



**Lincoln**  
Financial Group<sup>SM</sup>

FOR INCOME

Fixed Annuities

# *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity

Flexibility and control for your future

Client Guide

Hello future.<sup>®</sup>

The purpose of this communication is the solicitation of insurance. Contact will be made by an insurance agent or insurance company.

The Lincoln National Life Insurance Company

Not a deposit | Not FDIC-insured | May go down in value

Not insured by any federal government agency

Not guaranteed by any bank or savings association



## WE BELIEVE...

LINCOLN FOR INCOME

Your income  
should last  
your lifetime

Your income  
should weather  
the market's  
ups and downs

Your income  
should have  
the potential  
to grow



# AT LINCOLN, YOUR FUTURE CAN BE MORE SECURE

Fixed annuities are designed to help those with a low risk tolerance who seek to preserve a portion of their wealth by providing a fixed rate of return on their money. A *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity can also provide long-term care benefits that add an extra level of protection.

## THE TRUTH ABOUT LONG-TERM CARE

Most people don't expect to require long-term care and therefore may not have sufficient savings to cover it. They aren't prepared for the impact these costs can have when they come, and their retirement savings can be decimated as a result. As the need and price for long-term care continues to climb, how can you make sure you're ready to face the future before putting your savings at risk?

### A PLAN FOR TODAY

A *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity offers an innovative and tax-advantaged way to help manage the impact of long-term care expenses. With this product you have two options: double leverage or triple leverage. This product makes your dollars go further by providing two or three times your premium in long-term care benefits, depending on the option you choose. Contract growth will also be added to your long-term care benefit, helping to increase its effectiveness.

### FLEXIBILITY FOR TOMORROW

*What if you never need long-term care, or if your needs change?*

- Once you have purchased a *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity, you can keep it in place for as long as you like and continue to earn interest.
- Or, you can select other income options.

### OUR PAST — YOUR FUTURE

You might not access your long-term care benefit for 20 to 30 years. That's why it's especially important to choose a company with a history of strength and ability to pay. Lincoln has over 100 years of trusted service in the financial industry, so you can feel confident with your future.

## YOUR SAVINGS IS WORTH MORE...

With a *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity, you can reposition a portion of your after-tax savings to generate two or three times your premium in long-term care benefits that are intended to be income tax-free.<sup>1</sup> And, your benefit will grow with interest earnings.

### HOW TO GET STARTED

Unlike most long-term care insurance, there's no need for a visit to the doctor to obtain coverage. All you need to do is follow three simple steps:

- ▶ Prequalify by 1) reviewing the medical statements on the *Lincoln Long-Term Care* Fixed Annuity eligibility statements form to ensure you can respond appropriately; and 2) verifying that you are not taking certain prescription medications. (See the list in the accompanying forms packet.)
- ▶ If you qualify, simply fill out the *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity application.
- ▶ After a very short review of your medical statements and a prescription drug screening to confirm that you are not taking certain prescription medications, we process your *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity. It's that simple.

Read this hypothetical example to see how a *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity might work. This hypothetical example is for illustrative purposes only and assumes: \$100,000 single premium and a contract growth of \$12,000 with no withdrawals taken.



#### CATHERINE, AGE 62

##### Catherine's primary concerns with her long-term care:

- Protecting her savings from the impact of long-term care costs
- Maintaining financial independence
- Increasing her long-term care dollars
- Retaining a death benefit for her children

Catherine has been careful in saving money for her retirement. She didn't want the costs of long-term care to take her by surprise or put a heavy burden on her family. Five years ago (at age 57), she used \$100,000 of her \$1 million portfolio to purchase a *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity with the triple leverage option.

*Lincoln Long-Term Care*<sup>SM</sup>  
every dollar

Catherine used  
\$100,000 to purchase a  
*Lincoln Long-Term Care*<sup>SM</sup>  
Fixed Annuity.

1  
Catherine's  
\$100,000  
premium



## ...AND IT'S EASY TO ACCESS YOUR BENEFITS

**Lincoln Long-Term Care<sup>SM</sup> Fixed Annuity, with the triple leverage option, turns every dollar into three dollars of future long-term care benefits.**

Lincoln increases Catherine's future long-term care benefits with \$200,000.

Lincoln's **\$200,000** benefit amount

The *Lincoln Long-Term Care<sup>SM</sup> Fixed Annuity* increased Catherine's guaranteed long-term care benefit to three times her single premium payment.

**\$300,000** total long-term care income tax-free guaranteed benefit

**\$12,000** of contract growth benefit increases Catherine's future annual benefit payments, equally spread out over the benefit period.

Contract growth is based on crediting rates at time of purchase and the annual fee.<sup>2</sup>

Upon verifying her eligibility for long-term care benefits after the fifth year, Catherine could access her income tax-free maximum annual benefit of \$52,000, paid out over a minimum six-year benefit period as monthly payments of \$4,333.33.<sup>3</sup>

If Catherine needs her long-term care benefit sooner, she can begin to receive payments after her first year. She will still receive the same total amount, just with a smaller annual benefit paid over a longer period of time. Before long-term care benefit payments are received, a 90-day deductible period must first be satisfied. Additionally, benefits are not available in the first contract year.

Catherine does not need to submit her expenses for reimbursement—once she's eligible for her benefit and receiving care, it is paid to her automatically, subject to periodic verification of ongoing eligibility.

### If she never needs long-term care

Unlike traditional long-term care insurance, Catherine still retains her annuity contract value and death benefit if she never needs to use her long-term care benefits.

Catherine can also make withdrawals from the annuity contract value, or she can choose one of the Lincoln fixed annuity income payout options.

Withdrawals taken for purposes other than for long-term care benefits will reduce your total long-term care guaranteed benefit on a pro rata basis, which means the amount of the reduction may be more than the amount withdrawn.

<sup>1</sup> Long-term care reimbursements are generally income tax-free under IRC Section 104(a)(3).

<sup>2</sup> It's possible that the annual fee will exceed the amount of interest credited in a contract year.

<sup>3</sup> Benefits are drawn from your original premium first. The maximum annual long-term care benefit is paid for nursing home or hospice care. For other services, 50% of the maximum annual benefit is paid. If the maximum benefit is not used in a given year, the unused portion will be added on to the end of the benefit period. If the maximum long-term care growth benefit is not used in a given year, the unused portion will be allocated over the benefit period.

# COVERAGE AND ELIGIBILITY

## UNDERSTANDING COVERAGE COSTS

Currently, the annual fee for a *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity has two components: an Acceleration Charge and an Extension Charge. Currently the Acceleration Charge is zero.\* The Extension Charge is for the long-term care benefit amount Lincoln provides. The amount of the fee is based on whether you choose the double or triple leverage option. For additional information regarding fees, please reference the *Lincoln Long-Term Care* Fixed Annuity Facts At-A-Glance.

Lincoln long-term care benefit charge (based on age at issue) <sup>†</sup>						
	Age 45-49	Age 50-54	Age 55-59	Age 60-64	Age 65-69	Age 70-74
<b>Triple Leverage Option</b>	0.26%	0.30%	<b>0.32%</b>	0.38%	0.50%	0.68%
<b>Double Leverage Option</b>	0.40%	0.44%	<b>0.46%</b>	0.50%	0.58%	0.72%

Here is how the annual cost for a *Lincoln Long-Term Care*<sup>SM</sup> Fixed Annuity with the triple leverage option was calculated for Catherine (based on her age of 57 at time of purchase).

**\$200,000 x 0.32% = \$640**  
(deducted from Catherine's contract value)

**\$100,000 x 0.46% = \$460**  
(deducted from Catherine's contract value if she would have chosen the double leverage option)

## BENEFIT ELIGIBILITY

You will become eligible to receive benefits after your first contract anniversary, and maximum annual long-term care benefits will be available after year five. Before long-term care benefit payments are received, a 90-day deductible period must first be satisfied.

You will be eligible for long-term care benefits if you have and follow a plan of care prescribed by a licensed healthcare practitioner. Additionally, a licensed healthcare practitioner must certify you as being chronically ill, which is the incapacity to perform two of six activities of daily living (ADLs) for at least 90 days, and/or you have a severe cognitive disability that requires you to have substantial supervision, and you receive qualified long-term care services. The ADLs include bathing, continence, dressing, eating, toileting and transferring. Qualified long-term care services includes Maintenance or Personal Care service, or any diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative service.

100% of the annual long-term care benefit is available if you are residing in a nursing home or are receiving hospice care. If you are receiving other qualified long-term care

services, 50% of the maximum annual benefit is available. Benefits are paid out automatically (subject to periodic verification of ongoing eligibility) on a monthly basis.

If the maximum monthly long-term care benefit amount exceeds the limits under IRS rules, which for 2010 are \$290.00 per day/\$105,850 annually, amounts received by you in excess of this limit may be excludable from ordinary income to the extent that you have actually incurred long-term care expenses of that amount. You should take into account the IRS limit when selecting the amount of monthly long-term care benefit you would like to receive. Please consult with your tax advisor for further guidance.

\*After the surrender charge period, Lincoln may, at its discretion, change the Acceleration Charge percentage. Any such change will be made on a class basis in a nondiscriminatory manner.

†After the surrender charge period, Lincoln may, at its discretion, change the Extension Charge percentage. Any such change will be made on a class basis in a nondiscriminatory manner and will be subject to approval by the state insurance authorities where the contract is delivered, as required by law.

Your income should help protect your lifestyle


## IT ALL COMES DOWN TO ASSET PROTECTION

There are many things that can jeopardize your retirement lifestyle. One of the most overlooked risks is the cost of long-term care. The quickly rising costs of long-term care can easily drain your retirement savings.

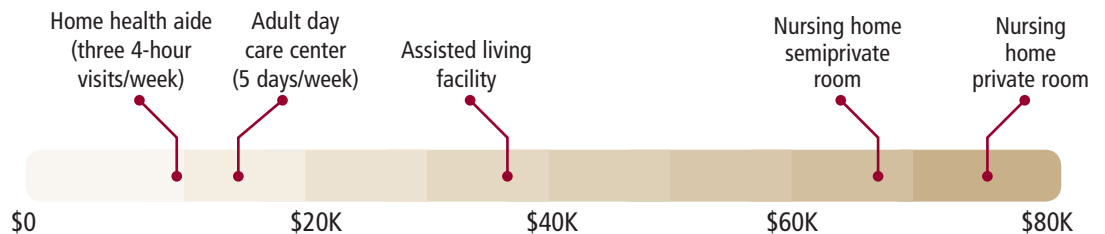
### THE REALITIES OF LONG-TERM CARE\*

**70%** **THE ODDS ARE THAT YOU WILL NEED IT**  
Approximately 70% of Americans currently age 65 or older will need some type of long-term care.

**40%** **YOU MAY NEED IT SOONER THAN YOU THINK**  
Approximately 40% of people currently receiving long-term care are under age 65.

 **IT COULD BE MORE EXPENSIVE THAN YOU THINK**  
Long-term care expenses are growing faster than inflation. Doing nothing to prepare now could be very costly later.

#### 2009 NATIONAL AVERAGE ANNUAL COSTS FOR LONG-TERM CARE SERVICES



\*"LifePlans, Long-Term Care Market Summary;" [www.LincolnFinancial.com](http://www.LincolnFinancial.com); Research & Analysis; January 15, 2010. For a printed copy of the report, call 877 ASK-LINCOLN.

To have confidence that your retirement income can weather these challenges, you need a solution that works for you.





## HELPING YOU FACE YOUR FUTURE WITH CONFIDENCE

At Lincoln Financial Group, we've spent more than 100 years living up to the character of our namesake: integrity, honesty, and the belief in a better tomorrow. To that end, we provide advice and solutions to help you protect yourself and your loved ones, save for tomorrow, secure and maximize your income, and prepare for the unexpected.

Hello future.®

INCOME  
LIFE  
RETIREMENT  
GROUP BENEFITS  
ADVICE

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

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LCN1009-2046141

RP 11/10 **Z01**

Order code: **FA-LTC-BRC001**

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A fixed annuity is intended for retirement or other long-term needs. It is intended for a person who has sufficient cash or other liquid assets for living expenses and other unexpected emergencies, such as medical expenses. A fixed annuity is not a registered security or stock market investment and does not directly participate in any stock or equity investments, or index.

*Lincoln Long-Term Care*™ Fixed Annuity (Contract Form 06-608, or state variation) with Long-Term Care Benefits Rider (Form AE-227, or state variation), Long-Term Care Coverage Endorsement (Form AE-235, or state variation) and Contract

Amendment for Long-Term Care Benefits (Form AE-236, or state variation) are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, and distributed by Lincoln Financial Distributors, Inc., a broker/dealer. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so.**

The exact terms of the annuity are contained in the contracts and any attached riders, endorsements or amendments which will control the issuing company's contractual obligations. For more information about the annuity, please also read the Disclosure Statement, and Facts At-A-Glance, or contact your Lincoln representative.

Income taxes are due upon withdrawal and if withdrawn before age 59½, a 10% federal penalty tax may apply. Withdrawals and surrenders may be subject to surrender charges.

Product and features are subject to state availability.

Limitations and exclusions may apply. Limitations and exclusions on eligibility of long-term care benefits include: receiving treatment for nervous or mental disorders (excluding Alzheimer's disease or dementia), receiving treatment for alcoholism or drug addiction (unless the drug addiction is a result of medication taken in doses as prescribed by a physician), receiving treatment arising out of an attempt at suicide or an intentionally self-inflicted injury, or receiving treatment provided in a Veteran's Administration or other government facility. Anyone receiving qualified long-term care services for which benefits are available under Medicare or other governmental programs (except Medicaid), workers compensation laws, employer's liability laws, occupational disease laws, or motor vehicle no-fault laws will also not be eligible. Additionally, this includes qualified long-term care services provided by members of the covered life's immediate family, whether paid or unpaid.