



Lincoln
Financial GroupSM

FOR LIFE

Universal Life Insurance

Lincoln *MoneyGuard*[®] Reserve Plus

Deferred compensation for selected employees
with a corporate-owned long-term care solution



The Lincoln National Life Insurance Company

Not a deposit	Not FDIC-insured	May go down in value
Not insured by any federal government agency		
Not guaranteed by any bank or savings association		

Tax-advantaged benefits that make good business sense

If you own a business that needs to hold excess cash on its balance sheet, would you be interested in reallocating part of those assets to provide a valuable fringe benefit to yourself or a key employee?

Consider Lincoln *MoneyGuard*® Reserve Plus universal life insurance with long-term care benefits. It offers guaranteed benefits that can reimburse key executives for qualified long-term care expenses, as it helps to protect retirement assets. Reimbursements are income tax-free, and your business is entitled to a tax deduction for any long-term care benefits paid. Another advantage is its money back guarantee, which gives you the flexibility to obtain a return of premiums paid.

Lincoln *MoneyGuard* Reserve Plus offers

Tax-advantaged long-term care benefits*

If long-term care is needed, the policy can provide income tax-free reimbursements for qualified long-term care expenses.

A money back guarantee†

At any time, you can request a return of premium. The amount received will be adjusted for any benefits paid and any loans or withdrawals, and it may have tax implications.

An income tax-free death benefit‡

Should the employee die without taking any of or the full amount of the long-term care benefits, the policy pays an income tax-free death benefit to the designated beneficiary.

*Long-term care reimbursements are generally income tax-free under IRC Section 104(a)(3).

‡Beneficiaries can receive an income tax-free death benefit under IRC Section 101(a)(1).

†Through the Enhanced Surrender Value Endorsement, available at issue on all single premium policies and flexible premium policies for ages 35–65. See Endorsement for complete terms and conditions.

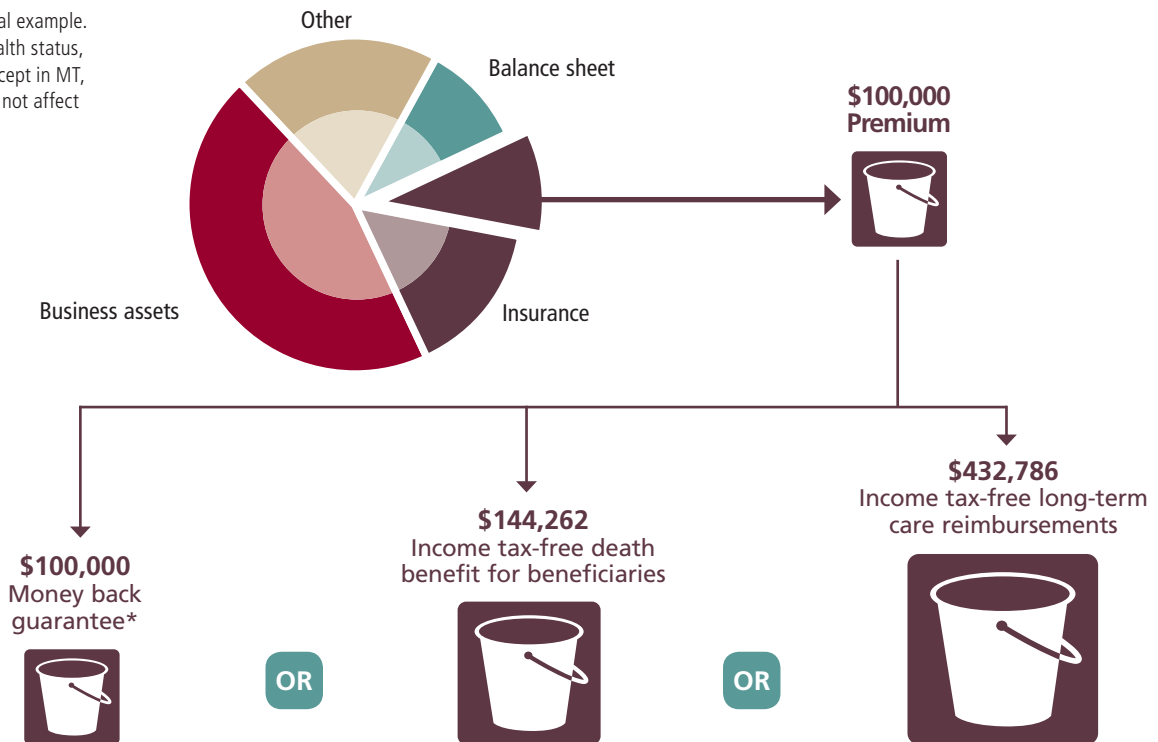


Business scenario

Long-term care benefits for a senior executive

Vince is a healthy nonsmoker, age 60. He and his sons own an engineering firm organized as a “C” corporation. The corporation buys a \$100,000 single premium Lincoln *MoneyGuard* Reserve Plus policy for Vince with a two-year Convalescent Care Benefits Rider (CCBR) and a four-year Extension of Benefits Rider (EOBR), which will provide up to six years of long-term care benefits.

This is a hypothetical example. Benefits vary by health status, age and gender (except in MT, where gender does not affect rates or benefits).



If the corporation no longer wants the policy

- Once all planned premiums are paid, the company can request the return of the original \$100,000 premium upon full surrender of the policy. The amount received will be adjusted for any benefits paid and any loans and withdrawals, and it may have tax implications. The money back guarantee is included in the policy cost through the Enhanced Surrender Value Endorsement (ESVE), which is available at issue on all single premium policies, and on flexible premium policies for ages 35 – 65. See Endorsement for complete terms and conditions.

OR

If Vince does not need long-term care

- The policy provides a \$144,262 income tax-free death benefit. The corporation may want to retain the death benefit as key person insurance or may allow the insured to pick the beneficiary.
- If Vince uses any of the death benefit for long-term care expense reimbursements, the remaining portion will pass to policy beneficiaries, income tax-free, minus any loans or withdrawals.

OR

If Vince needs long-term care

- He can receive up to \$432,786 of income tax-free reimbursements for qualified long-term care expenses.
- His maximum available benefit is \$72,131 per year for six years (\$6,011 per month).

Benefits for the executive and tax advantages for the corporation

At age 70, Vince is retired and needs long-term care

1

- Vince receives long-term care benefits of \$72,000 for four years.
- Corporate taxes are reduced by \$25,200/year (\$100,800 over four years) assuming a 35% tax rate.

$$\begin{array}{ccccccc}
 \$72,000 & \times & 4 & \times & 0.35 & = & \$100,800 \\
 \text{[LTC benefits]} & & \text{[Years]} & & \text{[Tax rate]} & & \text{[Corporate tax reduction]}
 \end{array}$$

2

Vince never needs long-term care

- If the business is the beneficiary, the death benefit is a way for the corporation to recover its original investment. The death benefit is income tax-free if received by the business as owner of the policy.
- If the insured names the beneficiary, the death benefit is income tax-free if the business reports the value of life insurance as income to the insured annually (Table 2001 or Lincoln Alternative Term rates).



HELPING PEOPLE FACE THE FUTURE WITH CONFIDENCE

At Lincoln Financial Group, we've spent more than 100 years living up to the character of our namesake: integrity, honesty, and the belief in a better tomorrow. We provide advice and solutions to help people save for tomorrow, secure and maximize their income, protect themselves and their loved ones, and prepare for the unexpected.

INCOME
LIFE
RETIREMENT
GROUP BENEFITS

This example was intended for a business organized as a "C" corporation. Different rules apply to "S" corporations and partnerships.

For more information about how to bonus executives with a long-term care solution that offers your business advantages, contact your Lincoln representative.

You're In ChargeSM

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May go down in value

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LCN1109-2058913
PRNT 6/12 Z01

Order code: MGR-CASH-BRC004

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Lincoln *MoneyGuard*[®] Reserve Plus is a universal life insurance policy with a Convalescent Care Benefits Rider* (CCBR) that accelerates the specified amount of death benefit to pay for covered long-term care expenses. An Extension of Benefits Rider* (EOBR) is available to continue long-term care benefit payments after the entire specified amount of death benefit has been paid. The money back guarantee is featured through the Enhanced Surrender Value Endorsement (ESVE), included in the policy cost for all single premium policies, and for flexible premium policies for issue ages 35–65. Any additional surrender benefit provided will be adjusted by any loans/loan interest/loan repayments, withdrawals taken, or claim payments made. The cost of riders will be deducted monthly from the policy cash value. The insurance policy and riders have limitations, exclusions, and/or reductions. 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.

Lincoln *MoneyGuard*[®] Reserve Plus is issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, on Policy Form LN870 with the Convalescent Care Benefits Rider (CCBR) on Rider Form LR870, an optional Enhanced Surrender Value Endorsement (ESVE) on Endorsement Form B10465F, an optional Extension of Benefits Rider (EOBR) on Rider Form LR871, and an optional Nonforfeiture Benefit Rider (NFO) on Rider Form LR872.

All guarantees and benefits of the insurance policy are backed by 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 issuing insurance company.

The policy and riders have exclusions, limitations, and/or reductions. Products and features, including benefits, exclusions, limitations, terms, and definitions, may vary by state.

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*State variations apply.

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