



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

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

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

Illustrating 1035 Proceeds

Underwriting Enhanced Foreign Risk Guidelines

Competitive Intelligence Update

Lincoln Reintroduces the VUL Dollar Cost Averaging Program

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