

Lincoln MoneyGuard® III

Reimbursement for Long-Term Care expenses offered through
an individual flexible premium adjustable life insurance policy

Prepared for: Valued Client
In the State of: NJ
On: 5/22/2020
Prepared by: Jack Lenenberg, J.D.
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This material was prepared to show the operation of an insurance product issued by The Lincoln National Life Insurance Company, based on the options, features and assumptions you or your financial advisor specified. This projection, and the options, features or assumptions on which it is based, is not intended to be, and should not be, viewed as specific investment advice or any suggestion or recommendation by The Lincoln National Life Insurance Company or any of its employees for you or your investment situation. A financial advisor can provide you with investment advice for your investment situation. The Lincoln National Life Insurance Company, its respective employees, representatives, and/or insurance agents do not provide tax, accounting, or legal advice.

For use by a licensed agent/representative with the proposed insured/owner/applicant.

Understanding Your Projection of Values

Year: The policy year beginning with the effective date of the policy.

Age: The insured's age at the beginning of the policy year shown.

Surrender Value: The amount you will receive for fully surrendering the contract. The amount shown is the value on the last day of the policy year. Surrender charges will apply in the event that the cash surrender value is greater than the Return of Premium Benefit. The initial surrender charge decreases, eventually reaching zero at the end of year 10.

Return of Premium Provision (ROP): The amount available upon surrender of the contract. This amount varies based on the return of premium choice selected, and premiums paid at time of surrender.

Death Benefit: The amount payable upon death. The amount shown is the value on the last day of the policy year. The Death Benefit may be higher than the Specified Amount due to the Minimum Required Death Benefit provision, please see the contract for details.

Long-Term Care Benefit Limits: The amount available for reimbursement of costs incurred for Qualified Long-Term Care expenses.

Things to Know

This is a Projection of Values for Lincoln *MoneyGuard*® III which is an Individual Flexible Premium Adjustable Life Insurance policy issued by The Lincoln National Life Insurance Company, Fort Wayne, IN on Policy Form 19-MG890, with a Long-Term Care Benefits Rider (LTCBR) on Rider Form LTCBR-890, a Terminal Illness Acceleration of Death Benefit Rider on Form TIR-891, and a Value Protection Endorsement on Form END-10534. Benefits and features may vary by state.

THIS IS A LIFE INSURANCE POLICY PROJECTION OF VALUES AND NOT A CONTRACT. ACTUAL RESULTS MAY VARY FROM THE VALUES SHOWN IN THIS PROJECTION OF VALUES. POLICY LIMITATIONS AND EXCLUSIONS ARE DESCRIBED IN THE OUTLINE OF COVERAGE THAT ACCOMPANIES THIS PROJECTION OF VALUES. GUARANTEES ARE SUBJECT TO THE FINANCIAL STRENGTH OF THE LINCOLN NATIONAL LIFE INSURANCE COMPANY.

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For: Valued Client
Age: 60
Underwriting Class: Female, Couples Discount
Minimum LTC Duration: 6 Years



Lincoln MoneyGuard® III provides expense reimbursement for Qualified Long-Term Care expenses including:

- Adult day care
- Home health care
- Hospice services
- Transitional care assistance
- Nursing home care services
- Assisted living
- Alternative care services
- Caregiver training

Single Premium Amount	\$100,000	This projection of values assumes premiums are paid as shown. The premium amount is received on the policy effective date.
Long-Term Care Benefit Limits:		
Initial Monthly	\$4,235	These are the initial amounts available for expense reimbursement for Qualified Long-Term Care Services, subject to rider terms and conditions.
Initial Annual	\$50,814	
Initial Total	\$328,689	
Inflation Option	3% Compound	The inflation option will automatically increase the monthly rider amount by 3% annually. Increased benefit amounts are shown in the LTC Benefit column on page 4 herein.
Minimum Long-Term Care Benefit Duration	6 years	Reimbursements for Qualified Long-Term Care Services, are available, based on the selected duration: Long-Term Care Benefits Rider (LTCBR): 6 years
Deductible Period	None	There is no deductible period. Benefits are payable on the first day of care for eligible claims.
Initial Specified Amount	\$110,098	The Specified Amount is set at issue. Long-Term Care reimbursements reduce the Specified Amount on a dollar-for-dollar basis.
Initial Residual Death Benefit	\$5,504	The minimum death benefit if Long-Term Care reimbursements have reduced the Specified Amount.
Return of Premium	\$70,000	If the policy is surrendered there will be a Return of Premium value available. The Return of Premium value is reduced by any debt, withdrawals and claims received.
LTC Benefits Rider Charge *	\$1199.12/mth	LTCBR charge is \$1,199.12 per month for 10 years. * These are not additional premiums; the LTC Rider Charge is deducted from the Gross Cash Value.

For: Valued Client
 Age: 60
 Underwriting Class: Female, Couples Discount
 Minimum LTC Duration: 6 Years



ALL VALUES AND BENEFITS SHOWN ARE GUARANTEED⁽¹⁾

Policy Year	Age	Planned Premium	Surrender Value(3)	Death Benefit Amount	IRR(4)	Long-Term Care Reimbursement Benefit Limits (2)			
						3% Compound Interest			
						Total	Annual	Monthly	IRR(5)
1	60	100,000	70,000	177,520	77.5%	328,689	50,814	4,235	48.1%
2	61	0	70,000	170,100	30.4%	338,550	52,339	4,362	34.0%
3	62	0	70,000	165,200	18.2%	348,707	53,909	4,492	26.9%
4	63	0	70,000	159,600	12.4%	359,168	55,527	4,627	22.5%
5	64	0	70,000	154,700	9.1%	369,944	57,192	4,766	19.6%
6	65	0	70,000	150,500	7.1%	381,043	58,908	4,909	17.4%
7	66	0	70,000	146,300	5.6%	392,475	60,676	5,056	15.7%
8	67	0	70,000	142,100	4.5%	404,249	62,496	5,208	14.4%
9	68	0	70,000	137,900	3.6%	416,376	64,371	5,364	13.3%
10	69	0	70,000	133,700	3.0%	428,868	66,302	5,525	12.4%
11	70	0	70,000	130,200	2.4%	441,734	68,291	5,691	11.7%
12	71	0	70,000	126,700	2.0%	454,987	70,340	5,862	11.1%
13	72	0	70,000	123,200	1.6%	468,636	72,450	6,038	10.5%
14	73	0	70,000	120,400	1.3%	482,696	74,624	6,219	10.0%
15	74	0	70,000	116,900	1.1%	497,177	76,862	6,405	9.6%
16	75	0	70,000	114,100	0.8%	512,092	79,168	6,597	9.3%
17	76	0	70,000	111,300	0.6%	527,456	81,543	6,795	8.9%
18	77	0	70,000	110,098	0.5%	543,280	83,990	6,999	8.6%
19	78	0	70,000	110,098	0.5%	559,579	86,509	7,209	8.4%
20	79	0	70,000	110,098	0.5%	576,366	89,105	7,425	8.1%
21	80	0	70,000	110,098	0.5%	593,658	91,778	7,648	7.9%
22	81	0	70,000	110,098	0.4%	611,468	94,531	7,878	7.7%
23	82	0	70,000	110,098	0.4%	629,812	97,367	8,114	7.5%
24	83	0	70,000	110,098	0.4%	648,707	100,288	8,357	7.3%
25	84	0	70,000	110,098	0.4%	668,169	103,297	8,608	7.2%
26	85	0	70,000	110,098	0.4%	688,214	106,396	8,866	7.0%
27	86	0	70,000	110,098	0.4%	708,861	109,588	9,132	6.9%
28	87	0	70,000	110,098	0.3%	730,128	112,876	9,406	6.7%
29	88	0	70,000	110,098	0.3%	752,032	116,262	9,689	6.6%
30	89	0	70,000	110,098	0.3%	774,593	119,750	9,979	6.5%
31	90	0	70,000	110,098	0.3%	797,831	123,343	10,279	6.4%
32	91	0	70,000	110,098	0.3%	821,766	127,043	10,587	6.3%
33	92	0	70,000	110,098	0.3%	846,420	130,854	10,905	6.2%
34	93	0	70,000	110,098	0.3%	871,813	134,780	11,232	6.1%
35	94	0	70,000	110,098	0.3%	897,968	138,824	11,569	6.0%

(1) Projection values based on guaranteed policy charges and guaranteed minimum credited rate. No-Lapse Protection provided by the Value Protection Endorsement. This projection assumes all planned premiums paid on due date.

(2) Total benefit limits for reimbursement of Qualified Long-Term Care Services. These values assume the monthly maximum is used for the entire duration selected and the Long-Term Care value will continue to increase on each policy anniversary as a result of the inflation option chosen. The monthly benefit shown is the amount available for the first 12 months of care.

(3) The amount paid on surrender reflects any Return of Premium.

(4) Internal Rate of Return on the Death Benefit Amount. IRR column is blank in years where IRR calculation is unavailable.

(5) Internal Rate of Return on the Total LTC Benefits. IRR column is blank in years where IRR calculation is unavailable.

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For: Valued Client
 Age: 60
 Underwriting Class: Female, Couples Discount
 Minimum LTC Duration: 6 Years



ALL VALUES AND BENEFITS SHOWN ARE GUARANTEED⁽¹⁾

Policy Year	Age	Planned Premium	Surrender Value(3)	Death Benefit Amount	IRR(4)	Long-Term Care Reimbursement Benefit Limits (2)			
						3% Compound Interest			
						Total	Annual	Monthly	IRR(5)
36	95	0	70,000	110,098	0.3%	924,907	142,988	11,916	6.0%
37	96	0	70,000	110,098	0.3%	952,655	147,278	12,273	5.9%
38	97	0	70,000	110,098	0.3%	981,235	151,696	12,641	5.8%
39	98	0	70,000	110,098	0.3%	1,010,672	156,247	13,021	5.7%
40	99	0	70,000	110,098	0.2%	1,040,993	160,935	13,411	5.7%
41	100	0	70,000	110,098	0.2%	1,072,223	165,763	13,814	5.6%
42	101	0	70,000	110,098	0.2%	1,104,390	170,736	14,228	5.5%
43	102	0	70,000	110,098	0.2%	1,137,521	175,858	14,655	5.5%
44	103	0	70,000	110,098	0.2%	1,171,647	181,134	15,094	5.4%
45	104	0	70,000	110,098	0.2%	1,206,797	186,568	15,547	5.4%
46	105	0	70,000	110,098	0.2%	1,243,001	192,165	16,014	5.3%
47	106	0	70,000	110,098	0.2%	1,280,292	197,930	16,494	5.3%
48	107	0	70,000	110,098	0.2%	1,318,701	203,868	16,989	5.2%
49	108	0	70,000	110,098	0.2%	1,358,262	209,984	17,499	5.2%
50	109	0	70,000	110,098	0.2%	1,399,010	216,283	18,024	5.2%
51	110	0	70,000	110,098	0.2%	1,440,980	222,772	18,564	5.1%
52	111	0	70,000	110,098	0.2%	1,484,210	229,455	19,121	5.1%
53	112	0	70,000	110,098	0.2%	1,528,736	236,339	19,695	5.0%
54	113	0	70,000	110,098	0.2%	1,574,599	243,429	20,286	5.0%
55	114	0	70,000	110,098	0.2%	1,621,837	250,732	20,894	5.0%
56	115	0	70,000	110,098	0.2%	1,670,492	258,254	21,521	4.9%
57	116	0	70,000	110,098	0.2%	1,720,607	266,002	22,167	4.9%
58	117	0	70,000	110,098	0.2%	1,772,226	273,982	22,832	4.9%
59	118	0	70,000	110,098	0.2%	1,825,393	282,201	23,517	4.8%
60	119	0	70,000	110,098	0.2%	1,880,156	290,667	24,222	4.8%
61	120	0	70,000	110,098	0.2%	1,936,560	299,387	24,949	4.8%
62	121	0	70,000	110,098	0.2%	1,994,657	308,369	25,697	4.5%
63	122	0	70,000	110,098	0.2%	2,054,498	317,620	26,468	4.1%
64	123	0	70,000	110,098	0.2%	2,116,133	327,149	27,262	3.6%
65	124	0	70,000	110,098	0.2%	2,179,618	336,963	28,080	3.0%
66	125	0	70,000	110,098	0.2%	2,245,007	347,072	28,923	1.9%

(1) Projection values based on guaranteed policy charges and guaranteed minimum credited rate. No-Lapse Protection provided by the Value Protection Endorsement. This projection assumes all planned premiums paid on due date.

(2) Total benefit limits for reimbursement of Qualified Long-Term Care Services. These values assume the monthly maximum is used for the entire duration selected and the Long-Term Care value will continue to increase on each policy anniversary as a result of the inflation option chosen. The monthly benefit shown is the amount available for the first 12 months of care.

(3) The amount paid on surrender reflects any Return of Premium.

(4) Internal Rate of Return on the Death Benefit Amount. IRR column is blank in years where IRR calculation is unavailable.

(5) Internal Rate of Return on the Total LTC Benefits. IRR column is blank in years where IRR calculation is unavailable.

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For: Valued Client
Age: 60
Underwriting Class: Female, Couples Discount
Minimum LTC Duration: 6 Years



Tax Status

The Lincoln *MoneyGuard*® III Death Benefit is generally received by the beneficiary income tax-free under Section 101(a) (1) of the Internal Revenue Code (IRC) and the Long-Term Care benefits paid are not taxed as income under IRC Section 104(a) (3). The owner will pay no current income taxes on interest earnings credited to the policy's Gross Cash Value.

Based on our understanding of applicable law, the projected policy is a Modified Endowment Contract (MEC) as defined in section 7702A of the Internal Revenue Code. Distributions from a MEC may be subject to income tax, and an additional 10% federal income tax penalty applies to taxable distributions received before the policy owner reaches age 59 1/2.

The Pension Protection Act of 2006 (PPA) changed the tax treatment of your MoneyGuard policy effective January 1, 2010. Based on our understanding and analysis of the PPA:

- Qualified Long-Term Care Rider charges will continue to be treated as distributions from your policy, but Lincoln will not report the distributions as taxable (even if your policy is a MEC).
- Qualified Long-Term Care Rider charges will reduce the investment in the contract (cost basis), but not below zero, as the charges are taken from your policy.
- Once the investment in the contract has been reduced to zero, distributions for Qualified Long-Term Care Rider charges will come from any gain in the contract (but will still not be reported as taxable distributions). You will receive a 1099R form for the charges, but the charges are not reported as taxable.

Please note that the state income tax laws in certain states may not conform to the federal income tax treatment of the Qualified Long-Term Care Rider charges described above. In such states, the charges may be treated as taxable distributions from the policy for state income tax purposes. However, the federal income tax treatment described above will continue to apply to such charges.

It is important to remember that these rider charges now and in the future impact the policy's cost basis. In the event any other financial transaction is requested, such as a request to exercise the Return of Premium Provision, the cost basis is used in determining if that transaction creates a taxable event. As previously noted, the cost basis is reduced as a result of these rider charges. Any Return of Premium Benefit paid upon full surrender of the policy is treated, for Federal income tax purposes, as being funded in part by a refund of the charges taken from the Long-Term Care Benefits Rider and in part by the value of the underlying policy. The full surrender of the policy may result in a taxable event and the owner should consult his/her personal tax advisor regarding this and other applicable tax matters.

Lincoln Financial Group® affiliates, their distributors, and their respective employees, representatives and/or insurance agents do not provide tax, accounting or legal advice. Clients should consult their own independent advisor as to any tax, accounting or legal statements made herein.

This projection of values is neither a contract nor an offer to contract. A full description of the policy provisions and limitations is included in the policy itself and any applicable riders.

The applicant certifies the following: 1) I have received a copy of this Projection of Values, 2) I have reviewed the Modified Endowment Contract disclosure statement above and understand that the proposed plan of insurance would be a Modified Endowment Contract subject to special tax treatment, 3) I have been advised to consult with my own tax advisor regarding the tax effects of the projected policy, its valuation, as well as the potential tax impact on surrender under the Return of Premium Provision and 4) I have received a copy of an Outline of Coverage.

Applicant: _____

Date: _____

The agent certifies the following: 1) I certify that this Projection of Values has been presented to the applicant and that I have made no statements that are inconsistent with the Projection of Values and 2) I certify that I have presented to the applicant an Outline of Coverage.

Licensed Agent/Representative: _____ Date: _____

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New Business Data



The following are all initial values and do not reflect any future changes.

Product: Lincoln *MoneyGuard*® III (2020)
Sub-Plan Code: Lincoln MoneyGuard III - 031620
Name: Valued Client
State: NJ
Gender: Female
Age: 60
Underwriting Class: Couples Discount
Death Benefit Option: Level
MEC: Yes
Initial Specified Amount: \$110,098
Planned Premium: \$100,000
Payment Mode: Annual
Lump Sum Deposit: \$0
Solve Type: Face Solve

LTCBR: 6 Years
Inflation Option: 3%
Value Protection Endorsement: Basic
Terminal Illness Rider: Yes
Planned Policy Changes: No
Business ID:

Year	Total Premiums
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1	100,000.00
2	0

Software version:
LFD-D v49.0
5/22/2020 3:20 PM
TP: 10,000.12
7P: 7,315.87
TPP: 100,000.00
CP: \$100,001.20
Monthly NLP: \$1,080.73
VPET: \$129,687.60

You must include the New Business Data Sheet when submitting the Projection of Values to the Home Office.

APPLICATION PART 1 INFORMATION:

The following information should be used to complete fields in the Policy Information and Billing Information sections on Page 1 of the Application.

Plan of Insurance (2a): Lincoln *MoneyGuard*® III
Specified Amount (2b): \$110,098
Long-Term Care Benefits Rider Duration (2c): 6 Years
Return of Premium (2e): Basic
Other Benefits/Riders/Options (2f): Leave blank on application
Premium Amount (3a): \$100,000
Premium Mode (3a): Annual

Lincoln *MoneyGuard*® III

For: Valued Client
Age: 60
Underwriting Class: Female, Couples Discount
Minimum LTC Duration: 6 Years
LTC Inflation Option: 3% Compound
ROP Type: Basic



Premium Options

LTC Duration	Initial Max Monthly Benefit	Initial Total LTC Benefits	Specified Amount
6 Years	\$4,235	\$328,689	\$110,098

Premium Options	Modal Premium	Total Planned Premium
1 Year	100,000	100,000
2 Years	51,374	102,748
3 Years	35,182	105,546
4 Years	27,098	108,392
5 Years	22,257	111,285
6 Years	19,038	114,228
7 Years	16,746	117,222
8 Years	15,032	120,256
9 Years	13,705	123,345
10 Years	12,648	126,480

This is a supplemental report for Lincoln *MoneyGuard*® III which is an Individual Flexible Premium Adjustable Life (Universal Life) Insurance policy issued by The Lincoln National Life Insurance Company, Fort Wayne, IN on Policy Form 19-MG890 with a Long-Term Care Benefits Rider (LTCBR) on Rider Form LTCBR-890, a Terminal Illness Acceleration of Death Benefit Rider on Form TIR-891, and a Value Protection Endorsement on Form END-10534. Benefits and features may vary by state. This supplemental report is based on guaranteed elements. For a complete description of the benefits, costs, exclusions, limitations and conditions of Lincoln *MoneyGuard*® III, including other important information, please refer to the attached projection of values and Outline of Coverage. The insurance policy, riders and endorsement have exclusions and limitations; please contact The Lincoln National Life Insurance Company for costs and complete details.

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.