

Presented by: BHC Marketing

25227 Grogans Mill Road Suite 102  
The Woodlands, TX 77380  
Phone: (800) 201-0224

For: Valued Client  
Age: 65, Female, TX  
Risk Class: Non-Smoker

Specified Amount of Death Benefit: \$166,407

## All Values and Benefits are Guaranteed<sup>1</sup>

<b>Premium Received</b>	<b>\$100,000</b>	Single premium assumed to be received on policy effective date.
<b>Total Long-Term Care Benefit Limit</b>	<b>\$499,221</b>	The Total Long-Term Care Benefit Limit provides expense reimbursement for covered long-term care services including adult day care, home health care, personal care services, hospice services, nursing home care services, assisted living, and alternative care services. Benefit payments will begin after the 90-day deductible period has been satisfied. The specific services covered are described in the contract. The Total Long-Term Care Benefit Limit is composed of the following rider(s):  Convalescent Care Accelerated Benefits Rider: \$166,407 Extension of Benefits Rider Benefit Limit: \$332,814
<b>Maximum Monthly Long-Term Care Benefit Limit</b>	<b>\$6,934</b>	Maximum Monthly Benefit is the initial amount available for reimbursement of covered services in any one month.
<b>Minimum Long-Term Care Benefit Duration</b>	<b>6 Years</b>	Based on the rider(s) selected, the policy will provide reimbursement for covered long-term care expenses for a minimum of 6 years. Long-Term Care Benefit Duration is based on the Convalescent Care Accelerated Benefits Rider (CCBR) duration of 2 years, followed by Extension of Benefits Rider (EOBR) duration of 4 years selected at issue.
<b>Specified Amount of Death Benefit</b>	<b>\$166,407</b>	This amount is set at issue and is used to determine the amount of guaranteed Death Benefit. Long-Term Care reimbursement will reduce the Specified Amount on a dollar-for-dollar basis.
<b>Return of Premium Rider</b>	<b>\$100,000</b>	The Return of Premium Rider (ROPR) has been selected. The Return of Premium Benefit will pay the initial premium of \$100,000 less any indebtedness, withdrawals or benefits paid. There is a one time additional charge for the Return of Premium Rider that is already factored into the premium.
<b>Residual Death Benefit</b>	<b>\$16,640</b>	The Residual Death Benefit is payable to the beneficiary even if the Specified Amount has been exhausted as a result of long-term care expenses and the Insured has reached his/her Total Long-Term Care Benefit Limit. At the time of purchase, this benefit is equal to 10% of the initial Specified Amount. Residual death benefit will be decreased by 10% of any policy loans, unpaid loan interest and withdrawals.

This is a quote for *MoneyGuard*® Reserve which is a Flexible Premium Adjustable Life (Universal Life) Insurance policy issued by The Lincoln National Life Insurance Company on Policy Form LN850 (8/05) with a Convalescent Care Accelerated Benefits Rider (CCBR) and state variation thereto on Rider Form LR851 (8/05), an Extension of Benefits Rider (EOBR) and state variation thereto on Rider Form LR852 (8/05) and a Return of Premium Rider (ROPR) and state variations thereto on Rider Form LR850 (10/07). Benefits and features may vary by state.

The Long-Term Care benefits are intended for recognition as "Qualified Long-Term Care Insurance" under 7702B of the Internal Revenue Code (IRC). THIS QUOTE IS TO BE ACCOMPANIED BY AN OUTLINE OF COVERAGE.

<sup>(1)</sup> Benefits and values are guaranteed based on guaranteed interest of 4.00% and guaranteed cost of insurance charges, as long as no loans or withdrawals are taken.

**This quote is neither a contract nor an offer to contract. A full description of policy provisions and limitations is included in the policy itself and any applicable riders. Guarantees are backed by the claims-paying ability of the issuer and are subject to policy terms and conditions.**

**Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Affiliates are separately responsible for their own financial and contractual obligations.**

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<b>Long-Term Care Rider Charges</b>	Monthly deductions are for rider charges and the cost of any additional riders. They cover the cost of long-term care benefits. The monthly deduction for the CCBP is \$6.99. The monthly deduction for the EOBR is \$84.70. We cannot increase these charges.
<b>Death Benefit</b>	Death Benefit is the greater of the Specified Amount on the date of death decreased by any indebtedness and withdrawals or the minimum required Death Benefit decreased by any indebtedness. Under the IRC, the minimum required Death Benefit for a life insurance policy must be equal to or exceed a percentage of the greater of Cash Value or the amount which would be received upon policy surrender. This percentage varies by age.
<b>Surrender Charges</b>	The initial surrender charge decreases annually, eventually reaching zero at the end of year 20. Surrender charges are not assessed if Surrender Value is equal to the Return of Premium Benefit.

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## Disclosures

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Specified Amount of Death Benefit: \$166,407

### Tax Status

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

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

The charges for your Qualified Long Term Care Insurance (QLTC) Rider are assessed against the value of your policy, and the IRS treats these charges as distributions from your policy. As such, these charges (distributions) may be taxable.

Since your policy is a MEC, it is subject to "Last in First Out" (LIFO) tax treatment. As a result, rider charges reduce the policy's cash value and cost basis monthly unless there is a gain in the policy. If there is a gain in the policy, rider charges are treated as distributions from gain and are, therefore, taxable. As such, Lincoln will report these taxable distributions on Form 1099R. If rider charges are taxable, the policy's cost basis is not reduced.

**The Pension Protection Act of 2006 (PPA) will change the tax treatment of your MoneyGuard policy effective January 10, 2010. Based on our understanding and analysis of the PPA, we will make the following changes to how we report certain policy events or transactions:**

- QLTC Rider charges will continue to be treated as distributions from your policy, but will not be considered taxable distributions (even if your policy is a MEC).
- QLTC Rider charges will reduce the investment in the contract (cost basis), but not below zero, as the charges are taken from your policy.
- Once the investment in the contract has been reduced to zero, distributions will come from any gain in the contract (but will still be excludible from income).

It is important to remember that these rider charges now and in the future impact the policy's cost basis. In the event any other financial transaction is requested, such as a request to exercise the Return of Premium Rider, the cost basis is used in determining if that transaction creates a taxable event. As previously noted, the cost basis is often reduced as a result of these rider charges. The owner should consult his/her personal tax advisor regarding this and other applicable tax matters.

**IRS Circular 230 Disclosure: This material was prepared to support the promotion and marketing of insurance products. Lincoln Financial Group® affiliates, their distributors, and their respective employees, representatives, and/or insurance agents do not provide tax, accounting, or legal advice. Any tax statements contained herein were not intended or written to be used, and cannot be used for the purpose of avoiding U.S. federal, state or local tax penalties. Please consult with your own independent advisor as to any tax, accounting or legal statements made herein.**

**Guaranteed LTC Values**

For: Valued Client  
Age: 65, Female, TX  
Risk Class: Non-Smoker

Specified Amount of Death Benefit: \$166,407

**ALL VALUES SHOWN ARE GUARANTEED<sup>(1)</sup>**

**Guaranteed Return of Premium Value = \$100,000**  
**Specified Amount of Death Benefit = \$166,407**

Year	Age	Total LTC Benefit	Maximum Monthly Benefit
1	66	499,221	6,934
2	67	499,221	6,934
3	68	499,221	6,934
4	69	499,221	6,934
5	70	499,221	6,934
6	71	499,221	6,934
7	72	499,221	6,934
8	73	499,221	6,934
9	74	499,221	6,934
10	75	499,221	6,934
11	76	499,221	6,934
12	77	499,221	6,934
13	78	499,221	6,934
14	79	499,221	6,934
15	80	499,221	6,934
16	81	499,221	6,934
17	82	499,221	6,934
18	83	499,221	6,934
19	84	499,221	6,934
20	85	499,221	6,934
21	86	499,221	6,934
22	87	499,221	6,934
23	88	499,221	6,934
24	89	499,221	6,934
25	90	499,221	6,934
26	91	499,221	6,934
27	92	499,221	6,934
28	93	499,221	6,934
29	94	499,221	6,934
30	95	499,221	6,934
35	100	499,221	6,934
40	105	499,221	6,934
45	110	499,221	6,934
50	115	499,221	6,934
55	120	499,221	6,934

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**Outline of Coverage Table**

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For:	Valued Client	Specified Amount of Death Benefit:	\$166,407
Age:	65, Female, TX		
Risk Class:	Non-Smoker		

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Monthly Rider Charges

**Convalescent Care Accelerated Benefits Rider ("CCBR")** \$6.99

CCBR Benefit Limit: **\$166,407**  
CCBR Duration: **2 Years**  
Maximum Monthly CCBR Benefit: **\$6,934**

Optional Inflation Protection \$0  
Option: **None**

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**Extension of Benefits Rider ("EOBR")** \$84.70

EOBR Benefit Limit: **\$332,814**  
EOBR Duration: **4 Years**  
Maximum Monthly EOBR Benefit: **\$6,934**

Optional Inflation Protection \$0  
Option: **None**

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Total Annual Rider Charges: \$1,100.28

33499 (08/05)

# New Business Data Sheet -- FOR HOME OFFICE USE ONLY

You must include the New Business Data Sheet when submitting the quote to the Home Office

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

Product *MoneyGuard*<sup>®</sup> Reserve  
Name Valued Client  
State TX  
Gender Female  
Age 65  
Date of Birth Not Available  
Class Non-Smoker  
  
Death Benefit Option Level  
MEC Yes  
Face Amount \$166,407  
Planned Premium \$100,000.00 for 1 year(s)  
Payment Mode Annual  
Solve Details Face Solve

## Riders

CCBR: **2 Years**  
Inflation Protection: **None**  
EOBR: **4 Years**  
Inflation Protection: **None**  
Return of Premium: **Yes**

	<b>Year</b>	<b>Total Premiums</b>
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	1	100,000.00
	2	0

Software version:  
LFD v2.0  
11/25/2008 4:40 PM  
TP: 11,493.73  
7P: 12,293.96