

**RATE LOCK PROCEDURES FOR
LINCOLN SMARTINCOMESM INFLATION ANNUITY (Effective 9/15/2010)**
(Single Premium Immediate Annuity - SPIA)

A 60-Day payout rate lock is available for Lincoln SmartIncomeSM Inflation Annuity policies involving 1035 Exchanges or Trustee-to-Trustee transfers.

The Lincoln National Life Insurance Company (“Company”) issues SPIA policies each business day* following Annuity New Business’s receipt of all premium(s) and paperwork in good order. “Good order” means that all required forms are properly completed and signed and the agent is properly licensed and appointed. If the paperwork is not in good order (“NIGO”) delays will result.

Cash with Application (“CWA”)

- For non-electronic business, to “lock-in” an interest rate on the last day of a rate period, the signed application and signed disclosure statement must be received in Annuity New Business before 4 p.m. ET on the business day* before the effective date of the rate change. Applications received on or after the effective date of the rate change will receive the new rate.
- The current interest rate is assigned on the day the signed application and signed disclosure statement are received in Annuity New Business. This rate will be held for 7 calendar days.
- If the cash is received in Annuity New Business before the end of the 7-calendar day rate hold period and the paperwork is in good order, the policy’s interest rate will be the rate assigned at the beginning of the 7-day rate hold period.
- Business submitted electronically will have a 7-calendar day rate hold based on the transmission date.
- If the 7-calendar day rate hold period has expired and the premium has not been received in Annuity New Business or the paperwork is not in good order, there is no rate hold and the policy’s interest rate will be the then-current interest rate.

Transfer of Funds from Non-Insurance Accounts to Non-Qualified Annuities

- Transfer of non-qualified Non-Insurance funds are eligible for a 7-calendar day rate hold like Cash with Application.
- Transferred funds from non-qualified Non-Insurance funds include agent, client or Lincoln initiated transfers from accounts like Mutual Fund Shares; Certificates of Deposit; Brokerage Accounts; or any other financial institution funds, selected in Section 4 of the ACORD transfer form (ACORD951).

1035 Exchange/Transfer

When you are submitting a 1035 Exchange or Trustee-to-Trustee Transfer you are required to complete the ACORD transfer form (ACORD951). The Payout Rate Lock Authorization must be checked “yes” on the Immediate Annuity Supplement included with the application in order to initiate a rate hold. If the Payout Rate Lock Authorization “Yes” is checked, the payout rates used for determining annuity payments will be locked for 60 calendar days from the date the Company receives all properly completed paperwork (including, but not limited to, an application, a signed disclosure statement, and proof of date of birth), regardless of the current payout rates (whether higher or lower) in effect at the time the funds are received by the Company. The rate lock period ends at the end of the last business day* of the 60-day rate lock period.

If the Payout Rate Lock Authorization “No” is checked, the payout rates used to determine annuity payments will be the payout rates in effect at the time the funds are received by the Company. In the case of multiple exchanges/transfers, the payout rates used will be the current rates in effect at the time the last transfer is received by the Company. In the event the transfer of funds takes longer than 60 calendar days, the rate lock will expire and the payout rates will be the current rates in effect at the time all transfers are received by the Company.

If no selection is made, the Company will use the payout rates in effect at the time all funds are received from the current company or trustee/custodian.

*Business day means a regularly scheduled Lincoln Financial Group work day.

Rate Holds on the First Piece of Business

The Company does not hold rates while waiting for licensing and appointment approval. The first case submitted by a new agent will be issued on the next business day* after the appointment completion date, provided that all new business paperwork is in good order and premium(s) has been received.

Requests for Future Funding

Note: If special instructions are given in Section 6 of the ACORD951 form for liquidating an existing contract or account, the following provisions apply provided that 4 business days were allowed for review and all paperwork is in good order:

- The transfer request will be initiated *the business day prior to* the Maturity Date (Section 6 of the ACORD951), unless requested otherwise.
- The transfer request will be initiated *the business day prior to* the specific date (Section 6 of the ACORD951).
- The rate lock time periods are the same as outlined in the applicable Transfer sections, and will not be extended.

Lincoln is only able to hold applications for 30 days for future transfer requests. If Lincoln receives an application and the Maturity Date or specified date for liquidation (Section 6 of the ACORD951) is longer than 30 days from date Lincoln receives the ACORD951 form, **the application will be returned**. Indicating a Maturity Date or specific date for liquidation on the ACORD951 form is considered requesting the transfer for that future date.

Verifying Business is in Good Order

Please allow the Company 2 business days for CWA or 4 business days for 1035 Exchanges/Transfers to review submitted business for completeness. Pending status information can be found on www.LFD.com or request this information by phone at 1-800-950-2454.

Wire Transfers

Annuity New Business will accept premium payments by wire transfer. Please indicate on the application “payment via wire” and include the ABA routing number of the “from” bank account, the bank name and the dollar amount being wired. For complete wiring instructions please contact Annuity New Business.

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