



FOR LIFE

Rider Reference Guide

*Lincoln LifeEnhance*SM Accelerated Benefits Rider

This information was compiled
by Product & Distribution Support.
For questions contact Annie Raasch
annie.raasch@lfq.com.

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LCN: 201304-2079077 Last Update 04/2013

**Lincoln LifeEnhanceSM Accelerated Benefits Rider
Reference Guide
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Lincoln LifeEnhanceSM Accelerated Benefits Rider

General Information

Lincoln LifeEnhanceSM Accelerated Benefits Rider (ABR) was designed to fit the growing industry need for an accelerated death benefit triggered by chronic illness. It was also designed for clients who have a primary need for death benefit protection but are also concerned about the impact that chronic illness/terminal illness may have on their financial health.

This rider fits as a complementary offering between Lincoln's existing Accelerated Benefit Riders and *Lincoln MoneyGuard*[®].

Currently the rider is available only on new issues of *Lincoln VUL^{ONE}* (2012), *Lincoln LifeReserve*[®] Indexed UL Accumulator and *Lincoln LifeGuarantee*[®] UL (2013), but will be added to other product offerings in the future.

Key Rider Features

Some of the key features of *Lincoln LifeEnhance*SM Accelerated Benefits Rider are:

- An indemnity benefit – there are no receipts for reimbursement needed; proceeds may be used for any purpose
- No waiting period – benefits are available immediately once qualification is met
- Up to 100% of death benefit may be accelerated for chronic illness through a series of payments
- Premium lapse protection – Once acceleration of the death benefit has begun, no additional premiums are required and the policy is guaranteed not to lapse as long as no further withdrawals or loans are taken
- Two benefit payment options for chronic illness:
 - Monthly benefit option: lower of 2% of the original benefit amount or the IRS per diem limit times the number of days in the month (may increase annually); payable for 12 months at a time. Recertification required prior to each 12-month period.
 - One-time lump sum payment discounted for mortality and interest; exercising this option will terminate the rider and the policy upon benefit payment.
- Terminal illness benefit* included in rider:
 - One-time lump sum payment – lesser of 50% of the death benefit amount or \$250,000
- Benefits may be payable for both chronic illness and terminal illness concurrently
- Currently no additional health insurance licensing requirements for agents

* Not available in all states.

The Application Process

The Lincoln LifeEnhanceSM Accelerated Benefits Rider is underwritten separately from the base policy and requires an application supplement to be completed and a disclosure form to be returned to New Business prior to policy issue. The base policy and the rider may carry different ratings. It is possible to be approved for the base product but declined for the rider.

Who Can Apply

The rider is available to individuals ages 20-80 that are rated no higher than Table D on the base policy.

Available Base Products

Currently the rider is available with Lincoln VUL^{ONE} (2012) and Lincoln LifeReserve[®] Indexed UL Accumulator only. It will become available with additional products with future product releases.

Rider Restrictions

Lincoln LifeEnhanceSM Accelerated Benefits Rider is not available with:

- Simplified Issue/Guaranteed Issue
- Alternate Cash Surrender Value Rider (EXEC Rider)
- Disability Waiver of Specified Premium Rider
- Guaranteed Insurability Rider
- Spouse Term Rider

Application Supplement

To apply for Lincoln LifeEnhanceSM Accelerated Benefits Rider, use application LFF06321 (and state variations) and check off "other" under question #22. Write in the name of the rider, **LifeEnhance ABR** in the details section. Do NOT check off Accelerated Benefit Rider which is reserved for the original ABR. See example below.

22. Additional Benefits and Riders: <i>(If applicable)</i>	
<input type="checkbox"/> Supplemental Coverage \$ _____	<input type="checkbox"/> Waiver of Premium
<input type="checkbox"/> Term on Spouse/Other Insured Rider \$ _____ <i>(Please complete Section B - Applicant Information - Proposed Insured B)</i>	<input type="checkbox"/> Waiver of Monthly Deductions
<input type="checkbox"/> Accelerated Benefit Rider	<input type="checkbox"/> Waiver of Specified Premium \$ _____
	<input type="checkbox"/> Children's Term Insurance Rider <i>(Complete Child's Supplement)</i>
X Other Benefits and Riders <i>(not listed above)</i> . (Please provide full details: e.g. coverage amounts/percentages/etc.):	
LifeEnhance ABR	

In addition, a supplemental application (LFF10249) must be completed. Essentially, the supplemental application contains pre-screening questions. If any of the questions are answered "yes", the proposed insured will NOT qualify for LifeEnhance ABR.

For issue ages 70 and above, a 10-word delayed recall test will be given during a Personal History Interview and depending upon the results, a Short Portable Mental Status Questionnaire (SPMSQ) may also be administered during the Personal History Interview.

Issue Limits

The maximum base policy face amount* allowed with the rider is as follows:

Issue Age	Maximum Face Amount
20-69	\$5 million
70+	\$2 million

*Includes any Supplemental Term Insurance Rider on Primary Insured, if available.

If more death benefit is needed than the *Lincoln LifeEnhance* ABR issue limits allow, or if rider cost considerations are a concern, the policy owner may purchase two policies, one with *LifeEnhance* ABR and one without. One application should be taken and the following information regarding the second policy inserted into the **special instructions** section of the application:

Please issue an ADDITIONAL contract for a (name of product) policy at “X” face amount without the LifeEnhance ABR. Both policies are to be placed with the total face amount with this application to be “Y”. See sample below which uses VUL^{ONE} as the base product.

30. Special Instructions:

Please issue an ADDITIONAL contract for VULone 2012 at \$1 million face amount without the LifeEnhance ABR. Both policies are to be placed with the total face amount with this application to be \$6 million.

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LFF06321

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It is also recommended that the producer call their Underwriting Team Manager to alert them to this application and special processing needed. Failure to follow these application instructions may result in the policy owner having to sign an amendment.

In addition, if the policy owner knows at the time of application that they want to accelerate an amount **less** than the full death benefit amount, they should apply for two separate policies and the same instructions as above should be followed.

Term Conversions/1035 Exchanges

Both term conversions and 1035 Exchanges are allowed into policies with the *Lincoln LifeEnhance*SM Accelerated Benefits Rider but the rider will be fully underwritten separately.

Licensing Requirements

Since this is life insurance, not LTC, currently no additional health insurance license is required.

Rider Cost

There is a monthly per \$1000 charge for the rider based on the net amount at risk*. Rates are banded as follows:

\$0-\$249,999
\$250,000-\$499,999
\$500,000-\$999,999
\$1,000,000-\$1,999,999
\$2,000,000-\$2,999,999
\$3,000,000-\$3,999,999
\$4,000,000-\$5,000,000

*Includes any Supplemental Term Insurance Rider on Primary Insured, if available.

During acceleration, the rider cost will be waived.

Agent Compensation

Adding the rider will increase the target premium of the base policy. There will be approximately 6% increase to the base product target. All compensation will be terminated at the time of acceleration.

Qualifying for Benefits

Qualifications for Benefits

There are different qualifications for chronic illness and terminal illness benefits. The insured will be eligible to receive accelerated benefit payments if all of the following requirements are met:

Lincoln receives and approves the following documentation:	
For Chronic Illness	For Terminal Illness
Written Certification or Written Re-certification by a Licensed Health Care Practitioner that the Insured is Chronically Ill	Written Certification by a Licensed Health Care Practitioner that the insured is Terminally Ill
Lincoln receives consent to make such payment, in writing, of any assignee or record name in the policy or any irrevocable beneficiary named under the policy.	
Lincoln completes, at its discretion and expense, a personal history interview with, and an assessment of, the insured including examination or tests by a Licensed Health Care Practitioner of Lincoln's choice; and it receives copies of any relevant medical records from a health care provider involved in the insured's care.	

Chronic Illness

Chronic Illness means that the insured has been certified within the preceding 12 months, by a Licensed Health Care Practitioner as:

Being unable to perform (without substantial assistance from another individual) at least 2 Activities of Daily Living (ADLs) for a period of at least 90 days due to a loss of functional capacity. ADLs include: bathing, continence, dressing, eating, toileting and transferring.	or	Requiring substantial supervision from another individual to protect the insured from threats to health and safety due to severe cognitive impairment
and		
According to certification from a Licensed Health Care Practitioner, services are likely to be needed for the rest of the insured's life.		

Amount of Acceleration

The total amount available for acceleration due to a chronic illness is 100% of the gross death benefit (death benefit not reduced by indebtedness) at the time of acceleration, through a series of payments. At the time of claim, the gross death benefit is used to determine the Original Benefit Amount*. Once acceleration begins, this is referred to as the Remaining Benefit Amount.

*If available, 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.

Monthly Benefits

The maximum monthly benefit available for each 12 month period for acceleration due to chronic illness is **the lesser of:**

2% of the Original Benefit Amount	or	the IRS per diem limit times the number of days in the month
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For example, the per diem limit for 2012 is \$310. In 2013 the per diem limit will be \$320. The policy month is measured from monthly anniversary day to monthly anniversary day. In this example, the first month has a maximum benefit based on the per diem of \$9610 (\$310 x 31 days). The maximum benefit for the second month is \$9300 (\$310 x 30 days). The per diem limit may increase each year due to an inflation adjustment determined by the IRS, which may factor into the maximum benefit amount available for the following 12 months.

In addition, the owner may elect to receive less than the maximum benefit amount. The same Daily benefit amount would be paid each month for 12 months until recertification. At that time, if the insured qualifies for benefit, they could select a new benefit amount. Selecting less than the maximum benefit amount would extend the length of time for which the insured may be eligible for benefits.

Recertification

If receiving monthly benefits, recertification by a Licensed Health Care Practitioner will be required prior to each new 12 month benefit period to continue monthly acceleration of the death benefit. The owner may select either the maximum benefit amount or a new benefit payment amount (less than the maximum) each benefit period.

One-Time Lump Sum Benefit

The owner may elect to take the benefit for chronic illness in a one-time lump sum. The benefit is discounted for mortality and interest. The earlier benefits are taken, the greater the discount factor. Electing to take benefits in a lump sum will terminate both the rider and the policy upon payment of benefit. This payment option may have tax implications and the client should consult their tax advisor.

Terminal Illness

Terminal illness means that the insured's life expectancy is 12 months or less.

The total amount available for acceleration due to a terminal illness is **the lesser of:**

50% of the remaining benefit amount	or	\$250,000 of the remaining benefit amount
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Benefits for terminal illness are automatically issued as a lump sum payment.

Potential Benefit Payment Combinations

Benefits may be paid for chronic illness, terminal illness or a combination of both. For example:

The owner may elect to start receiving benefits for chronic illness on a monthly basis and later switch to a lump sum benefit payment. Remember, receiving benefits for chronic illness in a one-time lump sum payment will terminate both the rider and the policy.

If the owner is receiving monthly benefits for chronic illness and is later diagnosed as terminally ill, they may receive a lump sum benefit for terminal illness in addition to a continuing monthly chronic illness benefit.

The owner may start receiving monthly benefits for chronic illness, later qualify for a lump sum terminal illness benefit and finally switch to a lump sum chronic illness benefit. This final payment will terminate both the rider and the policy.

Impact of Acceleration on Death Benefit

Upon acceleration, the Death Benefit will be pro-rated down with each benefit payment. This includes the Base and any in force Supplemental Term Insurance Rider on Primary Insured, if applicable.

For **Lincoln LifeReserve® Indexed UL Accumulator**, the Minimum Death Benefit Provision states that if the death benefit is reduced to zero by debt, the minimum death benefit provision will pay a death benefit of \$10,000. This will supersede the Overloan Protection Endorsement. If the Remaining Benefit Amount has been reduced to zero and an outstanding loan balance still exists the policy will not lapse.

Impact of Acceleration on Policy Values

Upon acceleration, most of the policy values will be pro-rated down, as applicable for the base policy, including, account values, shadow account values and guidelines. Surrender charges which will be waived. Existing loans are repaid proportionately with each benefit payment. Lincoln will continue to take monthly deductions but rider charges will stop.

For **Lincoln LifeReserve® Indexed UL Accumulator**, the Fixed Account Value will be reduced first, followed by the most recently opened Indexed Segments in successive order. Any existing Participating Loans will be converted to a Fixed Loan.

See the Supplemental Acceleration Report in DesignItSM to show the effect of benefit payments on policy values and death benefits.

Loans

Any loans or reductions taken after acceleration of the death benefit has begun will terminate the rider and the lapse protection.

For policies with outstanding loans, a portion of the benefit payment serves as a loan repayment, resulting in a lower net benefit payment. For very large loans, it is possible for the benefit payment to be reduced to zero. Since the benefit payment can be used for anything the owner wishes, 100% of the benefit may be used to repay a loan if the owner so desires.

If the chronic illness one-time lump sum benefit payment is elected, the benefit payment will be reduced by any outstanding loans as well as a morbidity and interest discount factor prior to payment.

Policy Lapse Protection

Once acceleration benefit payments begin, monthly deductions continue within the policy. If values are insufficient to take deductions, Lincoln will waive the deductions that would cause the policy to lapse and will provide full lapse protection. Even if the insured no longer qualifies for the benefit, or chooses to stop acceleration, once acceleration has begun, the policy will not lapse as long as the rider is in force. No additional premiums will be required unless otherwise agreed upon by Lincoln and the policy owner. Loan repayments will continue to be accepted.

Remember, loans and withdrawals taken after acceleration of the death benefit has begun will terminate the rider and the lapse protection.

Impact of Acceleration on Other Riders

If the *Waiver of Monthly Deductions Rider* is attached to the policy and the insured is totally disabled as defined under the rider, Lincoln will continue to waive deductions which are due once payment of an accelerated benefit begins.

For *VUL^{ONE}*, if the *Premium Reserve Rider (PRR)* is attached to the policy:

For chronic illness **monthly benefit amounts** and **terminal illness benefit**, the insured may elect to either include the PRR Accumulation Value in the calculation of the Original Benefit Amount or receive the PRR Surrender Value. Either action will terminate the PRR.

If the **chronic illness one-time lump sum** is elected, the insured will receive a payment of the PRR Surrender Value and the PRR will terminate.

The death benefit will then be discounted for mortality and interest and the benefit payment will terminate both the rider and the policy.

The *Enhanced Surrender Value Rider* will terminate once payment of accelerated benefits begins.

For *Lincoln LifeReserve® Indexed UL Accumulator*:

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. If 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.

The 10-Year Minimum Premium (NLG) Provision will terminate once acceleration begins as the policy is now lapse protected through the rider.

If the Children's Term Insurance Rider (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.

Policy Changes

Lincoln LifeEnhanceSM Accelerated Benefits Rider is only available at policy issue and may not be added after issue. The rider may be terminated at any time by the policy owner and charges will cease. The policy owner can reinstate the rider as part of the policy if the policy is terminated and reinstated.

The following rules apply to policy changes:

Policy Change	Before Acceleration:	After Acceleration:
Increases in face amount	Allowed as long as the new amount does not exceed the issue limits of \$5 million for issue ages 20-69 and \$2 million for issue ages 70-80.	Not allowed.
Decreases in face amount	Allowed	Not allowed
Rider additions or subtractions	Allowed	Not allowed
Change in risk classification	Allowed	Not allowed
Change in Death Benefit Option	Allowed	Not allowed Change to DBOI prior to the first benefit payment is not subject to the face amount restriction.

Tax Consequences

The Lincoln LifeEnhanceSM Accelerated Benefit Rider is designed so that the benefits paid under the rider will be treated for federal income tax purposes as accelerated death benefits under Internal Revenue Code Section 101(g) and may be excluded from taxable income depending on the insured's particular situation. Depending on the circumstances, benefits under the rider may be taxable as income. Lincoln will issue a 1099LTC annually for benefits accelerated that year.

If there is more than one contract providing accelerated benefits on account of chronic illness and/or a qualified long-term care contract on the insured (whether owned by the same person or not) receipt of all per diem benefit payments must be considered to determine whether the benefits are taxable. To the extent the aggregate per diem benefits for an insured exceed the limits discussed below, the excess benefit amounts will generally be taxable as ordinary income to the policy owner.

Clients should consult a qualified tax advisor prior to purchasing this rider and electing to receive benefits.

In general, per diem benefits payments with respect to an insured are excludable from income to the extent they do not exceed the Per Diem Limit, which is the greater of (1) the then current IRS per diem amount (e.g. \$310 per day in 2012) less reimbursements, or (2) the actual qualified costs incurred on behalf of the insured less reimbursements.

Receiving rider benefits will not be impacted by the MEC status of the contract.

VUL^{ONE} 2012 policies are issued on policy number LN696 and state variations, and **Lincoln LifeEnhanceSM Accelerated Benefits Rider** on rider form number LR630 by The Lincoln National Life Insurance Company, Fort Wayne, IN. **Lincoln LifeReserve[®] Indexed UL Accumulator** policies are issued on policy number UL5062/ ICC12UL5062, and state variations, and **Lincoln LifeEnhanceSM Accelerated Benefits Rider** on rider form number ABR-5762 by The Lincoln National Life Insurance Company, Fort Wayne, IN. **Lincoln LifeGuarantee[®] UL** policies are issued on policy number UL6000, and **Lincoln LifeEnhanceSM Accelerated Benefits Rider** on rider form number ABR-7001 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. Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Affiliates are separately responsible for their own financial and contractual obligations. Guarantees are subject to the claims-paying ability of the insurer. Products and features subject to state availability.

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