

The Lincoln Leader

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LIFE INSURANCE

ABBREVIATED Preview Edition of the upcoming August 29, 2016, Lincoln Leader

***Lincoln LifeGuarantee*® UL (2013) – Rates as of 09/12/16**

The life insurance industry is operating in a challenging environment, notably with pressure from historically low interest rates, making it increasingly important for us to take the fair and responsible steps necessary to ensure we both provide value to our policyholders and partners, and operate responsibly for the long-term.

This includes taking prudent measures in managing interest rate-sensitive products, while enhancing and expanding our broad portfolio of products that are less interest rate sensitive. In response to the persistent low interest rates, including the recent historic lows, there will be pricing increases on the *Lincoln LifeGuarantee*® UL product effective 9/12/16.

While actions that impact customers are never a first course of action, this decision is consistent with our philosophy of providing valuable solutions appropriately priced for market conditions.

Lincoln remains committed to the Life Insurance business, and will continue to provide a comprehensive Life product portfolio with solutions that will help Lincoln and its advisors grow their businesses responsibly, and provide your clients with innovative options that help secure their financial futures.

Product Actions

Premium increases of approximately 8-12% across all ages, underwriting classes, and funding patterns.

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Policy Charges Update

Transition Guidelines

For approved states, there will be a transition period that begins **September 12, 2016 and ends October 14, 2016**. Any states not available at rollout will have a 30-day transition period from the date they become available.

- Formal applications signed, dated and received in good order in Lincoln's home office on or before October 14, 2016 will receive the *Lincoln LifeGuarantee® UL (2013) - 02/08/16* pricing
- Pending and issued business will also receive the *Lincoln LifeGuarantee® UL (2013) - 02/08/16* pricing.
- For placed business, normal internal replacement guidelines apply. **Rewrites will not be allowed.**

State Availability Charts will be updated on 9/12/16 to reflect the withdrawal date of the old rates.

Questions and Answers

1. **Question:** What about cases already in underwriting?

Answer: If a case has been submitted as an informal application or on a trial basis and Lincoln has not yet received the formal application in-house, fully completed applications 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 the end of the transition period to qualify.

2. **Question:** Are there any circumstances under which the old rates 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. The only paperwork that Lincoln will not require at submission is the executed trust documents with the trustee/owner signature which must be received prior to issue.

3. **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 received 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.

4. **Question:** What is required to meet the transition period requirements for *LincXpress*SM Tele-App Cases?

Answer: In lieu of a formal signed application, a complete ticket and required solicitation forms must be received in good order in Lincoln's home office within the same transition periods outlined above.

Required solicitation forms include:

- *LincXpress*SM Tele-App Ticket (LF11252)
- Authorization for Release of Information (HIPAA) (LF02896 or state variations)
- Important Notice: Replacement of Life Insurance or Annuities (LF10087 or state variations)— Must be signed on or before the earliest signed form in the ticket packet and is needed whether replacing or not replacing.
- Receipt of Privacy Practices Notice and Important Notice Acknowledgment Form (LF10244)
- Agent's Report (LF10971)—Completed and signed by agent only

5. **Question:** How will term conversions into *Lincoln LifeGuarantee*[®] UL (2013) meet the transition requirements?

Answer: Term conversion applications must be signed, dated and received in good order in Lincoln's home office by October 14, 2016 in order to meet the transition requirements.

Illustrations

Illustrations for *Lincoln LifeGuarantee*[®] UL (2013) – rates as of 09/12/16 will be run on the current version of the Lincoln *DesignIt*SM platform (v34 .0C). If you have an active internet connection, the software will automatically update to include the new rates on September 12, 2016.

If you need to download the Lincoln *DesignIt*SM platform, it is available on the Lincoln producer websites or from Field Office Technicians.

Policy Charges Update

Prudent management of our business and monitoring of the external environment has been crucial to Lincoln's 110-year track record of helping people secure their financial futures, and remains so today. Our industry faces challenges and changes including historically low interest rates, volatile financial markets and an evolving regulatory landscape. This environment makes it increasingly important for us to take the thoughtful steps necessary to ensure we are providing value to policyholders and partners, while operating responsibly for the long-term.

Effective October 9, 2016, current Cost of Insurance (COI) rates are being changed on some Legend Series Universal Life policies issued by Jefferson Pilot (now Lincoln National Life Insurance Company) between the years 1999 and 2007. While the majority of these changes are increases, some policyholders will also see decreases, reflecting Lincoln's commitment to acting fairly and responsibly. It should be noted that a large percentage of those policyholders with a COI increase have a lapse protection rider or provision which remains in effect.

The majority of our partners are not impacted by these changes. However, we are sharing this information to ensure transparency. Below is a list of the products impacted by the changes.

Product	Issued from	Guaranteed Interest Rate
JP Legend 300		
w/ Lapse Protection Rider	2000-2005	4.00%
w/out Lapse Protection Rider	2000-2007	4.00%
JP Lifewriter Legend 100	1999-2005	4.00%
JP Lifewriter Legend 200	1999-2005	4.00%
JP Lifewriter Legend 400	2001-2007	4.00%

These adjustments are based on material changes in future expectations of key cost factors associated with providing this coverage, including:

- Lower investment income as a result of continued low interest rates
- Updated mortality assumptions, including instances of both higher and lower expected mortality rates versus prior expectations
- Updated expenses, including higher reinsurance rates.

Actions that impact our policyholders and partners are never a first course of action, and are only taken after a thorough and in-depth analysis and rigorous review process, including thoughtful consideration of the effect on all stakeholders. Lincoln's proven approach has allowed us to be a consistent partner that producers can count on; maintain the breadth and diversity of our existing portfolio, while investing and innovating to ensure partners have choice and relevant solutions; and remain financially sound to deliver on the long-term promises we make to your clients.

If you have any questions, please contact your Lincoln representative.

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

Insurance policies are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN. **The Lincoln National Life Insurance Company (Lincoln) 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.**

Insurance policies sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY. **The contractual obligations are subject to the claims-paying ability of Lincoln Life & Annuity Company of New York (Lincoln).**

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.

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.

Only registered representatives can sell variable products.

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