

WealthProtection ExpertiseSM

Lincoln MoneyGuard[®] II

Product Reference Guide

Products issued by:
The Lincoln National Life Insurance Company
Lincoln Life & Annuity Company of New York

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You're In Charge[®]

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Lincoln MoneyGuard® II

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Policy Specifications (Base Policy)

Policy Type	<p>Single Life Universal Life insurance policy with riders providing reimbursement for qualified long-term care expenses.</p> <p>If a contract meets the requirements of Internal Revenue Code Section 7702B(b) for “Qualified Long-Term Care Insurance”, the LTC benefits paid-out from the policy are received tax-free.</p> <p>Lincoln <i>MoneyGuard</i>®II is categorized as a Qualified Long-Term Care Insurance policy.</p>																
Policy Form Number(s)	<ul style="list-style-type: none"> • Base Policy: LN880/ICC13LN880 • LABR: LR881/ICC13LR881 • LEBR: LR882/ICC13LR882 • Value Protection Rider: LR880 Rev/ICC15LR880 Rev 																
Premium Structure	Flexible premium																
Issue Ages (Age Last Birthday)	40-79																
Underwriting Classes	Standard or Couples Discount																
Couples Discount	A couples discount will apply based on the insured’s marital status at the time of issue only. This includes an insured who is legally married (traditional or same sex), or is part of a civil union or domestic partnership, or is in a common law marriage as recognized in the state where the policy is delivered.																
Minimum Specified Amount	\$50,000																
Maximum Specified Amount	<ul style="list-style-type: none"> • \$500,000 Specified Amount for a 2-year LABR • \$750,000 Specified Amount for a 3-year LABR 																
Additional Deposits	Allowed on all pay modes but will not increase the Specified Amount/Monthly Maximum. Additional deposits will not be included in the Value Protection Rider (VPR) amount.																
Current/Guaranteed Interest	2%																
Surrender Charge Duration	10 years																
Surrender Charge Schedule	Per thousand dollars of Specified Amount. The surrender charge set in any given year is level throughout the policy year.																
Return of Premium	<p>Available at issue only, through the Value Protection Rider (VPR). There are two options for Return of Premium (ROP).</p> <p>Basic ROP Upon surrender, a fixed level of 80% of paid premiums will be returned. ROP benefits become available only after all premiums required for the life of the policy are paid. This option is included in all policies at no additional cost.</p> <p>Vested/Graded ROP The optional vested ROP option returns a vested percentage of the premiums paid upon surrender. The ROP will be graded from 80% to 100% over 6 years. ROP will equal the Return of Planned Premium “VPR Threshold” x ROP percentage as seen in the following chart:</p> <table border="1" data-bbox="636 1654 1409 1896"> <thead> <tr> <th colspan="2">ROP Percentage Table</th> </tr> <tr> <th>Duration Year</th> <th>VPR Graded Percentage</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>80%</td> </tr> <tr> <td>2</td> <td>84%</td> </tr> <tr> <td>3</td> <td>88%</td> </tr> <tr> <td>4</td> <td>92%</td> </tr> <tr> <td>5</td> <td>96%</td> </tr> <tr> <td>6+</td> <td>100%</td> </tr> </tbody> </table>	ROP Percentage Table		Duration Year	VPR Graded Percentage	1	80%	2	84%	3	88%	4	92%	5	96%	6+	100%
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Changes in the ROP level are not allowed after issue. ROP benefits become available only after **all premiums** required for the life of the policy are paid. There is an additional charge of 3% of premium assessed with the Vested ROP option.

Policy Specifications (Base Policy) - continued

Long-Term Care Acceleration of Benefits Rider (LABR)	Accelerates the LABR Benefit Limit for covered long-term care expenses for 2 years (24 months) or 3 years (36 months). The LABR Benefit Limit is equal to the Specified Amount of coverage which the insured selects at issue.																		
Residual Death Benefit	Included in every policy that has the LABR. If LTC benefits are paid, the Residual Death Benefit guarantees that the Death Benefit will be no less than a stated amount. The Residual Death Benefit at issue is equal to 5% of the Initial Specified Amount or \$10,000, whichever is less. Thereafter, the benefit is adjusted for loans, loan interest and withdrawals. There is no Residual Death Benefit if any benefits have been paid under the Benefits After Lapse provision.																		
Deductible Period	None																		
Long-Term Care Extension of Benefits Rider (LEBR)	Extends long-term care benefits for 2 years (24 months) or 4 years (48 months). Insured selects the duration at issue. This rider is optional and must be elected at issue.																		
LABR/LEBR Benefit Period Options	Benefits are payable monthly for a specified number of years, determined at issue. A combination of the riders and durations may provide benefits as follows: <ul style="list-style-type: none"> • 2 years (2-year LABR + no LEBR) • 3 years (3-year LABR + no LEBR) • 4 years (2-year LABR + 2-year LEBR) • 5 years (3-year LABR + 2-year LEBR) • 6 years (2-year LABR + 4-year LEBR) • 7 years (3-year LABR + 4-year LEBR) 																		
Inflation Protection	<p>Three options are available on the LABR:</p> <ul style="list-style-type: none"> • None • 3% Compound inflation • 5% Compound inflation <p>Monthly maximum LTC benefits increase annually starting on the first policy anniversary. Annual increases apply to the LTC benefits and not the death benefit. If client elects inflation protection on the LABR, they must have the same type of protection on the LEBR.</p> <p>Three options are available on the LEBR:</p> <ul style="list-style-type: none"> • None • 3% Compound inflation • 5% Compound inflation <p>See allowable combinations in the Additional Benefits Section that follows. Availability of options will vary by age.</p>																		
Allowable Inflation Protection Combinations	<table border="1"> <tr> <td>2N+0</td> <td>3N+0</td> <td>2N+2N</td> <td>2N+4N</td> <td>3N+2N</td> <td>3N+4N</td> </tr> <tr> <td>2C+0</td> <td>3C+0</td> <td>2C+2C</td> <td>2C+4C</td> <td>3C+2C</td> <td>3C+4C</td> </tr> <tr> <td>2D+0</td> <td>3D+0</td> <td>2D+2D</td> <td>2D+4D</td> <td>3D+4D</td> <td>3D+4D</td> </tr> </table> <p>Note: N = No Inflation. C = Compound 3%. D = Compound 5%.</p>	2N+0	3N+0	2N+2N	2N+4N	3N+2N	3N+4N	2C+0	3C+0	2C+2C	2C+4C	3C+2C	3C+4C	2D+0	3D+0	2D+2D	2D+4D	3D+4D	3D+4D
2N+0	3N+0	2N+2N	2N+4N	3N+2N	3N+4N														
2C+0	3C+0	2C+2C	2C+4C	3C+2C	3C+4C														
2D+0	3D+0	2D+2D	2D+4D	3D+4D	3D+4D														

Policy Specifications (Base Policy) - continued

<p>Monthly Cost of Insurance (COI) Charges</p>	<p>Separate deductions are made each month to cover the cost of the various insurance elements. No COI or rider charges are incurred after Attained Age 95.</p> <p><u>Base Policy</u> The rates are based on the Insured's Attained Age and gender based on the guaranteed rates shown in the Policy Schedule.</p> <p><u>Rider Charges</u> Rider charges will vary by the Inflation Option chosen for LABR and/or LEBR.</p> <p><u>LABR</u> Level charge for 10 years based on the Insured's Issue Age, Gender, Standard/Couples Discount, LABR duration. Charges cease when entire LABR base amount paid as claim. LABR base amount reduced by partial surrenders, Specified Amount reductions and loans which will also reduce the LABR charge.</p> <p><u>LEBR</u> Level charge for 10 years based on the Insured's Issue Age, Gender, Standard/Couples Discount, LABR duration, LEBR duration. Charges cease when entire LABR base amount paid as claim. LEBR charge will be reduced proportionately when the LABR base amount reduced by partial surrenders, Specified Amount reductions and loans which will also reduce the LEBR charge.</p>
<p>Premium Load</p>	<p>A level Premium Load, not to exceed 25%, is assessed on all premiums in all years. The Premium Load is commissionable.</p>
<p>Partial Withdrawals</p>	<p>One allowed per year. No withdrawal fee. Minimum: \$500 Maximum: Surrender Value less \$500</p>
<p>Policy Loan Interest</p>	<p>Variable – in arrears</p>
<p>Interest Credited on Loans</p>	<p>2%</p>
<p>Nonforfeiture Benefit</p>	<p>Included in the base product.</p>
<p>International Benefits Provision</p>	<p>Built into the LABR. Provides benefits if client is confined to a Nursing Home or Assisted Living Facility outside of the US, its territories, or possessions. Benefits are limited to the maximum monthly benefit that would otherwise be paid. The full LABR Benefit Limit may be used for this purpose.</p>

Key Points

Lincoln *MoneyGuard*® II is a flexible premium, universal life insurance product that provides a death benefit as well as long-term care (LTC) coverage through policy riders. The Long-Term Care Acceleration of Benefits Rider (LABR) provides benefits for long-term care by accelerating the Specified Amount of life insurance coverage. The Long-Term Care Extension of Benefits Rider (LEBR) increases the Total Benefit Limit for long-term care, thereby extending the length of time that LTC benefits are available by 2 years or 4 years. The LABR and LEBR riders are available with any funding option. Refund of “planned premiums” is provided through the Value Protection Rider which is automatically included in the base policy.

Benefits

Lifetime Benefit Guarantee	<p>Lincoln <i>MoneyGuard</i>® II provides guaranteed death and long-term care benefits which are backed by the financial strength of The Lincoln National Life Insurance Company (Lincoln).</p> <p>The policy is guaranteed if premiums are paid as planned. When a policy is at risk of entering the grace period, a calculation is done to compare the accumulated premiums received to the accumulated required minimum premium up to that point in time (minus partial surrenders or loans). The accumulation will be with interest. If this test is passed, the policy will not enter the grace period even if its Cash Value is insufficient to fund policy charges.</p>
Qualified Long-Term Care Benefit	<p>Long-term care benefits paid from life insurance policies or riders that satisfy certain Federal standards are designated as “Qualified Long-Term Care Insurance”. Long-term care benefits paid from “Qualified Long-Term Care Insurance” are not taxed as income under IRC Section 104(a)(3). The Lincoln <i>MoneyGuard</i>® II LABR and LEBR meet the Federal criteria for qualified long-term care insurance.</p>
Income Tax-Free Death Benefit	<p>The Lincoln <i>MoneyGuard</i>® II death benefit, normally a part of the owner’s estate for estate tax purposes, is paid to the beneficiary income tax-free under IRC Section 101(a)(1). However, the beneficiary will be taxed on any interest earned on the death benefit following the death of the insured until the death benefit is paid. The death benefit is free of probate when the beneficiary is not the insured’s estate.</p> <p>If the insured dies while the policy is in force, the death benefit paid will be equal to the greater of:</p> <ul style="list-style-type: none">a) the Specified Amount on the date of death, less any Indebtedness;b) the Minimum Required Death Benefit, driven by Gross Cash Value, less any Indebtedness;c) the Minimum Required Death Benefit, driven by Return of Premium, less any Indebtednessd) the Residual Death Benefit as described below; ore) Return of Actual Premium on Death (ROAPD), less any Indebtedness

Benefits – continued

Residual Death Benefit

Long-term care benefit payments under the Long-Term Care Accelerated Benefits Rider (LABR) actually represent the death benefit proceeds paid out during the insured's lifetime. Each long-term care payment received will serve to reduce the remaining death benefit available.

A Residual Death Benefit will be included in every policy that has the LABR. If LTC benefits are paid, the Residual Death Benefit guarantees that the death benefit will be no less than a stated amount. While the LABR is in force, the policy's Death Benefit will be the greatest of:

- a) the Specified Amount on the date of death, less any Indebtedness;
- b) the Minimum Required Death Benefit, driven by Gross Cash Value, less any Indebtedness;
- c) the Minimum Required Death Benefit, driven by Return of Premium, less any Indebtedness;
- d) the Residual Death Benefit as described below; or
- e) Return of Actual Premium on Death (ROAPD), less any Indebtedness

The Residual Death Benefit at issue is equal to 5% of the Initial Specified Amount shown on the Policy Schedule or \$10,000, whichever is less. Thereafter, the benefit is adjusted for loans, loan interest and withdrawals. There is no Residual Death Benefit if any benefits have been paid under the Benefits After Lapse provision.

Value Protection Rider

The Value Protection Rider (VPR) is issued automatically with every Lincoln *MoneyGuard*®II policy and provides the following benefits:

- No-Lapse Guarantee (contingent upon sufficient premium payments)
- Return of Premium (contingent upon sufficient premium payments)

No-Lapse Guarantee

When a policy is at risk of entering the grace period, a calculation will be performed which compares the accumulated premiums received to the accumulated required minimum premium up to that point (minus partial surrenders or loans). The accumulation will be with interest and will vary by duration. If this test is passed, the policy will not enter the grace period even if its Cash Value is insufficient to fund policy charges. The Cash Value will never be less than zero.

When accumulating premiums for the Monthly No-Lapse Test, Lincoln will treat all premiums as if they were received at the beginning of the month due. Premiums paid in the month due will always receive the full month's interest for purposes of this test.

Return of Premium Benefit

Available at issue only, through the **Value Protection Rider (VPR)**, there are two options for Return of Premium (ROP).

Basic ROP

Upon surrender of the policy, a fixed level of 80% of paid premiums less loans, withdrawals and claims will be returned. ROP benefits become available only after **all premiums** required for the life of the policy are paid. This option is included in all policies at no additional cost.

Vested ROP

The optional vested ROP option returns a vested percentage of the premiums paid less loans, withdrawals and claims upon surrender. The ROP will be graded from 80% to 100% over 6 years. ROP will equal the Return of Planned Premium "VPR Threshold" x ROP percentage as seen in the following chart:

ROP Percentage Table	
Duration Year	VPR Graded Percentage
1	80%
2	84%
3	88%
4	92%
5	96%
6+	100%

Changes in the ROP level are not allowed after issue. ROP benefits become available only after **all premiums** required for the life of the policy are paid. There is an additional charge of 3% of premium assessed.

Long-Term Care Acceleration of Benefits Rider (LABR)

This Rider is included automatically at issue and provides for reimbursement of expenses for Qualified Long-Term Care Services. The amount of the LABR is equal to the Specified Amount at issue. Benefit payments will reduce the Specified Amount on a dollar-for-dollar basis, since these payments represent an acceleration of the Specified Amount. The death benefit is paid out as a living benefit to reimburse the expenses of long-term care. The LABR is available for either 2 years (24 months) or 3 years (36 months).

- LABR Base Benefit Limit – equal to the Specified Amount at issue.
- LABR Base Maximum Monthly Limit – equal to the Base Benefit Limit divided by the number of months of the duration selected.

For example, if a 2-year LABR is selected, the Base Maximum Monthly Limit would be equal to the Base Benefit Limit divided by 24.

Example:

Specified Amount = \$200,000

Base Benefit Limit = \$200,000

- Base Maximum Monthly Limit for a 2-year LABR = $\$200,000 / 24 = \$8,333$
- Base Maximum Monthly Limit for a 3-year LABR = $\$200,000 / 36 = \$5,556$

If death occurs during payment of LABR benefits, the death benefit is the greatest of:

- The Remaining Specified Amount
- The Required Minimum Death Benefit
- The Residual Death Benefit
- The Return of Actual Premiums on Death

Optional Inflation Protection

There are two inflation protection options available:

- No inflation
- 3% compound
- 5% compound

Whichever option is selected on the LABR, the LEBR option must be the same.

See the section that follows for a detailed explanation of how the benefit works.

Inflation Protection Charge

There is a charge for the first 10 years for inflation protection. Charges cease when the entire LABR base amount has been paid out as claims. The charge will be based on the LABR Base Benefit Limit, Partial Surrenders, other Specified Amount reductions (except those due to LABR claims), LABR duration, Issue Age, gender, Married/Single, and the inflation option chosen (3% or 5%). Loans and loan interest will reduce the LABR inflation charge proportionately to the increase in the LABR Base Benefit Limit.

Long-Term Care Acceleration of Benefits Rider (LABR) - continued

Benefits After Lapse

If the policy and the LABR lapse while the insured is confined to a Nursing Home or Assisted Living Facility and the insured is receiving benefits for services under the LABR, benefits will continue to be paid until the earlier of the following:

- The date the insured is discharged from the Nursing Home or Assisted Living Facility; or
- The date the LABR Benefit Limit is reached. The LABR Benefit Limit is equal to the LABR Benefit Limit in effect at the date of Lapse.
- Inflation increases will not be applied after lapse.

NOTE: This benefit only applies to policies that lapse due to nonpayment of premium while receiving LTC benefits. This benefit does **not** apply to voluntary terminations.

Non-forfeiture Benefit

After the policy and the LABR have been in force for 3 Policy Years, an additional benefit will be payable to cover eligible claims for Covered Services if the LABR lapses. The Non-forfeiture Benefit Limit under this provision is the greater of:

- One month's Maximum Monthly LABR Benefit in effect when the rider lapses; or
- An amount equal to the sum of all rider charges and inflation charges, if any.

Inflation protection increases do not apply to this benefit.

The Nonforfeiture Benefit will continue as paid-up long-term care coverage until the earlier of:

- The death of the Insured or;
- The date the remaining LABR Nonforfeiture Benefit Limit under this provision reaches zero.

International Benefits

Included automatically in the LABR, an insured who is confined to a Nursing Home or Assisted Living Facility outside the US, its territories, or possessions and is receiving Qualified Long-Term Care Services may receive LABR Benefits for those services up to the maximum monthly benefit that would otherwise be paid. The full LABR Benefit Limit may be used for this purpose. International benefits **are not** available under the Long-Term Care Extension of Benefits Rider (LEBR).

Rider Charge (LABR)

- Level charge for 10 years
- Deducted monthly
- Per \$1,000 of LABR Base Benefit Limit
- Based on Insured's Issue Age, gender, married/single, and LABR duration selected at the time of issue (State variations apply).

Partial surrenders and other Specified Amount reductions (except those caused by LABR claims), loans or loan interest will reduce the LABR charges proportionately to the reduction in the LABR Base Benefit Limit. If a loan repayment is made, the LABR charge will increase proportionately to the increase in the LABR Base Benefit Limit.

Long-Term Care Extension of Benefits Rider (LEBR)

This Rider provides for an extension of benefits and is available at an additional cost. The Rider will continue benefits once benefits under the LABR are exhausted. The LEBR will provide benefits even though the Specified Amount has been reduced to zero. The LEBR is available for either 2 years (24 months) or 4 years (48 months).

At policy issue, the LEBR Benefit Limit is the LABR Monthly Maximum Benefit times the LEBR duration.

After policy issue the LEBR Benefit Limit may change based on partial surrenders, other Specified Amount decreases (other than those caused by LABR claims), loans/loan interest or LEBR claim payments made. The LEBR Benefit Limit may increase or decrease.

The LEBR Benefit Limit will increase on each policy anniversary (after the first year), if an inflation option was chosen.

Rider Charge (LEBR)

- Level charge for 10 years
- Deducted monthly
- Per \$1,000 of LEBR Base Benefit Limit
- Based on Insured's Issue Age, gender, Married/Single, LABR duration selected, LEBR duration selected and the LABR Base Benefit Limit.

Partial surrenders and other Specified Amount reductions (except those caused by LABR claims), loans or loan interest will reduce the LEBR charges proportionately to the reduction in the LABR Base Benefit Limit. If a loan repayment is made, the LEBR charge will increase proportionately to the increase in the LABR Base Benefit Limit.

Example:

Specified Amount = \$200,000

2-year LABR; 2-year LEBR 4 Years Minimum Coverage

- LEBR Base Benefit Limit = $\$200,000 \times [24 \text{ divided by } 24] = \$200,000 \times 1 = \$200,000$
- Total LTC Benefit = LABR + LEBR = **\$400,000**
- LEBR Base Maximum Monthly Limit – equal to the LEBR Base Benefit Limit divided by the number of months of the duration selected. LEBR Base Maximum Monthly Limit for a 2-year LEBR = $\$200,000 / 24 = \$8,333.33$.

From the previous 2-year LABR example, a \$200,000 Specified Amount would result in a Monthly Maximum Benefit of \$8,333.33. The LEBR Rider will provide the same Monthly Maximum Benefit for the duration specified.

A 2-year LABR and a 2-year LEBR would provide coverage for a minimum of 48 months; $\$8,333.33 \times 48 = \$400,000$.

Long-Term Care Extension of Benefits Rider (LEBR) - continued

Optional Inflation Protection

There are three inflation protection options available:

- No inflation
- 3% compound
- 5% compound

Whichever option was selected on the LABR, the LEBR option must be the same.

See the next section (Inflation Protection Charge) for a detailed explanation of how the benefit works.

Inflation Protection Charge

There is a charge for the first 10 years for inflation protection. Charges cease when the entire LABR base amount has been paid out as claims. The charge will be based on the LABR Base Benefit Limit, Partial Surrenders, other Specified Amount reductions (except those due to LABR claims), LABR duration, Issue Age, gender, Married/Single, and the inflation option chosen (3% or 5%). Loans and loan interest will reduce the LABR inflation charge proportionately to the increase in the LABR Base Benefit Limit.

Inflation Protection

Optional Inflation Protection, available at an additional cost, provides for annual increases in the Maximum Benefit Limit and the Monthly Maximum Benefit. There are several choices available to help the client tailor the coverage to his or her LTC needs.

Choices	No Inflation (Level Benefits)	Compound Increases
LABR	Inflation Protection Rejected	3% or 5% Compound Increases
LEBR	Inflation Protection Rejected	3% or 5% Compound Increases

The client must elect the same type of inflation protection under both coverages:

- No inflation protection (Inflation Protection “Rejected”)
- 3% Compound increases for both the LABR and LEBR
- 5% Compound increases for both the LABR and LEBR

The LABR has 2 durations available: 2 years and 3 years, and can be elected with no inflation protection, 3% Compound or 5% Compound increases.

The LEBR has 2 durations available: 2 years and 4 years, and can be elected with no inflation protection, 3% Compound or 5% Compound increases.

Example of Compound Increases (3% or 5% available for LABR and LEBR)

Compound increases would apply the interest rate to the accumulating value – interest earned each year will also earn interest in future years.

To demonstrate the impact of compound inflation, this example uses a 3% rate for comparison purposes. However, the Optional Inflation Protection offers either a 3% or 5% Compound inflation rate.

\$3,000 with a 3% Compound increase would result in the following values:

Year 1	\$3000
Year 2	\$3090 (\$3000 x 3% = \$90) (\$3000 + \$90 = \$3090)
Year 3	\$3182.70 (\$3090 x 3% = \$92.70) (\$3090 + \$92.70 = \$3182.70)
Year 4	\$3278.18 (\$3182.70 x 3% = \$95.48) (\$3182.70 + \$95.48 = \$3278.18)
Year 5	\$3376.53 (\$3278.18 x 3% = \$98.35) (\$3278.18 + \$98.35 = \$3376.53), etc.

General Information

Lincoln *MoneyGuard*® II is a universal life insurance policy with riders that provide benefits for reimbursement of qualified long-term care expenses.

Benefit Period Options (LABR and LEBR)

- 2 years (2+0)
- 3 years (3+0)
- 4 years (2+2)
- 5 years (3+2)
- 6 years (2+4)
- 7 years (3+4)

Benefits Provided

Long-term care benefits paid from insurance policies or riders that satisfy certain federal standards are designated as “Qualified Long-Term Care Insurance.” Long-term care benefits paid from “Qualified Long-Term Care Insurance” are not taxed as income under IRC Section 104(a)(3). The Lincoln *MoneyGuard*®II LABR and LEBR meet the federal criteria for qualified long-term care insurance. The client would receive a 1099-LTC for benefits received under the LABR/LEBR; the benefits would be reportable, but not taxable.

Long-term care benefits are paid for qualified long-term care services required as the result of a chronic illness.

Covered Services

State variations may apply. See a specimen contract for the state where the business is being written. Covered Services are those services that would be eligible for payment under the terms of the LABR / LEBR. The Covered Services would have to be categorized as Qualified Long Term Care expenses. This includes expenses categorized as:

Adult Day Care	Home Health Care
Hospice Services	Nursing Home Care Services
Assisted Living	Alternate Care Services

These expenses or services must be required due to the Insured being chronically ill, or, prescribed under a Plan of Care by a physician.

A chronically ill person is any individual who has been certified by the attending physician, within the preceding 12 months, as being unable to perform without substantial assistance from another individual at least 2 out of 6 activities of daily living (ADLs) for a period of at least 90 days. The ADLs are:

- Bathing
- Dressing
- Toileting
- Continence
- Eating
- Transferring

General Information - continued

Exclusions, Exceptions and Limitations

Lincoln *MoneyGuard*®II reimburses out-of-pocket eligible long-term care expenses. Exclusions may apply. See a specimen contract available on the Lincoln websites for a detailed explanation.

Reimbursement

Once qualified for benefits, clients can send bills or can arrange for service providers to send bills directly to The Lincoln National Life Insurance Company (Lincoln). Billed expenses for eligible qualified long-term care services will be reimbursed up to the maximum monthly benefit. As the policy owner, the client can direct that benefit payments be sent directly to them or their legal representative, or they can choose to assign benefits and have payments sent directly to service providers.

With Lincoln *MoneyGuard*®II, there is no elimination period to qualify for benefits.

Issue Ages

Policies/Riders can be issued to ages 40 through age 79 (age last birthday).

Premium Information

Lincoln *MoneyGuard*®II policies allow Flexible Premium payments, with modal premium payments available on a Monthly, Quarterly, Semi-Annual or Annual basis.

List Billing

List billing is also available with all billing modes including Monthly, Quarterly, Semi-Annual, Annual, and any special frequency modes including Weekly, Bi-fort-nightly (13), Semi-Monthly (24), Bi-Weekly (26), 9 per year and 10 per year.

List billing allows a company/individual to combine many policies on one bill. The company/individual will receive one bill for multiple policies and will submit one check to pay for the entire group.

All new list bill groups must have at least five active policies or the client will need to select another premium mode. If a producer requests list billing but does not have the required five active policies, list billing will not be available until all five policies are received.

Flexible Premium schedules may not be supported in all firms.

General Information - continued

Specified Amount

The Specified Amount is the amount of the death benefit applied for at policy issue, and determines the amount available for LTC benefits under the accelerated benefits rider (Long-Term Care Accelerated Benefits Rider – LABR). At policy issue, the Specified Amount must be within contract limits.

The actual death benefit paid may be different than the Specified Amount if the policy goes on claim, has loans or withdrawals, or if the corridor death benefit applies.

- The *minimum* Specified Amount for Lincoln *MoneyGuard*® II is \$50,000.
- The *maximum* Specified Amount is determined by the length of the Long-Term Care Acceleration of Benefits Rider (LABR):
 - \$500,000 for the 2 year LABR
 - \$750,000 for the 3 year LABR

Rate Classes

There are two rate classes for this product: Standard and Couples Discount. A couples discount will apply to the LABR and LEBR rider charges (including inflation charge) based on the insured's marital status at the time of issue only. This includes an insured who is legally married (traditional or same sex), or is part of a civil union or domestic partnership, or is in a common law marriage as recognized in the state where the policy is delivered.

Interest Crediting

Guaranteed annual interest rate of 2.00%

Free-Look Period

Lincoln *MoneyGuard*®II policies provide a free-look period of 30 days. (State variations may apply).

The free-look period begins on the date the owner receives the policy and the policy receipt is signed and dated. Lincoln will return the premium paid into the policy (less any loans, unpaid interest and withdrawals) upon receipt of the written request for cancellation and the returned contract. Canceling the contract will void it from the beginning.

Loans

Loans are allowed but Lincoln will not accept 1035 Exchanges that have outstanding loans on the existing policies. If a policy is transferred via a 1035 Exchange without an outstanding loan, the policy owner will have the ability to take a loan on the new *MoneyGuard*®II policy.

Premium Load

The Premium Load is a percentage of the premium paid, and is used to defray the cost of setting up the policy, paying commissions and other expenses. A level Premium Load, not to exceed 25% will be deducted from all premiums paid in all years.

General Information - continued

Monthly Deductions

The monthly deductions will continue to the insured's age 95 and consist of the:

- Monthly Cost of Insurance
- LABR Charge
- LEBR Charge (if selected)
- Optional Inflation Protection (if selected)

Monthly Cost of Insurance

Separate deductions are made each month to cover the cost of the base life insurance protection. The charge is determined by issue age, attained age, the gender of the insured, married/single, and the guaranteed rates shown in the Policy Schedule. This factor will be applied per \$1,000 of Net Amount at Risk (Net Amount at Risk is defined as the Death Benefit minus the Cash Value of the policy).

Surrender Charges

Surrender charges are incurred for early surrenders and are in effect for the first 10 years of the policy. The surrender charge is per thousand dollars of Specified Amount. The maximum rate per thousand is being used. The surrender charge set in any given year is level throughout the policy year.

Withdrawal/Partial Surrender Charge

There is no partial surrender charge.

DEFRA Type: Cash Value Accumulation Test (CVAT)

MoneyGuard[®] II uses the Cash Value Accumulation Test (CVAT) to satisfy Section 7702 of the IRS code. Under CVAT, there is no limit on the amount of premium paid and there is a fairly high *corridor* of benefits. A *corridor* means that there must be a relationship between the death benefit and the value of the policy which meets certain minimums. The law states that any policy's death benefit must be at least as high as the amount the policy's Cash Value could purchase using the policy's guaranteed mortality charges or the current prevailing mortality rates, if greater, and the policy's guaranteed interest rates (but never less than 4%).

Taxation

The cost basis in the life insurance policy is reduced by the Long-Term Care rider charges for the first 10 policy years. The cost basis in the LTC riders (LABR and LEBR) is the sum of the rider charges. Upon surrender, the surrender value is compared to the combined cost basis. For cases that are not issued via a 1035 exchange, there will be no taxable gain on policies surrendered that were issued with the Basic Return of Premium option. If the client chose the optional Graded ROP option instead, there will be a gain upon surrender. The charge for the Graded ROP is treated as an annual premium load (% of all premiums paid) and this charge reduces the cost basis in the life insurance policy. This reduction will result in a taxable gain upon surrender for clients who elect the Graded ROP option.

Annual IRS Form 1099R will be sent showing a distribution code of "w" for the first ten policy years. After the tenth policy year, Long-Term Care rider charges cease and the 1099Rs will no longer be sent. This 1099R is not reportable by the policy owner under the Pension Protection Act.

General Information - continued

Commission Information

Commission chargebacks:

	Months 1-12	Months 13-24	Months 25+
Partial Surrender	100%	50%	0%
Full Surrender	100%	50%	0%
Lapse	100%	50%	0%
Death Claim	0%	0%	0%

Long-Term Care Benefit Payments

Policies may be issued with the Long-Term Care Acceleration of Benefits Rider (LABR) alone, or in conjunction with the Long-Term Care Extension of Benefits Rider (LEBR). Several combinations of benefit durations are available (all combinations may not be available in all states).

The LABR has 2 durations available: 2 years and 3 years.	2	LABR	2	3	2	3	2	3
The LEBR has 2 durations available: 2 years and 4 years.	2	LEBR	---	---	2	2	4	4
Total Minimum* Number Years			2	3	4	5	6	7

** If the reimbursement amount is less than the maximum monthly benefit, the length of time may be extended beyond the years shown above.*

General Information - continued

Example:

Receiving benefit payments under the LABR will reduce the maximum benefit limit on a dollar for dollar basis. If less than the maximum monthly benefit is paid out, the rider benefits will be extended beyond the specified duration. Once the maximum amount has been received under the LABR Rider, payments may continue if the LEBR Rider has been elected.

Let's look at a scenario of a policy on claim:

Hypothetical Example: LEBR elected (2N + 4N)

- \$200,000 Initial Specified Amount
- \$200,000 Maximum LABR Limit (2 years), Inflation Protection Rejected
- \$400,000 Maximum LEBR Limit (4 years), Inflation Protection Rejected

Year	Maximum LTC Benefit (LABR)	Maximum LTC Benefit (LEBR)	Annual LTC Benefit Payment	
			Max	Actual
1	\$200,000		\$100,000	0
2	\$200,000		100,000	85,000
3	\$115,000		100,000	85,000
4	\$ 30,000		30,000	30,000
At this point, benefits under the LABR have been reduced to zero. Benefits will now be payable under the LEBR.				
Year 4, Continued		\$400,000	70,000	55,000
5	-----	\$345,000	100,000	85,000
6	-----	\$260,000	100,000	85,000
7	-----	\$175,000	100,000	85,000
8	-----	\$ 90,000	90,000	85,000
9	-----	\$ 5,000	5,000	5,000
At this point, there are no LTC benefits from the policy.				
Year 9, Continued		-----	-----	-----
10	-----	-----	-----	-----
Total LTC benefits from policy:				\$ 600,000
<p>In Policy Year 4, the maximum benefit from the LABR has been exceeded. Coverage for LTC benefits will be provided by the LEBR, and only the Residual Death Benefit remains as the death benefit.</p> <p>In year 9, the LEBR benefits are exhausted. There are no additional living benefits, and only the Residual Death Benefit remains as the death benefit.</p>				

Important Disclosures, please read.

Lincoln *MoneyGuard*® II is a universal life insurance policy with a rider that accelerates the specified amount of death benefit to pay for covered long-term care expenses. A Long-Term Care Extension of Benefits Rider (LEBR) is available to continue long-term care benefit payments after the entire Specified Amount of death benefit has been paid. The cost of riders will be deducted monthly from the policy cash value. The insurance policy and riders have limitations, exclusions, and/or reductions.

Lincoln *MoneyGuard*® II is issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, on policy form LN880/ICC13LN880 with a Long-Term Care Acceleration of Benefits Rider (LABR) on Rider Form LR881/ICC13LR881 and an optional Long-Term Care Extension of Benefits Rider (LEBR) on Rider Form LR882/ICC13LR882 and with a Value Protection Rider (VPR) on Rider Form LR880 Rev/ICC15LR880 Rev.

All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company.

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 subject to the claims-paying ability of The Lincoln National Life Insurance Company.

Products and features, including benefits, exclusions, limitations, terms, and definitions, may vary by state.

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**Information compiled by Lincoln Life Product and Distribution Support Area
For questions please contact Jen DiPoppo at jennifer.dipoppo@lfg.com**

