

# Planning for tomorrow starts today

Strategies for protected income in retirement



## Client Guide

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		

Insurance products issued by:  
The Lincoln National Life Insurance Company  
Lincoln Life & Annuity Company of New York



You know that saving for retirement is important, but you may not have figured out how to turn those savings into income once you stop working. **You're not alone.**

Whether you're currently living in retirement — or it still feels far off — the time to build a plan for protected income can begin now.

As more Americans like you are approaching or entering retirement, an income plan can be an important step toward helping you feel confident and prepared for this stage.

#### Americans per day reaching retirement



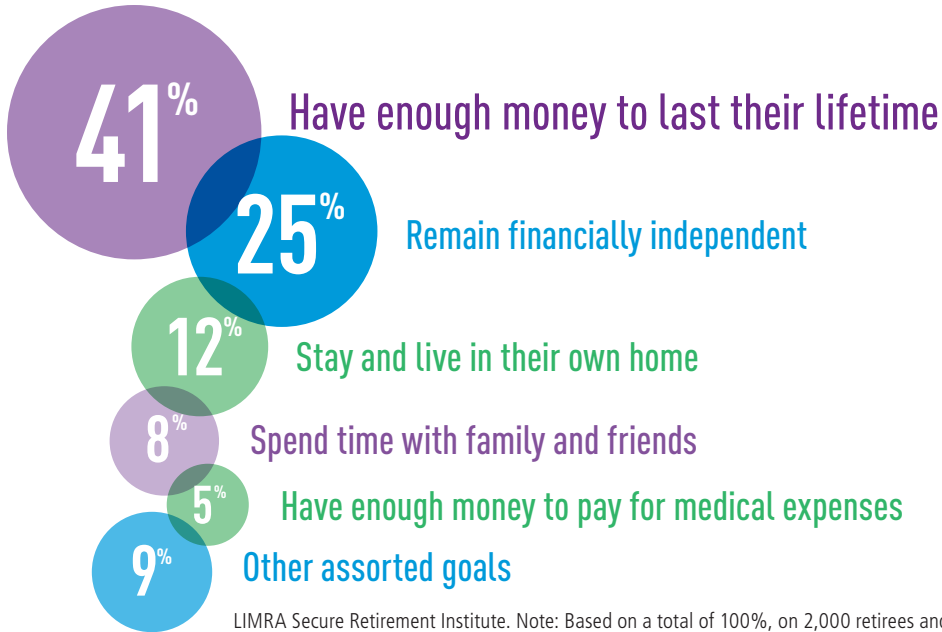
LIMRA, "Fact Book on Retirement Income," 2016.

### With the help of your advisor, use this guide to get started on your retirement income plan. This guide will:

- ✔ Explain why income planning is one of the most important steps you can take right now to prepare for your retirement.
- ✔ Show you how a source of guaranteed growth and income can help strengthen your retirement portfolio.
- ✔ Share examples of how protected lifetime income strategies available with Lincoln annuities may look with a retirement income plan like yours.



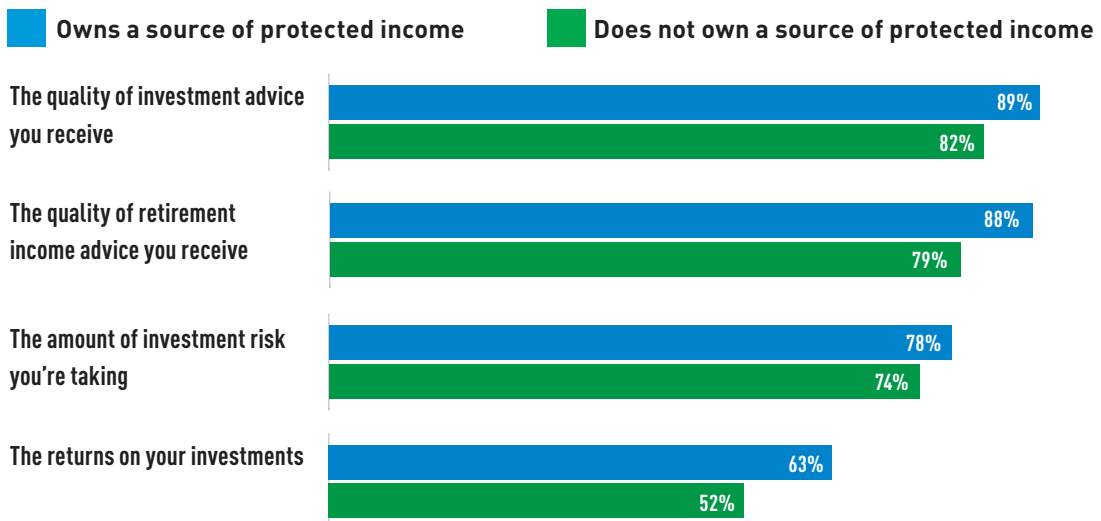
Of the goals most important to people planning for retirement, having enough money to last for a lifetime is **#1**.



LIMRA Secure Retirement Institute. Note: Based on a total of 100%, on 2,000 retirees and pre-retirees.

### Owners' views on protected income

Research shows that people who have a source of protected lifetime income are more satisfied with their investment and their advisor. When asked to share their level of satisfaction, consumers responded to each of the following:



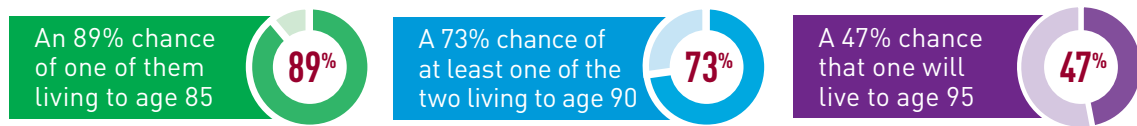


# Why income planning matters

## Concern 1: Creating an income strategy for longer life

Today, we're living longer than ever, and that's one of the greatest opportunities for today's retirement. Your income strategy should provide income for as long as you need it.

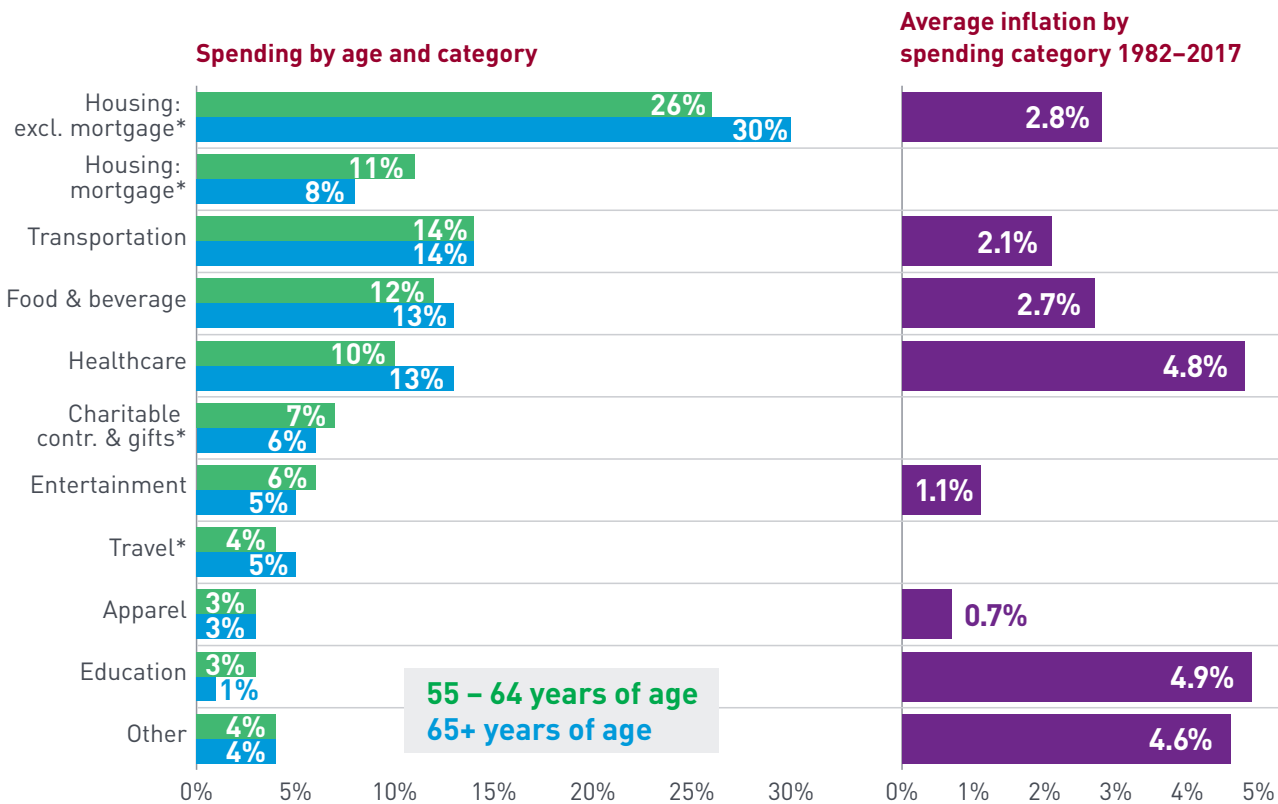
**A 65-year-old married couple has...**



Source: Sponsored by American Academy of Actuaries and Society of Actuaries, "Actuaries Longevity Illustrator," [www.longevityillustrator.org](http://www.longevityillustrator.org), November 10, 2017. Illustration run for nonsmoking couple in excellent health.

## Concern 2: Keep your money growing

It's especially important for retirees to address inflation and the effects it can have on their investment returns, purchasing power, and longevity of a portfolio. Why? Because inflation disproportionately affects older Americans due to differences in spending habits and price increases in those categories.



\*There are no individual inflation measures for these specific subcategories.

Source (chart on left): BLS, Consumer Expenditure Survey for households where at least one member has a bachelor's degree. Charitable contributions include gifts to religious, educational and political organizations, and other cash gifts. Spending percentages may not equal 100% due to rounding.

Source (chart on right): BLS, Consumer Price Index, J.P. Morgan Asset Management. Data represent annual percentage increase from December 1981 through December 2017 with the exception of entertainment and education, which date back to 1993. The inflation rate for the Other category is derived from personal care products and tobacco. Tobacco has experienced 7% inflation since 1986 but each age group only spends 0.4%–0.7% on tobacco (21%–37% of combined personal care products and tobacco), which is a lower proportion than represented in the Other inflation rate.

The transition from saving to spending brings on five key concerns. Talk to your advisor to make sure you're creating a plan that delivers what you need to live the life you want in retirement.

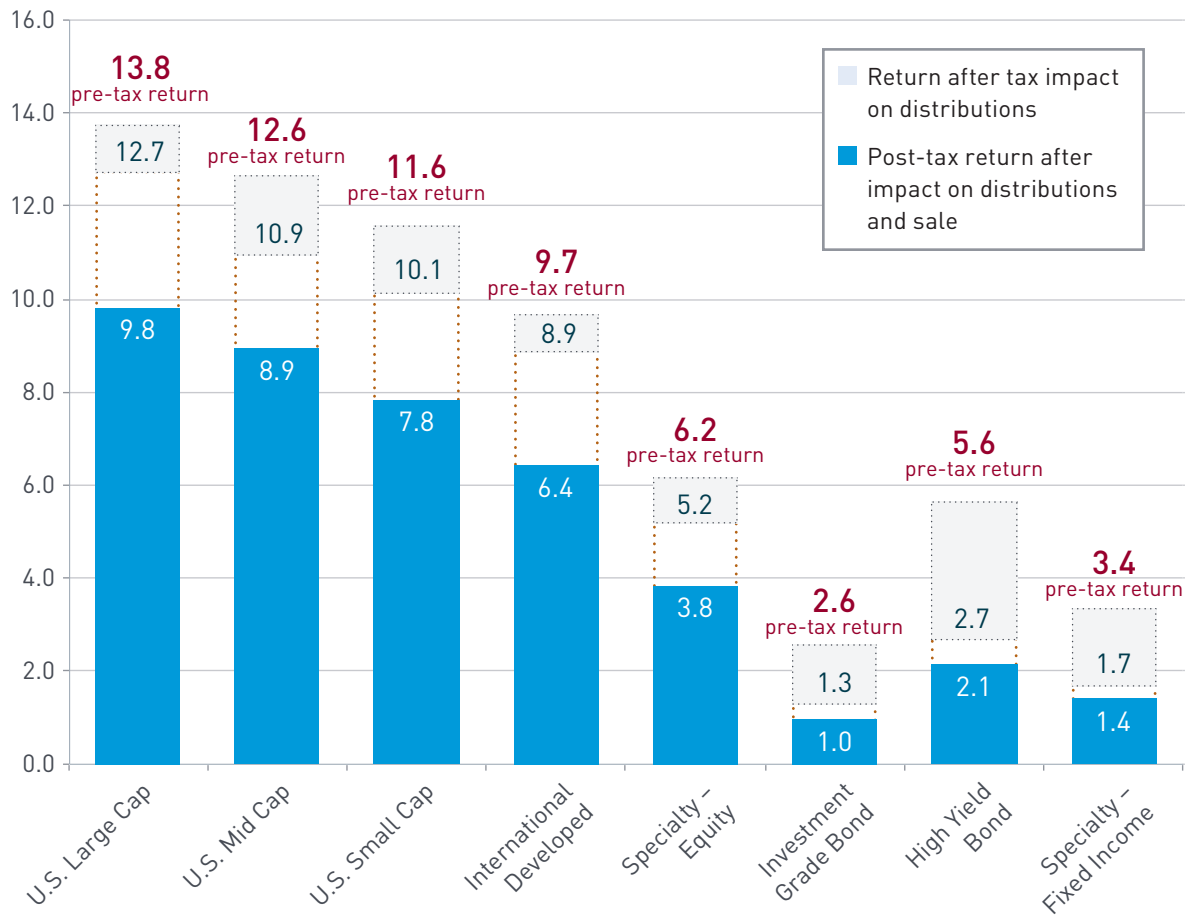
### Concern 3: Consider the tax implications

Taxes affect everyone. They don't retire when you do — and as your life changes, you could have increased tax exposure. That's why tax planning is an integral part of retirement income planning.

Over time, income withheld for taxes can reduce returns and significantly impact your long-term investment strategy. One of the ways you can help prepare and protect against taxes is through tax-deferred investments and tax-efficient distributions.

#### Tax impact by asset class

Annualized 5-year returns (percentage) ending September 30, 2017.



Source: Morningstar®

Based on market prices. A tax-adjusted total return that is based on a few assumptions:

1. The investor sells the holding at the end of the time period and pays capital gains taxes on any appreciation in price.
2. Distributions are taxed at the highest federal tax-rate prevailing (39.6%) and then reinvested.
3. State and local taxes are excluded.
4. Only the capital gains are adjusted for tax-exempt funds, because the income from these funds is nontaxable.

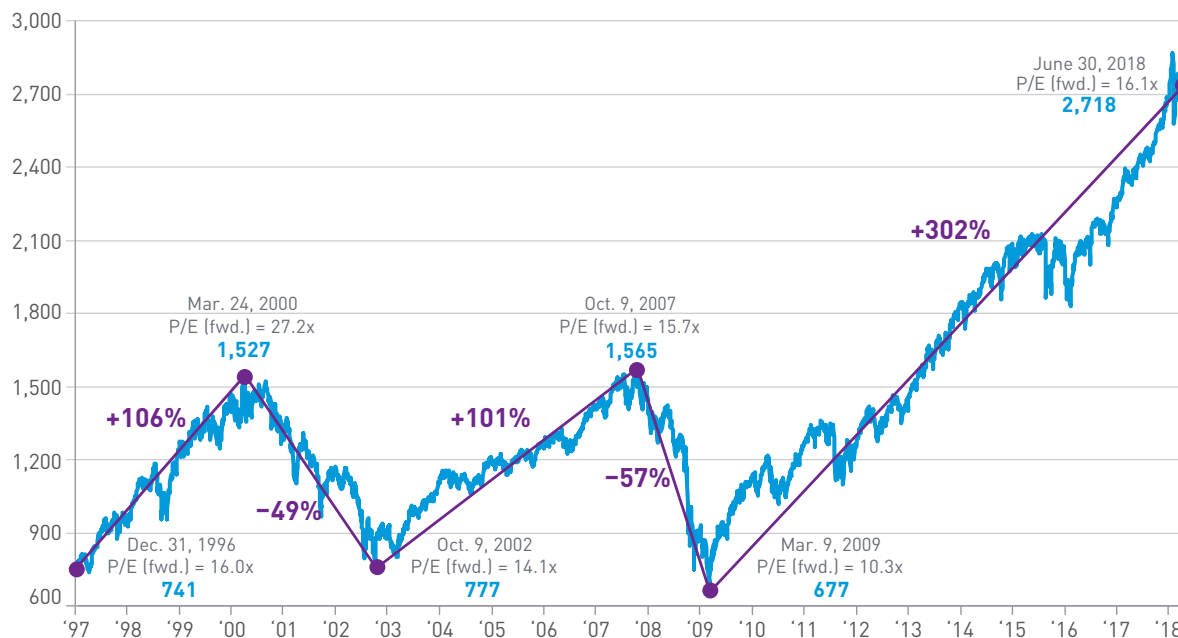
An asset class is a group of securities that exhibits similar characteristics, behaves similarly in the marketplace and is subject to the same laws and regulations. The three main asset classes are equities, or stocks; fixed income, or bonds; and cash equivalents, or money market instruments.

## Concern 4: Prepare for market volatility

Nobody wants to learn that they've lost money in the stock market. But if you rely on your investments for a portion of your income, a market decline could put significant strain on your portfolio. Your income strategy should provide a level of protection from market downturns.

History shows us that the market goes up before it inevitably goes down. We can't predict market cycles, but we do know that the stock market experiences a bear market an average of once every 3½ years. The average bear market lasts for 17 months with an average loss of -36%.\*

### S&P 500 Price Index — Keeping a long-term perspective



Source: Compustat, FactSet, Federal Reserve, Standard & Poor's, Thomas Reuters, J.P. Morgan Asset Management.

Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price to earnings in the next 12 months (NTM), and is provided by FactSet Market Aggregates. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns.

The S&P 500 Index is the Standard & Poor's Composite Index of 500 stocks and a widely recognized, unmanaged index of common stock prices. You cannot invest directly in an index.

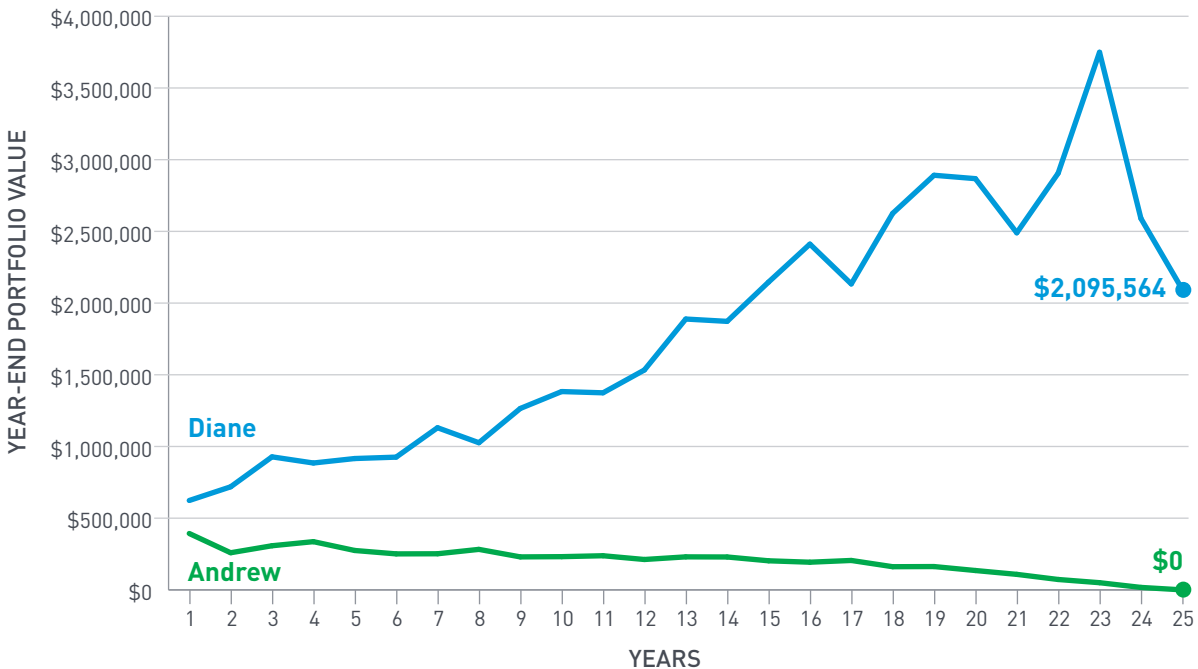
Guide to the Markets—U.S. Data are as of June 30, 2018.

\*Information courtesy of Stadion Money Management. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange. One cannot invest directly in an index. All benchmark composite data supplied by third-party vendors.

## Concern 5: Protect yourself from sequence risk

Sequence of returns is the effect of random market returns on your portfolio. And, it's important in retirement. In the example below, both scenarios had the same average return; only the sequences were reversed.

Andrew and Diane each started with the same \$500,000 investment and had the same yearly returns but in reverse order. They took the same 4% withdrawal each year. For Diane, that meant after 25 years she still had over \$2 million. Meanwhile, Andrew ran out of money after only 24 years.



This hypothetical is for illustrative purposes only and does not reflect the performance of any product. Andrew's portfolio is based on S&P 500 Index returns, price only (dividends not reinvested), from December 31, 1972, to December 31, 1997. Diane's portfolio is based on reversing Andrew's returns. Indices are unmanaged and unavailable for direct investment. Past performance does not indicate future results.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
<b>Diane's annual return</b>	31.01%	20.26%	34.11%	-1.54%	7.06%	4.46%	26.31%	-6.56%
<b>Andrew's annual return</b>	-17.37%	-29.72%	31.55%	19.15%	-11.50%	1.06%	12.31%	25.77%

Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19
27.26%	12.41%	2.03%	14.63%	26.34%	1.39%	17.27%	14.76%	-9.72%	25.77%	12.31%
-9.72%	14.76%	17.27%	1.39%	26.34%	14.63%	2.03%	12.41%	27.26%	-6.56%	26.31%

Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Average rate of return
1.06%	-11.50%	19.15%	31.55%	-29.72%	-17.37%	<b>10%</b>
4.46%	7.06%	-1.54%	34.11%	20.26%	31.01%	<b>10%</b>

## Protected income for a stronger plan

Today, your retirement portfolio may include stocks, bonds and mutual funds. While they each play a part in your plan, you may want to consider adding an annuity to provide a source of guaranteed income for life.



### MEET ELAINE

Elaine just turned 60, and she plans to retire in five years. Elaine would like to supplement her retirement income after her paychecks stop. With the help of her advisor, she decides that having an extra \$6,400 a year in guaranteed income would help her maintain her standard of living.

**Elaine's advisor recommends setting apart \$100,000 of her portfolio to generate the \$6,400 she will need at age 65. He shows her a choice of two income strategies:**

1

#### Purchase a variable annuity with a 5% income rider

\$100,000	Initial investment
5%	Income Base growth
\$128,000	Income Base
5%	Guaranteed withdrawal
\$6,400	Guaranteed for life

The 5% guarantee to the Income Base creates a predictable income check for Elaine.

Elaine's income amount meets her goal of \$6,400 and will stay steady through market ups and downs, all her life.

2

#### Keep the portfolio in managed money and withdraw 4%

\$100,000	Initial investment
10%	Required rate of return
\$160,000	Account value needed
4%*	Withdrawal rate
\$6,400	Not guaranteed for life

If Elaine chooses a mutual fund within a managed account, she would need a steady rate of return of 10% to reach her goal of \$6,400.

Elaine knows her income could go up and down, depending on the performance of her portfolio, and may eventually run out.

This is a hypothetical illustration only and is not indicative of any particular investment or performance. Return and principal value may fluctuate, so when withdrawn, it may be worth more or less than the original cost. Past performance is no guarantee of future results.



**Below is a comparison between variable annuities and mutual funds.**

<b>Variable annuities</b> Long-term investment products designed for retirement; essentially are insurance contracts with an investment component.	<b>Mutual funds<sup>1</sup></b> Investment products designed for any short-, intermediate- or long-term goal depending on the fund selected.
<p><b>Charges</b> May have investment management fees; mortality and expense charges; charges for optional guarantee features; administrative, advisory or annual fees; or surrender or sales charges.</p> <p><b>Tax-deferred accumulation</b> Yes, tax-deferred until withdrawn. Withdrawals are then taxed at ordinary income tax rates.<sup>2</sup></p> <p><b>Tax-free transfers</b> Yes, tax-free transfers between subaccounts.</p> <p><b>Risks</b> Market volatility risk based on the investment options chosen.</p> <p><b>Death benefit</b> Beneficiary receives greater of accumulated value or premiums paid (adjusted for withdrawals). Optional death benefits available for additional fee.</p>	<p><b>Charges</b> May have transaction charges along with other fund-operating costs, such as investment advisory fees, marketing distribution expenses, brokerage and custodial fees.</p> <p><b>Tax-deferred accumulation</b> No, dividends and distributions are taxed in the year received. Withdrawals are taxed at either the capital gains rate or ordinary income tax rates.<sup>2</sup></p> <p><b>Tax-free transfers</b> No, transfers between mutual funds may result in capital gains taxes.</p> <p><b>Risks</b> Market volatility risk based on what the mutual fund invests in.</p> <p><b>Death benefit</b> No, beneficiary receives market value of the account at the time of the owner's death.</p>

Variable annuities are long-term investment products that offer a lifetime income stream, access to leading investment managers, options for guaranteed growth and income (available for an additional charge), and death benefit protection.

To decide if a variable annuity is right for you, consider that its value will fluctuate; it's subject to investment risk and possible loss of principal; and there are costs associated such as mortality and expense, administrative and advisory fees. All guarantees, including those for optional features, are subject to the claims-paying ability of the issuer.

## Putting protected income plan in motion with Lincoln annuities

An annuity with optional benefits can provide guaranteed lifetime income with growth potential. Knowing you have a plan that includes protection from market losses and opportunities for growth can help face some of the challenges that may come your way. With Lincoln annuities, you have access to a set of diverse options that stand the test of time — for protected income you can count on today, tomorrow and well into the future. ►

<sup>1</sup> Typically, mutual funds provide greater liquidity and access to account values than annuities.

<sup>2</sup> Consult your tax professional for more information.

## Lincoln Market Select<sup>®</sup> Advantage



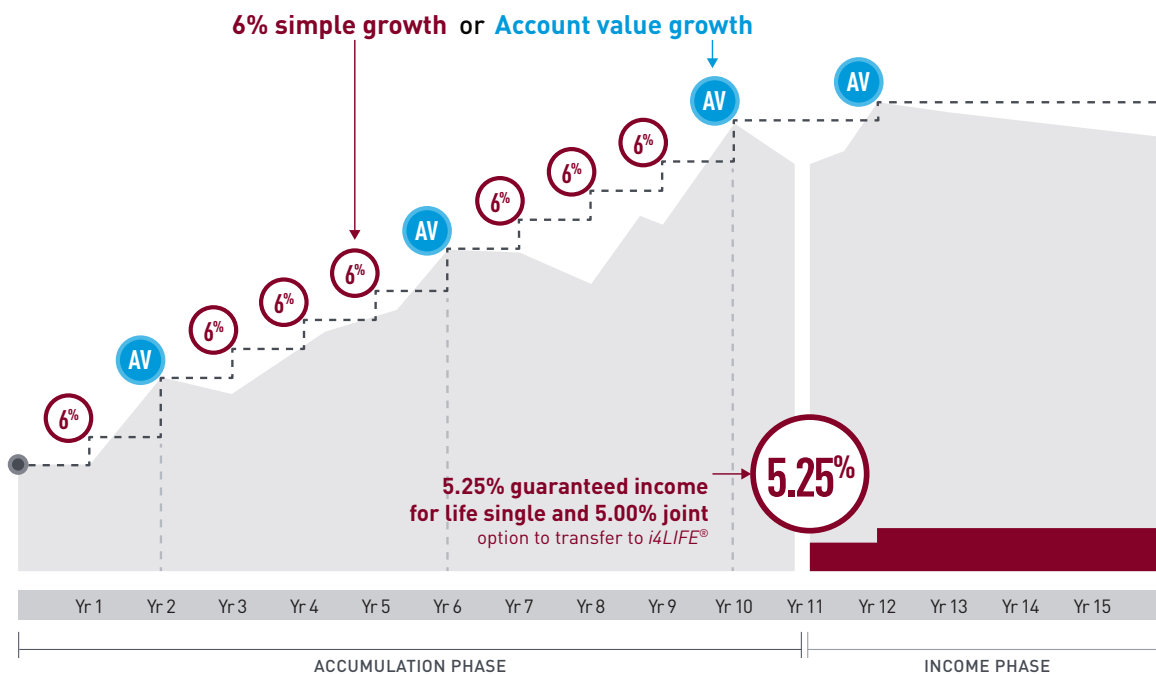
### MEET DON

For Don, retirement is now. He's worked hard to build his savings over the years, but he's concerned that a market downturn could take his retirement income plan off course. He needs about \$52,000 a year to close the gap between his Social Security payment and where he'd like his retirement income to be.

**Knowing that, Don's advisor recommends he use \$1,000,000 of his qualified money to invest in a Lincoln variable annuity with Lincoln Market Select Advantage<sup>1</sup> — an optional living benefit rider, available for an additional charge, because it offers:**

- Investment flexibility for upside potential
- **5.25%** lifetime income (age 65, single life)
- **5.00%** joint life (age 65, based on youngest life)

### Income Base grows annually at the greater of:



■ Account value    --- Income Base    ○ 6% simple growth    ● Account value growth

## Don's income with Lincoln Market Select® Advantage

Because Don is starting income at age 70, he is guaranteed to receive 5.25% of the Income Base for life.

Guaranteed Annual Income 5.25% **\$52,500**

Age	Period ending	Period ending account value	Annual return <sup>2</sup> (net of cash flows)	Income Base	Guaranteed Annual Income for life
70	12/2004	\$1,060,527	11.63%	\$1,060,527	\$55,678
71	12/2005	\$1,088,035	8.07%	\$1,088,035	\$57,122
72	12/2006	\$1,134,293	9.78%	\$1,134,293	\$59,550
73	12/2007	\$1,117,673	3.89%	\$1,134,293	\$59,550
74	12/2008	\$702,951	-32.78%	\$1,134,293	\$59,550
75	12/2009	\$804,762	24.02%	\$1,134,293	\$59,550
76	12/2010	\$865,933	15.61%	\$1,134,293	\$59,550
77	12/2011	\$778,919	-3.29%	\$1,134,293	\$59,550
78	12/2012	\$797,644	10.48%	\$1,134,293	\$59,550
79	12/2013	\$901,883	21.37%	\$1,134,293	\$59,550
80	12/2014	\$886,223	5.05%	\$1,134,293	\$59,550
81	12/2015	\$799,897	-3.14%	\$1,134,293	\$59,550
82	12/2016	\$816,241	9.88%	\$1,134,293	\$59,550
83	12/2017	\$852,498	12.21%	\$1,134,293	\$59,550

**This table is for illustrative purposes only. Past performance does not guarantee future results.** This example reflects a varying gross investment rate of return. The annual returns shown reflect the deduction of all applicable contract fees and charges.

## Guaranteed Annual Income

Age	Single life	Age	Joint life
75+	5.75%	75+	5.50%
65 – 74	5.25%	65 – 74	5.00%
59 – 64	4.25%	59 – 64	4.00%
55 – 58	3.50%	55 – 58	3.50%

<sup>1</sup> Lincoln Market Select® Advantage is available for an additional annual charge of 1.25% above standard contract expenses, or 1.50% for joint life (maximum annual charge is 2.25% single life or 2.45% joint life). Investment requirements apply.

<sup>2</sup> Annual return (net of cash flows) is the return after the deduction of all applicable contract fees and charges, including any fees for optional living benefit riders. This return also reflects the impact of additional deposits or withdrawals, if any.

## ***i4LIFE*<sup>®</sup> Advantage Select Guaranteed Income Benefit (GIB)**



### **MEET MARY**

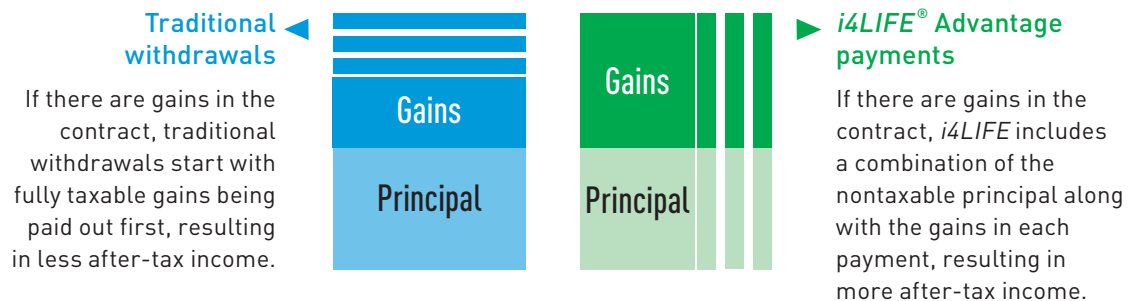
Mary has been drawing income from her investments since she retired a few years ago. After taking a hit on taxes, she asks her advisor if there's anything she can do to minimize her tax bill, while still giving her investment flexibility and control of her money.

**Mary's advisor recommends she use \$1,000,000 of her nonqualified money to invest in a Lincoln variable annuity with *i4LIFE*<sup>®</sup> Advantage Select Guaranteed Income Benefit (GIB)<sup>1</sup> — an optional living benefit rider, available for an additional charge, because it offers:**

- Guaranteed income for life
- Tax-efficient income when invested with nonqualified money
- Control of investment options

## **What is tax-efficient income?**

When *i4LIFE* payments are made from an annuity contract funded with nonqualified dollars, each payment includes a portion of the original investment (after-tax dollars) together with a portion of the gains in the contract. You retain access to the account value even after *i4LIFE* income payments begin.



## Mary's income with *i4LIFE*® Advantage Select GIB

Mary starts taking income at age 70. Because she purchased her annuity contract with nonqualified money, the \$600,000 cost basis will be distributed as the nontaxable portion of every *i4LIFE* payment Mary receives until the total amount of principal is returned.

Guaranteed Annual Income (GIB)	\$50,000
First-year income <sup>2</sup>	\$56,014
Tax-free portion	\$27,000

Age	End of year	Account value	Annual return <sup>3</sup> (net of cash flows)	Guaranteed Annual Income (GIB)	Amount above guaranteed income	Total income	Nontaxable income
70	1	\$985,396	4.20%	\$50,000	\$6,014	\$56,014	\$27,000
71	2	\$969,503	4.20%	\$50,000	\$6,684	\$56,684	\$27,000
72	3	\$952,256	4.20%	\$50,000	\$7,363	\$57,363	\$27,000
73	4	\$933,590	4.20%	\$50,000	\$8,051	\$58,051	\$27,000
74	5	\$913,438	4.20%	\$50,000	\$8,747	\$58,747	\$27,000
75	6	\$891,727	4.20%	\$50,000	\$9,453	\$59,453	\$27,000

**This table is for illustrative purposes only. Past performance does not guarantee future results.** This example reflects a constant gross investment rate of return. The annual returns shown reflect the deduction of all applicable contract fees and charges.

**Cost basis** is the after-tax portion of the purchase payment and is reflected as nontaxable income.

## How do we do this?

In addition to holding a patent on *i4LIFE*, Lincoln has received two Private Letter Rulings (PLRs) confirming that:

- *i4LIFE* payments qualify as payments made after the “annuity starting date,” and thus include a portion of the contractowner’s investment in each annuity payment (IRS PLR 2003050018, 2002).
- *i4LIFE* meets the definition of an immediate annuity under Section 72(u)(4) of the Internal Revenue Code when the contract is purchased with a single sum and the initial payment is made within the first year of purchase (IRS PLR 200818018, 2008).

<sup>1</sup> *i4LIFE*® Advantage Select GIB is available for an additional charge of 1.35% above standard contract expenses, or 1.55% for joint coverage (maximum GIB charge of 2.25% for single, or 2.45% for joint at GIB reset). Investment requirements apply. *i4LIFE*® can be elected with a minimum Access Period of the greater of 20 years or to age 90. The Assumed Investment Return (AIR) is 3%.

<sup>2</sup> The initial payment amount is based on several variables including age, gender, account value, access period, and AIR (assumed investment return).

<sup>3</sup> Annual return (net of cash flows) is the return after the deduction of all applicable contract fees and charges, including any fees for optional living benefit riders. This return also reflects the impact of additional deposits or withdrawals, if any.



## i4LIFE® Advantage Select Guaranteed Income Benefit (GIB)



### MEET PHILIP

This is a big year for Philip — he's turning 70 and retiring. For now, he can live well off his retirement savings. But what about down the road? He doesn't want to worry about running out of money or having to change his lifestyle.

**Philip's advisor recommends he use \$250,000 of his investment portfolio to buy a Lincoln variable annuity with i4LIFE® Advantage Select GIB — an optional living benefit rider, available for an additional charge, because it offers:**

- Protected lifetime income
- The chance for his payments to rise over time

### Philip's income from a traditional 5% guaranteed lifetime withdrawal benefit

First-year income <sup>1</sup>	\$12,500	Income increases	2
Income at age 85	\$12,614	Total income	\$226,470



#### High jump

Like the high jump, when a withdrawal benefit hits a higher mark, the payment increases. Down markets combined with withdrawals make it harder to get an increase over time. At age 78, the income increases to **\$12,614** for the second and last time.

Age	Period ending	Account value	Annual return (net of cash flows)	Guaranteed Annual Income for life
70	12/1999	\$248,086	4.35%	\$12,500
71	12/2000	\$250,725	6.27%	\$12,500
72	12/2001	\$235,713	-1.01%	\$12,536
73	12/2002	\$201,363	-9.53%	\$12,536
74	12/2003	\$230,525	21.41%	\$12,536
75	12/2004	\$240,760	10.17%	\$12,536
76	12/2005	\$243,872	6.69%	\$12,536
77	12/2006	\$252,277	8.83%	\$12,536
78	12/2007	\$247,979	3.39%	<b>\$12,614</b>
79	12/2008	\$164,578	-29.40%	\$12,614
80	12/2009	\$188,262	22.98%	\$12,614
81	12/2010	\$201,780	14.39%	\$12,614
82	12/2011	\$185,272	-2.00%	\$12,614
83	12/2012	\$189,984	9.70%	\$12,614
84	12/2013	\$210,172	17.89%	\$12,614
85	12/2014	\$207,230	4.76%	\$12,614
86	12/2015	\$188,511	-3.05%	\$12,614
87	12/2016	\$192,121	8.93%	\$12,614

**5.27%** **\$226,470**  
Average return Total income

<sup>1</sup> The initial payment is 5% of the initial premium.

**These tables are for illustrative purposes only. Past performance does not guarantee future results.** This example reflects a varying gross investment rate of return. The annual returns shown reflect the deduction of all applicable contract fees and charges.



**Hurdles**

With hurdles, you just need to consistently meet the same mark every time.

**Additional income:**

Every year, payments may increase if returns exceed 3%. At age 78, his additional income is \$4,067 over the GIB amount.

**Market recovery:**

Performance-based growth helps income recover from market declines. Even after a bear market, positive returns serve as a springboard for more income the next year (see 2009).

**Chances for rising income:**

The guaranteed amount can lock in at a new high. Each year, the GIB resets to the greater of the current GIB or 75% of the total income payment.

**Philip's income with *i4LIFE*® Advantage Select GIB**

First-year income <sup>1</sup>	<b>\$13,557</b>	Income increases	<b>16</b>
Income at age 85	<b>\$18,035</b>	Total income	<b>\$273,152</b>

Age	Period ending	Account value	Annual return (net of cash flows)	Guaranteed Annual Income (GIB)	Amount above guaranteed income	Total income
70	12/1999	\$246,798	4.27%	\$12,500	\$1,229	\$13,729
71	12/2000	\$247,828	6.16%	\$12,500	\$1,661	\$14,161
72	12/2001	\$231,155	-1.05%	\$12,500	\$1,090	\$13,590
73	12/2002	\$196,441	-9.44%	\$12,500	—	\$12,500
74	12/2003	\$224,851	21.55%	\$12,500	\$1,569	\$14,069
75	12/2004	\$232,816	10.14%	\$12,500	\$2,574	\$15,074
76	12/2005	\$232,605	6.61%	\$12,500	\$3,119	\$15,619
77	12/2006	\$236,553	8.73%	\$12,500	\$4,016	\$16,516
78	12/2007	\$227,569	3.31%	\$12,500	\$4,067	\$16,567
79	12/2008	\$147,388	-29.16%	\$12,500	—	\$12,500
80	12/2009	\$168,029	23.53%	\$12,500	\$931	\$13,431
81	12/2010	\$178,214	14.68%	\$12,500	\$2,515	\$15,015
82	12/2011	\$160,337	-1.68%	\$12,500	\$1,804	\$14,304
83	12/2012	\$161,392	10.06%	\$12,500	\$2,828	\$15,328
84	12/2013	\$173,873	18.14%	\$13,267	\$4,423	\$17,690
85	12/2014	\$164,257	4.91%	\$13,526	\$4,509	\$18,035
86	12/2015	\$141,980	-2.75%	\$13,526	\$3,447	\$16,973
87	12/2016	\$137,181	9.16%	\$13,538	\$4,513	\$18,051

**5.40%**  
Average return


**\$273,152**  
Total income

*i4LIFE*® Advantage Select GIB can be elected at any time, with a minimum Access Period at least the greater of 20 years or to age 90.

*i4LIFE*® Advantage Select GIB is available as an immediate income option for an additional charge of 1.35% above standard contract expenses, or 1.55% joint coverage (maximum GIB charge of 2.25% for single, or 2.45% for joint). *i4LIFE*® can be elected with a minimum Access Period for the greater of 20 years or to age 90. The Assumed Investment Return (AIR) is 3%. Investment requirements apply. Single life is illustrated in this hypothetical.

## Create a legacy that can pass the test of time (and taxes)

Investors are sometimes faced with the (happy) problem of having assets saved that they don't need for retirement. For a tax-efficient way to gift nonqualified assets, consider a Lincoln variable annuity with *i4LIFE*<sup>®</sup> Advantage Select GIB.



Multigenerational wealth transfer is at a **90%** risk of disappearing by the third generation.\*

## The game-changer

With Lincoln variable annuities, you have access to one of the most powerful tools for multigenerational wealth retention: *i4LIFE* Advantage Select GIB. Because of its patented, innovative design, long-standing tax code and private letter rulings, *i4LIFE* can be used for a broad range of wealth transfer situations.

Since 2001, *i4LIFE* has been helping investors minimize the impact of taxes and maximize opportunities for increasing income. But the benefits don't stop there. We have an extensive collection of *i4LIFE* concepts and resources to help you pass assets to your heirs.

\*Gabriel Garcia, "That \$30 Trillion 'Great Wealth Transfer' is a Myth," *CNBC Markets*, May 22, 2018. Garcia cites the Williams Group wealth consultancy to claim that while 90% of wealthy families lose their wealth by the third generation, 70% lose it by the second.

## Keep your options flexible

There's no one-size-fits-all retirement income plan. Every situation is different — *i4LIFE*® Advantage Select GIB is a flexible tool that can be used for a broad range of unique income situations, including:



### Multigenerational income

For anyone who wants to set up an income stream that will pay out over two or more generations.

### Income before age 59½

If you're younger than 59½ and want to take income from your retirement assets — but you're concerned about the tax penalty on early retirement income withdrawals.

### Income for someone who isn't a spouse

You might have a sibling, a friend, a domestic partner or a business partner who you want to list as a beneficiary of your annuity.

### 1035 Exchange by beneficiary

Suppose you've inherited a nonqualified annuity that you would like to exchange for one with different features, benefits, investment options or more flexibility?

### Trusts

*i4LIFE* can be owned in a trust in order to offer tax-advantaged income and wealth transfer strategies.

### Income for older investors

You may be older than the maximum contract issue age, but could benefit from a protected stream of income.

### Cross reinvestment

For large estate owners who may have established life insurance-funded irrevocable trusts for estate liquidity and estate tax exemption.

### Lifetime gifting

Are you looking for a tax-efficient way to gift your nonqualified assets?



## Giftting income for generations ahead with *i4LIFE*® Advantage Select GIB



### MEET BARBARA

During Barbara's yearly check-in with her advisor, they talk about estate planning. Barbara wants to create a legacy that can stand the test of time and protect her heirs.

**Her advisor recommends she move \$1,000,000 of her nonqualified money into a Lincoln variable annuity with *i4LIFE*® Advantage Select Guaranteed Income Benefit (GIB) — an optional living benefit rider, available for an additional charge, because it offers:**

- A way for her to take income now
- A tax-efficient way to gift nonqualified money to her heirs

## Barbara's income and legacy from *i4LIFE*® Advantage Select GIB

If Barbara wants to leave a legacy while taking income now, she can. With *i4LIFE* she's guaranteed at least \$50,000 a year. If she dies at age 75, her chosen heir will receive the **\$891,727** death benefit. Because the contract was purchased with nonqualified money, **\$438,000** (the remaining cost basis) can be accessed in a way that's tax-efficient.

Guaranteed Annual Income (GIB)	<b>\$50,000</b>
Initial cost basis	<b>\$600,000</b>
Death benefit (at age 75)	<b>\$891,727</b>

Age	End of year	Account value	Annual return (net of cash flows)	Guaranteed Annual Income (GIB)	Amount above guaranteed income	Total income	Nontaxable income	Death benefit
70	1	\$985,396	4.20%	\$50,000	\$6,014	\$59,687	\$27,000	\$985,396
71	2	\$969,503	4.20%	\$50,000	\$6,684	\$70,840	\$27,000	\$969,503
72	3	\$952,256	4.20%	\$50,000	\$7,363	\$72,454	\$27,000	\$952,256
73	4	\$933,590	4.20%	\$50,000	\$8,051	\$68,243	\$27,000	\$933,590
74	5	\$913,438	4.20%	\$50,000	\$8,747	\$73,269	\$27,000	\$913,438
75	6	\$891,727	4.20%	\$50,000	\$9,453	\$80,299	\$27,000	<b>\$891,727</b>

*i4LIFE*® Advantage Select GIB can be elected starting in the first benefit year, with a minimum Access Period at least the greater of 20 years or to age 90.

*i4LIFE*® Advantage Select GIB is an optional feature that is available for an additional charge with Lincoln variable annuities. This feature provides lifetime income, as well as access to account value and the availability of a death benefit. Payments will vary based on the performance of the funding options elected.

**These tables are for illustrative purposes only. Past performance does not guarantee future results.** Examples reflect a constant gross investment rate of return. The annual returns shown reflect the deduction of all applicable contract fees and charges.



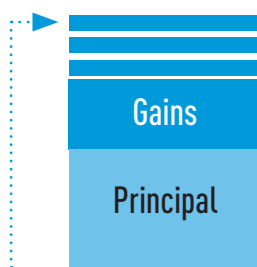
## Barbara's gift of income with *i4LIFE*® Advantage Select GIB

If Barbara doesn't need income, she can plan to pass the annuity to her son, Steven. This scenario shows Steven inheriting Barbara's Lincoln variable annuity when he is 50. He elects *i4LIFE*® Advantage Select GIB as the death benefit payout so that he can begin taking a stream of income.

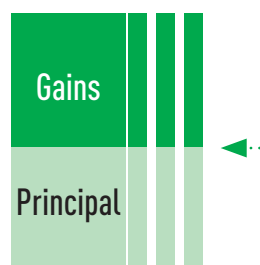
Death benefit	<b>\$1,000,000</b>
Remaining cost basis	<b>\$600,000</b>
Steven's initial GIB	<b>\$30,648</b>

Age	Period ending	Account value	Annual return (net of cash flows)	Guaranteed Annual Income (GIB)	Amount above guaranteed income	Total income	Nontaxable income	Death benefit
50	12/1999	\$1,023,709	6.46%	\$30,648	\$10,215	\$40,863	\$14,320	\$1,023,709
51	12/2000	\$1,024,478	4.16%	\$30,998	\$10,333	\$41,331	\$14,320	\$1,024,478
52	12/2001	\$944,133	-3.89%	\$30,998	\$7,515	\$38,513	\$14,320	\$944,133
53	12/2002	\$794,219	-12.07%	\$30,998	\$1,775	\$32,773	\$14,320	\$839,781
54	12/2003	\$941,387	23.16%	\$30,998	\$8,317	\$39,315	\$14,320	\$941,387
55	12/2004	\$1,005,278	11.21%	\$31,884	\$10,628	\$42,512	\$14,320	\$1,005,278
56	12/2005	\$1,037,851	7.64%	\$33,350	\$11,116	\$44,466	\$14,320	\$1,037,851
57	12/2006	\$1,094,574	9.98%	\$35,655	\$11,885	\$47,540	\$14,320	\$1,094,574
58	12/2007	\$1,080,556	3.14%	\$35,703	\$11,901	\$47,604	\$14,320	\$1,080,556
59	12/2008	\$685,296	-33.01%	\$35,703	—	\$35,703	\$14,320	\$685,296
60	12/2009	\$809,716	24.02%	\$35,703	\$1,071	\$36,774	\$14,320	\$809,716
61	12/2010	\$898,137	15.84%	\$35,703	\$5,757	\$41,460	\$14,320	\$898,137
62	12/2011	\$827,111	-3.38%	\$35,703	\$3,135	\$38,838	\$14,320	\$827,111
63	12/2012	\$873,321	10.55%	\$35,703	\$6,044	\$41,747	\$14,320	\$873,321
64	12/2013	\$1,023,978	22.60%	\$37,407	\$12,469	\$49,876	\$14,320	\$1,023,978
65	12/2014	\$1,026,321	5.24%	\$38,238	\$12,746	\$50,984	\$14,320	\$1,026,321
66	12/2015	\$941,873	-3.35%	\$38,238	\$9,529	\$47,767	\$14,320	\$941,873
67	12/2016	\$1,002,457	11.82%	\$38,969	\$12,989	\$51,958	\$14,320	\$1,002,457
68	08/2017	\$1,024,652	5.78%	—	—	—	—	\$1,024,652

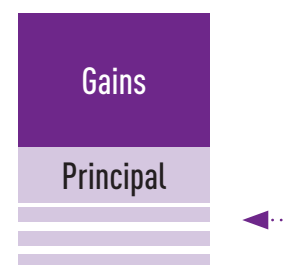
### Taxation order matters



For standard annuity withdrawals, last-in, first-out (LIFO) payments are applied, which means the entire tax hit is up front.



*i4LIFE* offers an exclusion ratio for payments, returning a portion of principal with each payment. This helps potentially mitigate the tax burden by spreading it out.



Beneficiaries with *i4LIFE* have the unique advantage of accessing their money in a tax-advantaged way.

## Lincoln fixed annuities — Growing assets for the future

If you're nearing retirement, you've probably seen the stock market move in cycles. It's important to have a balanced portfolio to help achieve the growth you need but still protect against risk.

While you may like the feeling of security you get from keeping a certain balance in your bank account, you're taking on another significant risk — outliving your savings.

So how can you protect your savings and accumulate more for the future? Consider Lincoln fixed annuities — the option that delivers the safety of principal protection with higher growth potential in a low interest rate environment. Consider protected growth for a stronger retirement income plan with a Lincoln fixed annuity because it offers:

Fixed growth that  
outperforms traditional  
deposit accounts

Protection from losses

Tax advantages

Today, investors are holding  
**\$13.4 trillion**  
on the sidelines — up **5.5%** year over year.<sup>1</sup>

In today's low interest rate environment, investors holding on to cash will fight an uphill battle getting to their retirement income goals.

**<1%**  
The average yield on money market  
accounts over the past five years.<sup>2</sup>

Explore possible alternatives to the lower returns of cash holdings with a solution that may also help protect your money from market losses.

**3.7% to 4.7%**

The average expected return of a fixed indexed annuity issued today.<sup>3</sup>

<sup>1</sup> Federal Reserve, St. Louis Fed. Guide to the Markets — U.S. Data as of April 30, 2017.

<sup>2</sup> FDIC, <https://www.fdic.gov/regulations/resources/rates/previous.html>.

<sup>3</sup> Greg Iacurci, "Indexed Annuities' Performance May Not Be What You Expect," *InvestmentNews*, February 16, 2018.



### MEET MICHELLE

For Michelle, retirement is still about 10 years away. She wants to protect the savings she’s worked hard to build, so she’s moved some of her investments into a money market account hoping to reduce market risk. But now Michelle’s retirement portfolio isn’t keeping pace with her plan. She’s worried she won’t have enough to live comfortably in retirement.

**Michelle’s advisor recommends taking \$100,000 from her portfolio to purchase a Lincoln fixed annuity. He shows her how the annuity stacks up against her current plan after just one year:**

	Money market account at 0.87%*	Fixed Account at 2.50%
Amount invested	\$100,000	\$100,000
Interest after one year	\$870	\$2,500 Fixed Account
Interest after annual taxes are assessed (32% tax rate)	\$592	\$2,500 Fixed Account
Potential annual return	0.59% (after taxes)	2.50% (tax-deferred)

**324% more**

\*FDIC, <https://www.fdic.gov/regulations/resources/rates/>, June 2017. The 0.87% is the rate cap as of June 19, 2017. The rate cap is determined by adding 75 basis points to the national rate average of 0.12%.

Interest rates, specified rates, and indexed interest caps are declared by The Lincoln National Life Insurance Company at its discretion. Rates as of June 1, 2017, are used for illustration purposes only. Actual rates will be determined at contract issue. Subsequent interest rates, specified rates, and indexed interest caps may be higher or lower than the initial ones and may be different from those used for new contracts.

**Guarantees are based on the claims-paying ability of the issuing company.**

## Performance

The illustration shown is intended to show the mechanics of a *Lincoln ChoicePlus Assurance*<sup>SM</sup> variable annuity. The six funds below were selected based on the following criteria: Morningstar<sup>®</sup> rating, inception date and assets under management (Delaware VIP<sup>®</sup> Small Cap Value Series, Fidelity<sup>®</sup> VIP Contrafund<sup>®</sup> Portfolio, LVIP American Growth, LVIP Delaware Bond, LVIP Delaware Special Opportunities, and LVIP MFS Value). These were used in the illustration for Lincoln *i4LIFE*<sup>®</sup> Advantage Select GIB, and there are several funding options available. Investors should consider their financial objectives, risk tolerance and time horizon to adjust their funding options and allocation accordingly. Keep in mind, asset allocation and diversification do not guarantee a profit or eliminate the risk of investment loss.

### Performance is as of June 29, 2018

Nonstandard performance without surrender*	Inception date	1 year	5 years	10 years
LVIP American Growth	02/08/1984	20.53%	14.28%	8.45%
LVIP MFS Value	05/01/1992	2.28%	8.94%	7.04%
Fidelity VIP Contrafund Portfolio	01/03/1995	11.10%	10.86%	7.41%
LVIP Delaware Special Opportunities	12/28/1981	11.16%	10.78%	8.35%
Delaware VIP Small Cap Value Series	12/27/1993	8.98%	10.16%	9.26%
LVIP Delaware Bond	12/28/1981	-1.51%	0.90%	3.00%

Nonstandard performance with surrender*	Inception date	1 year	5 years	10 years
LVIP American Growth	02/08/1984	13.53%	13.68%	8.45%
LVIP MFS Value	05/01/1992	-4.72%	8.22%	7.04%
Fidelity VIP Contrafund Portfolio	01/03/1995	4.10%	10.19%	7.41%
LVIP Delaware Special Opportunities	12/28/1981	4.16%	10.11%	8.35%
Delaware VIP Small Cap Value Series	12/27/1993	1.98%	9.47%	9.26%
LVIP Delaware Bond	12/28/1981	-8.51%	-0.08%	3.00%

### Performance is as of June 29, 2018

Standard performance with surrender <sup>†</sup>	Inception date	1 year	5 years	10 years/since inception
LVIP American Growth	06/29/2010	13.53%	13.68%	14.26%
LVIP MFS Value	06/04/2007	-4.72%	8.22%	7.04%
Fidelity VIP Contrafund Portfolio	09/19/2001	4.10%	10.19%	7.41%
LVIP Delaware Special Opportunities	06/04/2007	4.16%	10.11%	8.35%
Delaware VIP Small Cap Value Series	11/20/1998	1.98%	9.47%	9.26%
LVIP Delaware Bond	11/20/1998	-8.51%	-0.08%	3.00%

All performance results reflect *Lincoln ChoicePlus Assurance*<sup>SM</sup> variable annuity with a maximum 1.30% mortality and expense risk charge and administration fee, investment management fees and a \$35 contract fee (waived for contracts over \$100,000). The surrender charge for the B-Share option is 7%, 7%, 6%, 6%, 5%, 4%, 3%, 0%.

\*These returns are measured from the Fund inception date, which predates their offering as an investment option in the variable annuity. Therefore, they reflect performance.

†These returns are measured from the date that they were available as an investment option in the variable annuity.

Investments in the Funds are not and will not be deposits with or liabilities of Macquarie Bank Limited ABN 46 008 583 542 and its holding companies, including their subsidiaries or related companies (the "Macquarie Group"), and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. No Macquarie Group company guarantees or will guarantee the performance of Delaware Investments VIP Series, the repayment of capital from Delaware Investments VIP Series, or any particular rate of return.

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Talk to your financial representative to learn more about how Lincoln can help you prepare for income in retirement.

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

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Variable annuities are long-term investment products designed for retirement purposes and are subject to market fluctuation, investment risk, and possible loss of principal. Variable annuities contain both investment and insurance components and have fees and charges, including mortality and expense, administrative, and advisory fees. Optional features are available for an additional charge. The annuity's value fluctuates with the market value of the underlying investment options, and all assets accumulate tax-deferred. Withdrawals of earnings are taxable as ordinary income and, if taken prior to age 59½, may be subject to an additional 10% federal tax. Withdrawals will reduce the death benefit and cash surrender value.

**Investors are advised to consider the investment objectives, risks, and charges and expenses of the variable annuity and its underlying investment options carefully before investing. The applicable prospectuses for the variable annuity and its underlying investment options contain this and other important information. Please call 888-868-2583 for free prospectuses. Read them carefully before investing or sending money. Products and features are subject to state availability.**

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**All contract and rider guarantees, including those for optional benefits, fixed subaccount crediting rates, or annuity payout rates, are subject to the claims-paying ability of the issuing insurance company.** They are not backed by the broker-dealer or insurance agency from which this annuity is purchased, 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.

There is no additional tax-deferral benefit for an annuity contract purchased in an IRA or other tax-qualified plan.

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A fixed indexed annuity is intended for retirement or other long-term needs. It is intended for a person who has sufficient cash or other liquid assets for living expenses and other unexpected emergencies, such as medical expenses. A fixed indexed annuity is not a registered security or stock market investment and does not directly participate in any stock or equity investments, or index. The index used is a price index and does not reflect dividends paid on the underlying stocks. Fixed indexed annuities are not available in New York.

**For use with the general public.**