

# *Lincoln MoneyGuard<sup>®</sup> III*

## **Product Reference Guide**

Products issued by:  
The Lincoln National Life Insurance Company

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**You're In Charge<sup>®</sup>**

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## Policy Specifications (Base Policy)

<b>Policy Type</b>	<p>Single Life Universal Life insurance policy with a rider providing reimbursement for qualified long-term care expenses.</p> <p>If a contract meets the requirements of Internal Revenue Code Section 7702B(b) for “Qualified Long-Term Care Insurance”, the LTC benefits paid-out from the policy are received tax-free.</p> <p>Lincoln <i>MoneyGuard</i>®III is categorized as a Qualified Long-Term Care Insurance policy.</p>																																																																																																												
<b>Policy Form Number(s)</b>	<p><b>Base Universal Life Product:</b> 19-MG890, ICC19-MG890</p> <p><b>Long-Term Care Benefits Rider (LTCBR):</b> LTCBR-890, ICC19LTCBR-890 (required)</p> <p><b>Terminal Illness Acceleration of Death Benefit Rider (TIR):</b> TIR-891, ICC19TIR-891 (required)</p> <p><b>Value Protection Endorsement (VPE):</b> END-10534, ICC19END-10534 (required)</p>																																																																																																												
<b>Premium Structure</b>	<p>Single Premium or Flexible Premiums. Payment modes available are Annual, Semi-Annual, Quarterly and Monthly.</p> <p>The maximum flexible premium period that can be elected varies by issue age, see grid below:</p> <table border="1" data-bbox="657 781 1383 1757"> <thead> <tr> <th>Issue Age*</th> <th>Maximum Electable Premium Period</th> <th>Issue Age</th> <th>Maximum Electable Premium Period</th> </tr> </thead> <tbody> <tr><td>30</td><td>40</td><td>56</td><td>14</td></tr> <tr><td>31</td><td>39</td><td>57</td><td>13</td></tr> <tr><td>32</td><td>38</td><td>58</td><td>12</td></tr> <tr><td>33</td><td>37</td><td>59</td><td>11</td></tr> <tr><td>34</td><td>36</td><td>60</td><td>10</td></tr> <tr><td>35</td><td>35</td><td>61</td><td>10</td></tr> <tr><td>36</td><td>34</td><td>62</td><td>10</td></tr> <tr><td>37</td><td>33</td><td>63</td><td>10</td></tr> <tr><td>38</td><td>32</td><td>64</td><td>10</td></tr> <tr><td>39</td><td>31</td><td>65</td><td>10</td></tr> <tr><td>40</td><td>30</td><td>66</td><td>10</td></tr> <tr><td>41</td><td>29</td><td>67</td><td>10</td></tr> <tr><td>42</td><td>28</td><td>68</td><td>10</td></tr> <tr><td>43</td><td>27</td><td>69</td><td>10</td></tr> <tr><td>44</td><td>26</td><td>70</td><td>10</td></tr> <tr><td>45</td><td>25</td><td>71</td><td>10</td></tr> <tr><td>46</td><td>24</td><td>72</td><td>10</td></tr> <tr><td>47</td><td>23</td><td>73</td><td>9</td></tr> <tr><td>48</td><td>22</td><td>74</td><td>8</td></tr> <tr><td>49</td><td>21</td><td>75</td><td>7</td></tr> <tr><td>50</td><td>20</td><td>76</td><td>6</td></tr> <tr><td>51</td><td>19</td><td>77</td><td>5</td></tr> <tr><td>52</td><td>18</td><td>78</td><td>4</td></tr> <tr><td>53</td><td>17</td><td>79</td><td>3</td></tr> <tr><td>54</td><td>16</td><td>80</td><td>2</td></tr> <tr><td>55</td><td>15</td><td></td><td></td></tr> </tbody> </table>	Issue Age*	Maximum Electable Premium Period	Issue Age	Maximum Electable Premium Period	30	40	56	14	31	39	57	13	32	38	58	12	33	37	59	11	34	36	60	10	35	35	61	10	36	34	62	10	37	33	63	10	38	32	64	10	39	31	65	10	40	30	66	10	41	29	67	10	42	28	68	10	43	27	69	10	44	26	70	10	45	25	71	10	46	24	72	10	47	23	73	9	48	22	74	8	49	21	75	7	50	20	76	6	51	19	77	5	52	18	78	4	53	17	79	3	54	16	80	2	55	15		
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<b>Issue Ages (Age Last Birthday)</b>	30-80																																																																																																												
<b>Underwriting Classes</b>	Standard or Couples Discount																																																																																																												

## Policy Specifications (Base Policy) - Continued

<b>Couples Discount</b>	A couples' discount will apply to the LTCBR rider charge based on the insured's marital status at the time of issue only. This includes an insured who is legally married (traditional or same sex) or is part of a civil union or domestic partnership or is in a common law marriage as recognized in the state of issue.																										
<b>Specified Amount</b>	Specified Amount is an amount available to provide benefits under the policy. <b>Minimum Specified Amount - \$50,000 (at policy issue)</b> <b>Maximum Specified Amount - \$500,000</b>																										
<b>Additional Deposits</b>	Allowed on all pay modes but will not increase the Specified Amount/Monthly Maximum. Additional deposits will be included in the Value Protection Endorsement (VPE) amount up to the VPE cap.																										
<b>Guaranteed Interest</b>	2%																										
<b>Surrender Charge Duration</b>	10 years																										
<b>Surrender Charge Schedule</b>	Per thousand dollars of Specified Amount. The maximum rate per thousand is being used. The surrender charge set in any given year is level throughout the policy year.																										
<b>Return of Premium</b>	<p><b>Return of Premium:</b> Available automatically at issue through the Value Protection Endorsement (VPE). There are two options for Return of Premium (ROP):</p> <p><b>Basic ROP:</b> A fixed level of 70% of paid premiums returned in all years.</p> <p><b>Graded (Vested) ROP:</b> Cost reflected in the pricing. The return of premium factors will vary by duration. The ROP will be graded from 70% to 100% over 11 years.</p> <p>ROP is available from the time of first premium payment.</p> <p>ROP will equal the Premiums Paid x ROP percentage as seen in the following chart. Max ROP defined at issue based on policy design.</p> <table border="1" data-bbox="609 1066 1398 1507"> <thead> <tr> <th colspan="2">ROP Percentage Table</th> </tr> <tr> <th>Duration Year</th> <th>VPR Graded Percentage</th> </tr> </thead> <tbody> <tr><td>1</td><td>70%</td></tr> <tr><td>2</td><td>73%</td></tr> <tr><td>3</td><td>76%</td></tr> <tr><td>4</td><td>79%</td></tr> <tr><td>5</td><td>82%</td></tr> <tr><td>6</td><td>85%</td></tr> <tr><td>7</td><td>88%</td></tr> <tr><td>8</td><td>91%</td></tr> <tr><td>9</td><td>94%</td></tr> <tr><td>10</td><td>97%</td></tr> <tr><td>11+</td><td>100%</td></tr> </tbody> </table> <p>Changes in the ROP level are not allowed after issue.</p>	ROP Percentage Table		Duration Year	VPR Graded Percentage	1	70%	2	73%	3	76%	4	79%	5	82%	6	85%	7	88%	8	91%	9	94%	10	97%	11+	100%
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<b>Long-Term Care Benefits Rider (LTCBR)</b>	<p>Designed with one LTC rider to allow for simplified contractual design.</p> <p>No longer a separation between Acceleration and Extension periods/durations. This allows for a smoother transition between the benefits provided throughout the LTCBR design options.</p> <p>Durations available for LTCBR are 3, 4, 5, 6, or 7 years (elected at issue).</p>																										

## Policy Specifications (Base Policy) – Continued

<b>Residual Death Benefit</b>	If LTC benefits are paid, the Residual Death Benefit guarantees that the Death Benefit will be no less than a stated amount. The Residual Death Benefit at issue is equal to 5% of the Initial Specified Amount or \$10,000, whichever is less. Thereafter, the benefit is adjusted for loans, loan interest and withdrawals. There is no Residual Death Benefit remaining if any benefits have been paid under the Benefits After Lapse provision.
<b>Deductible Period</b>	None
<b>Benefit Period Options (LTCBR)</b>	Benefits are payable up to a Maximum Monthly Amount. Minimum LTC duration period elected at issue.  Benefit duration options are listed below: <ul style="list-style-type: none"> <li>• 3 years</li> <li>• 4 years</li> <li>• 5 years</li> <li>• 6 years</li> <li>• 7 years</li> </ul>
<b>Inflation Protection</b>	Three options are available: <ul style="list-style-type: none"> <li>• None</li> <li>• 3% Compound inflation</li> <li>• 5% Compound inflation</li> </ul> Monthly maximum LTC benefits increase annually starting at the end of the first rider anniversary. Annual increases apply to the LTC benefits and not the death benefit.
<b>Allowable Inflation Protection Combinations</b>	See last section (above)
<b>Premium Load</b>	The Premium Load is <b>15%</b> of all premiums in all years.
<b>Partial Withdrawals</b>	One allowed per year. No withdrawal fee. Minimum: \$500 Maximum: Surrender Value less \$500  Surrender charges will be assessed during surrender charge period.  Partial Withdrawals will reduce the Specified Amount.
<b>Policy Loan Interest</b>	4%
<b>Interest Credited on Loans</b>	2%
<b>Nonforfeiture Benefit</b>	Included in the base product.

## Policy Specifications (Base Policy) – Continued

### Monthly Charges

Separate deductions are made each month to cover the cost of the various insurance elements. No COI, Monthly Administrative fee or rider charges are incurred after Attained Age 121. The rates are based on the Insured's sex and Attained Age based on the guaranteed rates shown in the Policy Schedule.

#### Cost of Insurance

Monthly charge to Age 121, based on attained age, gender, gross cash value, and death benefit

#### Monthly Administrative Fee

Monthly charge to Age 121, based on at issue specified amount, gender, class and issue age.

**LTCBR Charge:** Level charge that varies in duration by issue age (see grid below). The charge is based on Insured's Issue Age, Gender, Standard/Couples Discount, LTCBR duration and inflation option elected.

Charges cease when the policy is considered to be fully accelerated. This occurs when both the policy's specified amount and Return of Premium available have been reduced to zero.

LTCBR amount reduced by partial surrenders, Specified Amount reductions which will also reduce the LTCBR charge, as well as loans.

Issue Age	LTC Riders Charge Duration	Issue Age	LTC Riders Charge Duration	Issue Age	LTC Riders Charge Duration
30	40	47	23	64	10
31	39	48	22	65	10
32	38	49	21	66	10
33	37	50	20	67	10
34	36	51	19	68	10
35	35	52	18	69	10
36	34	53	17	70	10
37	33	54	16	71	10
38	32	55	15	72	10
39	31	56	14	73	10
40	30	57	13	74	10
41	29	58	12	75	10
42	28	59	11	76	10
43	27	60	10	77	10
44	26	61	10	78	10
45	25	62	10	79	10
46	24	63	10	80	10

### Transitional Care Assistance (TCA) Benefit

- New Covered Service allowed while receiving Home Health Care and/or Adult Daycare benefits in the first year of a claim.
- Allows for a lifetime benefit amount of \$100 per day for 180 days.
- Receipts not required for payments (under this covered service).
- Care for this covered service can be provided by an individual of your choosing (excluding spouse) as identified in the Plan of Care.
- TCA requires use in conjunction with at least 2 days per week of professional care occurring at the same time.
  - TCA benefits cannot be received for occurrences on the same day as professional care.

## Policy Specifications (Base Policy) – Continued

<b>Terminal Illness Acceleration of Death Benefit Rider (TIR)</b>	<ul style="list-style-type: none"> <li>Automatically included at issue (at no <u>additional</u> charge).</li> <li>\$250 Administrative Fee charged at the time of TIR usage</li> <li>Benefit is 25-75% of the policy's current Specified Amount (less debt) as a one-time Lump Sum. Benefit amount payable cannot exceed \$250,000. Benefit amount elected by owner.</li> <li>Eligibility requires a terminal illness diagnosis, which occurs when life expectancy of the insured is determined to be no more than 12 months as per a physician's written statement</li> </ul> <p>Use of the TIR terminates the LTCBR and conversely use of LTCBR terminates TIR</p>
<b>International Benefit</b>	<p>Built into the LTCBR. Provides benefits if client is confined to a Nursing Home or Assisted Living Facility outside the US, its territories, or possessions. Max benefit can be up to 36 months</p> <ul style="list-style-type: none"> <li>If more than one International Benefit claim is made in a given month it still only counts as one month of an International Benefit for purposes of utilizing no more than 36 months of International Benefits</li> </ul>
<b>LTCBR Benefit Duration Reduction</b>	<p>Post issue, the policy owner can reduce the LTCBR Benefit duration to a lower number of years (i.e., reduce from a six-year to a five-year LTC Duration). This transaction will not impact the LTCBR Maximum Monthly Amount but will reduce the LTCBR Benefit Limit and LTCBR rider charges.</p>

## Key Points

Lincoln *MoneyGuard*® III is a flexible premium, universal life insurance product that provides a death benefit and long-term care (LTC) coverage through a policy rider. The Long-Term Care Benefits Rider (LTCBR) is a single rider design (rather than separate riders for Acceleration and Extension) which allows for a streamlined contract structure and consistent pricing between the benefit period options. Return of Premium (ROP) benefits are available from time of first premium payment; the ROP benefits are provided through the Value Protection Endorsement (VPE) which is automatically included in the base policy. Policy owner elects Basic or Vested ROP Option.

## Benefits

<b>Lifetime Benefit Guarantee</b>	<p>Lincoln <i>MoneyGuard</i>®III provides guaranteed death and long-term care benefits which are backed by the financial strength of The Lincoln National Life Insurance Company (Lincoln).</p> <p>The policy is guaranteed if premiums are paid as planned. When a policy is at risk of entering the grace period, a calculation is done to compare the accumulated premiums received to the accumulated required minimum premium up to that point in time (minus partial surrenders or loans). The accumulation will be with interest. If this test is passed, the policy will not enter the grace period even if its Cash Value is insufficient to fund policy charges.</p>
<b>Qualified Long-Term Care Benefit</b>	<p>Long-term care benefits paid from life insurance policies or riders that satisfy certain Federal standards are designated as “Qualified Long-Term Care Insurance”.</p> <p>Long-term care benefits paid from “Qualified Long-Term Care Insurance” are not taxed as income under IRC Section 104(a)(3).</p> <p>The Lincoln <i>MoneyGuard</i>®III Long-Term Care Benefits Rider (LTCBR) meets the Federal criteria for qualified long-term care insurance.</p>
<b>Income Tax-Free Death Benefit</b>	<p>The Lincoln <i>MoneyGuard</i>®III death benefit, normally a part of the owner’s estate for estate tax purposes, is paid to the beneficiary income tax-free under IRC Section 101(a)(1). However, the beneficiary will be taxed on any interest earned on the death benefit following the death of the insured until the death benefit is paid.</p> <p>The death benefit is free of probate when the beneficiary is not the insured’s estate.</p> <p>If the insured dies while the policy is in force, the death benefit paid will be equal to the greater of:</p> <ul style="list-style-type: none"><li>a) the Specified Amount on the date of death, less claims, withdrawals or any Indebtedness</li><li>b) the Minimum Required Death Benefit, driven by Gross Cash Value, less any Indebtedness;</li><li>c) the Minimum Required Death Benefit, driven by Return of Premium, less any Indebtedness</li><li>d) the Residual Death Benefit as described below; or</li><li>e) Premiums paid, less claims, withdrawals or any Indebtedness</li></ul>



## Value Protection Endorsement

The Value Protection Endorsement (VPE) is issued automatically with every Lincoln *MoneyGuard*®III policy and provides the following benefits:

- No-Lapse Guarantee (contingent upon sufficient premium payments)
- Return of Premium

### **No-Lapse Guarantee**

When a policy is at risk of entering the grace period, a calculation will be performed which compares the accumulated premiums received to the accumulated required minimum premium up to that point (minus partial surrenders or loans). The accumulation will be with interest and will vary by duration. If this test is passed, the policy will not enter the grace period even if its Cash Value is insufficient to fund policy charges. The Cash Value will never be less than zero.

When accumulating premiums for the Monthly No-Lapse Test, Lincoln will treat all premiums as if they were received at the beginning of the month due. Premiums paid in the month due will always receive the full month's interest for purposes of this test.

### **Return of Premium Benefit**

Provided through the **Value Protection Endorsement (VPE)**, there are two Return of Premium (ROP) options available, must be elected at issue.

ROP benefits become available from time of first premium payment. Maximum ROP is defined at issue.

Changes in the ROP level are not allowed after issue

#### **Basic ROP**

Upon surrender of the policy, a fixed level of 70% of paid premiums less loans, withdrawals and claims will be returned in all years. This option is included in all policies at no additional cost.

#### **Graded (Vested) ROP**

The optional vested ROP option returns a vested percentage of the premiums paid less loans, withdrawals and claims upon surrender. The ROP will be graded from 70% to 100% over 11 years. ROP will equal the Return of Premiums Paid X ROP percentage as seen in the following chart:

Max ROP defined at issue based on policy design.

ROP Percentage Table	
Duration Year	VPE Graded Percentage
1	70%
2	73%
3	76%
4	79%
5	82%
6	85%
7	88%
8	91%
9	94%
10	97%
11+	100%

Changes in the ROP level are not allowed after issue.

## Long-Term Care Benefits Rider (LTCBR)

### Rider Description:

This Long-Term Care Benefits Rider is a long-term care insurance rider that provides benefits for the following Qualified Long-Term Care Services as described in the "Covered Services" section of this Rider: Adult Day Care Services, Assisted Living Facility Services, Bed Reservation, Care Planning Services, Caregiver Training, Home Health Care Services, Hospice Services, Nursing Home Care Services, Respite Care Services, Alternative Care Services, Non-Continual Services, and Transitional Care Assistance. All Covered Services are subject to the terms and conditions of this Rider. Benefits under this Rider are first paid by accelerating the Policy's Specified Amount until the Specified Amount has been reduced to zero. Reductions of the Specified Amount may result in the reductions to the net Death Benefit.

### Rider Mechanics:

This Rider is included automatically at issue and provides for reimbursement of expenses for Qualified Long-Term Care Services. The single LTC rider design allows for a smooth transition between the benefits provided for acceleration and extension periods. The client will elect an LTCBR duration at issue. Durations available for LTCBR are 3, 4, 5, 6 or 7 years.

### Initial Maximum Monthly Limit:

The initial maximum monthly limit will be based off of the At-Issue Specified Amount.

### Initial LTCBR Total LTC Benefits Amount (Pool):

Initial Maximum Monthly multiplied by the Total LTCBR Duration months

### Optional Inflation Protection

There are three inflation protection options offered on the LTCBR at specified Benefit Durations:

- No inflation
- 3% compound
- 5% compound

Inflation Protection cannot be added post-issue.

### Benefits After Lapse

If the policy and the LTC lapse while the insured is confined to a Nursing Home or Assisted Living Facility and the insured is receiving benefits for services under the LTCBR, benefits will continue to be paid until the earlier of the following:

- The date the insured is discharged from the Nursing Home or Assisted Living Facility; or
- The date the LTCBR Benefit in effect as of the date of lapse is reached.

Inflation increases will not be applied after lapse.

NOTE: This benefit only applies to policies that lapse due to nonpayment of premium while receiving LTC benefits. This benefit does **not** apply to voluntary terminations. Additionally, if LTC benefits are being paid by this provision there is no Death Benefit paid, including the Residual Death Benefit.

## Long-Term Care Benefits Rider (LTCBR)

### Non-forfeiture Benefit

After the policy and the LTCBR have been in-force for three Policy Years, an additional benefit will be payable to cover eligible claims for Covered Services if the LTCBR lapses. The Non-forfeiture Benefit Limit under this provision is the greater of:

- One month's Maximum Monthly LTCBR Benefit in effect when the rider lapses; or
- An amount equal to the sum of all rider charges and inflation charges, if any.

Inflation protection increases do not apply to this benefit.

The Nonforfeiture Benefit will continue as paid-up long-term care coverage until the earlier of:

- The death of the Insured or;
- The Nonforfeiture Benefits are exhausted.

## Inflation Protection

Optional Inflation Protection, available at an additional cost, provides for annual increases in the Maximum Benefit Limit and the Monthly Maximum Benefit. There are several choices available to help the client tailor the coverage to his or her LTC needs. The timeline is based on Duration Election chosen at issue.

Duration Election	Inflation Options		
3-7 Years	No Inflation	3% Compound Inflation	5% Compound Inflation

### **Example of Compound Increases (available for LTCBR)**

Compound increases would apply the interest rate to the accumulating value – interest earned each year will also earn interest in future years.

To demonstrate the impact of compound inflation, this example uses a 3% rate for comparison purposes. However, the Optional Inflation Protection offers either a 3% or 5% Compound inflation rate.

\$3,000 Initial Maximum Monthly LTC Benefit with a 3% Compound increase would result in the following values:

Year 1	\$3000
Year 2	\$3090 (\$3000 x 3% = \$90; \$3000 + \$90 = \$3090)
Year 3	\$3182.70 (\$3090 x 3% = \$92.70; \$3090 + \$92.70 = \$3182.70)
Year 4	\$3278.18 (\$3182.70 x 3% = \$95.48; \$3182.70 + \$95.48 = \$3278.18)
Year 5	\$3376.53 (\$3278.18 x 3% = \$98.35; \$3278.18 + \$98.35 = \$3376.53), etc.

Inflation growth for the LTCBR Benefit Limit is applied to the dollars available in the LTCBR Benefit Limit Amount.

## General Information

### Covered Services

State variations may apply. See a specimen contract for the state where the business is being written. Covered Services are those services that would be eligible for payment under the terms of the LTCBR. The Covered Services would have to be categorized as Qualified Long Term Care expenses.

This includes expenses categorized as:

Adult day care	Social and health-related services by a state-licensed or certified program in a group setting.
Alternative care services	These services are an alternative to services otherwise covered but are prescribed in the plan of care from a licensed healthcare practitioner.
Assisted living facility	A residential facility that provides ongoing assistance.
Bed reservation benefit	Policy will pay for bed reservations for up to 30 days during each calendar year.
Care planning services	Policy will reimburse expenses for care plan services provided by a care planning agency.
Caregiver training	Up to \$500 lifetime maximum to train a primary caregiver.
Home health care	Services provided by a licensed home health care agency in home.
Hospice	Provide benefits for the terminal phase of life.
Non-continual services	Services received on a one-time basis, such as durable medical equipment or modifications to your residence.
Nursing home	A licensed facility that provides continual nursing care.
Respite care	Short-term services provided to relieve your primary caregiver.
Transitional care assistance benefit	This covered service can be used in combination with other forms of care and help transition from informal to formal care. The benefit allows for \$100/day of benefits for up to 180 days and does not require receipts. Must be within the first year on claim. Care can be provided by an individual of choosing (except spouses).

These expenses or services must be required due to the Insured being chronically ill, -and, prescribed under a Plan of Care by a physician.

A chronically ill person is any individual who has been certified by the attending physician, within the preceding 12 months, as being unable to perform without substantial assistance from another individual at least 2 out of 6 activities of daily living (ADLs) for a period of at least 90 days. The ADLs are:

- Bathing
- Dressing
- Toileting
- Continence
- Eating
- Transferring

A person is also considered chronically ill if certified by a licensed healthcare practitioner as requiring substantial supervision to protect you from threats to health and safety caused by severe cognitive impairment.

### Exclusions, Exceptions and Limitations

Lincoln *MoneyGuard*® III reimburses out-of-pocket eligible long-term care expenses. Exclusions may apply. See a specimen contract available on the Lincoln producer websites for a detailed explanation.

## General Information - *Continued*

### Reimbursement

Once qualified for benefits, clients can send bills or can arrange for service providers to send bills directly to The Lincoln National Life Insurance Company (Lincoln). Billed expenses for eligible qualified long-term care services will be reimbursed up to the maximum monthly benefit. As the policy owner, the client can direct that benefit payments be sent directly to them or their legal representative, or they can choose to assign benefits and have payments sent directly to service providers.

### 0-Day Elimination Period

With Lincoln *MoneyGuard*®III, there is no elimination period to qualify for benefits.

### Issue Ages

Policies/Riders can be issued to ages 30 through age 80 (age last birthday).

### Premium Information

Lincoln *MoneyGuard*®III policies allow Flexible Premium payments, with modal premium payments available on a Monthly, Quarterly, Semi-Annual or Annual basis.

### List Billing

List billing is also available with all billing modes including Monthly, Quarterly, Semi-Annual, Annual, and any special frequency modes including Weekly, Bi-fort-nightly (13), Semi-Monthly (24), Bi-Weekly (26), 9 per year and 10 per year. List billing allows a company/individual to combine many policies on one bill. The company/individual will receive one bill for multiple policies and will submit one check to pay for the entire group.

All new list bill groups must have at least five active policies or the client will need to select another premium mode. If a producer requests list billing but does not have the required five active policies, list billing will not be available until all five policies are received.

Flexible Premium schedules may not be supported in all firms.

### Specified Amount

The Specified Amount is the amount of the death benefit applied for at policy issue, and determines the amount available for LTC benefits under the (Long-Term Care Benefits Rider – LTCBR). At policy issue, the Specified Amount must be within contract limits. Specified Amount will be reduced by claims received on the policy.

The actual death benefit paid may be different than the Specified Amount if the policy goes on claim, see contract for details.

- The *minimum* Specified Amount for Lincoln *MoneyGuard*®III is \$50,000.
  - The post-issue *minimum* Specified Amount for Lincoln *MoneyGuard*®III is \$25,000.
- The *maximum* Specified Amount for Lincoln *MoneyGuard*®III is \$500,000.

### Rate Classes

There are two rate classes for this product: Standard and Couples Discount. A couples' discount will apply based on the insured's marital status at the time of issue only. This includes an insured who is legally married (traditional or same sex), or is part of a civil union or domestic partnership, or is in a common law marriage as recognized in the state where the policy is issued.

## General Information - *Continued*

### Interest Crediting

*Guaranteed* annual interest rate of 2.00%

### Free-Look Period

Lincoln *MoneyGuard*®III policies provide a free-look period of 30 days. (State variations may apply). The free-look period begins on the date the owner receives the policy and the policy receipt is signed and dated. Lincoln will return the premium paid into the policy (less any loans, unpaid interest and withdrawals) upon receipt of the written request for cancellation and the returned contract. Canceling the contract will void it from the beginning.

### Loans

Loans are allowed but Lincoln will not accept 1035 Exchanges that have outstanding loans on the existing policies. If a policy is transferred via a 1035 Exchange without an outstanding loan, the policy owner will have the ability to take a loan on the new *MoneyGuard*®III policy.

### Loans and Claim payment

If a policy has an active loan and is approved for LTC claims payments, then a portion of the Claims payment will go towards paying off the loan

Example: Loan = \$5,000, Specified Amount = \$100,000

- Ratio = .05 (100,000 / 5,000), or 5%
- LTC Claim approved for \$10,000
- Client is reimbursed \$9,500 with \$500 (5% since that is the loan ratio)

### Premium Load

The Premium Load is a percentage of the premium paid, and is used to defray the cost of setting up the policy, paying commissions and other expenses. A Premium Load of 15% will be deducted from all premiums paid in all years.

### Monthly Cost of Insurance

Separate deductions are made each month to cover the cost of the base life insurance protection. The charge is determined by attained age and the gender of the insured. This factor will be applied per \$1,000 of Net Amount at Risk (Net Amount at Risk is defined as the Death Benefit minus the Cash Value of the policy).

### Surrender Charges

Surrender charges are incurred for early surrenders and are in effect for the first 10 years of the policy. The surrender charge is per thousand dollars of Specified Amount. The maximum rate per thousand is being used. The surrender charge set in any given year is level throughout the policy year.

### Withdrawal/Partial Surrender Charge

While in the Surrender Charge period, the surrender charge associated with a withdrawal/partial surrender will be the following; the Surrender Charge rate for that year as reflected in the Table of Surrender Charges on the Policy Specification Page multiplied by the amount for which the Specified Amount was reduced due to the withdrawal/partial surrender request. Surrender Charges apply to reductions in the Specified amount during the Surrender Charge Period.

## General Information - Continued

### DEFRA Type: Cash Value Accumulation Test (CVAT)

*MoneyGuard*® III uses the Cash Value Accumulation Test (CVAT) to satisfy Section 7702 of the IRS code. Under CVAT, there is no limit on the amount of premium paid and there is a fairly high *corridor* of benefits. A *corridor* means that there must be a relationship between the death benefit and the value of the policy which meets certain minimums. The law states that any policy's death benefit must be at least as high as the amount the policy's Cash Value could purchase using the policy's guaranteed mortality charges or the current prevailing mortality rates, if greater, and the policy's guaranteed interest rates (but never less than 4%).

### Taxation

The cost basis in the life insurance policy is reduced by the Long-Term Care rider charges in the years where a LTC rider charge is assessed (varies by issue age). The cost basis in the LTCBR is the sum of the rider charges. Upon surrender, the LTC Rider Charges are included back into the Cost Basis and the surrender value is compared to the combined cost basis.

Generally there would not be a taxable gain upon surrender. The exception would be for any cases in which a 1035 was rolled over with a gain included on the policy; that gain in the policy from the rollover could result in a gain upon surrender of the *MoneyGuard*® policy.

Annual IRS Form 1099R will be sent showing a distribution code of "w" for the years in which an LTC Rider charge was assessed. After the Long-Term Care rider charges cease the 1099Rs will no longer be sent. This 1099R is not reportable by the policy owner under the Pension Protection Act.

### Reinstatements

Up to 5 years for the Base UL policy, but 6 months for the Riders/Endorsements.

### Commission Information

Commission chargebacks:

	Months 1-12	Months 13-24	Months 25+
<b>Partial Surrender</b>	100%	50%	0%
<b>Full Surrender</b>	100%	50%	0%
<b>Lapse</b>	100%	50%	0%
<b>Death Claim</b>	0%	0%	0%

Note: Above percentages apply to 1<sup>st</sup> year commission. When a policy is partially surrendered, the amount of commission recalled pertains to the decreased portion of the policy rather than the policy as a whole. Similarly, when a policy's specified amount is decreased, the amount of earned commission recalled pertains to the decreased portion of the policy rather than the policy as a whole.

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### Long-Term Care Benefit Payments

Receiving benefit payments under the LTCBR will reduce the maximum benefit limit on a dollar for dollar basis. If less than the maximum monthly benefit is paid out, the rider benefits will be extended beyond the specified duration. Once the maximum amount has been received under the LTCBR Rider, payments will cease.

**Important Disclosures, please read.**

Lincoln *MoneyGuard*<sup>®</sup> III is a universal life insurance policy with a Long-Term Care Benefits Rider (LTCBR). The cost of riders will be deducted monthly from the policy cash value. The insurance policy and riders have limitations, exclusions, and/or reductions.

Lincoln *MoneyGuard*<sup>®</sup> III is issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, on policy form 19-MG890/ICC19-MG890 and state variations with a Long-Term Care Benefits Rider (LTCBR) on Rider Form LTCBR-890/ICC19LTCBR-890 with a Value Protection Endorsement (VPE) on Form END-10534/ICC19END-10534 and Terminal Illness Acceleration of Death Benefit Rider (TIR): TIR-891, ICC19TIR-891 (required)

**All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company.**

**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.**

Products and features, including benefits, exclusions, limitations, terms, and definitions, may vary by state.

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