 1035 proceeds should be illustrated normally as internal or external 1035 Rollover.

Underwriting Enhanced Foreign Risk Guidelines

Reprinted from the June 27, 2011 Lincoln Life Leader

Lincoln has made extensive adjustments to its Underwriting Requirements, Preferred Guidelines, Foreign National Guidelines and Medical Impairments Manual that reflect our industry leading philosophy.

This week we are focusing on Foreign Risk. The Guidelines have been significantly improved and include the changes outlined below.

Note: Foreign Nationals are defined as citizens of another country, who may or may not be living in the United States. A Foreign National must have either: a U.S. residence; own other types of U.S. property; U.S. business ownership, or legal business interests in the U.S.

NEW Criteria – Effective May 16, 2011:

- Foreign National Auto Bind Limits increased to \$25 million
- Over 25 new countries now eligible for Foreign National Risks
- Travel outside the U.S. or Canada up to 3 months (was previously 2 months)
- Term Insurance now available for U.S. citizens living outside the U.S. in eligible countries

Click here to view the updated Foreign National Brochure with the listing of approved countries.

For additional information, please contact your Underwriting Team or any Divisional Chief Underwriter.

Competitive Intelligence Update

Monthly interest rate report
[Interest Rate Report](#)

Lincoln Reintroduces the VUL Dollar Cost Averaging Fixed Account Enhanced Interest Rate Program

Reprinted from the May 31, 2011 Lincoln Life Leader

Lincoln is pleased to reintroduce the VUL Dollar Cost Averaging Fixed Account Enhanced Interest Rate Program. This program includes a 10% Fixed Account enhanced current interest rate to help with short-term returns while the client transfers funds into variable investment options using a 12-month Dollar Cost Averaging (DCA) program. This annual effective rate is paid on the declining balance in the Fixed Account so the amount of interest earned will be less. These fixed rates do not reflect performance of the variable investment options selected by the client.

The DCA Fixed Account Enhanced Interest Rate program is available on:

- **NEW** Lincoln VUL applications signed between **June 1, 2011 and September 30, 2011**.
- The enhanced program applies to all currently available Lincoln VUL products, except in New York.

For complete details on the program eligibility and how to apply, [click here](#) to view the comprehensive Q&A document.

Note: Using Dollar Cost Averaging does not assure a profit and does not protect against loss in a declining market. Also, using this method involves continuous investment in securities regardless of fluctuating price levels, so consider the financial ability to continue investment during periods of low price levels.

Reminder: You must be logged into LFAPlanner.com, LincolnFinancialNetwork.com or LFD.com prior to linking to the hot links contained in this document. For some secure documents an additional login screen may be required – please use your normal login ID and Password if this screen is required.

Information compiled by Product and Distribution Support

Products and features subject to state availability. Guarantees backed by the financial strength of the insurer. Lincoln Financial Group is the marketing name for The Lincoln National Corporation and its affiliates.

Policies are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so. Contractual obligations are backed by the claims-paying ability of The Lincoln National Life Insurance Company.**

Policies sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY. **The contractual obligations are backed by the claims-paying ability of Lincoln Life & Annuity Company of New York.**

Variable products are sold by prospectus. For more information about the variable products, including fees and charges, refer to the prospectus. Variable products are distributed by Lincoln Financial Distributors and offered through broker dealers with effective selling agreements.

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