

Clients preparing for retirement?

Help clients protect their savings from long-term care expenses

CASE STUDY



Meet Ted

Age 60

Ted is a consultant who intends to retire in 10 years. So he's starting to prepare for the next phase of life.

One thing on his to-do list is long-term care planning. Having a plan is important to him.

Ted wants to help protect his retirement assets and take charge of his future. So he meets with his advisor, a licensed insurance agent, to discuss his options.

His advisor suggests that he use a portion of his savings to fund his long-term care plan and supplement his income when he retires.

How it works

- To help grow his retirement savings, Ted purchases a \$200,000 *Lincoln OptiBlend*® fixed indexed annuity with *i4LIFE*® Indexed Advantage and starts taking income right away. This optional living benefit rider is designed to provide immediate, protected lifetime income, and is available for an additional cost.¹
- Ted qualifies for, and purchases, a 10-pay *Lincoln MoneyGuard*® II policy. His annuity provides \$9,720 annual income payments, guaranteed for life.²
- For the first 10 years, the annual annuity income will pay the premiums of a *Lincoln MoneyGuard* II policy with a 3% inflation rider to help protect Ted from the rising costs of care. *Lincoln MoneyGuard* II is a universal life insurance policy with optional long-term care riders, and the optional inflation rider, available for an additional charge.

Ted has financial flexibility with *Lincoln MoneyGuard* II

If he needs care: He'll have access to income tax-free, long-term care benefits.³

If he never needs care: His heirs can have an income tax-free legacy.⁴

If he would change his mind: There are return of premium options.⁵

The outcome

Age 70: Ted retires. He has paid his *Lincoln MoneyGuard* II premiums on time, and has not taken any loans or withdrawals. The following amounts are available to reimburse for qualified long-term care expenses:

	Total LTC benefits	Monthly maximum	Return of premium
Age 70	\$464,437	\$5,983	80% after the total premiums are paid
Age 80	\$624,164	\$8,041	

*Assumes face amount: \$106,853, 10 annual premiums of \$9,720, 6 years of benefit with LABR of 2 years and LEBR of 4 years; 3% inflation rider; couples discount. Note: This is a hypothetical example; each individual's coverage and costs will vary based on their own circumstances.

He continues to receive annual annuity income payments of **\$9,720** per year for life.



Facts about long-term care

- 1 One out of every two Americans turning 65 will need some type of long-term care services in their lifetimes.⁶
- 2 The average duration of long-term care is three years.⁷
- 3 92% of advisors surveyed report having clients who have needed long-term care.⁸

Insurance products issued by:
The Lincoln National Life Insurance Company

For agent or broker use only. Not for use with the general public.

Help your clients take the next step for the future.

- ¹ *i4LIFE*® Indexed Advantage is an optional Guaranteed Income Benefit (GIB) rider (form AR-336 for nonqualified or form AR-335 (01/18) for qualified and state variations) available for an additional 0.95% charge (2.00% maximum) and subject to rider issue age limits, which may differ from the contract issue age limits. May not be available in all states. Limitations and exclusions may apply.
- ² The guaranteed amount is determined using a number of variables including age, gender, Access Period, account value, and number of lives covered (single or joint).
- ³ Long-term care reimbursements are generally income tax-free under IRC Section 104(a)(3).
- ⁴ Beneficiaries can receive an income tax-free death benefit under IRC Section 101(a)(1). Estate and local taxes may apply. The death benefit would be reduced by any loans, withdrawals and benefits paid.
- ⁵ Once chosen, the return of premium option cannot be changed. The return of premium is provided through the Value Protection Rider available at issue on all policies. The amount returned will be reduced by any loans, withdrawals, and benefits paid. If surrendered before the total planned premiums are paid, the surrender value will be paid. The Value Protection Rider contains complete terms and conditions. There may be tax implications when the return of premium feature is exercised. Please consult your tax advisor.
- ⁶ AARP Public Policy Institute, Long-Term Support and Services Fact Sheet, <https://www.aarp.org/content/dam/aarp/ppi/2017-01/Fact%20Sheet%20Long-Term%20Support%20and%20Services.pdf>, March 2017.
- ⁷ U.S. Department of Health and Human Services, "How Much Care Will You Need?" [LongTermCare.gov](http://longtermcare.gov/the-basics/how-much-care-will-you-need/), <http://longtermcare.gov/the-basics/how-much-care-will-you-need/> (last modified: 10/20/2017).
- ⁸ Versta Research, "2017 LTC Marketing and Thought Leadership Research. Findings from Surveys of Advisors and Consumers," https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf, February 2018.

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

The insurance policy and riders have limitations, exclusions, and/or reductions and are subject to medical underwriting. Additionally, long-term care benefit riders may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner.

A fixed indexed 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 indexed annuity is not a registered security or stock market investment and does not directly participate in any stock or equity investments, or index. The index used is a price index and does not reflect dividends paid on the underlying stocks.

Lincoln OptiBlend® fixed indexed annuities (contract forms ICC1515-619 or 15-619 and state variations) 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. Contractual obligations are subject to the claims-paying ability of The Lincoln National Life Insurance Company.**

Contract may be referred to as "policy" or "certificate" in certain states (certificate may not be available in all states). The certificate is a group annuity certificate issued under a group annuity contract issued by The Lincoln National Life Insurance Company to a group annuity trust.

Waiver of Surrender Charges for Nursing Home Confinement Rider and Waiver of Surrender Charges for Terminal Illness Rider (form AE-119 and form AE-170, respectively, and state variations) may not be available in all states. Nursing Home Rider not available for contracts issued in Massachusetts.

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

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

There is no additional tax-deferral benefit for contracts purchased in an IRA or other tax-qualified plan, since they are already afforded tax-deferred status.

All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company. They are not backed by the broker-dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer.

Accelerated death benefits may be taxable and may affect public assistance eligibility.

Products and features are subject to state availability. Limitations and exclusions may apply. This strategy is not available in the state of New York.

For agent or broker use only. Not for use with the general public.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association

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