FOR LIFE

Product Reference Guide

Lincoln LifeReserve® Indexed UL Accumulator (2014)

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Product Objective

Lincoln LifeReserve® Indexed UL Accumulator (2014) is a single life universal life product with Indexed Options. The Fixed Account corresponds to the account value on a regular universal life policy. Three indexed accounts are available in addition to the Fixed Account. It was designed for accumulation and retirement income.

Lincoln LifeReserve® Indexed UL Accumulator (2014) offers the opportunity to have the policy accumulation value allocated between Indexed Accounts and a Fixed Account. The Indexed Accounts are eligible for Indexed Interest. Indexed Interest is non-guaranteed interest based on fluctuation of an outside index that will be credited to the Indexed Accounts at the end of each segment year. The interest rate is guaranteed to never go below 1.00%.

Key Terms:

Indexed Account: Derives a crediting rate based on the index, timeframe and interest rate rules:

- **Index:** This product uses the Standard and Poor's 500 Composite Stock Price Index* (S&P 500 Index) to determine the indexed interest crediting rate for the Indexed Accounts. Any day the S&P 500 Index value is not published (e.g. a weekend or holiday), the next published closing index value will be used instead. The Index does not reflect dividends paid by the stocks underlying the Index.

***The S&P 500 Index is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by The Lincoln National Life Insurance Company. Standard & Poor's®, S&P ® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by The Lincoln National Life Insurance Company. The Lincoln National Life Insurance Company's Product is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product nor do they have any liability for any errors, omissions, or interruptions of the S&P Index.**

- **Segment:** Tracks a separate performance timeframe which matures at the end of a 12-month term. Segments always begin and end on the 15th of the month. Each time a transfer is made from the Holding Account to an Indexed Account, a new Segment is created.

- **Floor:** The guaranteed minimum interest rate. The interest rate is guaranteed to never go below 1.00% for all indexed accounts.

- **Cap:** is a limit on the index growth used in calculating the indexed interest rate credited for the 1-Year Point-to-Point - Capped account and the 1-Year Point-to-Point - High Participation account.

- **Participation Rate:** Determines the percentage of the Index performance used in the interest rate calculation. The raw growth rate is multiplied by the participation rate before the caps are applied.

- **Indexed Interest Crediting:** Interest is only credited on value held in the Indexed Account Segments for a full 12 month period. If money from segments is removed because of monthly deductions or withdrawals, that money will receive no interest crediting.

Fixed Account Fixed Account value earns interest on a daily basis, at a rate guaranteed to be no less than 1.00% annually. The current rate is not guaranteed.

Dollar Cost Averaging (DCA) Account: Premiums may be directed to an optional DCA Account from which a portion is then systematically transferred on a monthly basis. On each Monthly Allocation Date, an amount equal to one twelfth (1/12) of the premiums allocated to the DCA Account within the last 12-month period plus any interest credited since the last Monthly Allocation Date is transferred to the Holding Account for monthly allocation processing. The DCA Account is only available with annual and semi-annual payment modes and requires a minimum premium amount of $1000. The DCA Account earns interest on a daily basis, at a rate guaranteed to be no less than 1.00% annually. .

Holding Account: The Holding Account temporarily holds funds intended for account allocations until the next Monthly Allocation Date. Holding Account Value includes premiums (including any portions from the DCA Account being systematically transferred) and funds available for transfer such as maturing index account segments. The Holding Account earns interest on a daily basis.

Indexed Accounts: The policyholder determines the allocation of the Holding Account funds being transferred to the Indexed Account. The *Lincoln LifeReserve*® Indexed UL Accumulator (2014) product offers the following three Indexed Accounts:

- **1-Year Point-to-Point (Capped):** This account provides interest linked to the full Point-to-Point percentage change in the S&P 500 Index value for the segment year. At the end of the one-year segment term, the beginning S&P 500 Index value is compared to the ending value to determine the percentage change. If the percentage change is positive, the segment will earn the percentage change up to the cap. If the percentage change is negative or less than 1.00%, the segment is credited the 1.00% floor. The minimum guaranteed cap is 3.00%. The current cap is 12.00% (11.5% in NY).

Example 1: Exceeds cap Assumptions: • Current Cap = 12% • Beginning Index Value = 1000 • Ending Index Value = 1300 • Segment Value = $900 1. Calculate percentage change 1300 – 1000 = 300 300 ÷ 1000 = 30% 2. Apply cap 30% reduced to 12% 3. Calculate interest credited $900 x 12% = $108	Example 2: Less than cap Assumptions: • Current Cap = 12% • Beginning Index Value = 1000 • Ending Index Value = 1100 • Segment Value = $900 1. Calculate percentage change 1100 – 1000 = 100 100 ÷ 1000 = 10% 2. Cap does not apply 3. Calculate interest credited $900 x 10% = $90

- **1-Year Point to Point (Uncapped):** This account provides interest linked to a portion of the Point-to-Point percentage increase in the S&P 500 Index value based on a participation percentage declared at the beginning of the segment year. At the end of the one-year segment term, the beginning S&P 500 Index value is compared to the ending value to determine the percentage change. If the percentage change is positive, the segment will earn the percentage change multiplied by the participation rate. If the percentage change is negative or less than 1.00%, the segment is credited the 1.00% floor, multiplied by the participation rate. The current participation rate is 62.50% (60.00% in NY) and the minimum guaranteed participation rate is 15.00%. There is no cap on the percentage increase.

Example:
Assumptions:

- Beginning Index Value = 1000
- Ending Index Value = 1300
- Segment Value = $900
- Current participation rate = 62.5%

1. Calculate percentage change
   1300 – 1000 = 300
   300 ÷ 1000 = 30%
2. Apply participation rate
   30% x 62.5% = 18.75%

4. Calculate interest credited
$900 x 18.75% = $168.75

- **1-Year Point to Point (High Participation):** This account provides interest linked to the Point-to-Point percentage increase in the S&P 500 Index value increased by a participation percentage up to an indexed growth cap declared at the beginning of the segment year. At the end of the one-year segment term, the beginning S&P 500 Index value is compared to the ending value to determine the percentage change. If the percentage change is positive, the segment will earn the percentage change multiplied by a participation percentage, up to the growth cap. If the percentage change is negative or less than 1.00%, the segment is credited the 1.00% floor. The current cap is 10.00% (9.5% in NY). The current participation rate is 140.00% and the minimum guaranteed participation rate is 140.00%. The minimum guaranteed cap is 2.50%.

<u>Example 1: Less than cap</u> Assumptions: • Current Cap = 10% • Beginning Index Value = 1000 • Ending Index Value = 1050 • Segment Value = \$900 • Current Participation rate = 140% 1. Calculate percentage change 1050 – 1000 = 50 50÷ 1000 = 5% 2. Multiply the % change by the participation rate 5% x 140% = 7% 3. Cap does not apply 4. Calculate interest credited \$900 x 7% = \$63	<u>Example 2: Exceeds cap</u> Assumptions: • Current Cap = 10% • Beginning Index Value = 1000 • Ending Index Value = 1300 • Segment Value = \$900 • Current Participation rate = 140% 1. Calculate percentage change 1300 – 1000 = 300 300 ÷ 1000 = 30% 2. Multiply the % change by the participation rate 30% x 140% = 42% 3. Apply cap 42% reduced to 10% 4. Calculate interest credited \$900 x 10% = \$90

<u>Indexed Account Value:</u> The sum of all Indexed Account Segments.

Key Features

Death Benefit Options

Lincoln LifeReserve® Indexed UL Accumulator (2014) offers two death benefit options – level and increasing by cash value.

Option I: Level - The death benefit will be the greater of:

- Specified Amount or
- Account Value x IRS Corridor Benefit (In NY: Account Value + Prorated Interest on open Indexed Segments x IRS Corridor Benefit)

Option II: Increasing by cash value - The death benefit will be the greater of:

- Specified Amount plus the Account Value (In NY: Specified Amount + Prorated interest on open Indexed Segments)
- Specified Amount x 115%
- Account Value x IRS Corridor Benefit (in NY: Account Value + Prorated Interest on open Indexed Segments x IRS Corridor Benefit)

The death benefit option may not be changed from Option II to Option I during the first 5 policy years. The Specified Amount will be increased or decreased appropriately to maintain the same death benefit before and after the change.

Increases due to a change in death benefit option will not incur a new per policy expense charge or surrender charge and commissions will not be paid on the increase. There will not be any surrender charge on a decrease in Specified Amount due to an option change.
Death Benefit Option changes will terminate the Exec Rider if attached to the policy.

Index Bonus

One of the considerations for allocating premiums into the Fixed Account is to provide sufficient value to cover Monthly Deductions. This would avoid taking deductions from an Indexed Segment which may result in the loss of Indexed Interest that might otherwise have been payable. However, excess Fixed Account value can reduce the potential for Indexed Account growth.

The guaranteed Index Bonus is designed to eliminate the need to allocate premiums to the Fixed Account for the purpose of covering Monthly Deductions. Each month an Index Bonus will be credited if the Monthly Deduction reduces the value of any Indexed Segment and the Policy Value is greater than zero. The amount credited will equal the total reduced value of all Indexed Segments multiplied by a factor that approximates the interest that would have been credited if that value had been in the Fixed Account. The Index Bonus will be credited to the most recently opened Index Segment with a value greater than zero.

Two Loan Options

Participating Loans remain a key to the optimal sales design story (max funded, minimum non-MEC death benefit, DBO 2-1) as participating loans allow maximum distributions. The addition of a Fixed Loan option provides an option if a client wants to lock-in predictability.

Participating Loans

Policy loans on the *Lincoln LifeReserve*® Indexed UL Accumulator (2014) work differently than any other product the Company offers when the participating loan option is elected. When a loan is taken, the money backing the loan does not move anywhere; it remains in the Fixed Account or Indexed Account where it currently resides. Instead, a loan balance is set up against the policy.

The loan balance will accumulate at a guaranteed loan charge rate of 6% in years 1-10, 5% in year 11 through attained age 100, and 3% thereafter. The loan amounts with accrued interest make up policy debt, which reduces the available cash surrender value and any proceeds paid upon death.

Because the money backing the loan does not move to a Loan Account, there is no defined "loan crediting rate", no "loan spread" and no "wash loans". Instead, the interest credited on "loaned money" is the same as the interest credited to the Account Value. This means that the interest credited on "loaned money" could be higher or lower than the loan charged rate, depending on the client's allocations to the Fixed and Indexed Accounts and the interest credited in those accounts.

Example:
Let's assume the starting Account Value is $10,000. For this example we are going to assume there are no monthly policy deductions, so we can focus on the effect of loans. Assume that a $2,000 loan is taken with a charged rate of 5.00% and that the Account Value over the next year is credited 7.00% interest, representing a blending of Fixed Account and Indexed Account interest. The chart below shows the impact of the loan and interest credits over the year. For this example, the relative loan balance decreased over the year because the Account Value was credited more than the loan charged rate.

	Account Value	Loan Balance	Percent of Account Value Impaired by Loan
Beginning of Year	$10,000	$2,000	20.0%
Interest Credit/Charged	$700	$100	
End of Year	$10,700	$2,100	19.6%

In a second example, assume the same starting account value and loan balance, but instead assume that the interest credited over the year is 1.5%, again representing a blending of Fixed Account and Indexed Account interest. The chart below shows the impact of the loan and interest credits over the year. For this example, the relative loan balance increased over the year because the Account Value was credited less than the loan charged rate.

	Account Value	Loan Balance	Percent of Account Value Impaired by Loan
Beginning of Year	$10,000	$2,000	20.0%
Interest Credit/Charged	$150	$100	
End of Year	$10,150	$2,100	20.7%

These basic examples demonstrate that the loan method introduces the same type of volatility into loan balances as exists in the policy interest crediting methods through the Indexed Accounts. The amount of volatility the client is exposed to depends on their chosen allocation percentages to the Fixed or Indexed Accounts and how the Indexed Accounts perform over time. The Overloan Protection Endorsement is available to help mitigate against policy lapse, see the Rider/Endorsement Section for details.

Fixed Loans

Lincoln LifeReserve® Indexed UL Accumulator (2014) also offers a traditional fixed loan option. Here's how it works:

For a more predicable approach, the fixed loan offers a guaranteed interest charge and credit so the policy owner knows exactly where they stand.

- Debt is transferred from the Fixed Account and, if necessary, in successive order from the Holding Account, DCA Account, and from the most recently opened Indexed Account(s) to the Collateral Account.
- The Fixed Loan interest charged is guaranteed at 3.00% through policy year 10 and 2% thereafter.
- The interest rate credited to the Collateral Account is guaranteed at 2% in all years, creating a zero net cost in years 11+.

When determining which loan option is most appropriate, consider the long-term return that is desired. The example below highlights three scenarios that compare the net cost and income potential. This assumes that all loans take place after year 10.

Participating Loan	Guaranteed loan interest charged (A)	Policy value return (B)	Net cost of loan (A-B)	Long term income potential
Return *exceeds* charged rate	5%	8%	-3%	Better than fixed loan
Return *equals* charged rate	5%	5%	0%	Same as fixed loan
Return at guaranteed floor	5%	1%	4%	Worse than fixed loan

Converting from One Loan Option to the Other
A conversion from one loan option to the other may be done only once in a twelve month period and the entire loan must be converted. Both loan options may not exist on a single policy simultaneously.

Since the policy owner is able to switch between loan options, they may choose to consider a combination approach where they take advantage of the growth potential of a participating loan during the distribution phase of the policy and then convert to a fixed loan to provide a more stable loan balance in the later years.

Changing from a Participating Loan to a Fixed Loan
On the day a loan is converted from a Participating Loan to a Fixed Loan, an amount equal to the loan principal will be transferred from the Fixed Account, and if necessary, in successive order from the Holding Account, DCA Account, and from the most recently opened Segment of the Indexed Account(s), to the Collateral Account. If multiple Segments were opened on the same Allocation Date, a prorated portion will be taken from each Segment. No Index Bonus is credited on funds transferred from the Indexed Account(s).

Changing from a Fixed Loan to a Participating Loan
When a Fixed Loan is converted to a Participating Loan, the Collateral Account Value, including any Collateral Account Interest accrued until the day of the conversion, will be transferred to the Holding +Account, and will be included in the next scheduled allocation.

10 Year No Lapse Guarantee

There is a 10-year minimum premium period during which the policy will remain in force even if the cash surrender value is insufficient to cover the monthly deduction, as long as the cumulative premium requirement is met. If, during the first ten years, the surrender value is not sufficient to cover the monthly deduction, the policy will continue in force as long as the cumulative minimum premium requirement has been met, otherwise the policy will enter the Grace Period.

The cumulative monthly minimum premium (MMP) requirement means that the cumulative premiums paid must be at least as great as the cumulative MMP due. The cumulative premium paid is the sum of all premiums paid since issue less any debt and withdrawals. The cumulative MMP due is equal to the MMP multiplied by the number of completed policy months.

Available Riders/Endorsements

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 to cover costs for five years.

Issue Ages:	Same as for base policy
Issue Amount:	Same as for base policy. Minimum policy amount is $100,000; ($50,000 for GI).
Maximum Benefit Amount:	• 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. It is only available if the base policy is rated Table D or better. 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 or simplified issue.
Not available in NewYork.

Accelerated Benefits Rider:
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 to cover costs for five years.

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

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 better 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 or simplified issue.
Not available in New York.

Accelerated Benefits Rider (Terminal Illness Only) (Available in New York Only):
The Accelerated Benefits Rider pays a portion of the death benefit if the insured is diagnosed as terminally ill with a life expectancy of less than 12 months. The coverage is for terminal illness only and there is no coverage for nursing home or critical illness.

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 two years.

Issue Ages:	Same as for base policy
Issue Amount:	Same as for base policy. Minimum policy amount is $50,000.
Maximum Benefit Amount:	• 50% for terminal illness The maximum benefit available on all policies is $250,000.

This rider can be added after issue without underwriting. This rider is available if covered insured is rated Table D or better.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.
Receipt of accelerated death benefits may affect elibitility for public assistance programs.

***Lincoln LifeEnhance*SM 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.

	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
	*Includes any in force Supplemental Term Insurance Rider on Primary Insured (PITR). If the PITR terminates during acceleration, it will not be payable upon the death of the Insured, however it will remain as part of the Remaining Benefit Amount.	
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. See the separate *Lincoln LifeEnhance*SM Accelerated Benefits Rider Reference Guide for complete details.
There is an additional charge for this rider.
This rider is not available with Simplified Issue or Guaranteed Issue, Exec Rider, Guaranteed Insurability Rider or Disability Waiver of Specified Premium.

If the Supplemental Term Insurance Rider on Primary Insured (PITR) is attached to the policy and is still in force at the time of acceleration, the death benefit of the PITR will be included in the calculation of the Original Benefit Amount.

The 10-Year Minimum Premium (NLG) Provision will terminate once acceleration begins.

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.
Not available in New York.

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:	0
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 only.

Alternate Cash Surrender Value Rider (Exec Rider):
The Exec Rider was designed to allow for higher early cash surrender values in the first 10 policy years. This is important when a business is using current assets to purchase insurance that may cause the balance sheet to temporarily appear to lose value. The contract reads:

The surrender value <u>upon</u> <u>Full</u> <u>Surrender</u> of the policy to which this rider is attached will be increased to an "Enhanced" level so that it will be at least as large as a stated percentage of the summed premium contributions to date less Debt.

The cumulative premium multiplied by the designated percentage minus Debt will be called the "Enhanced Cash Surrender Value (CSV)." The designated percentage is based on duration. During the first 10 policy years, the "Enhanced Cash Surrender Value" will be equal to 100% of cumulative paid premiums minus Debt. During years 11-14, the benefit is a combination of a cumulative premium factor multiplied by the premiums paid and a natural (unenhanced) surrender value factor times the natural surrender value minus Debt.

The enhanced cash surrender value is subject to a minimum premium requirement. Each month, the cumulative premium paid must be equal to or greater than the minimum monthly premium times the number of completed policy months plus debt. If it is not, a grace letter will be sent and if sufficient premium has not been received by the end of the 60 day grace period, the rider will terminate.

The Exec Rider will terminate at the earliest of the following:
- failure to pay required premiums
- change in ownership
- change in risk class
- death benefit option change
- beginning of policy year 15
- the natural cash surrender value surpasses the enhanced cash surrender value
- a withdrawal is taken.

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Alternate Cash Surrender Value Rider (Exec Rider) (continued):

The Exec Rider is primarily sold through Simplified Issue and Guaranteed Issue underwriting programs on multiple lives. It is available to individuals in fully underwritten forms only in very limited circumstances. The minimum issue age is 19. There is a monthly charge for this rider until the rider terminates.

Change of Insured Rider:

The Change of Insured Rider allows the owner to transfer the basic policy on the life of the original insured for a policy on the life of a substitute insured. This is primarily used in business/pension situations.

Issue Ages:	Same as base policy.
Underwriting Requirements to exercise:	• LifeComp case • Lincoln approved third party administrator • Business is owner • Business is premium payor • Business accounts receivable arrangement • Owner must have insurable interest • New life must submit satisfactory evidence of insurability • Original policy must be in force • Can not be exercised until 3 years after original policy date
Fee:	None

Available at issue only with Full Underwriting or Simplified Issue.

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 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 with an account value.

Issue Ages:	Base policy insured: 18-50 Each child: 0 (15 days old)-17
Sold in units of $1000 for each $5000 of base policy. **Minimum of one unit:**	$1000
Maximum of one unit per $5000 of base policy up to 10 units:	$50,000
Target Premium:	$.50 per unit monthly ($6.00 per unit annual)

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 18 and 50. The rider is commissionable. Available with full underwriting 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.

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, the use of both feet, or the use of one hand and one foot.

Issue Ages:	0-60
Maximum Issue Amount:	Based on maximum $5,000,000 base specified amount including any **Supplemental Term Insurance Rider on Primary Insured**. 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. 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 not available if the base policy is rated higher than Table D. Rates are based on attained age and are increasing. A policy may not have both the Waiver of Monthly Deduction and the Waiver of Specified Premium Rider. The rider is commissionable. Available with full underwriting 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 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, the use of both feet, or the use of one hand and one foot.

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Disability Waiver of Specified Premium Rider (continued):

Issue Ages:	18-60
Minimum Issue Amount (based on specified monthly premium):	$25
Maximum Issue Amount:	The lesser of 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 al 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. 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. A policy may not have both the Waiver of Monthly Deduction and the Waiver of Specified Premium Rider. The rider is commissionable. Available with full underwriting only.

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:	0-38
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 (NY: Lesser of specified amount at issue or $50,000)
Regular Option Dates (occurring after policy issue):	Policy anniversary nearest the insured's 25th, 28th, 31st, 34th, 37th and 40th birthdays
Alternate Option Dates (occurring after policy issue): **(NY: Substitute Option Date)**	If there is at least one uncancelled regular option date remaining, alternate option date is within 90 days of the following: • First marriage of the insured • Birth or adoption of a child The exercise of an alternate option date cancels the option on the next regular option date.
Target Premium:	12 times the first month rider Cost of Insurance

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Guaranteed Insurability Rider (continued):
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 only.

Overloan Protection Endorsement:
If a policy is heavily funded and heavily loaned, the Overloan Protection Endorsement may help prevent lapse in the event of a market downturn, avoiding adverse tax consequences. If the following conditions are all met and the Endorsement charge has been paid, any riders or benefits attached to the policy will terminate and any Indexed Account Value will be transferred to the Fixed Account.

1. The policy has been in force for at least 15 Policy Years;
2. The Insured's Attained Age is 75 or older;
3. The policyowner sends us a request in writing to exercise the Overloan Protection Benefit;
4. The Cash Surrender Value is insufficient to cover the cost of 3 monthly deductions;
5. Debt is larger than the Specified Amount;
6. The policy must not be a Modified Endowment Contract; and
7. Death Benefit Option I must be in effect.

The Death Benefit provision of the policy will be modified so that the Death Benefit will be the larger of the following:
1. The Policy Value on the date of death multiplied by the corridor factor as shown in the Table of Corridor Factors in the policy specifications page; or
2. The Debt on the Insured's date of death plus $10,000.

When the Overloan Protection feature takes effect, the following will not be allowed:
- Premium payments to be made;
- Partial surrenders;
- Policy loans;
- Increases or decreases in the Specified Amount;
- Death Benefit option changes;
- Transfers from the Fixed Account to the Indexed Account.

When the Overloan Protection Feature is in effect, no further monthly deductions will taken and the policy will not enter the Grace Period. There is no charge for adding the endorsement to a policy, but if the benefit is elected, there will be a one-time charge not to exceed the Maximum Election Charge shown in the policy specifications page deducted from the policy value. If sufficient funds are not available to cover the charge, a notice will be sent.

Supplemental Term Insurance Rider on Primary Insured:
The Supplemental Term Insurance Rider on Primary Insured provides level term insurance on the base insured, which may be converted to permanent coverage. There are three level term periods available: 10 years, 15 years and 20 years.

Issue Classes:	Preferred Plus Preferred Non-Tobacco Standard Non-Tobacco Preferred Tobacco Standard Tobacco Preferred classes are not available at issue ages 18 and 19.
Issue Ages (vary by plan):	10-year plan: 18-70 15-year plan: 18-65 20-year plan: 18-60 (continued)
Minimum Issue Amount:	$100,000
Maximum Issue Amount:	Lesser of 4 times the base policy specified amount or $1,000,000
Rider Target:	Targets are in a table and are banded similarly to base COIs.
Charges:	Rates are banded into two classes: • $100,000-$249,999 • $250,000-$1,000,000

The rider is available with a rating up to Table F. The underwriting class, Table rating and flat extra rating of the base policy will be applied to this rider and Table Reduction Program will not be available on the base policy or the rider if the Supplemental Term Insurance Rider on Primary Insured is elected.
The rider coverage may be converted to either an increase in permanent coverage or to a new policy without evidence of insurability at any time during the level premium period. The conversion is commissionable. Conversion of this rider is not eligible for the Table Reduction Program.

Supplemental Term Insurance Rider on Other Insured:
The Supplemental Term Insurance Rider on Other Insured provides level term insurance on the spouse of the base policy insured or another individual, which may be converted to base coverage. There are three level term periods available: 10 years, 15 years and 20 years.

Issue Classes:	Preferred Plus Preferred Non-Tobacco Standard Non-Tobacco Preferred Tobacco Standard Tobacco Preferred classes are not available at issue ages 18 and 19. Preferred classes only available if base policy specified amount is at least $100,000.
Issue Ages (vary by plan):	• 10-year plan: 18-70; no limit on age of base insured. • 15-year plan: 18-65; maximum age of base insured is 85 • 20-year plan: 18-60; maximum age of base insured is 80
Minimum Issue Amount:	$100,000
Maximum Issue Amount:	Lesser of the specified amount of the base policy plus Term Insurance Rider or $500,000
Rider Target:	Targets are in a table and are banded similarly to base COIs.

The specified amount of the rider may not be increased or decreased after issue. The rider is available with a rating up to Table F. The rider may have a separate Flat Extra rating from the base policy up to $50.
The rider coverage may be converted without evidence of insurability at any time during the level premium period or at the death of the base policy insured. The conversion is commissionable. Conversion of this rider is not eligible for the Table Reduction Program.

Lincoln LifeReserve® Indexed UL Accumulator (2014) Product Summary

Policy Form Number:	Nationwide: UL6024/ICC14UL6024 New York: UL6024N
Data Pages:	Nationwide: F6026-A New York: F6026-N
Issue Ages/Underwriting Classes: **Full Underwriting:**	Preferred Plus: 20-80 Preferred Non-tobacco: 20-80 Standard Non-tobacco: 0-85 (NY: 16-85) Preferred Tobacco: 20-80 Standard Tobacco: 15-85 (NY: 16-85)
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 for Full/Simplified Underwriting; $25,000 for Guaranteed Issue
Maximum Specified Amount:	Subject to Underwriting Guidelines
Death Benefit Options:	Option I – greater of: • Specified Amount • Account Value x Corridor (In NY: Account Value + 1% prorated interest on unmatured index segments x corridor) Option II – greater of : • Specified Amount + Account Value (In NY: Specified Amount + Account Value + 1% prorated interest on unmatured index segments x corridor) • Specified Amount x 115% • Account Value x Corridor (In NY: Account Value + 1% prorated interest on unmatured index segments x corridor)
Life Insurance Tax Qualification Test:	Guideline Premium Test (GPT) or Cash Value Accumulation Test (CVAT). The policy owner decides which test is used and cannot change after issue. If no selection is made, the default will be GPT.

Lincoln LifeReserve® Indexed UL Accumulator (2014) Product Summary

Account Options:

Indexed Accounts: Eligible for non-guaranteed indexed interest which is linked to the percentage change in the S&P 500 Index value for the segment year. Each Indexed Account determines the crediting rate through a different method using an index growth cap and/or participation rate which are declared for each segment at the beginning of the segment year. Subsequent index growth caps and/or participation rates may differ, but will never be less than the guaranteed minimum rate. The crediting rate applied to a matured segment is guaranteed to be no less than 1.00% annually for all Indexed Accounts.

- ***1 Year Point to Point – Capped:*** Earns the full PTP percentage increase of the S&P 500 Index up to an index growth cap declared at the beginning of the segment year.

  Current cap: **Non-NY:** 12%   **NY:** 11.5%

  Minimum guaranteed cap: 3.00%   (Continued)

- ***1 Year Point to Point – Uncapped:*** Earns a portion of the PTP percentage increase of the S&P 500 Index based on a participation percentage declared at the beginning of the segment year.

  Current participation rate: **Non-NY:** 62.5%   **NY:** 60%

  Minimum guaranteed participation rate: 15.00%

- ***1 Year Point to Point – High Participation:*** Earns the PTP percentage increase of the S&P 500 Index increased by a participation percentage up to an indexed growth cap declared at the beginning of the segment year.

  Current participation rate: **Non-NY and NY:** 140%

  Minimum guaranteed participation rate: 140%

  Current cap: **Non-NY:** 10%   **NY:** 9.5%

  Minimum guaranteed cap: 2.5%

Fixed Account: The Fixed Account earns interest on a daily basis.

Current: 3.00% annually

Guaranteed: 1.00% annually to age 100; 3.00% thereafter

Dollar Cost Averaging (DCA Account): Premiums may be directed to an optional DCA Account from which a portion is then systematically transferred on a monthly basis. On each Monthly Allocation Date, an amount equal to one twelfth (1/12) of the premiums allocated to the DCA Account within the last 12-month period plus any interest credited since the last Monthly Allocation Date is transferred to the Holding Account for monthly allocation processing. The DCA Account is only available with annual and semi-annual payment modes and requires a minimum premium amount of $1000. The DCA Account earns interest on a daily basis.

Current: 4.00%

Guaranteed: 1.00% annually

Lincoln LifeReserve® Indexed UL Accumulator (2014) Product Summary

Account Options (continued):	**Holding Account:** The Holding Account temporarily holds funds intended for account allocations until the next Monthly Allocation Date. Holding Account Value includes premiums (including any portion from the DCA Account being systematically transferred) and funds available for transfer such as maturing indexed account segments. The Holding Account earns interest on a daily basis. Current: 3.00% annually Guaranteed: 1.00% annually
Allocations:	**Premium Allocation Instructions:** Premium allocations determine how premiums are allocated between the Holding Account and the DCA Account. **Account Allocation Instructions:** Account Allocations determine how the Holding Account value will be allocated between the Indexed Account(s) and the Fixed Account. **Allocation Dates:** Dates on which transfers from the Holding Account occur. The Initial Allocation Date is the 15th day of the calendar month following the date we process the initial premium. Once allocations begin, the Monthly Allocation Date is the 15th of each calendar month thereafter.
Extended Maturity:	As long as the policy is in-force at the insured's Attained Age 100, the Death Benefit Option is changed to level, and thereafter the Death Benefit Option and the Specified Amount may not be changed. All monthly deductions cease. Account value continues to earn interest. Any money in the Indexed Accounts would finish its 12-month period but at the segment anniversary, all funds will be transferred to the Fixed Account at that time. No additional transfers will be allowed at Attained Age 100. Interest on any loan would continue to accrue and the policy will continue in-force for the life of the insured.
No-Lapse Guarantee:	There is a 10-year minimum premium period during which the policy will remain in force even if the cash surrender value is insufficient to cover the monthly deductions, as long as the cumulative premium requirement is met.
Policy Premium Load:	Yrs. 1-15: 5% of all premiums, current and guaranteed Yrs. 16+: 3.5% of all premiums, current and guaranteed
Monthly Administrative Charges:	• Policy Monthly Fee: $6/mo. ($72/annual) • Per $1,000 of Initial Specified Amount: Level for first 7 policy years from the date of issue or increase.
Guaranteed Cost of Insurance Charges:	Based on 2001 CSO Tables.
Monthly Deductions:	All deductions, including monthly deductions and withdrawals, are taken from the Fixed Account until it is exhausted, then in successive order from the Holding Account, DCA Account and the most recently opened Indexed Segment(s). Any deductions that deplete an Indexed Segment will result in the loss of any Indexed Interest that might otherwise have been credited.

Lincoln LifeReserve® Indexed UL Accumulator (2014) Product Summary

Index Bonus:

The guaranteed Index Bonus is designed to eliminate the need to allocate premiums to the Fixed Account for the purpose of covering Monthly Deductions. Each month an Index Bonus will be credited if the Monthly Deduction reduces the value of any Indexed Segment and the Policy Value is greater than zero. The amount credited will equal the total reduced value of all Indexed Segments multiplied by a factor that approximates the interest that would have been credited if that value had been in the Fixed Account. The Index Bonus will be credited to the most recently opened Index Segment with a value greater than zero.

Loan Options:

Participating Loans:

- Debt remains in the Fixed Account and/or Indexed Account(s) and all funds continue to earn the same credited interest.
- Since the Fixed Account and/or Indexed Account(s) continue to earn interest, it is possible for the credited rates to be more or less than the guaranteed loan charged rate.

Fixed Loans:

- Debt is transferred from the Fixed Account and, if necessary, in successive order from the Holding Account, DCA Account and the most recently opened Indexed Account(s) to the Collateral Account.
- Only one option can be chosen for all loans at any one time. May switch between loan options no more than once per policy year by transferring the entire loan balance to the new loan option.
- For both loan options, interest charged accrues on a daily basis from the date of the loan and is compounded annually. Unpaid interest at policy anniversary is added to and becomes part of the loan principal. Loans reduce both surrender value and death benefit.
- If a Participating Loan is switched to a Fixed Loan, Debt is transferred from the Fixed Account and, if necessary, in successive order from the Holding Account and DCA Account and the most recently opened Indexed Account(s) to the Collateral Account. If a Fixed Loan is switched to a Participating Loan, the Collateral Account value will be transferred to the Holding Account, and will be included in the next scheduled allocation.

Interest Credited on Unborrowed and Participating Loan Borrowed Funds:

- Minimum guaranteed interest on borrowed or unborrowed funds: 1.00%
- Participating Loan Borrowed Funds remain in the Fixed Account and/or Indexed Account(s) and all funds continue to earn the same credited interest.

Interest Credited on Fixed Loan Borrowed Funds:

- Current and Guaranteed: 2.00% in all years

Lincoln LifeReserve® Indexed UL Accumulator (2014) Product Summary

Policy Loan Charged Rate:	**Participating Loans:** • Before age 100: Years 1-10: 6%; Years 11+: 5% guaranteed • After attained age 100: 3% guaranteed **Fixed Loans:** • Years 1-10: 3% guaranteed • Years 11+: 2% guaranteed
Surrender Charge Period:	9 Years (NY has a different set of rates).
Surrender Charges for Face Amount Decreases:	Per $1000 charge times the number of 1000's in the decrease during the surrender period. (NY has a different set of rates).
Withdrawals:	Minimum: $500 Maximum: Cash Surrender Value minus $500 (In NY: 100% of cash surrender value). Transaction Fee: 0% on a current basis (guaranteed to be no higher than $25) An additional charge may apply if a withdrawal reduces the face amount. (In NY: Upon withdrawal, value in unmatured segments will have 1% prorated interest credited).
Premium Deposit Fund:	Allows the policyholder to provide in advance for payment of future premiums. Minimum Deposit: $250 Maximum Deposit: 10 times annual premium Guaranteed interest credited on deposit: 1%

(Continued)

Lincoln LifeReserve® Indexed UL Accumulator (2014) Product Summary

Available Riders/Endorsements:

- Accelerated Benefits Rider (with critical illness benefit)[2,3,4,*]
- Accelerated Benefits Rider[2,3,4,*]
- Accelerated Benefits Rider (terminal illness only – NY Only)
- *Lincoln LifeEnhance*SM Accelerated Benefits Rider[1,*]
- Accidental Death Benefit Rider[1,4]
- Change of Insured Rider[4]
- Children's Term Rider[1,4]
- Disability Waiver of Monthly Deductions Benefit Rider[1]
- Disability Waiver of Specified Premium Rider[1]
- Exec Rider[1,5]
- Guaranteed Insurability Rider[1]
- Overloan Protection Endorsement[3]
- Supplemental Term Insurance Rider on Primary Insured[1]
- Supplemental Term Insurance Rider on Other Insured[1]

[1] There is an additional premium for this rider.
[2] There is no charge for this rider until exercised.
[3] The one-time charge for this endorsement is effective only at the time it is elected to take effect.
[4] Available with Simplified Issue
[5] Available with Simplified Issue and Guaranteed Issue
* Not available in NY

Internal Replacements: 2.5% premium load will be charged, except for FL, NY, NV and TX which are the full 5%

Compensation:

- Rolling Target for 5 years. (NY: no rolling target; Enhanced Renewal Target)

Compensation Chargeback on Requested Specified Amount Decreases:

- Policy months 1-6: 100% of impacted commissions
- Policy months 7-12: 75% of impacted commissions
- Policy months 13-24: 50% of impacted commissions

Compensation Chargeback on Decrease due to Full Surrender//Withdrawal/Lapse:

- Policy months 1-6: 100% of impacted commissions
- Policy months 7-12: 50% of impacted commissions

Note: When the Exec Rider is attached, an entire new set of targets and compensation structure are used.

Premiums

Target Premiums
Lincoln LifeReserve® Indexed UL Accumulator (2014) has flexible premiums as well as an adjustable death benefit that gives the client control over the design of their policy. Premium payments are flexible but there are some requirements and limitations.

Lincoln LifeReserve® Indexed UL Accumulator (2014) has a target premium that 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. Rolling Target is not available in New York. External 1035 exchange loans do count toward the Target Premium and are commissionable.

Planned Periodic 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 direct bill or EFT	$200
Semi-Annual direct bill or EFT	$100
Quarterly direct bill or EFT	$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.

10 Year No Lapse Guarantee Minimum Premium
The policy provides for a 10 Year Minimum Premium provision, which can ensure that coverage will continue during the first 10 policy years even if the Cash Surrender Value is insufficient to cover the cost of a monthly deduction.

Under the 10 Year Minimum Premium provision, the policy will not enter the Grace Period during the first 10 policy years if the 10 Year Minimum Monthly Premium Test is met as described on the policy specifications page. Conditions that can impact whether the 10 Year Minimum Premium provision will remain in force include:

- Partial Surrenders taken;
- Policy Debt;
- Continued payment of premiums required to satisfy the 10 Year Minimum Monthly Premium Test.

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

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

Premium Load: There is a premium load that is deducted from all premiums. The premium load for *Lincoln LifeReserve®* Indexed UL Accumulator (2014) is 5% for the first 15 years, then dropping to 3.5% years 16+. Rollover money on internal replacements will be charged a 2.5% load, except in FL, NY, NV and TX which are the full 5%.

Monthly Deduction Method: Lincoln deducts all charges first from the Fixed Account, then from the Indexed Accounts. If it becomes necessary to deduct from the Indexed Accounts, then we remove value from the most recently opened segment, then the next mostly recently opened segment, and so forth. If there are multiple segments opened on the same day, we will pro-rate the charge between those segments. This treatment protects the interest crediting as much as possible within the Indexed Accounts as only money that has stayed in the Account for 12 months will be receive any Indexed Interest.

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 100. The rates are based on the Ultimate 2001 CSO Tables.

- **Monthly Administrative Charges:**
  - **Policy Monthly Fee:** $6/month ($72 annual) in all years
  - **Per $1,000 of Initial Specified Amount charge:** Level for the first 7 years from the date of issue or increase.

- **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 9th year, and are zero thereafter. NY rates vary.

- **Specified Amount Decrease Charge:** There will be a partial surrender charge if there is a decrease in the Specified Amount during the surrender charge period. The partial surrender charge is prorated by face amount. These charges also apply to withdrawals that reduce the specified amount. NY rates vary.

(continued)

- **Withdrawal Charge:** Currently, there is no transaction fee in addition to the amount of the withdrawal (contract guarantees fee to be no more than $25). Partial withdrawals may be made at any time and may not exceed the cash value less $500. In NY, may not exceed 100% of the Cash Surrender Value. The minimum for a partial withdrawal is $500. The Specified Amount remaining in force after a partial withdrawal may not be less than $100,000 (unless insured is in a Standard underwriting class). 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.

Transfers

Initial Allocation Date (IAD) and Transfers

Clients are given an opportunity to transfer money into the Indexed Accounts 12 times per policy year. This gives them monthly access to the Indexed Accounts for money that comes in post-issue, such as 1035 exchanges, as well as future monies received as part of paying premiums on a non-annual basis.

The dates on which they can transfer money are called allocation dates and the first time they can transfer (and the date from which all future allocation dates are measured) is called the Initial Allocation Date (IAD). The IAD is set as the 15th of the month following placing the policy inforce with premium. Transfer dates will ALWAYS be on the 15th. So, if the policy is placed in force on 6/7/14, the IAD would be 6/15/14. If it's placed in force on 6/21/14, the IAD will be 7/15/14.

Once allocations begin, the Monthly Allocation Date is the 15th day of each calendar month thereafter.

Agent Compensation

There is a rolling target for the first 5 policy years. (Rolling Target not available in NY). External 1035 rollover loans are credited toward the target premium and are commissionable. 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 of internal replacements may or may not be available, depending on the circumstances of the individual case. See replacement schedules for complete details.

Alternate Cash Surrender Value Rider (Exec Rider):

- Targets: When this rider is attached, an entire new set of targets and compensation structure are used.
- "Resetting Target" structure will be used.
    - Rolling Target used in years 1-2 (with excess rate). Year 2 rolling target will get the year 1 rate.
    - Resetting Target applied in years 2-6 (with excess rate)
    - Resetting Target applies as soon as Rolling Target has been met. Resetting Target resets to zero at the beginning of the years to which it is applicable and premiums paid up to target will get the Resetting Target rate.
    - Renewal comp paid in year 7-14.
    - Levelized and Semi-Heaped schedules are available. The choice is made at issue and may not be changed after issue.
- Rider Termination and base policy remains inforce: Once the policy is issued with the Exec Rider, the comp structure will not change, even if the Rider is terminated and the base policy remains inforce.
- Chargebacks:
    - Commissions will be charged back on a two-year rolling basis upon policy lapse or surrender, meaning that the most recent two years of Commissions will be charged back upon any lapse at any point while the Exec Rider is inforce.
    - No chargeback on Specified Amount decrease while the Exec Rider is inforce.
    - Withdrawal does not chargeback comp, but a withdrawal will cause this rider to terminate, after which normal policy rules will apply.

General Information – 7702/7702A

Life Insurance Tax Qualification Tests – 7702

Defra Type:

- **Guideline Premium Test (GPT)**
  In order to meet the IRS definition of life insurance, the contract must pass either the Guideline Premium/Corridor Test or the Cash Value Accumulation Test (see below).The flexible premium on universal life insurance allows the client to experiment with different funding levels. At times, you may encounter guideline premium limits which are set by the IRS to ensure that policies meet the definition of life insurance. The maximum total premium allowed in a policy is the greater of the guideline single premium or the sum of the guideline level premiums already paid. If the rule is violated, the policy is not acceptable to the IRS as life insurance and the earnings become taxable to the policyowner as income. Lincoln will not accept any premium that violates the guidelines and if the policy becomes out of compliance (due to policy changes) the excess premium will be refunded to the policyowner. The policyowner must choose at issue which test will be used to determine tax qualification and may not change after issue.

- **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. The policyowner must choose at issue which test will be used to determine tax qualification and may not change after issue.

If no selection is made, the default will be GPT.

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 now uses the Guideline Premium Test, 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.

Modified Endowment Contracts (MEC) – 7702A

- **Material Changes:** 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. Clients who wish to access some of their account value 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.
- **Deferred Material Changes – Necessary Premium Testing:** The Necessary Premium Test is used in conjunction with Modified Endowment Contract testing under Section 7702A of the Internal Revenue Code. The primary purpose of Necessary Premium Testing is to defer recognition of certain material changes* and the re-calculation of 7-Pay premiums and the start of a new 7-Pay period.
    - As long as the necessary premium limit is not exceeded, certain material changes do not have to be immediately recognized for MEC testing.
    - If the necessary premium is exceeded, then any deferred material change that was not previously recognized will become immediately recognized for MEC testing and the next material change cannot be deferred.

  *The possible deferred material changes are:
    - Death Benefit Corridor increase that occurs on a monthaversary
    - Increasing Death Benefit under DBO2 that occurs on a monthaversary.
    - Requested increases in Base Policy/Additions or increases to Riders
    - Requested Death Benefit Option Changes (except DBO1 to DBO3, if available)

  There are two types of Necessary Premium Testing, which is dependent on which test is used to meet the definition of life insurance – CVAT or GPT.
    - **CVAT Policies:** The CVAT Necessary Premium Test can defer the "involuntary" as well as the requested material changes listed above.
    - **GPT Policies:** No requested material changes will be deferred on GPT policies. Guideline premium limits may act as a necessary premium limit, so that no death benefit corridor increases or increasing death benefits under DBO2 trigger a material change calculation.

- **Avoiding MEC Status:** If the illustration indicates MEC status, the following steps can be considered to avoid becoming a MEC:
    - Limit premiums paid into the policy in the first seven years to the calculated 7-Pay premium:
        - The initial 7-pay premium is shown on the illustration.
        - The Specified Amount solves "Minimum non-MEC" and "Tamra / 7-pay" and the Premium solves "Maximum non-MEC" and Tamra / 7-Pay" will ensure your initial 7-pay premium is not violated.
    - If the initial 7-Pay premium has not been violated, but there has been a material change that caused the re-calculation of 7-Pay premium and the start of a new 7-Pay period:
        - Increase the Specified Amount at issue
        - Stop premium payments in the year before the policy became a MEC
        - If the policy is CVAT, one of the non-requested deferred material changes has occurred, and the necessary premium limit has been exceeded causing a re-calculation of 7-Pay premiums, consider selecting GPT at issue.

General Glossary of Terms

Age
The Insured's age, nearest birthday, on the Policy Date.

Attained Age
The 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. To the extent that the amount of the surrender charge exceeds the available Policy Value, less Debt, the Policy Value will not be less than zero.

Cash Value
Policy Value less any surrender charge.

Debt
The principal of a policy loan together with interest due. On any day, Debt is equal to the principal of the policy loan plus accrued interest on the policy loan.

Insured
The person whose life is insured under this policy.

Modified Endowment
If the cumulative premium payments exceed certain amounts specified under the Internal Revenue Code, a life insurance policy will become a Modified Endowment Contract (MEC). Taxation under a MEC is similar to taxation under an annuity. Under a MEC, the death benefit payable to the beneficiary is not subject to income tax.

Monthly Anniversary Day
The same day in each calendar month as the Policy Date.

Monthly Deductions
The monthly deduction for a policy month is:

- The cost of insurance and the cost of any additional benefits provided by rider for the policy month, plus
- The sum of all administrative charges for the policy and any attached riders due for the policy month.

Net Amount at Risk
In life insurance, the difference between the face amount and cash value.

Owner
The Owner, at issue, is shown on the policy specifications page or in an Amendement, Endorsement, or Rider attached to the policy. While the Insured is alive, the Owner may exercise every right and option and receive every benefit provided by the policy. These rights, however, are subject to the written consent of any Irrevocable Beneficiary.

Policy Date
The date Lincoln uses to determine policy anniversaries and monetary values. If a requested Policy Date should fall on the 29th, 30th or 31st of a month, the Policy Date will be the 28th of such month.

Policy Value
Equals the total of the Indexed Account(s), Fixed Account, DCA Account, Holding Account and any Fixed Loan Collateral Account Value as defined in the Nonforfeiture provision of the Policy.

***Lincoln LifeReserve®* Indexed UL Accumulator (2014) is issued on policy form UL6024/ICC14UL6024 (and state variations) by The Lincoln National Life Insurance Company, Fort Wayne, IN. The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so. Product and features subject to state availability. Limitations and exclusions may apply. Guarantees are subject to the claims-paying ability The Lincoln National Life Insurance Company. 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 National Life Insurance Company to a group life insurance trust. Information contained in this document is subject to change and certain regulatory approvals.**

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