Life Solutions

Make your next move

Help clients protect wealth from LTC expenses

Advisor Guide

The Lincoln National Life Insurance Company

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		

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Lincoln Financial Group®

You're In Charge®

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Address LTC expense risk in your client's financial strategy

As clients save for the future, health-related expenses may be one of their primary concerns. These costs can increase considerably, especially if they develop a health problem that requires long-term care. Preparing for this financial risk is an important step in the planning process.

Facts about long-term care

The risks[1]	• 70% of people turning age 65 can expect to use some form of long-term care during their lives. • 20% of those, age 65 and older, will need care for more than 5 years.
The costs[2]	• $95,630/year for a Medicare-certified nursing home private room • $19.36/hour for Home Health Aides provided by a certified Home Healthcare Agency

Take charge with planning flexibility

Lincoln *MoneyGuard*® II universal life insurance with an optional long-term care benefit rider provides guaranteed benefits to reimburse qualified long-term care costs, once benefit eligible. It gives you planning flexibility with a choice of premium payment options of 1 through 10 years. This opens up opportunities to help more clients protect their portfolios. Whether they're starting in the prime earning years or entering the distribution phase of retirement, you have funding options that can fit their financial plans.

[1] U.S. Department of Health and Human Services long-term care website: http://longtermcare.gov/the-basics/who-needs-care/, accessed July 12, 2013.
[2] Univita, "2013 Cost of Care Survey," https://www.lfg.com/lfg/DOCS/pdf/rna/2013CostofCareSurvey.pdf. Costs are national averages. For a printed copy of the survey, call 877-ASK-LINCOLN.

Feel confident with a solution clients trust

Clients choose Lincoln *MoneyGuard*® II because of the advantages. There's no deductible, which can make a real difference in total out-of-pocket LTC costs. They'll have benefits even if they never need care because, as long as they pay their planned premiums and maintain the policy, it provides:

Benefits if they need long-term care

Income tax-free reimbursements for qualified long-term care expenses[1]

Your client can leverage long-term care dollars – getting more for their money if they need care.

OR

A benefit if they don't

An income tax-free death benefit[2]

The death benefit would be reduced by any loans, withdrawals, and benefits paid.

If they never need care, their loved ones could inherit a legacy.

OR

Return of premium options

Option 1

Choose to maximize the long-term care benefits

A return of 80% of paid premiums is available once all planned premiums are paid.[3]

With Option 1, the total long-term care benefit amount will be greater than with Option 2.

OR

Option 2

Choose to maximize the return of premium

100% return of premium is available after year 5 provided all planned premiums are paid; additional cost applies.[3]

Return of premium vesting schedule

Year 1 = 80%
Year 2 = 84%
Year 3 = 88%
Year 4 = 92%
Year 5 = 96%
Year 6 = 100%

[1] LTC reimbursements are generally income tax-free under IRC Section 104(a)(3).
[2] Beneficiaries can receive an income tax-free death benefit under IRC Section 101(a)(1). The death benefit would be reduced by any loans, withdrawals and benefits paid.
[3] Through the Value Protection Rider available at issue. The money returned will be adjusted for any loans, withdrawals and benefits paid, and may have tax implications. Rider contains complete terms and conditions. If surrendered before the planned premiums are paid, the surrender value will be paid.

Lincoln *MoneyGuard*® II features

Policy design	• Universal life insurance
Issue ages	• Ages 40 – 79 (age of last birthday)
Premium payment options	• A choice of flexible payment options of 1 through 10 years
Minimum specified amount of death benefit	• $50,000
Maximum specified amount of death benefit	• $500,000 with 2-year LABR • $750,000 with 3-year LABR
Premium load[1]	• 25% of premiums paid. Commissionable.
Guaranteed interest rate	• 2%

Product benefits

Deductible period	• There is no deductible or an elimination period to satisfy. Your client will receive benefits as soon as they are eligible.
Return of premium benefit	**Option 1:** Clients who want to maximize their LTC benefits have access to a return of 80% of paid premiums, once all planned premiums are paid. (Included in the cost of the policy.) **Option 2:** Clients who want to maximize their return of premium have access to 100% return of premium after year 5 provided all planned premiums are paid; additional cost applies. **Option 2 return of premium vesting schedule** Year 1: 80% · Year 4: 92% Year 2: 84% · Year 5: 96% Year 3: 88% · Year 6: 100% Regardless of which return of premium option is selected, if the policy is surrendered before the planned premiums are paid, the surrender value will be paid. Actual surrender charges are shown in the insured's policy. • Amount will be adjusted by any loans, loan interest, loan repayments, withdrawals taken, and claim payments made; and may have tax implications. • Return of premium option is selected at the time of purchase. Once chosen, it cannot be changed. • This benefit is provided by the Value Protection Rider, available at issue; rider contains complete terms and conditions.
Guaranteed benefits	• All policy charges are guaranteed. • All policy benefits are guaranteed if premiums are paid as scheduled. • This benefit is provided by the Value Protection Rider, available at issue.

Death benefit	• If your client never needs long-term care, a death benefit is paid to their beneficiaries, income-tax free under IRC Section 101(a)(1). • If your client does need long-term care and uses any portion of these benefits, the remaining specified amount of death benefit will still be payable upon death to the client's beneficiaries.
Residual death benefit	• Included in every policy. • Regardless of the specified amount of death benefit used to pay for long-term care, the client's beneficiaries will receive an amount no less than the residual death benefit (provided the policy is in-force). At the time of policy purchase, this benefit is equal to the lesser of 5% of the initial specified amount of death benefit or $10,000, and will be adjusted for loans, withdrawals, and policy loan repayments.
Long-Term Care Acceleration of Benefits Rider (LABR) (LTC benefit pool 1)	• Accelerates the specified amount of death benefit to help pay for LTC expenses. • 2- or 3-year duration. The benefit duration period is selected by the client at issue and is not changeable.
Long-Term Care Extension of Benefits Rider (LEBR) (LTC benefit pool 2)	• Allows the client to continue LTC benefits after the specified amount of death benefit is exhausted. Must be elected at issue. • 2- or 4-year duration. The benefit duration period is selected by the client at issue.
Inflation protection[2]	• Increases the LTC benefits. Available at issue. • Available options—3% and 5% Compound • Additional cost applies • If elected, the same inflation option must apply to both LABR (LTC benefit pool 1) and LEBR (LTC benefit pool 2). • Consider inflation options for clients in their 50s.
Couples Discount	• Available at time of application to married couples or domestic partnerships as recognized in the state of policy issue. • Both partners need not apply.

[1]May vary by state. May not be available through all agents or brokers.
[2]Subject to state availability.

Eligibility for reimbursement of qualified long-term care expenses	• The insured is certified as chronically ill by a Licensed Health Care Practitioner. • Care is provided under a care plan prescribed by a Licensed Health Care Practitioner. • Reimbursement is for covered expenses up to the maximum benefit specified in the policy. **An individual must be certified by a Licensed Health Care Practitioner (LHCP) as chronically ill.** The LHCP certifies that the insured is unable to perform at least two of the activities of daily living (ADLs) without substantial assistance from another individual for a period of at least 90 days. The ADLs are: bathing, continence, dressing, eating, toileting, and transferring. An insured may also be certified chronically ill as a result of severe cognitive impairment. Certification must be reconfirmed by a LHCP every 12 months for reimbursement eligibility. **Qualified long-term care benefits will continue as long as the individual is certified as chronically ill and until the entire long-term care benefits are exhausted.** • Eligibility is subject to claims requirements as specified in the policy rider.

Long-term care benefits

Covered services*	The insured can select from a variety of care options: • Home healthcare • Assisted living • Nursing home care • Adult day care • Hospice care • Alternative care services Expenses are reimbursed up to 100% of monthly maximum benefit for all levels of care.
Bed reservation benefit	Helps pay the cost of reserving a bed in the facility for up to 30 days per calendar year if the insured's stay in a long-term care setting is interrupted. • Up to one-thirtieth of maximum monthly LTC benefit per day.
International benefits	Provides benefits to clients who receive qualified long-term care in a facility outside the United States and its territories and possessions. • The full LABR benefit limit, up to 100% of your maximum monthly benefit can be used.

Lincoln has an excellent claims-paying history

Our goal is to approve and pay claims within five days or less after all claims requirements are met.

Other features

Monthly cost of insurance (COI) costs	Separate deductions are made each month to cover the cost of the base life insurance, the LABR, any inflation on the LABR (LTC benefit pool 1), the LEBR (LTC benefit pool 2), and any inflation on the LEBR (LTC benefit pool 2). No COI or rider costs are incurred after age 95.
Partial withdrawals	• One allowed per year • No withdrawal fee • Minimum: $500* • Maximum withdrawal amount: surrender value less $500
Surrender charge duration	10 years
Policy loans	• Interest charged: variable and charged in arrears • Interest credited: 2%
Tax treatment of rider charges	• The LABR and LEBR are intended to provide qualified long-term care benefits under IRC Section 7702B(b). The costs for these riders are deducted monthly from the policy cash value and are federally treated as "distributions" from the policy. Lincoln will not report these distributions as taxable to your client even if their policy is a modified endowment contract (MEC). Instead, the costs will reduce the investment in the contract (cost basis), but not below zero, as the costs are taken from the policy. Once the investment in the contract has been reduced to zero, distributions will come from any gain in the contract but will still not be reportable as taxable distributions. • An additional 10% tax may apply if such a distribution is taxable and occurs prior to age 59½. Lincoln Financial Group, its affiliated companies, and its representatives/insurance agents do not provide legal or tax advice. A tax advisor should be consulted for additional information.

*May vary by state.

Make LTC planning part of your client's financial strategy.

For more information about planning flexibility with Lincoln *MoneyGuard*® II, contact your Lincoln representative.

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LincolnFinancial.com

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Lincoln *MoneyGuard*® II is a universal life insurance policy with a Long-Term Care Acceleration of Benefits Rider (LABR) that accelerates the specified amount of death benefit to pay for covered long-term care expenses. Long-Term Care Extension of Benefits Rider (LEBR) is available to continue long-term care benefit payments after the entire specified amount of death benefit has been paid. The return of premium options are offered through the Value Protection Rider (VPR) available at issue; Base option (1) is included in the policy cost; Graded option (2) is available at an additional cost. Any additional surrender benefit provided will be adjusted by any loans/loan interest/loan repayments, withdrawals taken, and claim payments made; and may have tax implications. The cost of riders will be deducted monthly from the policy cash value. The insurance policy and riders have limitations, exclusions, and/or reductions. Additionally, long-term care benefit riders may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner.

Issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, on Policy Form LN880/ICC13LN880 with the following riders: Value Protection Rider (VPR) on form LR880/ICC13LR880; Long-Term Care Acceleration of Benefits Rider (LABR) on form LR881/ICC13LR881; optional Long-Term Care Extension of Benefits Rider (LEBR) on form LR882/ICC13LR882.

All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company. They are not backed by the broker-dealer and/or insurance agency selling the policy, 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.

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