Lincoln
Financial Group®
Lincoln Life

MoneyGuard®

MoneyGuard® LS

MoneyGuard® Flex I

MoneyGuard® Flex II

product and sales *guide*

The MoneyGuard series of non-variable universal life insurance policies have riders that accelerate the death benefit to pay for covered long-term care (convalescent care in MA and WA) expenses. An extension of benefits (EOB) rider is available at an additional cost to continue long-term care (LTC) benefit payments after the entire death benefit has been paid. MoneyGuard and MoneyGuard LS (second-to-die universal life) are paid with a single premium. MoneyGuard Flex I and II are funded with flexible premiums. Products are issued by The Lincoln National Life Insurance Company (Lincoln Life). Products and features subject to state availability. See the policy form, riders and outline of coverage (disclosure statement in MA and WA) for details on LTC benefit qualification criteria, eligible services, providers, limitations and exclusions.

Not a deposit, not FDIC-insured, not insured by any federal government agency, not guaranteed by any bank or savings association, and may go down in value.

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L01-0193-LL (6/02)

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Lincoln Financial Group®
Lincoln Life

Preparing to Sell MoneyGuard® Products

Target Market

- The MoneyGuard products are especially attractive to financially savvy pre-retired and retired adults who self-insure the LTC risk. Best prospects have likely not purchased traditional LTC insurance because they perceive little value in paying for coverage they may never need. Candidates for MoneyGuard and MoneyGuard LS are clients with at least $300,000 in invested assets (excluding the primary residence and qualified plan assets). Best prospects for MoneyGuard Flex I and Flex II are clients with discretionary income that can support the payment of periodic premiums.

Licensing Requirements

- You must be appointed with Lincoln Life to sell the MoneyGuard products.
- If you are in a "restricted" state, you must be appointed before you can solicit business.
- If you are in a state that requires LTC education, you may need to complete the required hours before you can sell MoneyGuard.

Marketing Support

Illustration System

- Illustrations and additional reports may vary by state. You may not create your own illustrations, mask, mark or modify the system-generated output in any way.
- The Asset Movement and Linked Benefit graphics are available as personalized reports to reinforce the MoneyGuard concept at point-of-sale. (Graphics are included in the MoneyGuard Client Presentations (L01-0182-LL and L01-0182-LLCC.)
- A copy of the illustration must be submitted with an application.

Outline of Coverage (Disclosure Statement in MA and WA)

- The state-specific outline of coverage must be given to an applicant before an application is signed.
- The outline is the best source of information on LTC benefit eligibility, covered services and restrictions.

Application and Other Required Forms

- Applications and required forms may vary by state. NOTE: Many states impose requirements on the sale of MoneyGuard that normally don't apply to the sale of life insurance because of the LTC component.
- A copy of the illustration must be submitted with an application.

Consumer and Producer Marketing Materials

- A number of printed and electronic consumer and producer pieces are available to support the MoneyGuard sale. Consumer materials are subject to state availability.
- Materials can be ordered using the online order form accessible through www.moneyguard.com or the supply order form.

Client Profile and Suitability Review

Client Profile

- The MoneyGuard® products are most attractive to financially astute adults ages 55 to 75 who self-insure the LTC risk. Best prospects have likely not purchased traditional LTC insurance because they perceive little value in paying for coverage they may never need.
- MoneyGuard prospects are active, independent, financially secure adults who want to maintain a comfortable lifestyle during retirement and protect their assets against financial risks. In most cases, they hope to pass assets to loved ones.
- Typical candidates for MoneyGuard and MoneyGuard LS are clients with at least $300,000 in invested assets (excluding the primary residence and qualified plan assets). Best prospects for MoneyGuard Flex I and Flex II are clients with discretionary income that can support the payment of periodic premiums.

Suitability Review

Producers should always consider the suitability of MoneyGuard for their clients. Because assets and income can vary widely from client to client, no single financial model can be used to assist in judging suitability. The following is a partial list of assets that may help assess suitability:

- Home ownership
- Normal yearly expenditures by category, such as housing, medical, charity, gifts, automobile, travel & leisure
- Portion of income that may come from Social Security and defined benefit qualified plans
- Value of defined contribution qualified plan assets
- Value and types of assets other than home and qualified plans

Fewer assets in one category may be offset by greater assets in another category. There is no standardized asset-based suitability test for MoneyGuard. Regardless of what fact-finding tool you use to determine insurable needs or financial objectives there are some general questions that can help lead to a conclusion about suitability:

- Does my client spend the income from the asset that would be used to purchase the policy? If the proposed insured spends the income, either a replacement source for that income, or another premium source should be found.
- Does my client have a near-term use planned for the asset that would be used to purchase the policy? If yes, and the planned use is still to be carried out, another premium source should be found.
- Is the asset that would be used to purchase the policy intended for accumulation, unforeseen emergencies or eventual transfer to children? If yes, the asset is probably suitable for a MoneyGuard purchase, assuming that the two questions above are resolved.

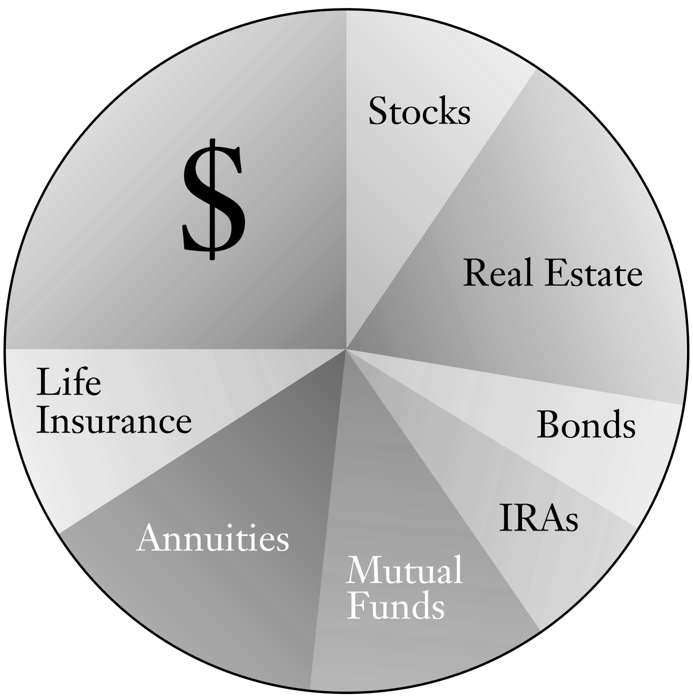
If the applicant is considering the replacement of a traditional stand-alone LTC policy, there are additional suitability concerns.

- The LTC policy may provide a longer benefit period or higher benefits than MoneyGuard. These and other possible differences should be weighed against the death and LTC benefits provided by a MoneyGuard policy.
- There may never be a claim for benefits under the LTC policy while MoneyGuard may provide a death benefit, LTC benefits or both.

Client Profile and Suitability Review

As part of your suitability review, it is important to determine the value of your client's assets and the best source for funding a MoneyGuard® policy. This graphic shows the major asset categories common to most adults. After you identify assets, ask your client, "If you (or your spouse) needed long-term care (convalescent care in MA and WA) today, which asset would you use first to pay those costs?" The answer to this question will help further identify a potential funding source. Highly liquid assets or cash value life insurance policies may provide the best funding sources for single premium MoneyGuard and MoneyGuard LS. Distributions from deferred annuities, IRAs and TSAs may be additional funding sources for MoneyGuard Flex I and Flex II if distributions from these assets are not needed to supplement retirement income.

Important Note
Surrenders and withdrawals from deferred annuities, IRAs and TSAs and certain life insurance policies are taxable to the extent the amount withdrawn exceeds the after tax investment or premium paid. A 10% federal penalty tax may also apply if distributions are taken prior to age 59½.



Background Information and Statistics

The Senior Boom

- People age 65 and older numbered 35 million in 2000, an increase of 3.7 million or 12% since 1990. By 2030, the number of older persons will be about 70 million.
- About one in every eight Americans, or 12.4% of the population, is age 65 or older.
- Over 2 million people celebrated their 65th birthday in 2000 (5,574 per day).
- In 2000, persons reaching age 65 had an average life expectancy of an additional 17.9 years (19.2 years for females and 16.3 for males).
- In 2000, there were 20.6 million women age 65 or older and 14.4 million men age 65 or older (a ratio of 143 women to every 100 men). The female to male ratio increases with age, ranging from 117 women to every 100 men for the 65-69 age group to a high of 245 women to every 100 men for persons 85 and over.
- In 2000, older men were much more likely to be married than older women - 74% of men, 43% of women. Almost half of all older women were widows (45%). There were four times as many widows (8.5 million) as widowers (2.0 million).

  (*A Profile of Older Americans: 2001*, Administration on Aging, U.S. Department of Health and Human Services)

- Between 1984 and 1999, the median net worth of households headed by persons age 65 or older increased by 69%. The median net worth of older persons in 1999 was $157,600. Median net worth was higher for older married heads of households ($234,000) and older persons with some college education ($301,000). (*Older Americans 2000: Key Indicators of Well-Being*, Federal Interagency Forum on Aging Related Statistics)

Long-Term Care Use and Costs

- Nearly one quarter (22.9%) of all American adults aged 65 or older are functionally disabled or in need of some form of long-term care. By the year 2040, it is projected that the population of adults needing assistance with three or more activities of daily living will increase by 90%. (*Family Caregiving in an Aging Society*, 1999 report from the Administration on Aging)
- The average nursing home stay is 2.38 years. Women and single people are likely to spend significantly more time in a nursing home. The average stay also increases with age. (*National Nursing Home Survey 1997*, National Center for Health Statistics)
- The national average cost for a private room in a nursing home is about $4,654 per month ($55,848 per year). (*The Costs of Long-Term Care: Public Perceptions Versus Reality*, AARP 2001)
- In 2000, $92 billion was spent for nursing home care. Medicaid paid 48% of the cost, Medicare paid 10% of the cost, consumers paid 27% of the cost out-of-pocket, and private health insurance paid 8% of the cost. The remaining 7% was paid by other private and public sources. (*Health Care Financing Administration*, *Office of the Actuary: Data from Division of National Health Statistics*, January 2002)
- Roughly 2.8% of the U.S. population - 7.6 million people - received formal home care services in 1998. Of these, 68% were age 65 or older and 62% were women. (*1998 National Home and Hospice Care Survey*, U.S. Department of Heath and Human Services)

Long-Term Care Use and Costs (continued)

- Assisted living facilities report charging an average monthly fee of $1,873 ($22,476 per year) for rent and most additional fees. Roughly two-thirds of all facilities charge between $1,001 and $2,500 per month; another 15% charge more than $2,500; 19% charge less than $1,000. (*2001 Facts and Trends: The Assisted Living Handbook*)

- One in three adults, 52 million adults between the ages of 20 to 75, provide unpaid informal care to a family member or friend. Over seven million Americans provide 120 million hours of informal care to approximately 4.2 million functionally disabled older adults every week. The most common relationship is that of an adult child assisting an elderly parent. The average age of all informal caregivers is 43 years. The average age of a caregiver spouse is 55. Women are more likely than men to be caregivers, provide more hours of care, and care for more than one person. On average, employed women provide about 12 hours of informal care each week. (*Informal Caregiving*, 1998 report from the U.S. Department of Health and Human Services)

Guide for L01-0182-LL and L01-0182-LLCC
(Substitute "convalescent care" for "long-term care" in MA & WA)

What will the future bring?

None of us knows for sure what the future will bring. However, one thing that every retiree knows is that the probability of needing long-term care increases with age.

Retirement should be a rewarding, carefree time of life. No one wants to spend these years worrying about an uncertain future.

- Most of us either plan to self-insure the long-term care risk, that is, use our own assets to pay for long-term care; or
- We shift the risk to an insurance company through the purchase of a long-term care insurance policy.
- Given these choices, most of us decide to self-insure because we don't see value in paying ongoing premiums for coverage we may never need.
- We'd probably use readily available assets first to pay for long-term care.
- Readily available assets are liquid assets in such things as savings accounts, money market accounts, or the cash value in a life insurance policy.
- It's money we hope we're never forced to spend, and perhaps some day, pass on to our loved ones.

Now there's a better solution!

Most of us would like to free up some of those readily available assets for other purposes. Now there's a way to free up some of those readily available assets and have financial security for a potential long-term care need.

- This can be done by insuring the long-term care risk more efficiently with a linked benefits insurance policy.
- By moving a portion of your readily available assets into a linked benefits policy, you're preparing for the future no matter what happens
- A linked benefits policy provides a death benefit, long-term care benefits, or both.
- The linked benefits policy I recommend is MoneyGuard. MoneyGuard is a universal life insurance policy that accelerates the death benefit to help pay for long-term care expenses. An extension of benefits rider can be added at an additional cost to continue long-term care benefits after the death benefit is used completely for long-term care.

You can . . . live for today with security for tomorrow®

Let's consider a typical example that shows why MoneyGuard is the smart way to insure the long-term care risk.

1. A healthy, non-smoking 65-year-old woman has $150,000 in readily available assets in a savings account that she would probably use first if she needed long-term care.
2. She moves $50,000 as a single premium into MoneyGuard.
   - This provides her with an immediate death benefit of $103,522, which is available to help pay for long-term care. If she never needs long-term care, the $103,522 passes income tax-free to her beneficiary. If she uses a portion of the death benefit for long-term care, the remainder passes income tax-free.
   - This $50,000 also purchases an additional long-term care benefit of $207,044 that's available to continue long-term care benefit payments in the event she uses her entire death benefit for long-term care.
   - She has a total of $310,566 available for long-term care.
   - She increased the paying power of her original $50,000 for long-term care; plus, she converted an income taxable asset into an income tax-free asset, and she increased the value of the asset she can pass on to her loved ones.
3. Now she has some flexibility to save, spend, or reinvest that remaining $100,000 of her readily available assets.

(Substitute “convalescent care” for “long-term care” in MA & WA)

MoneyGuard is the intelligent choice.

It's the power of the linked benefits life policy that so many people use to achieve their goal of protecting retirement assets against long-term care costs. The linked benefits policy combines life insurance and long-term care benefits in a single policy!

Let's talk about how MoneyGuard actually works. It's as if we linked three buckets together.

- The first bucket holds the premium, those readily available assets that are moved into MoneyGuard.
- The second bucket holds the death benefit. The death benefit is used first to pay for long-term care.
- The third bucket holds the total long-term care benefit - the death benefit plus an additional amount equal to two times the death benefit.

This linked benefits policy was designed with flexibility in mind to meet urgent needs.

- The most important thing about the premium - it's guaranteed to be returned to you for as long as you own MoneyGuard, provided certain conditions are met: no loans or withdrawals are made; benefits are not changed or added; and, coverage is maintained at recommended levels.
- The money in the premium bucket is available any time you need cash that is not related to long-term care, such as a family emergency. Policy loans and withdrawals will reduce your death benefit, long-term care benefit, and account value. Most loans and withdrawals are taxable to the extent they represent the distribution of gain. Excessive loans and withdrawals may cause the policy to lapse. A 10% federal tax penalty applies to loans and withdrawals of taxable income made prior to age 59½. Please consult with your own tax advisor before making any tax-related decisions.
- MoneyGuard can maximize the value of assets you pass to loved ones. If you are fortunate and never need long-term care, the death benefit is paid to your beneficiary income tax-free, and without probate delays if your estate is not your beneficiary.
- Should you require long-term care, the long-term care bucket is available to help pay for that care whether it's received in your own home, a nursing home, an assisted living facility (substitute “residential care facility” for “assisted living facility” in CA) or an adult day care center.
- In this example, the benefits paid from the third bucket will last for six years at a monthly rate of $4,313. MoneyGuard reimburses long-term care expenses up to a monthly maximum benefit. If monthly expenses are less than the $4,313 monthly maximum then benefits will last longer.

I think you'll agree that owning MoneyGuard is a smart financial decision.

We've talked about MoneyGuard conceptually -- how it can help ensure a carefree retirement and provide a solution to funding a potential long-term care need. Now let's take a look at how MoneyGuard can work for you.

MONEYGUARD® Series Specifications Chart

MoneyGuard Products	MONEYGUARD®	MONEYGUARD® LS	MONEYGUARD® FLEX I	MONEYGUARD® FLEX II
Overview	The MoneyGuard products, which combine universal life insurance with long-term care benefits, are particularly effective in addressing the needs of retirees and those nearing retirement who self-insure the LTC risk. LTC expenses are reimbursed up to a monthly maximum for a wide range of covered services, including home health, nursing home, adult day and assisted living care (residential care in CA). The death benefit can be paid out for LTC at the monthly maximum benefit over a two- or three-year period. An extension of benefits (EOB) rider can be added: two- or four-year with a two-year death benefit acceleration; lifetime with a three-year death benefit acceleration. An optional 5% simple or compound annual benefit increase can be purchased to increase the entire monthly maximum benefit every year beginning on the first rider anniversary. Annual increases only apply to the LTC benefits and not to the death benefit.			

Base Policy	MONEYGUARD®	MONEYGUARD® LS	MONEYGUARD® FLEX I	MONEYGUARD® FLEX II
Premium Mode and Duration	Entire premium is paid at issue. Policy has no maturity date.		Annual, Semi-annual - 1/2, Quarterly - 1/4, Monthly PAC - 1/12 Policy has no maturity date.	
How the Premium is Determined	There is a fixed relationship between the premium and benefits.		As specified by agent and client.	As specified by agent and client. (5, 7 & 10 year or life pay annual mode required for guaranteed minimum benefits) Required premium must be paid for stated duration to maintain guarantee.
Premium Load	3.5%		Year 1 = 6%, Years 2+ = 3.5%	4.25%
Expense Charge	None		$4 per month	
Current Interest	Under current practice, the initial rate remains unchanged for 1 year. It can be changed monthly thereafter.			
Interest Guarantee	4%			
COI Charges	COI charges are based on the current, non-guaranteed scale. They are charged monthly based on the net amount at risk. No base plan or rider charges are incurred after attained age 100.		COI charges same as MoneyGuard & LS. 3 COI & minimum premium bands: $0-$99,999, $100,000-$249,999 and $250,000 and higher.	COI charges same as MoneyGuard and LS. 2 COI and minimum premium bands: $0-$99,999 and $100,000 and higher.

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Base Policy (cont.)	MONEYGUARD®	MONEYGUARD® LS	MONEYGUARD® FLEX I	MONEYGUARD® FLEX II
Issue Ages (Actual ages are based on age last birthday)	Ages 30 through 80	Actual Ages 30 through 80 (Not available to persons whose actual age difference is greater than 20 years.) Max Joint Equal Age (JEA) is 85.	Ages 0 through 80	Ages 0 through 74
Risk Classifications Preferred: Non-Smoker Standard: Smoker	Preferred & Standard Table rated & flat extra	Preferred & Standard Table rated & flat extra JEA based on all risk classification factors	Preferred & Standard Table rated & flat extra	
Minimum Specified Amount (can vary by state)	Amount purchased by a $10,000 single premium.		$50,000	
Maximum Specified Amount	$1,000,000	$2,000,000	$1,000,000	
Minimum Premium	$10,000		Per thousand minimum amount required for seven years.	Per thousand minimum amount required for five years.
Commission Target Premium	The entire first year premium.		Based on face amount, age and risk classification. Normally greater than Minimum Premium.	
Death Benefit Option	At issue, Option 1 (level) only.		Option 1 (level) (required for GER on Flex II) Option 2 (increasing)	
Guaranteed Enhancement Rider (GER)	Provides a guaranteed lifetime return of premium, and minimum death and LTC benefits. Guarantees are forfeited if withdrawals or loans are made, benefits are changed, or company benefit change recommendations are not followed.		No minimum benefit guarantees.	Provides guaranteed minimum death and LTC benefits when purchased with an annual mode for 5, 7, 10 year or life pay only. Option I required. Guarantees are forfeited if withdrawals or loans are made, benefits are changed, required premiums are not received within 60 days of the due date, or recommendations to reduce coverage are not followed.

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MONEYGUARD® Series Specifications Chart

<table>
<tr><th>Base Policy (cont.)</th><th>MONEYGUARD®</th><th>MONEYGUARD® LS</th><th>MONEYGUARD® FLEX I</th><th>MONEYGUARD® FLEX II</th></tr>
<tr><td>Residual Death Benefit</td><td>If LTC benefits are paid, guarantees that the death benefit will be no less than a stated amount, initially 10% of the Specified Amount. Thereafter, it is adjusted for policy loan activity, partial withdrawals and changes in the Specified Amount.</td><td colspan="3">Not Available</td></tr>
<tr><td>Coverage Increases</td><td colspan="2">To protect GER benefits, a separate policy will be issued.</td><td>Allowed</td><td>Allowed (Guarantees are lost if processed)</td></tr>
<tr><td>Coverage Decreases</td><td colspan="2">Allowed, but terminates GER provisions. To retain DEFRA qualified status, taxable consequences may result if cash value is forced out of the contract.</td><td>Allowed, but to retain DEFRA qualified status, taxable consequences may result if cash value is forced out of the contract.</td><td>Allowed, but terminates Guarantees. To retain DEFRA qualified status, taxable consequences may result if cash value is forced out of the contract.</td></tr>
<tr><td>Partial Withdrawals</td><td colspan="4">$25 fee if more than 1 per year; no charge after 14 years.
(IRS imposes a 10% penalty for withdrawals prior to age 59 ½ on Modified Endowment Contracts (MEC))</td></tr>
<tr><td>Policy Loan Interest</td><td colspan="4">7% in advance</td></tr>
<tr><td>Interest Rate Credited on Account Value Equal to Loan</td><td colspan="2">Current practice for all years:
On borrowed gain: equal to loan interest charged.
On borrowed principal: 2% net cost.</td><td colspan="2">Current practice:
0.5% net cost on borrowed gain
2.0% net cost on borrowed principal.</td></tr>
<tr><td>Surrender Charge</td><td colspan="2"><table>
<tr><th>Issue Age</th><th>Yrs. 1-10</th><th>Yr. 11</th><th>Yr. 12</th><th>Yr. 13</th><th>Yr. 14</th><th>Yrs. 15+</th></tr>
<tr><td>30-50</td><td>12%</td><td>9.6%</td><td>7.2%</td><td>4.8%</td><td>2.4%</td><td>0%</td></tr>
<tr><td>51-65</td><td>8%</td><td>6.4%</td><td>4.8%</td><td>3.2%</td><td>1.6%</td><td>0%</td></tr>
<tr><td>66 +</td><td>6%</td><td>4.8%</td><td>3.6%</td><td>2.4%</td><td>1.2%</td><td>0%</td></tr>
</table></td><td colspan="2">The amount is fixed at issue. It is level for five years, then decreases 10% per year to zero at end of year 14.</td></tr>
<tr><td>Riders</td><td colspan="4">Convalescent Care Benefit rider (CCBR) with or without optional Simple or Compound Annual Increase Benefit
Extension of Benefits rider (EOB) with or without optional Simple or Compound Annual Increase Benefit
If CCBR purchased with either increase benefit, then EOB, if added, must include the same increase benefit.</td></tr>
</table>

MONEYGUARD® Series Specifications Chart

Convalescent Care (CCBR) Rider	MONEYGUARD®	MONEYGUARD® LS	MONEYGUARD® FLEX I	MONEYGUARD® FLEX II
State Availability	Available in all states except NJ and NY.			
Benefits Provided	Accelerates the death benefit for covered long-term care expenses.	For each insured person, accelerates half the death benefit for covered long-term care expenses.	Accelerates the death benefit for covered long-term care expenses.	
Tax Qualified LTC	Yes			
Variations Offered	2 years (24 months) or 3 years (36 months). 3-year benefit only available with EOB; 2-year benefit not available in Florida without EOB.			
Deductible Period	90 days of qualified LTC services.			
Monthly Maximum LTC Benefit	The initial Specified Amount divided by the minimum number of months of CCBR coverage. When benefits become payable, the monthly benefit is based on the net (after adjustment for loans, withdrawals and corridor factors) death benefit at time of claim divided by the minimum number of months of CCBR coverage. The inflation component of the CCBR will pay out pro-rata when claims are less than the monthly maximum benefit.	For each insured person, half the initial Specified Amount divided by the minimum number of months of CCBR coverage. When benefits become payable, the monthly benefit is based on the net (after adjustment for loans, withdrawals and corridor factors) death benefit at time of claim divided by the minimum number of months of CCBR coverage. The inflation component of the CCBR will pay out pro-rata when claims are less than the monthly maximum benefit.	The initial Specified Amount divided by the minimum number of months of CCBR coverage. When benefits become payable, the monthly benefit is based on the net (after adjustment for loans, withdrawals and corridor factors) death benefit at time of claim divided by the minimum number of months of CCBR coverage. The inflation component of the CCBR will pay out pro-rata when claims are less than the monthly maximum benefit.	
Care Planning	For each insured person, provides $500 annually for care planning counseling.			
Respite Care	In home health care situations, pays up to 1/30th of the monthly maximum benefit for up to 21 days each calendar year to relieve the primary caregiver.			
Bed Reservation	While insured is receiving nursing home benefits, will pay up to 1/30th of the monthly maximum benefit for each day the bed is reserved while insured is in a hospital. Pays benefits for up to 30 days per calendar year.			

MONEYGUARD® Series Specifications Chart

Convalescent Care (CCBR) Rider	MONEYGUARD®	MONEYGUARD® LS	MONEYGUARD® FLEX I	MONEYGUARD® FLEX II
Benefit Duration	Until the entire net death benefit has been paid for covered LTC services.	For each insured person, until half the net death benefit has been paid for covered LTC services. At the first death, any unused net death benefit originally available to the deceased insured becomes available to the survivor after all the survivor's CCBR and EOB benefits have been paid.	Until the entire net death benefit has been paid for covered LTC services.	
Optional Annual Increase Benefits	Compound Annual Increase Benefit: Monthly maximum LTC benefit increases 5% compounded annually starting at the end of the first rider anniversary. The annual increase will not be affected by any changes to the Net Death Benefit through loans, partials withdrawals, or application of the Minimum Death Benefit provision. Simple Annual Increase Benefit: Monthly maximum LTC benefit increases annually by 5% of the initial Specified Amount starting at the end of the first rider anniversary. Annual increases only apply to the LTC benefits and not to the death benefit. If CCBR purchased with either increase benefit, then EOB, if added, must include the same increase benefit. If applicant is not purchasing an annual increase option, he or she must decline the inflation option on the application. If inflation option is not declined, compound increases will be added automatically to the policy.			
Monthly Cost of Insurance Charge for CCBR	2 year: 12% of life COI charge. 3 Year: 10.5% of life COI charge. Plus, level charge for optional annual benefit increase based on Issue Age.	COI charge based on policy duration and attained JEA. Applied to the net amount at risk. Plus, level charge for optional annual benefit increase based on JEA at issue.	2 year: 12% of life COI charge. 3 Year: 10.5% of life COI charge. Plus, level charge for optional annual benefit increase based on Issue Age.	
COI Charge Duration	COI charges continue as long as the base policy remains in force, but not after attained age 100.			
Continuance of Coverage When Eligibility for LTC Benefits Ends	Unused death benefit remains in force as long as the policy remains in force.			

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MONEYGUARD® Series Specifications Chart

Extension of Benefits (EOB) Riders	MONEYGUARD®	MONEYGUARD® LS	MONEYGUARD® FLEX I	MONEYGUARD® FLEX II
State Availability	Available in all states except NJ and NY.			
Benefits Provided	Provides additional LTC benefits after the entire death benefit has been paid for LTC benefits.	Provides additional LTC benefits for each insured person after their respective death benefits have been paid for LTC benefits.	Provides additional LTC benefits after the entire death benefit has been paid for LTC benefits.	
Tax Qualified LTC	Yes			
Variations Offered	2 years (24 months), 4 years (48 months), or Lifetime. Under an EOB rider, the monthly maximum benefit will equal the initial Specified Amount divided by the number of months in the convalescent care benefits rider (CCBR).			
Deductible Period	Benefits are payable only after the Insured's entire benefit under the CCBR has been paid.			
Monthly Maximum LTC Benefit	Initial Specified Amount divided by the minimum number of months of CCBR coverage. Changes in the net death benefit do not affect the monthly benefit.	Half the Initial Specified Amount divided by the minimum number of months of CCBR coverage. Changes in the net death benefit do not affect the monthly benefit.	Initial Specified Amount divided by the minimum number of months of CCBR coverage. Changes in the net death benefit do not affect the monthly benefit.	
Care Planning	For each insured person, provides $500 annually for care planning counseling.			
Respite Care	In home health care situations, pays up to 1/30th of the monthly maximum benefit for up to 21 days each calendar year to relieve the primary caregiver.			
Bed Reservation	While insured is receiving nursing home benefits, will pay up to 1/30th of the monthly maximum benefit for each day the bed is reserved while insured is in a hospital. Pays benefits for up to 30 days per calendar year.			
Benefit Duration	2 year: until an amount equal to 24 times the monthly benefit has been paid for covered services. Benefits may last longer if reimbursements are less than maximum. 4 year: until an amount equal to 48 times the monthly benefit has been paid for covered services. Benefits may last longer if reimbursements are less than maximum. Lifetime: for life.			

MONEYGUARD® Series Specifications Chart

Extension of Benefits (EOB) Riders	MONEYGUARD®	MONEYGUARD® LS	MONEYGUARD® FLEX I	MONEYGUARD® FLEX II
Optional Annual Increase Benefits	Compound Annual Increase Benefit: Monthly maximum benefit increases 5% compounded annually starting at the end of the first rider anniversary. Simple Annual Increase Benefit: Monthly maximum benefit increases annually by 5% of the initial Specified Amount starting at the end of the first rider anniversary. Annual increases only apply to the LTC benefits and not to the death benefit. If CCBR purchased with either increase benefit, then EOB, if added, must include the same increase benefit. If applicant is not purchasing an annual increase option, he or she must decline the inflation option on the application. If inflation option is not declined, compound increases will be added automatically to the policy.			
Monthly Cost of Insurance Charge for EOB	Fixed amount based on Issue Age.	Fixed amount based on JEA at issue.	Fixed amount based on Issue Age.	
COI Charges During Eligibility for Benefits	Not applicable. EOB benefits are only payable if entire death benefit is paid for LTC benefits.	COI charges are reduced to 50% at the death of the first insured, or when half the death benefit has been paid for LTC benefits for one insured. COI charges are reduced to zero upon the death of one insured and half the death benefit has been paid for the other insured.	Not applicable. EOB benefits are only payable if entire death benefit is paid for LTC benefits.	
Continuation of Coverage When Eligibility for Benefits Ends	If policy is not in lapse status when insured begins receiving benefits under EOB, then EOB becomes paid-up. If policy lapses before insured begins receiving benefits under EOB, then EOB terminates 30 days after last benefit payment is made.			

Underwriting Guidelines & Medical Requirements

MONEYGUARD® and MONEYGUARD® LS single premium cases: No exams are required for clients age 60 and older.

Use the face amount to determine medical requirements for all other MoneyGuard and MoneyGuard LS ages and all MoneyGuard Flex I and Flex II cases.

Underwriting Guidelines

Age	**0 - $250,000**	**$250,001 - $1,000,000**	**$1,000,001 - $2,000,000**	
0 - 15	Non-Med	Call Schaumburg	Call Schaumburg	

	0 - $99,999	**$100,000 - $1,000,000**	**$1,000,001 - $2,000,000**	
16 - 45	Non-Med	Paramed Exam Urine Blood Profile	MD Exam Urine Blood Profile EKG	

	0 - $99,999	**$100,000 - $500,000**	**$500,001 - $1,000,000**	**$1,000,001 - $2,000,000**
46 - 55	Non-Med	Paramed Exam Urine Blood Profile	Paramed Exam Urine Blood Profile EKG	MD Exam Urine Blood Profile EKG

	0 - $99,999	**$100,000 - $1,000,000**	**$1,000,001 - $2,000,000**	
56 - 59	Non-Med	Paramed Exam Urine Blood Profile EKG	MD Exam Urine Blood Profile EKG	

	0 - $99,999	**$100,000 - $300,000**	**$300,001 - $500,000**	**$500,001 - $2,000,000**
60 - 80	Non-Med	Paramed Exam Urine EKG	Paramed Exam Urine Blood Profile EKG	MD Exam Urine Blood Profile EKG TVC

Underwriting Guidelines & Medical Requirements

- Make sure the paramed services use the requirement schedule for Lincoln Life MoneyGuard,® Schaumburg, IL.
- MoneyGuard LS: Apply the full premium and face amount to each insured to determine requirements if applicant under age 60.
- Use age last birthday.
- All urine and blood specimens are to be sent to Lab One. Use company code JKG.
- Face amounts exceeding $2 million: Contact the Lincoln Life Schaumburg, IL Underwriting Department for requirements.
- Lincoln Life reserves the right to request any requirements deemed necessary to properly evaluate the risk.
- Direct questions regarding these requirements to: Lincoln Life Underwriting Department, Schaumburg, IL, 1-800-450-3069 ext. 8314.

IMPORTANT
When ordering exams, please make sure the paramed service uses the Lincoln Life MoneyGuard underwriting guidelines and they send the urine and/or blood to Lab One using company code JKG. Please refer to the company account #'s listed below when ordering requirements.

Approved Paramedical Service	Account #
EMSI	4346
Superior Mobile Medics	9848
Exam One	2243
Portamedic (Hooper Holmes)	79413
A.P.P.S.	7074

Following the above recommendations will insure that the paramed does the proper exams and sends them to the appropriate office.

Inspection Reports
The Schaumburg office will order inspection reports when required. We have selected one inspection company to handle all of our inspection reports. Please include your client's telephone numbers and best time to call. Also, make sure to let your client know that they will be getting a call from our inspection service.

Inspection Limits	Death Benefit
Age 0 - 40	$300,000 & up
Age 41 - 60	$250,000 & up
Age 61 - 74	$150,000 & up
Age 75 - 80	$100,000 & up

Federal Tax Information

No Current Taxes on Interest Buildup; Loans or Withdrawals May Be Taxed

Full surrenders, partial surrenders, withdrawals, loans and assignments all qualify as distributions and may be taxed, in whole or in part. If MoneyGuard® is a Modified Endowment Contract (MEC) or if MoneyGuard is not a MEC but has a policy cost basis of zero or less, the portion of the distribution representing gain (the excess of the Cash Value Account over the premium paid) may be taxable income to the policyowner. If the distribution is made prior to the owner's age 59½, a 10% penalty tax on the taxable portion may be imposed by the IRS.

MoneyGuard is a MEC if it is: (a) funded with a single premium; (b) funded with a series of flexible premiums that fail to meet the seven pay premium test under TAMRA; (c) funded through a 1035 exchange of a policy that is already a MEC; or, (d) initially not a MEC but then fails the seven pay premium test following a material change. A material change can be defined as an increase in base coverage or an increase in, or addition of, a qualified additional benefit, except if the increase is due to the payment of premiums necessary to fund the lowest level of the death benefit and qualified additional benefits payable in the first seven contract years.

Protection of Prior Tax Benefits

Distributions from life insurance policies issued before June 21, 1988 are taxed only after all of the policy's principal has been distributed. If your client wants to purchase MoneyGuard with a 1035 exchange of their pre-June 21, 1988 life insurance policy and add "new" money to the MoneyGuard policy, their new MoneyGuard policy will be a MEC. To avoid this from occurring and to protect your client from taxable income from loans, withdrawals, and distributions, your client could purchase a second MoneyGuard policy with the additional money.

No Income Taxes on Death Benefit

The MoneyGuard death benefit, normally a part of the owner's estate for estate tax purposes, is received by the beneficiary income tax-free under IRC Section 101 (a)(1). However, the beneficiary will be taxed on any interest earned on the death benefit following the death of the insured until the death benefit is paid. The death benefit is free of probate when the beneficiary is not the insured's estate.

Taxation of LTC Benefits

LTC benefits paid from life insurance policies or riders that satisfy certain federal standards are designated as "qualified long-term care insurance." LTC benefits paid from "qualified long-term care insurance" are not taxed as income under IRC Section 104 (a)(3). MoneyGuard's convalescent care and EOB riders meet the federal criteria for qualified LTC insurance.

Charges to Fund Convalescent Care and EOB Riders

The charges for the MoneyGuard Convalescent Care and EOB riders are deducted monthly from the base universal life insurance policy's account value. These monthly charges are treated as "distributions" and are taxable income to the policyowner if: (a) the MoneyGuard policy is a MEC and policy gain is used to pay the charges; or, (b) the MoneyGuard policy is not a MEC but the policy's cost basis is zero or less and policy gain is used to pay the charges.

A 10% penalty may apply if these taxable distributions occur prior to the policyowner attaining age 59 ½. A tax adviser should be consulted for additional information.

All references to taxation are based on Lincoln Life's understanding of current tax laws and regulations. Your clients should consult with their own tax advisor for additional information.

Frequently Asked Questions

Q. Can more than one person (usually children of the insured) own a MoneyGuard® policy?

A. Yes, and the first name on the application will be the owner and receive the 1099 each year beginning with the second policy year.

Q. Who should own the MoneyGuard policy if my client doesn't want the policy in his or her estate?

A. If the financial objective is to get the MoneyGuard policy out of the insured's estate, the easiest way is to have an adult child own the policy and be the beneficiary. LTC benefits will be paid directly to the adult child owner who can use them income tax-free for the benefit of the insured.

Q. Can a MoneyGuard policy be owned by a irrevocable trust?

A. It is not generally recommended that a MoneyGuard policy be owned by an irrevocable trust.

Q. Is the policyowner responsible for paying the state premium tax?

A. Premium taxes are paid by the company issuing the life insurance policy. The percentage of tax varies by state.

Q. If the insured is on claim, will the LTC benefit continue to increase if the policy has inflation protection through a benefit increase option?

A. Yes. The LTC benefit will continue to increase throughout the insured's lifetime . . . even while the insured is on claim.

Q. Can the policyowner take periodic withdrawals from MoneyGuard's cash value to help pay for LTC expenses if the LTC benefits are not enough to cover actual expenses?

A. Liquidity is a major benefit of MoneyGuard and loans and/or withdrawals can be taken at any time. However, we don't recommend loans or withdrawals to supplement MoneyGuard's LTC payments. Each partial withdrawal or loan reduces the death and LTC benefits by a like amount, effectively defeating the original purpose of purchase. Withdrawals and loans also cancel the Guaranteed Return of Premium and Guaranteed Minimum Benefits features in a contract.

Frequently Asked Questions

Q. Can my client use the policy's LTC benefits in any state other that the state where the policy was purchased? In another country?

A. MoneyGuard® is not currently offered in New York or New Jersey; however, benefits under the policy are payable in any U.S. state. MoneyGuard will not pay LTC claims for benefits received outside the U.S.

Q. If the policyowner is late with a premium payment or misses a premium payment for MoneyGuard Flex II, how will it affect the minimum benefit guarantees in the policy?

A. If a Flex II premium payment is not received within 60 days of the due date, or is missed completely, the minimum benefit guarantees are forfeited. MoneyGuard is an interest sensitive policy, and even one month of lost interest can adversely affect the policy's cash value build up.

Q. If the insured is receiving home care, and moves to a nursing home facility, will the insured need to satisfy a new deductible period?

A. No. After an insured satisfies the 90-day deductible period, the insured is entitled to receive benefits for any covered services as long as he or she continues to qualify for benefits.

Q. Can some uninsurable risks be underwritten for MoneyGuard?

A. For MoneyGuard LS only, we may consider an applicant who is an uninsurable life risk provided the spouse/other insured is life insurable and **both** applicants are insurable for LTC benefits. We will not underwrite uninsurable LTC Risks.

Q. How do the surrender charges affect the Guaranteed Return of Premium feature?

A. Provided the insured has maintained the policy at recommended levels, has not taken loans or withdrawals, and not changed or added benefits, the surrender charge will only be applied against earned interest. The initial single premium will not be affected.

Clear solutions in a complex world®

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www.LFG.com/Life www.moneyguard.com

Policy Form LL-2020 Series. Rider Form LL-2800 Series. Policy Form LL-2021 Series. Rider Form LL-2801 Series. Products and features subject to state availability.

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