



Vol. 7, Issue 8, August 16, 2013

The Lincoln Leader

Fixed Annuity

Introducing *Lincoln Deferred Income Solutions*SM Annuity – Available September 3, 2013

Lincoln is pleased to announce a new addition to its suite of income solutions, available September 3, 2013. *Lincoln Deferred Income Solutions*SM Annuity is a deferred income annuity offering a variety of payment options, on a single life, joint life and period certain basis.

Planning Ahead for Guaranteed Future Income

*Lincoln Deferred Income Solutions*SM Annuity offers clients the opportunity to supplement retirement income or plan ahead for replacement income when other sources of income are exhausted.

The income can be designed to start within a few years or at some point farther in the future, depending on the client's objectives.

Product Highlights

- **Choice** – During the application process, the client chooses when and how to take income.
- **Death Benefit** – If the client dies during the deferral period, the premium will be returned to the beneficiary*.
- **Flexibility** – The client has the flexibility to change the Payment Start Date once during the deferral phase of the contract (subject to contract provisions)*.

Clients can also choose to receive six months of payments all at once. Clients can take advantage of this feature up to three times, subject to contract provisions (available for non-qualified contracts with a monthly payment frequency only).

* This feature is not available with "Life Only" payment options.

Availability

*Lincoln Deferred Income Solutions*SM Annuity will be filed in all states and territories, and is available for both non-qualified and qualified (IRA/IRA Rollover) business. *Lincoln Deferred Income Solutions*SM Annuity is subject to firm approval; check your selling agreement for availability.

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Information compiled by Product and
Distribution Support

Lincoln Deferred Income SolutionsSM Annuity

Product Details

| | |
|---|---|
| Type of Product | Single premium, deferred income annuity that provides guaranteed income at a future date chosen by the client. The contract cannot be surrendered. <i>Lincoln Deferred Income SolutionsSM Annuity</i> (contract form 13-618S and state variations) is issued by The Lincoln National Life Insurance Company, Fort Wayne, IN. |
| Premium Requirements | <ul style="list-style-type: none"> ▪ Minimum premium: \$10,000 ▪ Maximum premium without prior Home Office Approval: \$1,000,000. |
| Issue Ages | <ul style="list-style-type: none"> • Non-qualified: Age 18 through age 80 • Qualified: Age 18 through age 68 |
| Payment Start Date | <p>The first payment may be deferred for a:</p> <ul style="list-style-type: none"> • Minimum of 24 months (state variations apply), up to a • Maximum of 40 years or age 85 (non-qualified), or age 70½ (qualified). <p>The client has the flexibility to change the Payment Start Date once during the deferral phase of the contract (subject to contract requirements; not available with “Life Only” payment options). A change in the Payment Start Date may result in a change in the Scheduled Payment amount.</p> |
| Accelerated Payments: <i>(Non-qualified contracts only)</i> | <p>During the income phase: If a monthly payment frequency has been elected, it is possible to accelerate six monthly payments into one single payment. The lump sum payment will consist of the current payment and the next 5 monthly payments, after which the regular monthly Scheduled Payments will resume.</p> <p>This acceleration of payment feature may be exercised up to three times.</p> |
| Death Benefit | <p>Prior to starting income, a death benefit equal to the premium will be paid to the beneficiary. There is no death benefit for any “Life Only” payment options.</p> <p>During the income phase: The death benefit, if any, is determined by the payment option chosen.</p> |

Annuity Payment Options *Elected at issue, and cannot be changed. Subject to state availability.*

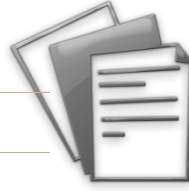
| | |
|------------------------------------|--|
| Single Life Options: | <ul style="list-style-type: none"> • Life Only annuity “Life Only” • Life Annuity with Period Certain • Life Annuity with Installment Refund • Life Annuity with Cash Refund |
| Joint-and-Survivor options: | <ul style="list-style-type: none"> • Joint and Survivor Life Annuity “Life Only” • Joint and % to Survivor Life Annuity “Life Only” • Contingent Joint and % to Survivor Life Annuity “Life Only” • Joint and Survivor Life Annuity with Period Certain |
| Period certain option | <ul style="list-style-type: none"> • Period Certain Annuity |
| Annual Increase Option | An Annual Increase Option of 1%, 2%, 3% or 4% is available and must be elected at issue. This is an annual compounded increase; the Scheduled Payment will increase annually by the chosen percentage beginning on the first anniversary of the Payment Start Date. |
| Payment Frequency | Monthly, Quarterly, Semi-Annual, Annual. Note: the Accelerated Payment feature is only available with monthly payments. |

Lincoln Deferred Income SolutionsSM Annuity, Continued

Marketing Materials

Marketing material for *Lincoln Deferred Income Solutions*SM Annuity can be ordered from the Lincoln Fulfillment Center or viewed from the Lincoln producer websites starting on or about August 26, 2013. All literature is not approved for use in all firms. Core marketing materials (nationwide versions) consist of:

| Marketing Material | Order Code |
|--------------------------|---------------|
| Client Guide | FA-DIS-BRC001 |
| Facts At-A-Glance | FA-DIS-FST001 |



State Availability / Market Types

*Lincoln Deferred Income Solutions*SM Annuity is available for non-qualified and qualified (Traditional and Roth IRA/IRA Rollover) business.

As of this date, *Lincoln Deferred Income Solutions*SM Annuity is available in the following states:

- Alabama
- Arizona
- Arkansas
- Colorado
- District of Columbia
- Delaware
- Florida
- Georgia
- Idaho
- Iowa
- Kentucky
- Louisiana
- Maine
- Massachusetts
- Michigan
- Minnesota
- Missouri
- Nebraska
- New Mexico
- North Carolina
- North Dakota
- Oklahoma
- Rhode Island
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Vermont
- Virgin Islands
- West Virginia
- Wisconsin

State variations of the product may apply.

NAIC State Insurance Licensing and Training Requirements

For states that have adopted NAIC Suitability in Annuity Transactions Model Regulation product-specific training requirements, producers will be required to complete the training addendum before a *Lincoln Deferred Income Solutions*SM Annuity contract can be issued.

Websites

Producer websites will have *Lincoln Deferred Income Solutions*SM Annuity information available on or about September 3, 2013. The website will include the marketing material, specimen contracts, reference materials, and product specifications.

The client website (www.lincolnfinancial.com) will be updated at the same time.

Lincoln Deferred Income SolutionsSM Annuity, Continued

Rate Setting/Rate Sheets/Rate Lock Procedures

Rates for *Lincoln Deferred Income SolutionsSM* Annuity will generally be declared monthly and will be reflected in the illustration systems.

Rate Sheets will not be produced; refer to a current illustration for payout information.

The updated Rate Lock Procedures for Income Annuities (Form FA-05041) will apply to *Lincoln Deferred Income SolutionsSM* Annuity. The applicable Rate Lock Procedures will be available on the Lincoln Forms Tool of the Lincoln producer websites at product launch.

Note: Form FA-05041 will be updated to contain information for both *Lincoln Insured IncomeSM* Immediate Annuity (SPIA) and *Lincoln Deferred Income SolutionsSM* Annuity (DIA).

New Business Process/Forms

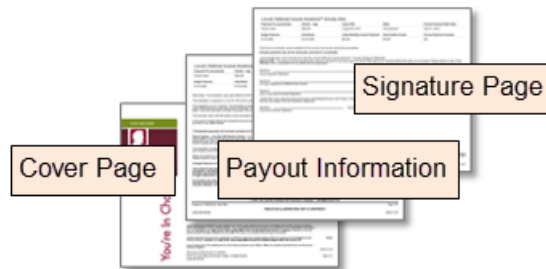
Applications (Form AN10269) and Supplements (Form AN10246), as well as the *Lincoln Deferred Income SolutionsSM* Annuity Disclosure Statement (Form AN10649), will be available online from the Lincoln Forms Tool on or around September 3, 2013.

- **A signed illustration will be required with all applications.**
- **Applications will be accepted beginning September 3, 2013.**

Illustration Capability

Illustrations will be available September 3, 2013 and consist of three pages, consisting of the cover page, payout information, and the signature page.

Lincoln Deferred Income SolutionsSM Annuity illustrations can be created using the ForeSight Annuity Illustration Platform. Illustrations will also be available in the future from CANNEX.



Reference Materials

These reference materials will be available from producer websites on or around September 3, 2013:

- The **product reference guide** contains detailed product technical information, calculation examples and a chart with payment descriptions.
- **Specimen contracts** for *Lincoln Deferred Income SolutionsSM* Annuity will also be available online.
- **At-a-Glance** contains product information in a chart format.

**End of Lincoln Deferred Income SolutionsSM
Annuity Launch Information**

Moody's Upgrades Lincoln National's Rating to A1 with a Stable Outlook

Lincoln Financial Group has long been recognized for its disciplined financial and risk management, which are both core to Lincoln being the trusted partner that our producers and clients have come to know. These two components provide confidence that Lincoln has the financial strength to support, short- and long-term, the comprehensive products and services we offer.

Recently, Moody's Investor Services has upgraded the financial strength of all Lincoln National Corporation's subsidiaries to A1. Moody's outlook on all of the ratings is stable. The ratings agency – which along with Standard & Poor's (S&P), Fitch Ratings and A.M. Best cover the company – previously rated Lincoln at A2. When making the announcement, Moody's said the upgrade reflects improvements in the company's asset quality, capital adequacy, and profitability as well as the group's strong business profile, highlighted by multiple and productive distribution channels.

The Moody's upgrade follows recent rating affirmations from S&P and Fitch. For more information on Moody's upgrade, you can read the [news release here](#).

Addition information regarding Lincoln's financial strength can be found in the following documents:

- [Rating Agencies Overview](#)
- [Key Facts Sheet](#)
- [Investment Portfolio Profile](#)

Lincoln SmartIncome[®] Inflation Annuity Closed to New Sales: No Applications Accepted After August 30, 2013

Lincoln SmartIncome[®] Inflation Annuity will be closed to new sales effective September 3, 2013. Applications for *Lincoln SmartIncome[®]* must be signed, dated, and received at Lincoln on or before 4:00 p.m. EST on **Friday, August 30, 2013**.

Eligible applications must be in good order and fully funded within the applicable rate hold period or the business will be returned.

- For example, an application eligible for the 60-day rate hold (1035 transfers, qualified trustee to trustee transfers, and client initiated transfers from pension plans (401k, 403b, etc.)) received on Friday, August 30, 2013 will have until Tuesday, October 29, 2013 to be in good order and fully funded or the business will be returned.
- An application eligible for the 7-day rate hold (cash, client/agent initiated transfers that are not from qualified employer plans, or transfers of non-insurance accounts submitted through the ACORD form) received on Friday, August 30, 2013 will have until Friday, September 6, 2013 to be in good order and be fully funded or the business will be returned.

Applications received after 4:00 p.m. E.T. on Friday, August 30, 2013, regardless of the application signed date, will be returned.

Note: In New York there is a 75-day rate hold for 1035 transfers, qualified trustee to trustee transfers, and client initiated transfers from pension plans (401k, 403b, etc.).

Email Now Available to Send Annuity Paperwork to Lincoln

Email is now an available option when sending any form that can currently be 'faxed in' (certain incoming paperwork for new business, and all transactions for Lincoln annuities). While mailing and faxing paperwork are still available options, the simplicity of attaching forms to an email and sending them to AnnuityForms@lfq.com for processing is now available in certain firms.

Note: this option is not available with all firms. Submitters must ensure they have approval from their back office to email forms to Lincoln rather than fax or mail.

This new email option provides the same level of service as faxing or mailing; but Lincoln is offering the new email option to make submissions quicker and easier, as compared to other methods. Refer to the July Lincoln Leader for important information regarding email security or contact the Annuity Sales Desk or Annuity Call Center.

Personal Check Acceptance Policy

Personal checks drawn on a United States bank account will be accepted up to **\$500,000** for individual fixed annuity business. Personal checks over \$500,000 will be returned. Amounts over \$500,000 should be wired to Lincoln or sent in via bank check.

The Wiring Instructions are available from the Lincoln Forms Tool.

For questions or more information, contact the Annuity Sales Desk or Annuity Contact Center.

Suitability Forms Updated

The Fixed Annuity Suitability Form is required for all fixed and fixed indexed annuity applications unless the selling firm is responsible for conducting its own suitability reviews (as reflected in their Selling Agreement with Lincoln).

The Fixed Annuity Suitability Forms (Forms AN07091 and AN07091NJ) have been updated; changes to the forms include two new questions, required by state regulations:

- Do you currently have a reverse mortgage?
- Do you anticipate material changes? [in annual income, existing assets, liquidity needs, liquid net worth, financial situation and needs]

If yes, an explanation of the anticipated change, and the timing of when the change is expected to occur is required

To make it easier to complete the form, there are check boxes available for these two questions as well as throughout the form and on the signature page.

Note: With the closing of *Lincoln SmartIncome*[®] Inflation Annuity to new sales, question 11b is no longer applicable; "N/A" has been pre-filled to avoid confusion and will be removed with a later release.

The "How to Complete the Suitability Form" guide has been updated, and is available on producer websites from the Life & Annuity Compliance page.

The previous versions of the Fixed Annuity Suitability Forms (dated January 2013) will no longer be accepted after October 10, 2013.

August Forms Release

The following forms have been updated and are now available in kits and from the Lincoln Forms Tool. Previous versions of the form will be accepted until October 10, 2013.

| <u>Form Number</u> | <u>Description</u> | <u>Revision Date</u> | <u>Comments</u> |
|--------------------|--|----------------------|--|
| AN10246 | Deferred Income Solutions Supplement | 7/13 | **NEW** (available 9/3/13) |
| AN10649 | Deferred Income Solutions Disclosure Statement | 7/13 | **NEW** (available 9/3/13) |
| 33503 | Important Notice: Replacement of Life Insurance or Annuities | 05/13 | Added a second line for the reason for replacement |
| 33503NJ | | | |
| 33503UT | | | |
| 33503RI | Policy Disclosure Form & Instructions | 03/13 | New form created for internal transfers only |
| 33503WY | Replacement Notice | 03/13 | Added a chart to request surrender information about the contract being replaced |
| 29603ANY | Authorization To Disclose Policy Information | 04/13 | Information being requested was rearranged to flow better |
| AN07091 | Fixed Annuity Suitability Form | 06/13 | Added new questions for reverse mortgage; anticipation of any material changes |
| AN07091NJ | | | |
| ANF10269-12 | Fixed Annuity Application – PR | 05/13 | Text changes only |

Updated Guide to New York REG 60 Paperwork

The “How to Complete the Reg 60 Paperwork” guide has been revised to reflect the updated version of the Authorization Form (Form 29603ANY) and is available on producer websites from the Life & Annuity Compliance page.

This handy reference guide includes an overview of the New York Regulation 60 paperwork process, as well as tips and samples for how to complete the form.

Florida Suitability Information Update

Florida passed SB 166 which will go into effect on October 1, 2013. This Bill will make substantial revisions to the consumer protection laws previously imposed by Florida that are predominantly based on the NAIC Suitability in Annuity Transactions Model Regulation. Both the insurer and insurance agents will have additional obligations to show that the client would receive a significant material gain in benefit(s) when an exchange or replacement is involved. There is also a provision which expands the suitability requirements to all ages, not just those 65 years of age and older (as was previously required).

Additional amendments that SB 166 will make to current practices include:

- When a replacement is occurring, all suitability information on the Suitability Form and the “disclosure and comparison of annuity contracts” form must be fully filled out. The option for a client to “opt-out” of providing suitability information is not available when a replacement is occurring.
- Florida requires clients to indicate whether they have exchanged or replaced another annuity in the previous 36 months.
- With respect to fixed and variable annuities, contracts must provide an unconditional refund for at least 21 days to the client, adjusted from 14 days.
- Annuity contracts issued to senior customers age 65 or older may not contain a surrender charge or deferred sales charge of greater than 10% or 10 years.
- All clients regardless of age are required to use the Annuity Suitability Questionnaire.

CT State Replacement Forms *****UPDATED*****

Connecticut has adopted new replacement regulations; Connecticut will now require the standard replacement form (Form 33503). The new form is required with Lincoln applications as of August 12, 2013, in addition to the Producer's Replacement Appropriateness Verification Statement (Form 33555).

This form will be required whenever there is existing insurance regardless of replacement status.

Tennessee Bulletin for Licensing, Registration Requirements and Permitted Activities

Effective immediately, a bulletin issued by the Tennessee Department of Commerce and Insurance now requires insurance agents in the state of Tennessee to be securities licensed Series 6 or 7 to have the ability to recommend or have a client replace or liquidate a security or variable annuity to fund a new annuity.

This falls in line with four other states that have the same or similar requirement: Arkansas, Iowa, Vermont and Utah.

State Insurance Licensing and Training Requirements

General Annuity / Product-Specific Training Requirements – Florida (Recently adopted)

The NAIC Suitability in Annuity Transactions Model Regulation mandates general annuity and product-specific training requirements. States may have modified these requirements or have additional state-specific training requirements.

Florida has adopted a state-specific version of the Annuity Suitability regulation. Below are the producer training requirements:

- Effective Date: October 1, 2013
- General Annuity Deadline if licensed prior to effective date: No requirement
- General Annuity Deadline if NOT licensed prior to effective date: No requirement
- Reciprocity: No requirement
- Product Specific (Carrier Training) Deadline: October 1, 2013

Access to Training

How to complete the training

LIMRA and RegEd are the primary vendors for Lincoln; click on the following to visit their websites or copy and paste the addresses into your internet browser:

- LIMRA: <http://naic.pinpointglobal.com/LincolnFinancial/Apps/default.aspx>
- RegEd: <https://secure.reged.com/TrainingPlatform/>

The step-by-step instructions for registering and accessing the training can be found on the Life and Annuity Compliance page of producer websites.

Some firms require their producers to take the NAIC training with other vendors. Producers should check with their back office for clarification if they are unsure.

New! LIMRA NAIC Portal: Dynamic Certificate Generation, Compatible with Internet Explorer 10

The following enhancements have been incorporated into LIMRA's NAIC portal as of August 14, 2013:

- Dynamic Certificate Generation within the My Transcript page
 - A "Print Certificate" button will appear at the bottom of each training section. Clicking this button will generate a PDF containing all completions for state or product-specific training
 - Note: The certificates are for completion purposes only and do not have CE associated with them
- LIMRA's NAIC portal is now compatible with Internet Explorer (IE) 10, Google Chrome and Safari browsers.

RegEd Users: Access to General Annuity Training in Idaho, Kansas, Michigan and Mississippi

For Idaho, Kansas, Michigan and Mississippi, producers can access the state general annuity training and Lincoln's product-specific training through all four vendors (LIMRA/Kaplan, RegEd, QuestCE and SuccessCE). However, producers in these states who take the state general annuity training on RegEd must temporarily access the training differently than they have in the past.

While all four states have approved RegEd's training course 390, producers must access the course via the Optional Insurance Catalog on RegEd in order to satisfy the state requirement. Producers can't access the state course through the Producer Status Page like they normally would. RegEd is targeting "turning on" Idaho, Kansas, Michigan and Mississippi on the Producer Status Page soon.

Fixed Annuity Contact Information

Product Availability

The state product availability charts can be found on producer websites.

Looking for an Article?

The **Index of Articles** for past issues of the Fixed Annuity Lincoln Leader can be found on the Lincoln Leader archive page of producer websites.

| | |
|--|--|
| Sales Desk Product questions/ Sales ideas/ Illustrations/ Website training Operating hours: 8AM – 7PM ET | Annuity Sales Desk <i>Agent Use Only</i> Sales Desk: 888-895-4830, Option 2 FixedAnnuitySales@LFD.com |
| Partner Solutions Appointments/ Contracting/ Compensation Operating hours: 8AM – 6PM ET | Appointments/Contracting Call Center: 800-238-6252, Option 1, Option 2 New Contracting Paperwork Submission: Contracting@LFG.com Fax: 603-226-5311 NAIC Training Questions: AskAnnuityNAIC@LFG.com Appointment Status Updates: LicensingStatus@LFG.com Compensation Call Center: 800-238-6252, Option 1, Option 1 Commissions@LFG.com |
| New Business and Post-Issue Operating hours:8:30AM – 5:15PM ET | FAX Numbers New business: 260-455-0271 (fax) Post issue: 260-455-0263 (fax) Pre-Issue Good Order (GO) Team Telephone number: 260-455-3433 Overnight Servicing Address Lincoln Financial Group Individual Annuity Operations 1300 South Clinton Street Fort Wayne, IN 46802-3506 Servicing Address Lincoln Financial Group P.O. Box 2348 Fort Wayne, IN 46801-2348 |
| Contact Centers For agent/client use Operating hours:8AM – 7PM ET (8AM – 5:30PM ET Fridays) | Fixed and Fixed Indexed Annuity: 888-916-4900 <i>Lincoln SmartIncome, Lincoln Insured Income, Lincoln Long-Term Care</i> and annuitization: 877-534-4636 |

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

Products and features subject to state availability. Some of these products are only available in select distribution channels. Check your selling agreement for availability.

Lincoln fixed, fixed indexed and immediate annuities are issued 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. The "contract" may be referred to as a "certificate" in certain 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. **Contractual obligations are subject to the claims-paying ability of The Lincoln National Life Insurance Company.**

Contracts 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 Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Affiliates are separately responsible for their own financial and contractual obligations.

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Newsletter compiled and edited by Ellen Hollis, Lincoln Insurance and Retirement Solutions, Product and Distribution Support. Please send any comments or suggestions regarding the Fixed Annuity Lincoln Leader newsletter to: Ellen.Hollis@LFG.com