

Lincoln LifeGuarantee® SUL (2009) and Lincoln LifeGuarantee® UL (2009) Heavily Funded Options Retiring on September 15, 2011

Effective **Thursday, September 15, 2011**, Lincoln will limit the sale of *heavily funded* business on *Lincoln LifeGuarantee®* SUL (2009) in the 7 jurisdictions (CA, HI, NJ, NY, PA, VT, and VI) where the product is still available, and in all jurisdictions for *Lincoln LifeGuarantee®* UL (2009). This action is necessary because Lincoln is still subject to the same low interest rate environment that forced increased single pay-type premiums on the new version of the products.

Lincoln defines heavily funded business as a policy with illustrated premiums (including exchanges) in excess of 3.5 times target on average for any of the first 10 years.

Some Lincoln partners do not use the “target premium” verbiage. Generally, the single annual premium cannot exceed the 5-pay annual premium required to guarantee the policy for the lifetime of the insured. The target premium is displayed in the *Quick Preview* window of the *Lincoln DesignItSM* software and is also printed on the *New Business Data* page of the illustration.

Target premiums for policies with an internal replacement are only available on the optional “Producer Report” page of the illustration. Please contact your Lincoln Financial Distributors representative for questions on specific cases.

Additional information:

- Effective **August 15, 2011**, *Lincoln DesignItSM* will no longer produce illustrations for those *heavily funded* scenarios for **Lincoln LifeGuarantee® SUL (2009)**. The home office will assist in running illustrations on business already in-house or for illustrations needed beyond August 15, 2011.
- Effective **September 9, 2011**, *Lincoln DesignItSM* will no longer produce illustrations for those *heavily funded* scenarios for **Lincoln LifeGuarantee® UL (2009)**. The home office will assist in running illustrations on business already in house or for illustrations needed between September 9, 2011 and September 15, 2011.
- For *heavily funded* cases as defined above, fully completed applications for *Lincoln LifeGuarantee®* SUL (2009) or *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 **Thursday, September 15, 2011** to qualify.

Transition Q&A

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

Answer: Yes. There is one exception to the rule. Applications that have been signed by the insured with the owner TBD, 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*® SUL (2009) or *Lincoln LifeGuarantee*® UL (2009).

The only paperwork that Lincoln will not require at submission is the executed trust documents with the trustee/owner's signature which must be received prior to issue.

2. **Question:** What about cases for *Lincoln LifeGuarantee*® SUL (2009) or *Lincoln LifeGuarantee*® UL (2009) already in underwriting?

Answer: These transition cutoff rules are intended to assist with any **new** cases that meet the *heavily funded* criteria and have not yet been submitted to Lincoln.

If a case has been submitted as an informal application or on a trial basis and Lincoln has not received the formal application in-house, fully completed applications for *Lincoln LifeGuarantee*® SUL (2009) or *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 **Thursday, September 15, 2011** to qualify.

3. **Question:** For those *heavily funded* cases, how will I know if I've exceeded the premium guidelines in the *Lincoln DesignIt*™ software?

Answer: As of August 15, 2011, for *Lincoln LifeGuarantee*® SUL (2009) and September 9, 2011 for *Lincoln LifeGuarantee*® UL (2009), *Lincoln DesignIt*™ will have edits built in which will disallow *heavily funded* cases. The premium will automatically be reduced to the allowable amount and you'll have the opportunity to view the *warning* which will look like:

Year	Month	Calculation Warning
1	1	Premium exceeds limits. Reduced premium from \$50,000.00 to \$19,896.23.
1	1	Premium reduced due to product prohibition. Contact Product Management if you have further questions.
2	1	Premium exceeds limits. Reduced premium from \$50,000.00 to \$19,896.23.
2	1	Premium reduced due to product prohibition. Contact Product Management if you have further questions.
3	1	Premium exceeds limits. Reduced premium from \$50,000.00 to \$19,896.23.
3	1	Premium reduced due to product prohibition. Contact Product Management if you have further questions.
4	1	Premium exceeds limits. Reduced premium from \$50,000.00 to \$19,896.23.
4	1	Premium reduced due to product prohibition. Contact Product Management if you have further questions.
5	1	Premium exceeds limits. Reduced premium from \$50,000.00 to \$19,896.23.
5	1	Premium reduced due to product prohibition. Contact Product Management if you have further questions.
49	1	Policy Lapsed.

Effective August 15, for *Lincoln LifeGuarantee*® SUL (2009) or September 9 for *Lincoln LifeGuarantee*® UL (2009), for new illustrations submitted or those that have to be rerun (for cases already in-house); Product Management will be able to assist you. Please contact your Internal Wholesaler for support.

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. However, in 1035 exchange situations where Lincoln receives more premium than anticipated from the losing carrier resulting in an increase in death benefit, if the death benefit is within reasonable limits, Lincoln would allow.
- **Not allow** additional face amounts on a second policy using the same application.
- **For Lincoln LifeGuarantee® SUL (2009) only, allow** the policyholder, subject to underwriting review, to split the face amount into two or more policies provided there has been no increase in face amount.