



The Lincoln Leader

Life Insurance

Introducing – *Lincoln LifeReserve*[®] Indexed UL (2011)

Effective August 15, 2011, Lincoln introduces the newest indexed universal life insurance product, *Lincoln LifeReserve*[®] Indexed UL (2011). This new product represents an update of the current version with a focus on improving accumulation, distributions and compensation, while packaged in a simplified story that capitalizes on the strengths and consistency of Lincoln.

Key Features

Lincoln LifeReserve[®] Indexed UL (2011) is a fixed UL solution for the client who wants upside opportunity with limited downside risk:

- **Protect**
Death benefit protection, short-term no lapse guarantee, and 1% guaranteed floor
- **Accumulate**
Sustainable 13% one-year point-to-point cap and 100% participation rate
- **Distribute**
Participating loans, guaranteed loan rate, and overloan protection
- **Compensate**
Industry leading rolling targets and growing market opportunity
- **Simplify**
S&P 500^{®*}, streamlined forms and software enhancements

This product uses the Standard and Poor's 500 Composite Stock Price Index to determine the indexed interest crediting rate for the Indexed Accounts. "Standard & Poor's[®]" and "S&P 500[®]" are trademarks of Standard & Poors Financial Services, LLC, a subsidiary of The McGraw-Hill Companies, Inc. and have been licensed for use by Lincoln National Life Insurance Company. Lincoln's products are not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing this product.

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Lincoln Reintroduces the VUL Dollar Cost Averaging Fixed Account Enhanced Interest Rate Program

State Approvals
Click here to view the current product availability charts

Key changes

Highlights of what has changed with the new product:

- **Lower Premium Loads** – The new premium loads are 5% in years 1-15 and 3.5% in years 16+ (was 10% in years 1-10 and 5% in years 11+).
- **New rates** for COI's, Per Unit Loads, Surrender Charges, Target Premiums
- The **1-Year Point-to-Point cap** on interest credited has been **increased to 13%** (previously 12%).
- There is a **new Guaranteed Index Bonus** which helps to take the guesswork out of premium allocations by eliminating the need to allocate premiums to the Fixed Account for the purpose of covering Monthly Deductions.
- The **Guaranteed Loan Rate Charged** before age 100 has been **changed to 6%** in years 1-10 and 5% in years 11+, (was 5% in all years).
- **New Death Benefit Option 2 Floor** equal to 115% of the Specified Amount.
- **New 10-Year No-Lapse Guarantee** (replacing the 5-Year NLG and 20-Year STG)
- Under **Extended Maturity** the Specified Amount is not changed (previously changed to equal the account value)
- **Lincoln DesignItSM Improvements** that simplify the sales process and promote Lincoln's strengths (see details below in the Illustrations section of this announcement)

Availability

New business applications will be accepted on **August 22, 2011** in states where *Lincoln LifeReserve*[®] Indexed UL (2011) has been approved. Product changes are only available on the new *Lincoln LifeReserve*[®] Indexed UL (2011) product. Contract rewrites will not be allowed into the new product. Normal Internal Replacement Guidelines apply.

Transition Guidelines

- A sixty (**60**) day transition period will apply from the date of the marketing launch for those states that have already approved the product. For all states that are available for sale on August 15, 2011 fully completed applications for *Lincoln LifeReserve*[®] Indexed UL must be signed, dated and received in good order in Lincoln's home office by **Friday, October 14, 2011** in order to qualify.
- Any states that are approved **after August 15, 2011** will also have a sixty (**60**) day transition period. Fully completed applications for *Lincoln LifeReserve*[®] Indexed UL must be signed, dated and received in good order in Lincoln's home office within 60 days of the state availability date in order to qualify.

Rider Availability

The Alternate Cash Surrender Value Rider (also known as the Exec Rider) and the Premium Deposit Fund feature are not anticipated to be available until November 2011.

Subject to state approval, the following riders are available on *Lincoln LifeReserve*[®] Indexed UL (2011):

- Accelerated Benefits Rider (with critical illness benefit)
- Accelerated Benefits Rider
- Accidental Death Benefit Rider
- Alternate Cash Surrender Value Rider (Exec Rider) (Targeted to be available November, 2011)
- Change of Insured Rider
- Children's Insurance Rider
- Disability Waiver of Monthly Deductions Benefit Rider
- Disability Waiver of Specified Premium Rider
- Guaranteed Insurability Rider
- Overloan Protection Endorsement
- Supplemental Term Insurance Rider on Primary Insured
- Supplemental Term Insurance Rider on Other Insured

Please Note: While the **Alternate Cash Surrender Value Rider (Exec Rider)** will not be available for the new *Lincoln LifeReserve*[®] IUL (2011) product at rollout, the current *Lincoln LifeReserve*[®] Indexed UL product **with** the Exec Rider will continue to be available until the new *Lincoln LifeReserve*[®] Indexed UL (2011) Exec Rider is available. A separate transition period will apply once the new rider is made available. The Exec Rider may **not** be added after issue, so the new Exec Rider may not be added to any issued *Lincoln LifeReserve*[®] Indexed UL (2011) policies.

Reference Materials

Click on the title of the piece to view the on-line version of the document.

Type of Piece	Link to Piece
Technical Training Guides	Lincoln LifeReserve[®] Indexed UL (2011) Product Reference Guide
Side-by-Side Comparisons	Lincoln LifeReserve[®] Indexed UL (2011) as compared to Lincoln LifeReserve[®] Indexed UL (2011)
Specimen Contracts	Lincoln LifeReserve[®] Indexed UL (2011) including all riders
IUL Rate Chart	Lincoln LifeReserve[®] Indexed UL (2011) rate chart

Illustrations

Illustrations for *Lincoln LifeReserve*[®] Indexed UL (2011) will be run on the current version of the *Lincoln DesignIt*SM platform. If you have an active internet connection, the software will automatically update on August 15, 2011 to include this new product. If you need to download the *Lincoln DesignIt*SM platform, it is available on the Lincoln producer websites or from Field Office Technicians.

Key Changes

Several enhancements have been made to simplify the sales process and promote product strengths:

- **New GPT solves** – *Minimum non-MEC* Specified Amount and *Maximum non-MEC* Premium solves have been added to allow a one-step selection that does not violate initial guidelines and 7-pay limits.
- **Redesigned Indexed Account Allocations Input:**
 - **Interest rate:** Defaults to 8.45% based on the 20-year historical rate lookback, with up to a maximum of 8.50%. The 20-year lookback rates will be available to view via Additional Information in the right panel.
 - **Total indexed account allocation:** Defaults to 100% due to the new Index Bonus.
 - **Indexed Account Allocations** used for both Historical Reports and to prefill the Indexed Signature Page (Allocation Form).
- **Simplified Indexed Signature Page** (Allocation Form) that is easier to complete and can also be prefilled as noted above.
- **Templates:** Indexed UL is now a separate grouping on the UL Insurance Templates list, and new Sales Templates have been added for optimal sales scenarios.
- As of the May 2011 release, *Max CV / 2-to-1 switch* DBO solve can now be selected in **combination** with a Loan solve.

For more information, see the “Indexed UL *DesignIt*SM Changes” document available on *Lincoln DesignIt*SM under Reference on the main menu bar.

Competitive Intelligence

Click on the title of the individual company name below to view the side-by-side comparison

Side- By-Side Comparisons	Company
<i>Lincoln LifeReserve</i>[®] Indexed UL (2011)	Aviva
	AXA Equitable
	Hartford
	ING
	Midland
	Minnesota Life
	National Life
	North American
	Pacific Life
	Penn Mutual

Marketing Materials

The core materials for *Lincoln LifeReserve*[®] Indexed UL (2011) can be viewed on the various Lincoln websites and are available to order from the Lincoln Literature Fulfillment Center beginning August 15, 2011.

Listed below are the material order numbers.

Client Materials	Order Code
Client Kit	LRI-CLI-KIT001
Client Brochure	LRI-IUL-BRC001
<i>Lincoln LifeReserve</i> [®] Indexed UL Product Fact Sheet 1	LRI-2011-FST001
Supplemental Term Rider	UL-STR-FLI223
Accelerated Death Benefit	LIF-ABR-FLI001
Disability Protection Riders	LIF-DW-FLI001
Sales Concept – College Funding	LR-IDX-FLI011
Sales Concept – Retirement Income	LRI-IUL-FLI003
1-Year Point-to-Point Indexed Account at-a-Glance	LRI-IUL-BRC004
Broker Materials	Order Code
Agent Kit	LRI-ADV-KIT001
Rates at a glance	LR-IDX-FLI009
Competitive Advantages of LR IUL	LR-IDX-FLI010
The Power of One	LRI-IUL-FLI008

Introducing – *Lincoln LifeGuarantee*[®] UL (2011)

Effective August 15, 2011, Lincoln introduces the newest individual product in its universal life insurance portfolio: *Lincoln LifeGuarantee*[®] UL (2011). *Lincoln LifeGuarantee*[®] UL (2011) is an update to *Lincoln LifeGuarantee*[®] UL (2009). The new product provides the same type of affordable, flexible and guaranteed protection on a single life as the prior product with a focus on lifetime guarantees.

Key changes

Highlights of what has changed with the new product:

- The **Coverage Protection Guarantee** provides the same secondary guarantee protection, but now has two funding options: Lifetime Option and Flex Option.

The **Lifetime Option** is designed to be most efficient for levelized premiums paid until the insured reaches age 100, with guarantees for life. The option is less expensive overall than the Flex Option. The Lifetime Option is an appropriate option if the client's only concern is to buy the most amount of guaranteed death benefit for the premium.

The **Flex Option** provides lower charges than the Lifetime Option in the initial years but the charges in the later years will be higher and will continue out to the insured's age 121. Choosing this option allows the client to have a lower initial outlay than would be available with the Lifetime Option. The Flex Option is an appropriate option if the client is looking for the best internal rate of return on the death benefit during the initial years or, if due to funding strategies, only has a certain amount of upfront dollars to provide to the policy but feels they will have more purchasing power in the future.

The choice of funding options must be made before policy issue and cannot be changed later.

- *Lincoln DesignIt*SM, versions **14.0** and later, includes the ***Flex versus Lifetime Premium Comparison Report***. This report compares the total premiums required (adjusted by an optional discount rate) to guarantee a contract with and without the *Flex Option*.
- This powerful report visually identifies the point in time where cumulative premiums of one design exceed the other.
- See the *Lincoln LifeGuarantee*[®] UL (2011) *Frequently Asked Questions* document referenced at the end of this announcement for complete details on how to run this valuable report.
- Death Benefit Option 1 and CVAT only are available.
- Due to systems readiness, Premium Deposit Fund (PDF) is targeted to be available November 2011.
- Due to systems readiness, 1035 Exchanges (internal and external) **with loans will not be available** until November 2011.
- Due to sustained low interest rates, Lincoln has had to eliminate compensation on excess premium above target in the first year to maintain competitively priced single premium rates.
- Like the other previously updated *Lincoln LifeGuarantee*[®] UL products, *Lincoln LifeGuarantee*[®] UL (2011) includes *only guaranteed values because current = guaranteed*. This will be reflected in the policy projections provided by the *Lincoln DesignIt*SM software.

Availability

New business applications will be accepted on **August 22, 2011** in states where *Lincoln LifeGuarantee*[®] UL (2011) has been approved.

Rider Availability

Subject to state approval, the following riders are available on *Lincoln LifeGuarantee*[®] UL (2011):

- **Accidental Death Benefit Rider**
- **Children's Term Rider**
- **Guaranteed Insurability Rider**
- **Spouse Term Rider**
- **Disability Waiver of Monthly Deductions Benefit Rider**
- **Waiver of Specified Premium Rider**
- **Accelerated Benefits Rider** (with critical illness coverage)
- **Accelerated Benefits Rider**
- **Minimum Death Benefit Endorsement**

Transition Guidelines

- A sixty (**60**) day transition period will apply from the date of the marketing launch for those states that have already approved the product. For all states that are available for sale on August 15, 2011 fully completed applications for *Lincoln LifeGuarantee*[®] UL (2009) must be signed, dated and received in good order (including the 1035 Policy Exchange Agreement/Absolute Assignment form if the case is a 1035 Exchange) in Lincoln's home office by **Friday, October 14, 2011** to qualify.
- States that are approved **after September 15, 2011** will have a thirty (**30**) day transition period. Fully completed applications for *Lincoln LifeGuarantee*[®] UL (2009) must be signed, dated and received in good order (including the 1035 Policy Exchange Agreement/Absolute Assignment form if the case is a 1035 Exchange) in Lincoln's home office within 30 days of the state availability date to qualify.

Reference Materials

Click on the title of the piece to view the on-line version of the document.

Type of Piece	Link to Piece
Technical Training Guides	Lincoln LifeGuarantee® UL (2011) Product Reference Guide
Side-by-Side Comparisons	Lincoln LifeGuarantee® UL (2011) as compared to Lincoln LifeGuarantee® UL (2009)
Specimen Contracts	Lincoln LifeGuarantee® UL (2011) Lifetime Option or Flex Option
Frequently Asked Question	Lincoln LifeGuarantee® UL (2011) FAQ

Policy Projections

Policy projections for *Lincoln LifeGuarantee® UL (2011)* will be run on the current version of *Lincoln DesignItSM* software. If you have an active internet connection, the software will automatically update on August 15, 2011 to include this new product. **Please note applications must be dated August 15, 2011 or later to be accepted.** If you need to download the *Lincoln DesignItSM* platform, it is available on the Lincoln producer websites or from Field Office Technicians.

Marketing Materials

The core materials for *Lincoln LifeGuarantee® UL (2011)* can be viewed on the various Lincoln websites and are available to order from the Lincoln Literature Fulfillment Center beginning March 28, 2011.

Listed below are the material order numbers.

Client Materials	Order Code
Lincoln LifeGuarantee® UL (2011) Kit (includes all below)	UL-SUL-CLT-KIT
You've made a smart decision flier	LG-SUL-FLI001
Lincoln LifeGuarantee® UL (2011) Fact Sheet	LG-FST001
Lincoln LifeGuarantee® UL (2011) Client Brochure	UL-SUL-BRC005
Accelerated Benefits Riders flier	UL-ACC-FLI237
Disability Waiver Flier	UL-DI-FLI238
Coverage Protection Guarantee flier	UL-CPG-FLI239

Lincoln LifeGuarantee® SUL (2009) and Lincoln LifeGuarantee® UL (2009) – Heavily Funded Options Retiring on September 15, 2011

Effective **Thursday, September 15, 2011**, Lincoln will limit the sale of *heavily funded* business on *Lincoln LifeGuarantee® SUL (2009)* in the 7 jurisdictions (CA, HI, NJ, NY, PA, VT, and VI) where the product is still available, and in all jurisdictions for *Lincoln LifeGuarantee® UL (2009)*. This action is necessary because Lincoln is still subject to the same low interest rate environment that forced increased single pay-type premiums on the new version of the products.

Lincoln defines *heavily funded* business as any policy more quickly funded than a 5-pay policy. This means Lincoln will not accept more premiums in the first 5 years than the cumulative 5-pay premium for the policy. **All other funding patterns for *Lincoln LifeGuarantee® SUL (2009)* and *Lincoln LifeGuarantee® UL (2009)* will still be allowed.**

Additional information:

- Effective **August 15, 2011**, *Lincoln DesignItSM* will no longer produce illustrations for those *heavily funded* scenarios for ***Lincoln LifeGuarantee® SUL (2009)***. The home office will assist in running illustrations on business already in-house or for illustrations needed beyond August 15, 2011.
- Effective **September 9, 2011**, *Lincoln DesignItSM* will no longer produce illustrations for those *heavily funded* scenarios for ***Lincoln LifeGuarantee® UL (2009)***. The home office will assist in running illustrations on business already in house or for illustrations needed between September 9, 2011 and September 15, 2011.
- For *heavily funded* cases as defined above, fully completed applications for *Lincoln LifeGuarantee® SUL (2009)* or *Lincoln LifeGuarantee® UL (2009)* must be signed, dated and received in good order (including the 1035 Policy Exchange Agreement/Absolute Assignment form if the case is a 1035 Exchange) in Lincoln's home office by **Thursday, September 15, 2011** to qualify.

Transition Q&A

1. **Question:** Are there any circumstances under which *Lincoln LifeGuarantee® SUL (2009)* or *Lincoln LifeGuarantee® UL (2009)* will be available even if all paperwork is not received?

Answer: Yes. There is one exception to the rule. Applications that have been signed by the insured with the owner TBD, received in the Home Office by the end of the transition period but Lincoln is still awaiting a trust to be set up as part of the normal course of business, the applicant will still qualify for *Lincoln LifeGuarantee® SUL (2009)* or *Lincoln LifeGuarantee® UL (2009)*.

The only paperwork that Lincoln will not require at submission is the executed trust documents with the trustee/owner's signature which must be received prior to issue.

2. **Question:** What about cases for *Lincoln LifeGuarantee*[®] SUL (2009) or *Lincoln LifeGuarantee*[®] UL (2009) already in underwriting?

Answer: These transition cutoff rules are intended to assist with any **new** cases that meet the *heavily funded* criteria and have not yet been submitted to Lincoln.

If a case has been submitted as an informal application or on a trial basis and Lincoln has not received the formal application in-house, fully completed applications for *Lincoln LifeGuarantee*[®] SUL (2009) or *Lincoln LifeGuarantee*[®] UL (2009) must be signed, dated and received in good order (including the 1035 Policy Exchange Agreement/Absolute Assignment form if the case is a 1035 Exchange) in Lincoln's home office by **Thursday, September 15, 2011** to qualify.

3. **Question:** For those *heavily funded* cases, how will I know if I've exceeded the premium guidelines in the *Lincoln DesignIt*SM software?

Answer: As of August 15, 2011, for *Lincoln LifeGuarantee*[®] SUL (2009) and September 9, 2011 for *Lincoln LifeGuarantee*[®] UL (2009), *Lincoln DesignIt*SM will have edits built in which will disallow *heavily funded* cases. The premium will automatically be reduced to the allowable amount and you'll have the opportunity to view the *warning* which will look like:

Year	Month	Calculation Warning
1	1	Premium exceeds limits. Reduced premium from \$50,000.00 to \$19,896.23.
1	1	Premium reduced due to product prohibition. Contact Product Management if you have further questions.
2	1	Premium exceeds limits. Reduced premium from \$50,000.00 to \$19,896.23.
2	1	Premium reduced due to product prohibition. Contact Product Management if you have further questions.
3	1	Premium exceeds limits. Reduced premium from \$50,000.00 to \$19,896.23.
3	1	Premium reduced due to product prohibition. Contact Product Management if you have further questions.
4	1	Premium exceeds limits. Reduced premium from \$50,000.00 to \$19,896.23.
4	1	Premium reduced due to product prohibition. Contact Product Management if you have further questions.
5	1	Premium exceeds limits. Reduced premium from \$50,000.00 to \$19,896.23.
5	1	Premium reduced due to product prohibition. Contact Product Management if you have further questions.
49	1	Policy Lapsed.

Effective August 15, for *Lincoln LifeGuarantee*[®] SUL (2009) or September 9 *Lincoln LifeGuarantee*[®] UL (2009), for new illustrations submitted or those that have to be rerun (for cases already in-house); Product Management will be able to assist you. Please contact your Internal Wholesaler for support.

4. **Question:** Once an application is received in good order in Lincoln's Home Office by the end of the transition period, can any changes be made to the application?

Answer: That depends upon the change being requested. Once an application has been received in good order in the Home Office, Lincoln will:

- **Not allow** an increase to the face amount on the application on the same insured. However, in 1035 exchange situations where Lincoln receives more premium than anticipated from the losing carrier resulting in an increase in death benefit, if the death benefit is within reasonable limits, Lincoln would allow.
- **Not allow** additional face amounts on a second policy using the same application.
- **For Lincoln LifeGuarantee**[®] **SUL (2009) only, allow** the policyholder, subject to underwriting review, to split the face amount into two or more policies provided there has been no increase in face amount.

Lincoln LifeReserve® UL product Update

Lincoln will be increasing the minimum face amount for Fully Underwritten cases of *Lincoln LifeReserve®* UL to \$100,000, up from the current \$25,000 minimum. This action is critical to the ongoing profitability of the product.

There will be a 30-day transition period starting August 15, 2011. To be eligible for a face amount between \$25,000 and \$100,000, a formal application must be received in Lincoln's home office by September 14, 2011.

Form Updates

New Trust Certification Form

Life New Business has the Ideas@Work group (formerly the Business Review Committee). This service committee focuses on forms and process review and listens to your ideas. In an effort to be easier to do business with, Lincoln is making a trust certification form available for use in certain circumstances. Form AN07086, Certification of Trustee Powers will be available in the online forms tool beginning August 15, 2011.

This form could only be accepted if the need can be fully justified, and in those rare instances when a trust agreement is not available. In some instances, the Certification of Trustee Powers may not be accepted as there are risks associated with using the form and every case is different. Before submitting the Certification of Trustee Powers in lieu of a trust agreement, please confirm with your Business Unit contacts to determine if the form can be accepted. The completed Certification of Trustee Powers must be received prior to issuance of the policy with the form being fully completed and in good order. Life Customer Service will continue to request the trust paperwork in all policy change situations where we do not have a copy of the trust on file. Thank you for partnering with Lincoln. If you have future ideas or comments on forms or business processes please contact your Business Unit contacts.

WA Reinstatement & Change Application for Life Insurance - Update

The **WA Reinstatement & Change Application for Life Insurance** has been updated. As of August 13, 2011 form LFF06363-37 will be replaced with LFF06363-37-12-10. There was a change to the state disclosure that affected Juveniles, no other changes were made to the form.

Lincoln Reintroduces the VUL Dollar Cost Averaging Fixed Account Enhanced Interest Rate Program

Reprinted from the May 31, 2011 Lincoln Life Leader

Lincoln is pleased to reintroduce the VUL Dollar Cost Averaging Fixed Account Enhanced Interest Rate Program. This program includes a 10% Fixed Account enhanced current interest rate to help with short-term returns while the client transfers funds into variable investment options using a 12-month Dollar Cost Averaging (DCA) program. This annual effective rate is paid on the declining balance in the Fixed Account so the amount of interest earned will be less. These fixed rates do not reflect performance of the variable investment options selected by the client.

The DCA Fixed Account Enhanced Interest Rate program is available on:

- **NEW** Lincoln VUL applications signed between **June 1, 2011 and September 30, 2011**.
- The enhanced program applies to all currently available Lincoln VUL products, except in New York.

For complete details on the program eligibility and how to apply, [click here](#) to view the comprehensive Q&A document.

Note: Using Dollar Cost Averaging does not assure a profit and does not protect against loss in a declining market. Also, using this method involves continuous investment in securities regardless of fluctuating price levels, so consider the financial ability to continue investment during periods of low price levels.

Reminder: You must be logged into LFAPlanner.com, LincolnFinancialNetwork.com or LFD.com prior to linking to the hot links contained in this document. For some secure documents an additional login screen may be required – please use your normal login ID and Password if this screen is required.

Information compiled by Product and Distribution Support

Products and features subject to state availability. Guarantees backed by the financial strength of the insurer. Lincoln Financial Group is the marketing name for The Lincoln National Corporation and its affiliates.

Policies are issued 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. Contractual obligations are backed by the claims-paying ability of The Lincoln National Life Insurance Company.**

Policies sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY. **The contractual obligations are backed by the claims-paying ability of Lincoln Life & Annuity Company of New York.**

Variable products are sold by prospectus. For more information about the variable products, including fees and charges, refer to the prospectus. Variable products are distributed by Lincoln Financial Distributors and offered through broker dealers with effective selling agreements.

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