



FOR LIFE

Product Reference Guide

Lincoln LifeGuarantee[®] UL (2013)

**Insurance &
Retirement Solutions**

Collaboration that connects Strategy with Execution



**Product Implementation
& Distribution Support**

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Product Objective

Lincoln LifeGuarantee® UL (2013) is a single life universal life product which offers flexible, guaranteed protection for life. Lincoln LifeGuarantee® UL (2013) offers guaranteed death benefit protection and is best for clients who desire the security of a guaranteed death benefit and are not looking for significant account value accumulation. This product is designed to work optimally with level premium payments paid to age 121.

Key Features

Coverage Protection Guarantee (CPG)

Guaranteed life insurance protection is provided through the Coverage Protection Guarantee (CPG). The CPG provides an “alternate” Coverage Protection Value (CPV) that, if positive, will ensure coverage will continue even if the cash surrender value is insufficient to cover policy charges. Regardless of issue age, the CPG is available until the insured’s age 121. This rider is included automatically.

The “alternate” Coverage Protection Value is calculated in a similar manner as the actual policy value but utilizing different monthly deduction charges and credited interest rates. All charges and interest rates are fixed and guaranteed not to increase or decrease from what is shown on the policy specifications pages for the initial specified amount. The CPV is a reference value used to determine whether the CPG is in effect. It is not accessible to the policy owner for any purpose.

The length of time the CPG can keep the policy in force may vary based on the following factors:

- Satisfying the Funding Level Test (see below)
- Changes in premium frequency, timing or amount
- Policy changes such as loans, partial surrenders, increases or decreases in Specified Amount and the addition or removal of riders.

The Coverage Protection Guarantee is in effect if the CPG Test is satisfied. The CPG Test is satisfied if the total of the Coverage Protection Accounts equals or exceeds debt. The Coverage Protection Accounts are used only for determining whether the CPG is in effect, and are not used in calculating the actual Policy Value provided under the policy.

If at any time the planned duration of the CPG is shortened or the CPG Test fails, the policy owner may pay additional premiums within the allowable limits established by the IRS Code and Modified Endowment Contract provision of the policy in order to extend the duration or reactivate the CPG, provided the policy has not lapsed for a period longer than the CPG Reinstatement Period.

The Coverage Protection Value is made up of three Coverage Protection Accounts, (CPA I, CPA II and CPA III). Premiums are allocated to each CPA based on the timing of the premiums, the sum total of all CPA’s and the comparison of premiums paid over a one-year period against an annual premium threshold. Charges are taken from only one account at a time until that account is exhausted, beginning with CPA III, then CPA II, then CPA I. For a more detailed look at the calculation of the Coverage Protection Value, please see a specimen contract.

Funding Level Test

Beginning in policy month 13, Lincoln will apply a Funding Level Test that if not met, could shorten the CPG period. This test will be applied until the earlier of the insured's age 121 or termination of the Test as described in the rider. The Funding Level Test is satisfied if, on each Monthly Anniversary Day, the adjusted sum of premiums paid since the policy date is greater than or equal to the accumulated Monthly Funding Premium. If the paid premium does not meet or exceed the funding level as defined in the Rider for three consecutive months, a Funding Level Charge will be assessed as part of the Coverage Protection Value monthly deduction. Lincoln will continue assessing such a charge until the Funding Level Test is satisfied on a future Monthly Anniversary Day, at which point the charge will stop until the Test is not satisfied again for three consecutive Monthly Anniversary Days.

The projection will reflect whether the planned premium satisfies the test. By establishing and maintaining a premium-paying pattern that satisfies the test, the Funding Level Charge can be avoided. Once the policy is in force, Lincoln will send a notice if the Funding Level Test is not satisfied.

Disability Waiver of Specified Premium Benefit

If a Disability Waiver of Specified Premium Benefit Rider is attached to the policy, any premium paid to the policy as a benefit of the Disability Waiver of Specified Premium Benefit Rider will be applied as premium for the purposes of determining if the Coverage Protection Guarantee is in effect. This premium will be subject to the Allocation of Accounts provision of the rider.

Disability Waiver of Monthly Deduction Benefit

If a Disability Waiver of Monthly Deduction Rider is attached to the policy and the insured has an approved claim for benefits under the rider, Lincoln will waive any monthly charges for the Coverage Protection Guarantee Rider for the same period that monthly deductions are waived for the policy as a benefit of the rider.

Impact on Accelerated Benefits Rider

If the Accelerated Benefits Rider includes a "Right to Exercise Rider Benefit" provision, Lincoln will consider the Cash Surrender Value of the policy in determining if the Accelerated Benefit Continuation Period is satisfied. When a Coverage Protection Guarantee Rider is attached to the policy and the CPG Test is satisfied, the "Right to Exercise Rider Benefit" provision of the Accelerated Benefits Rider is expanded to include the Coverage Protection Value as a reference value in determining if the Accelerated Benefit Continuation Period is satisfied.

CPG Premium Timing

The policy owner should pay premiums on or within a month before or after the due date. Premiums more than a month late or in an amount less than planned will shorten the Coverage Protection Guarantee period.

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CPG Premium Timing (continued)

Paying the premium as soon as the client receives their bill (within a month before the due date) will not negatively impact the CPG period. In certain years, the CPG premium load applied to the premium varies. For purposes of calculating the Coverage Protection Value, if the CPG premium load decreases as of the next policy year, we apply the lower CPG premium load to premiums that are received within a month before their due date. This treatment is not a policy provision, but it is a benefit that Lincoln provides. It only affects the CPG. For purposes of calculating the policy value, all premiums are credited as of the date we receive them.

Generally, paying premiums more than a month before their due date will not negatively impact your CPG period as CPG premium loads do not change every year.

1035 Forgiveness Feature

1035 premiums can arrive any time during the first year without impacting the length of the CPG. This alleviates the need to rerun projections should the actual timing of 1035 payments vary from original assumptions.

Premium Relief Feature

The Premium Relief Feature grants what amounts to an approximate 30-day “grace period” for scheduled premiums. For CPG purposes only, if the premium is received mid-policy month, it will be considered paid as of the beginning of the month for purposes of calculating the Coverage Protection Value. How long the “grace period” is depends on the number of days the month in question has. Here are a few examples:

If the client’s Monthly Anniversary Day (MAV) is 12, and the most recent MAV was 5/12/12, the client would have until 6/11/12 in order to pay a premium and have it be included in the CPG calculation as of 5/12. There are 31 days in this period, so the client’s “grace period” is 31 days. For a MAV in February, the client would have until March 11 to get their premium in. Since February is a shorter month, the client has only 28 days between 2/12 and 3/11 to get their premium in. So, that is why we refer to an “approximate 30 days” since the number of varies between 28, 30 and 31.

Catch-Up Feature

If planned premiums are skipped, reduced or paid later than covered by the Premium Relief Feature, or if any other policy changes are made that reduce the Coverage Protection Value, it is possible to pay “catch-up” payments to restore the originally projected CPG guarantee period. These payments may be made at any time. To determine premiums needed to catch-up, ask Lincoln to run a Point-In-Time projection to help determine how much additional premium will need to be paid to catch up. You should expect that the new premium(s) in total will be more than originally planned due to lost interest crediting and the resultant higher net amount at risk (which produces higher charges).

The Coverage Protection Guarantee will be lost permanently if the policy lapses and is reinstated outside the CPG reinstatement period.

Available Riders

Accelerated Benefits Rider (With Critical Illness Coverage):

The Accelerated Benefits Rider with Critical Illness Coverage pays a portion of the death benefit if one or more of the following occurs:

1. the insured is diagnosed with a specified illness or condition;
2. the insured is permanently confined to a nursing home; or
3. the insured is diagnosed as terminally ill (life expectancy of 6 months or less).

This benefit will be treated as a lien against the policy and as such, will accrue interest. In order to exercise the benefit, there must be sufficient surrender value or Coverage Protection Guarantee value to cover costs for five years. Maximum benefit payable on all Lincoln policies in-force is \$250,000.

Issue Ages:	Same as for base policy
Issue Amount:	Same as for base policy.
Maximum Benefit Amount:	<ul style="list-style-type: none"> • 50% for terminal illness • 40% for nursing home confinement • lesser of 5% or \$25,000 for critical illness The maximum benefit available is \$250,000.

This rider cannot be added after issue. This rider is available if covered insured is rated Table D or below. There is no charge for this rider but there is a \$300 charge at the time of claim which is deducted from the benefit payable.

Available with full underwriting, simplified issue or guaranteed issue. The two versions of the Accelerated Benefits Rider cannot be elected on the same policy. Not available if the *Lincoln LifeEnhance*SM Accelerated Benefits Rider is also selected.

Accelerated Benefits Rider (No Critical Illness):

The Accelerated Benefits Rider pays a portion of the death benefit if one of the following occurs:

1. the insured is permanently confined to a nursing home; or
2. the insured is diagnosed as terminally ill.

This benefit will be treated as a lien against the policy and as such, will accrue interest. In order to exercise the benefit, there must be sufficient surrender value or Coverage Protection Guarantee value to cover costs for five years.

Issue Ages:	Same as for base policy
Issue Amount:	Same as for base policy.
Maximum Benefit Amount:	50% for terminal illness 40% for nursing home confinement The maximum benefit available is \$250,000.

Accelerated Benefits Rider (no critical illness) (cont.):

This rider can be added after issue. This rider is available if covered insured is rated, however, the Accelerated Benefits Rider with Critical Illness is available for those rated Table D or below and may be more desirable. There is no charge for this rider but there is a \$300 charge at the time of claim which is deducted from the benefit payable. Available with full underwriting, simplified issue or guaranteed issue.

The two versions of the Accelerated Benefits Rider cannot be elected on the same policy. Not available if the *Lincoln LifeEnhance*SM Accelerated Benefits Rider is also selected.

The nursing home benefit is not available in the following states: IL, MD, MA, NY, OK, TX, or VT.

Accidental Death Benefit Rider:

The Accidental Death Benefit Rider, available at an additional cost, can help offset financial burden by offering an additional amount, up to \$250,000, in the case of an accidental death. The rider will only offer the additional amount if the accident occurs before the insured's Attained Age 70.

Minimum Issue Age:	20
Maximum Issue Age:	65
Minimum Issue Amount:	\$1,000
Maximum Issue Amount:	Twice the face amount of base policy up to \$250,000.
Target Premium:	12 x the first month rider Cost of Insurance

The rider may be added after issue. The rider benefit amount may be increased or decreased after issue subject to the limits listed above. Rates are based on attained age and are deducted monthly from the accumulated value of the base policy. The rider is commissionable. Available with full underwriting or simplified issue only. The two versions of the Accelerated Benefits Rider cannot be elected on the same policy. Not available if the *Lincoln LifeEnhance*SM Accelerated Benefits Rider is also selected.

Children's Term Rider:

The Children's Term Rider, available at an additional cost, provides level term insurance for each child of the insured. The child would remain insured until the earlier of the policy anniversary nearest the child's 25th birthday or until the insured reaches Attained Age 65. The term rider may be converted to an available permanent policy of up to \$5000 per unit, but not less than the minimum on the new plan, up to the child's 25th birthday. If the insured dies, the rider coverage becomes a fully-paid up policy to age 25 with an account value.

Issue Ages:	Base policy insured: 20-50 Each child: 0 (15 days old) -17
Minimum of one unit:	\$1000
Maximum of one unit per \$5000 of base policy	Up to 10 units or \$50,000
Target Premium:	\$6.00 per unit

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Children’s Term Rider (continued):

The rider may be added to the policy after issue as long as the child has not yet reached 17 years of age and the parent is between the ages of 20 and 50. The rider is commissionable. Available with full underwriting or simplified issue only.

Disability Waiver of Monthly Deductions Benefit Rider:

The Disability Waiver of Monthly Deductions Benefit Rider, available at an additional cost, waives the cost of insurance, monthly expense charges and rider charges if the insured becomes disabled, satisfies the six-month elimination period and remains totally disabled. It also waives the Coverage Protection Guarantee charges.

Total Disability is defined as:

- 1) The inability of the insured, because of bodily injury or disease, to engage in an occupation or business:
 - a) During the first 24 months of total disability, “occupation or business” means the insured’s regular occupation or business at the time the disability began.
 - b) After the first 24 months of total disability, “occupation or business” means any occupation or business for which the insured is or becomes reasonably suited by education, training or experience.
- 2) The total loss of sight of both eyes, or the use of both hands or both feet, or one hand and one foot.

Issue Ages:	20-60
Maximum Issue Amount:	Based on maximum \$5,000,000 base specified amount. If an increase to the base brings it higher than \$5,000,000, the rider is no longer allowed.
Benefit:	
For disabilities commencing after age 5 but before age 56:	Benefits will continue as long as the insured remains disabled.
For disabilities commencing between ages 56-64:	Benefits will continue for 15 years, as long as the insured remains disabled.
Target Premium:	Rider target calculation is a percentage of the target premium for the base and other riders.

This rider may be added after issue with underwriting. This rider is available if covered insured is rated Table D or below. The rider terminates at the earlier of age 65 or termination of the base policy. Rates are at attained age and are annually increasing. The rider is commissionable. Available with full underwriting or simplified issue only.

Disability Waiver of Specified Premium Rider:

The Disability Waiver of Specified Premium Rider, available at an additional cost, will deposit the monthly specified premium for both the policy and the Coverage Protection Guarantee into the policy if the insured becomes totally disabled, satisfies a six-month elimination period and remains totally disabled. The monthly specified premiums that were not deposited during the elimination period will be deposited once the elimination period is satisfied.

Total Disability is defined as:

- 1) The inability of the insured, because of bodily injury or disease, to engage in an occupation or business:
 - c) During the first 24 months of total disability, "occupation or business" means the insured's regular occupation or business at the time the disability began.
 - d) After the first 24 months of total disability, "occupation or business" means any occupation or business for which the insured is or becomes reasonably suited by education, training or experience.
- 2) The total loss of sight of both eyes, or the use of both hands or both feet, or one hand and one foot.

Issue Ages:	20-60
Minimum Issue Amount (based on specified monthly premium):	\$25
Maximum Issue Amount:	The lesser of <ol style="list-style-type: none"> 1. \$3000 or 2. 1/12 the 7702 guideline level premium for the contract.
Amount of Deposit: For disabilities commencing after age 5 but before age 56:	The monthly specified premium will be deposited into the policy as long as the insured remains disabled.
For disabilities commencing on or after age 56:	The monthly specified premium will be deposited into the policy as long as the insured remains disabled, up to a maximum period of 15 years.
Target Premium:	12 x first month rider Cost of Insurance

The rider may be added after issue with underwriting. This rider is available if covered insured is rated Table D or below. Increases are allowed after issue subject to additional underwriting. The rider is not available if the base policy is rated higher than Table D. Rates are based on attained age and are increasing. Rider is commissionable. Available with full underwriting or simplified issue only. Not available if the *Lincoln LifeEnhance*SM Accelerated Benefits Rider is also selected.

Guaranteed Insurability Rider:

The Guaranteed Insurability Rider, available at an additional cost, allows the insured to purchase additional amounts of insurance during option periods, without medical evidence of insurability. The rider must be elected when the policy is purchased. The coverage will expire at the insured's age 40.

Issue Ages:	20-38
Minimum Issue Amount:	\$10,000
Maximum Issue Amount:	\$50,000 but not more than twice the specified amount for issue ages 0-30, or more than the specified amount for issue ages over 30
Regular Option Dates (occurring after policy issue):	Policy anniversary nearest the insured's 25 th , 28 th , 31 st , 34 th , 37 th and 40 th birthdays
Alternate Option Dates (occurring after policy issue):	If there is at least one uncanceled regular option date remaining, alternate option date is within 90 days of the following: <ul style="list-style-type: none"> • First marriage of the insured • Birth or adoption of a child <p>The exercise of an alternate option date cancels the option on the next regular option date.</p>
Target Premium:	12 times the first month rider Cost of Insurance

The rider may not be added after issue, nor may the benefit be increased or decreased. It is not available if the base policy has a table rating or an Aviation Exclusion Rider. The cost of the rider is deducted monthly from the accumulated value of the base policy. Rates are level and are on an issue age basis. The rider is commissionable. Available with full underwriting or simplified issue only. Not available if the *Lincoln LifeEnhance*SM Accelerated Benefits Rider is also selected.

Lincoln LifeEnhance® Accelerated Benefits Rider:

The *Lincoln LifeEnhance* Accelerated Benefits Rider provides the assurance that the policy will pay a portion of the eligible death benefit upon the occurrence of one of the following qualifying events:

- The insured is diagnosed as being chronically ill; or
- The insured is diagnosed as terminally ill (life expectancy of 12 months or less).

To be considered chronically ill, the insured must be:

- unable to perform 2 out of 6 Activities or Daily Living* for at least 90 days, **or**
- must require substantial assistance from another individual due to severe cognitive impairment; **and**
- **services are expected to be needed for the remainder of the insured's life.**

* Activities of daily living include: bathing, continence, dressing, eating, toileting and transferring.
(continued)

Lincoln LifeEnhance® Accelerated Benefits Rider (continued):

	Chronic Illness	Terminal Illness
Maximum acceleration amount	Up to 100% of the gross death benefit* at the time of the original acceleration claim.	The lesser of 50% of the gross death benefit* or \$250,000
Payment method	The gross death benefit is used to determine the Original Benefit Amount. Monthly benefit based on the lower of 2% of the Original Benefit Amount at the time of claim or the IRS per diem limit times the number of days in the month; or One-time lump sum multiplied by a discount factor which will terminate the policy upon payment.	One time lump sum
Benefit payments for chronic illness and terminal illness may be concurrent.		

The rider may not be added after issue and is available up to Table D. The policy may be issued but the rider declined. There is an additional charge for this rider.

This rider is not available with Simplified Issue or Guaranteed Issue, Guaranteed Insurability Rider, Disability Waiver of Specified Premium, Spouse Term Rider, or either of the two versions of the Accelerated Benefits Rider.

Children's Term Insurance Rider (CTR): If the CTR terminates due to a one-time lump sum payment or the Remaining Benefit Amount is reduced to zero, the CTR benefit will be paid as paid-up insurance.

See the separate *Lincoln LifeEnhance® Accelerated Benefits Rider Reference Guide* for complete details.

Minimum Death Benefit Endorsement:

The Minimum Death Benefit Endorsement, included automatically with every policy, ensures that the policy will still qualify as life insurance even if a loan has otherwise reduced the death benefit to zero. As long as the policy is still in force, the death benefit will be increased so that it is never less than \$5,000. This does increase the net amount at risk, and so the client would be paying cost of insurance charges on that amount. This endorsement does not protect the policy from lapse.

Spouse Term Rider:

The Spouse Term Rider, available at an additional cost, provides level term insurance on the spouse of the insured until the spouse’s 95th birthday. The rider may be converted to any eligible permanent policy at the earlier of the spouse reaching age 70 or the death of the base policy insured.

Spouse Issue Ages:	20-70
Minimum Issue Amount:	\$25,000
Maximum Issue Amount:	Amount of base policy
Target Premiums:	Available in a target table

Increases and decreases will be allowed after the rider has been in-force for 12 months. The rider has separate current COIs which vary by attained age, gender and tobacco status. The guaranteed rider rates are equal to the base policy guaranteed rates. This rider is commissionable. Available with full underwriting or simplified issue only. Can be added to in-force policies with additional underwriting. Not available if the *Lincoln LifeEnhance*SM Accelerated Benefits Rider is also selected.

Lincoln LifeGuarantee® UL (2013) Product Summary	
Policy Form Number:	Nationwide: UL 6000
CPG Rider:	Nationwide: CPG-7000
Lincoln LifeEnhanceSM ABR:	Nationwide: ABR-7001
Data Pages:	Nationwide: F6002-A
Issue Ages/Underwriting Classes (Fully Underwritten):	Preferred Plus (20-80) Preferred Non-Tobacco (20-80) Standard Non-Tobacco (20-85) Preferred Tobacco (20-80) Standard Tobacco (20-85)
Simplified Issue:	Standard Non-Tobacco: 20-70 Standard Tobacco: 20-70
Guaranteed Issue:	Standard Non-Tobacco: 20-70 Standard Tobacco: 20-70
Minimum Specified Amount:	\$100,000 Guaranteed Issue Minimum: \$25,000
Maximum Specified Amount:	Subject to individual consideration and underwriting approval. Simplified Issue / Guaranteed Issue Maximum: \$5,000,000
Death Benefit Options:	Death Benefit = Specified Amount (Level)
Life Insurance Tax Qualification Test:	Cash Value Accumulation Test (CVAT).
Extended Maturity:	As long as the policy is in force at the insured's Age 121, the face amount and Death Benefit Option remain the same and all monthly deductions cease. Account value, if any, will continue to earn interest and interest on any loan would continue to accrue, and the policy will continue in-force for the life of the insured.
Policy Premium Load:	Guaranteed: 15% in all years
Monthly Administrative Charges:	<ul style="list-style-type: none"> • Per Policy Expense Charge: \$4/mo. • 2% times the Load Basis Amount*. <p>*Load Basis Amount is generated by a separate set of per 1000 rates that are multiplied by the face amount. The Load Basis Amount appears on the policy data pages in the contract</p> <p>Decreases in specified amount do not reduce this charge</p>

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Lincoln LifeGuarantee® UL (2013) Product Summary	
Guaranteed Cost of Insurance Charges:	Based on 2001 CSO Ultimate tables.
Guaranteed Interest Rate:	2.0% in all years; current = guaranteed
Surrender Charge Period:	19 Years
Surrender Charges for Face Amount Decreases:	Per \$1000 charge x number of 1000's of the decrease amount during surrender charge period.
Policy Loan Charged Rate:	6.0% up to age 121; 4.0% thereafter
Interest Credited on Borrowed Funds:	4% in all years
Withdrawals:	Minimum: \$500 Maximum: Cash Surrender Value minus \$500
Coverage Protection Guarantee:	<p>Guaranteed life insurance protection is provided through the Coverage Protection Guarantee (CPG). The CPG provides an alternate Coverage Protection Value (CPV) that, if positive, will ensure coverage will continue even if the Cash Surrender Value is insufficient to cover charges. This rider is included automatically and can remain in force until the insured's Attained Age 121.</p> <p>The length of time the CPG can keep a policy in force may vary based on the following factors:</p> <ul style="list-style-type: none"> • Satisfying the monthly Funding Level Test • Changes in premium frequency, timing or amount • Policy changes such as loans, partial surrenders, increases or decreases in Specified amount and the addition or removal of riders. <p>Funding Level Test (FLT): Beginning in month 13, there is a FLT until the earlier of the insured's age 121 or termination of the FLT as described in the rider. Failure to satisfy the FLT for three consecutive monthly anniversary days will result in the assessment of a Funding Level Charge, which will negatively impact the length of time the CPG remains in effect.</p> <p>Premium Relief Feature: If the premium is received mid-policy month, it will be considered paid as of the beginning of the month for purposes of the Coverage Protection Value</p> <p>1035 Forgiveness Feature: 1035 premium can arrive any time during the first year without impacting the length of the CPG.</p>

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Lincoln LifeGuarantee® UL (2013) Product Summary	
Available Riders (available for Full Underwriting and Simplified Issue unless otherwise noted):	<ul style="list-style-type: none"> - Accelerated Benefit Rider^{2, 3} - Accelerated Benefit Rider (with critical illness coverage)^{2, 3} - Accidental Death Benefit Rider¹ - Children's Term Rider¹ - Disability Waiver of Monthly Deduction Benefit¹ - Disability Waiver of Specified Premium¹ - Guaranteed Insurability Rider¹ - <i>Lincoln LifeEnhance</i>® Accelerated Benefits Rider^{1, 4} - Minimum Death Benefit Endorsement³ - Spouse Term Insurance Rider¹ <p>¹There is an additional charge for these riders. ²There is no charge for the rider until exercised. ³ Available with Guaranteed Issue. ⁴ Not available on Simplified Issue</p>
Internal Replacements:	Internal replacement funds will be charged a 15% premium load
Premium Deposit Fund:	<p>Allows the policyholder to provide in advance for payment of future premiums.</p> <p>Minimum Deposit: \$250 Maximum Deposit: 10 times annual premium Guaranteed interest credited on deposit: 1%</p>

Premiums

Lincoln LifeGuarantee® UL (2013) has flexible premiums as well as an adjustable death benefit and Coverage Protection Guarantee which gives the client control over the design of their policy. Premium payments are flexible but there are some requirements and limitations.

Target Premium

Lincoln LifeGuarantee® UL (2013) has a target premium which is the maximum premium that will receive the full commission rate. There is a “rolling target” for commissions which means that the initial commission rate is paid on all premiums received in the first 5 policy years until premiums received reach the target premium.

Planned Premium

The Planned Periodic Premium is the amount of premium that the policyowner intends to pay and the Premium Frequency is how often the Planned Periodic Premium will be paid. Both of these items are selected by the policyowner. Increases, decreases or changes in the frequency of premium payments may be made providing the payment meets guidelines set by the Internal Revenue Service. Additional premiums are any premiums made in addition to the planned premiums and are subject to the maximums imposed by the Internal Revenue Code.

The modes of premium payment allowed are as follows:

Mode:	Minimum modal premium:
Annual	\$200
Semi-Annual	\$100
Quarterly	\$50
Monthly Electronic Funds Transfer (EFT)	\$15 (\$10 if more than one policy is on the same bank draft)

There is no additional charge for modal billing, but be sure the illustration solve that is utilized assumes the appropriate, desired mode since the timing of the premium payments will impact the level of funding required due to the compounding of payments and interest over time. If the proper mode is not run, it will impact the length of protection offered by the Coverage Protection Guarantee.

Premium Deposit Fund

The Premium Deposit Fund (PDF) allows the policyowner to provide in advance for payment of future premiums. This will help to avoid the policy from becoming a Modified Endowment Contract due to the 7702A premium limitations.

Minimum Deposit:	\$250
Maximum Deposit:	10 times annual premium

(Continued)

Premium Deposit Fund (continued):

Interest is credited to the fund at a declared rate (1% guaranteed) and is taxable annually. Annual premiums are paid automatically from the Premium Deposit Fund into the policy. Deposits into the PDF are not commissionable but commissions will be paid when the money is transferred into the policy as premium. Loans are not permitted.

Charges, Fees and Deductions on Policy Value

Deductions from Premiums: There is a premium load that is deducted from all premiums. The premium load for *Lincoln LifeGuarantee*® UL (2013) is 15% in all years. Rollover money on internal replacements will be charged 15%. Increases and decreases in the Specified Amount do not affect the premium load.

Charges and Fees: In addition, the policy includes several ongoing charges and fees. They are:

- **Monthly Cost of Insurance:** A charge per 1,000 of net amount at risk, and any rider costs, which vary by gender and underwriting class will be deducted from the cash value until the policy anniversary at attained age 121. The rates are based on the Ultimate 2001 CSO Tables.
- **Per Policy Expense Charge:** A guaranteed \$4 charge will be deducted monthly. Increases and decreases in the Specified Amount do not affect this charge.
- **Administrative Charge:** There is a charge of 2% times the Load Basis Amount. The Load Basis Amount is generated by a separate set of per \$1000 rates that are multiplied by the face amount. The Load Basis Amount appears on the policy data pages in the contract. Decreases in specified amount do not reduce this charge.
- **Surrender Charges:** The cash surrender value equals the account value minus the applicable surrender charges and any outstanding loan balance. The surrender charges decrease as the policy year increases up to and including the 19th year, and are zero thereafter.
- **Partial Surrender Charges:** There will be a partial surrender charge if there is a decrease in the Specified Amount. The partial surrender charge is prorated by face amount. These charges do apply to withdrawals that reduce the specified amount.
- **Withdrawal Charge:** There is no additional transaction fee in addition to the amount of the withdrawal. Partial withdrawals may be made at any time and may not exceed the cash value less \$500. The minimum for a partial withdrawal is \$500. The Specified Death Benefit Amount remaining in force after a partial withdrawal may not be less than \$100,000 (\$25,000 for Guaranteed Issue). Any request for a partial surrender that would reduce the Specified Amount below this minimum will not be allowed. The allowable withdrawal will be limited to the amount that would result in the minimum face amount.
- **Policy Loan Charged Rate:** Interest on a loan is due and payable on each policy anniversary, but will accrue daily for the purpose of calculating any Debt. The policy loan charged rate is guaranteed at 6.0% to age 121 and 4% thereafter.

Policy Values and Loans

Policy Value: The policy value receives new net premium payments and interest credits. The policy value is decreased by current expense charges, monthly administrative charges, charges for supplementary coverage, loans and withdrawals.

Interest Crediting: The policy provides interest crediting based on a portfolio methodology and not a new money rate. On unborrowed money, interest is credited at a guaranteed minimum annual rate of 2% in all years. Interest is credited to borrowed funds is 4% in all years.

Cash Surrender Value: The cash surrender value is the amount of money available to a client upon full surrender of the policy. In the first 19 policy years, the cash surrender value equals the account value minus applicable surrender charges and any outstanding loans and loan interest. After the 19th policy year, if there have been no increases in the specified amount, the cash surrender value equals the account value, minus outstanding loans and loan interest.

Loans: Loans reduce both the policy's cash value and death benefit. The total loan balance includes outstanding loans and any accrued but unpaid loan interest.

CPG Charges, Fees, Deductions and Interest Crediting

The "alternate" Coverage Protection Value is calculated in a similar manner as the actual policy value but utilizing different monthly deduction charges and credited interest rates. All charges and interest rates are fixed and guaranteed not to increase or decrease from what is shown on the policy specifications pages for the initial specified amount. Please consult the specimen contract for more information on the various charges and credits that go into the Coverage Protection Value.

Agent Compensation

There is a rolling target for the first 5 policy years. Excess compensation is paid in the first year. Please refer to your commission schedule for complete compensation details.

Commission Recalls: Commissions will be recalled within the first two policy years for a face amount decrease and within the first year for a lapse/surrender/withdrawal based on the following percentages. When a policy is decreased, the recall pertains to the decreased portion of the policy rather than to the policy as a whole.

Face Decrease		Lapse/Surrender/Withdrawal	
Months	% of First Year Commissions Recalled	Months	% of First Year Commissions Recalled
1-6	100%	1-6	100%
7-12	75%	7-12	50%
13-24	50%		

Compensation on internal replacements may or may not be available, depending on the circumstances of the individual case. See Lincoln replacement rules for complete details.

Training Material
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7702/7702A Information

Modified Endowment Contracts (MEC) - 7702A

An additional funding consideration in universal life insurance is Modified Endowment Contract status. If a policy is classified as a MEC under IRS definitions, some of its favorable tax treatment is lost because it is too heavily funded. Generally, distributions from a MEC policy are taxable as income to the extent there is a gain in the contract. However, death benefits still remain non-taxable under a MEC situation. Clients who wish to access some of their cash accumulation should prevent the policy from becoming a MEC. To accomplish this, a client must limit premiums paid into the policy in the first seven years (and seven years following a material change) to the calculated 7-Pay premium which will be specified on their illustration.

Life Insurance Tax Qualification Tests - 7702

Recapture Ceiling

The tax code includes rules that prevent the tax deferred treatment of life insurance from being abused. Two of the main tests include the Guideline Premium Test, which compares premium to death benefit, and the Cash Value Accumulation Test (CVAT), which compares cash value to death benefit. See descriptions below.

Historically, when partial withdrawals were taken from a contract, any amount up to the premiums paid to date, also known as basis, was non-taxable. This is known as the FIFO treatment (basis is withdrawn first, then any income/gain).

New rules which came into effect on January 1, 1985 changed the way partial withdrawals were to be taxed. Under the new rules, taxable income may be forced out of the policy when a partial withdrawal meets all of the following conditions:

- The change reduces the future benefits under the contract.
- The change occurs within 15 years of the policy issue date.
- Cash is distributed from the contract as a result of the change.
- The Recapture Ceiling calculation is positive.
- There is a gain in the contract.

When the withdrawal meets these conditions it will receive the LIFO treatment (any income/gain is withdrawn first, then basis), and any gain up to the Recapture Ceiling would be taxable.

In an effort to make clients aware of how different funding patterns might impact the tax advantage status of their policy's death benefit and how premiums could change the tax treatment of distributions, Lincoln uses the Cash Value Accumulation Test and the Recapture Ceiling Test. This should not be used in place of professional tax advice, but rather to draw attention to possible pitfalls.

The Recapture Ceiling (RC) Test is only applied during the first 15 years following policy issue and only when a withdrawal creates a gain in the policy. There is a two-year look back period (from point of withdrawal request) during which previous withdrawals must be included in the calculation. There are two separate calculations that could apply depending upon whether the policy is in Years 1-5 or Years 6-15. If the withdrawal fails this test, the entire withdrawal is treated as a loan to avoid a taxable event.

DEFRA Type:
Cash Value Accumulation Test (CVAT)

A contract meets the cash value accumulation test if the cash surrender value does not exceed the net single premium which would have to be paid at such time to fund future benefits under the contract. Only CVAT testing is available on this product.

Glossary of Terms

Age	An Insured's age, nearest birthday, on the Policy Date
Attained Age	An Insured's age as measured from the Policy Date plus the number of completed policy years.
Cash Surrender Value	The Policy Value as of the date of surrender less the charge, if any, for full surrender, and less any Debt.
Cash Value	Policy Value less any surrender charge.
Debt	The principal of a policy loan together with interest due.
Insured	The person whose life is insured under the policy.
Modified Endowment Contract	The federal tax law definition of "life insurance" limits your ability to pay certain high levels of premiums. In addition, if your cumulative premium payments exceed certain amounts specified under the Internal Revenue Code, your policy will become a Modified Endowment Contract (MEC). If your policy is a MEC, the tax treatment of any death benefit provided under the contract will still qualify for income tax free treatment but you may be subject to additional taxes and penalties on any distributions from your policy during the life of the insured.
Monthly Anniversary Day	The same day in each month as the Policy Date.
Monthly Deductions	The sum of: (1) the cost of insurance and the cost of any additional benefits provided by rider for the policy month, and (2) the sum of all administrative charges for the policy and any attached riders shown on the policy specifications pages as being due for the policy month.
Net Amount at Risk	The difference between the death benefit of a life insurance policy and the cash value of the policy.
Owner	As shown in the policy specifications page or in an Amendment, Endorsement or Rider attached to the policy. While the insured is alive, the Owner may exercise every right and option and received every benefit provided by the policy. These rights, however, are subject to written consent of any Irrevocable Beneficiary. Any rights and privileges that may be exercised by the Owner may be exercised only with the consent of all joint Owners.
Policy Date	The date used to determine policy anniversaries and monetary values. If a requested Policy Date should fall on the 29 th , 30 th or 31 st of a month, the Policy Date is the 28 th of such month.

Training Material
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In some states, contract terms are set out and coverage may be provided in the form of certificates issued under a group policy issued by the Lincoln Financial Services Industry Group Insurance Trust.

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