

# Glossary and Acronyms

## Lincoln Life Underwriting & New Business

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| Words                            | Acronym | Definition  |
|----------------------------------|---------|---|
| <a href="#">A</a>                |         |   |
| Absolute Assignment Form         |         | A form required for all 1035 Exchanges. It is an irrevocable transfer of complete ownership of a life insurance policy or an annuity from one party to another.   |
| Accelerated Benefit Rider        | ABR     | Also known as Accelerated Death Benefit (not the same as Accidental Death Benefit). If the insured develops a terminal disorder that is likely to result in death within six months, this rider allows the policy owner to request that a portion of the death benefit be paid while the insured is still alive. The rider can have three features: Critical Illness, Terminal Illness and Nursing Home Confinement Benefits. |
| Accidental Death Benefit         | ADB     | A supplemental life insurance policy benefit that provides a death benefit, in addition to the policy's basic death benefit, if the insured dies as a result of an accident.  |
| Active Agent Notification Letter |         | A notification letter that is sent to the active agent on a policy being replaced, when the new agent is different and is not in the same hierarchy, to allow the original writing agent a chance to conserve the policy.   |
| Additional Insured               |         | The second person whose life is insured by the insurance policy. Also known as the Co-Insured. On the application, the additional insured questions can indicate information for the Co-Insured on a survivorship policy or the information for a spouse rider or Other Insured Rider.  |
| Additional PHI                   |         | A second PHI that can be ordered by the underwriter when additional information is required. A second PHI can also be completed if the first one is outdated.   |
| Additional Policy                |         | A policy set up, in addition to the original, that will also be issued and placed. An additional policy will typically have a different owner and/or beneficiary but may be for the same product and face as the original policy.   |
| Adjustable Life Insurance        |         | A policy with a level premium and death benefit that gives the policy owner the ability, within limits, to modify premiums, face amount and policy plan.  |
| Age of Majority                  |         | The age of majority is the threshold of adulthood, as the law recognizes it, and this can vary from state to state.   |
| Agency                           |         | A legal relationship in which one party, known as the principal, authorizes another party, known as the agent, to act on the principal's behalf.  |
| Agent                            |         | A party who is authorized by another party, the principal, to act on the principal's behalf in contractual dealings with third parties. Any person or entity representing an insurance company and selling insurance.   |
| Alternative Minimum Tax          |         | A tax imposed on corporations with gross receipts in excess of a certain amount that that have substantial economic income but little or no regular tax liability.  |

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| Alternate Application              |     | A second application received on the same insured, but the agent has made it clear either on the application and/or a cover letter that the client will only take one of the policies applied for.  |
| Amendment                          |     | A provision added to a contract that modifies an existing provision.  |
| Annual Renewable Term              |     | A term policy with a level death benefit and an annually increasing premium.  |
| Applicant                          |     | A party that applies for an insurance policy.   |
| Application                        |     | A statement of information made by someone applying for life insurance or an annuity. The information gathered helps the life insurance company assess whether the risk presented by the applicant is acceptable.   |
| Application Date                   |     | The date in which the application was signed.   |
| Approved                           |     | All issue-restrictive requirements have been received and the underwriting decision has been deemed acceptable by the client.   |
| Assignee                           |     | A person or party to whom a property owner transfers some or all of the property owner's rights in a particular property by means of an assignment. The Assignee receives the rights to the cash value and death benefit. The Assignee can take loans on the policy or surrender the policy. All other rights remain with the owner.  |
| Assignment Questionnaire           |     | A form that gives the policy paid-to-date and cash values as of the date the assignment is recorded. Assignees require this information for their files.  |
| Attending Physician's Statement    | APS | A report completed by a physician, documenting the current and prior health history of a patient. This report is used in underwriting applications for life and disability insurance, and for processing claims under life and disability insurance.  |
| Aviation Exclusion Rider           |     | A supplemental life insurance policy rider that specifies that benefits will not be provided for any loss that results from the aviation activity of the insured.   |
| <u>B</u>                           |     |   |
| Backdate                           |     | To date the policy prior to the current date at the time the policy is issued or placed.  |
| Beneficiary                        |     | The person, persons or entity designated to receive benefits upon the death of the insured.   |
| Benefit                            |     | The amount of money that is paid as compensation when the Insured has passed away.  |
| Benefit Period                     |     | The length of time specified in a policy that benefits will be paid to an insured.  |
| Benefit Selection Option Rider     | BSO | Allows the reduction of the cost of the policy's death benefit by reducing certain charges deducted from the policy. Selection of Benefit Selection Option can affect the cost of some aspects of the policy and its riders.  |
| Bonus Rider                        |     | <p>The Bonus Rider gives the policy holder the option to utilize cash value within the policy to pursue increased upside potential through indexed features. Each month the rider is active, a charge will be taken from the Separate Account to purchase an uncapped option on the S&amp;P 500 with a 0% floor and a participation rate. The participation rate will be set at the time of option purchased based on current market prices. This rider includes a No-Lapse Value premium load and will increase the cost of the No-Lapse Guarantee.</p> <p>The Bonus Rider is active upon placement, but the policy holder has the right to elect to turn the rider on or off on a monthly basis. When the rider is inactive, no charge will be deducted from the Separate Account, but the ONE Rider charges are not reduced because the rider is inactive.</p> |
| Buy-Sell Agreement                 |     | A buy-sell agreement is a binding contract that will govern what happens when a triggering event occurs. Additionally, it can contain the terms and fair market value for a buyout of the business interest. As a funding tool for the buy-sell agreement, life insurance provides unique advantages, including immediate cash availability to purchase a deceased owner's interest.  |
| Buy Term and Invest the Difference |     | An alternative to the purchase of a cash value life insurance under which the purchaser buys term insurance and invests the difference between the term and equivalent cash value premiums in a mutual fund or other investment.  |

C

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| Cancelled After Issue         |      | When the needed requirements have not been received on an issued policy/contract and the cancel date set by the underwriter has passed.  |
| Cancel Date                   |      | The date after which the offer of insurance from Lincoln Financial Group is null and void.   |
| Career Agent                  |      | A licensed insurance salesperson that is under contract with at least one insurance company. A career agent is an independent contractor and not an employee of the insurance company.   |
| Cash on Delivery              | COD  | COD is processed when the initial payment (or initial draft for EFT cases) is received after the policy has been issued, with exceptions for 1035 cases and backdated cases so the insured is not paying for cost of insurance when they were not covered.   |
| Cash Value Accumulation Test  | CVAT | This is a test that cash value life insurance policies must meet to receive certain favorable Federal income tax treatment. The cash surrender value of the policy may not exceed the net single premium required to fund future policy benefits, at any time.   |
| Cash Value Corridor Test      |      | A test that requires a policy's death benefit be at least equal to certain percentage multiples of its cash value, at all times, in order for the policy to receive certain favorable Federal income tax treatment.  |
| Cash with Application         | CWA  | Premium has been submitted with the application before the policy is placed in force.  |
| Change of Insured Rider       | COIR | Allows the policy to be surrendered and rolled into a new policy on a different insured. There is no charge to add this rider at issue. However, there may be a charge to exercise the rider.  |
| Child Rider Conversion        |      | Allows the policy owner to convert a child rider from an existing in force policy into a new individual term or permanent policy.  |
| Children's Term Rider         | CTR  | A supplemental life insurance policy benefit that provides term life insurance coverage on the insured's children. It provides \$1,000 level term insurance per unit for each child up to age 25. It is available at issue for children ages 0 (15 days old)-17.   |
| Claim                         |      | A request for payment under the terms of a policy.   |
| Clinical Reference Laboratory | CRL  | Lab company used to obtain labs.   |
| Co-Owner                      |      | The secondary person or entity that owns an individual insurance policy  |
| Collateral                    |      | Property acceptable as security for a loan or other obligation.  |
| Collateral Assignment         |      | A temporary transfer of the ownership rights in a life insurance policy or an annuity contract as collateral for a loan. The transfer is made on the condition that upon payment of the debt for which the contract is collateral, all transferred rights shall revert back to the original owner. If the owner does not repay the loan, the Assignee can surrender the policy and use the values to pay off the loan. |
| Commission                    |      | Compensation paid to a broker or other salesperson for his or her role with investments bought or sold.  |
| Conversion                    |      | Contractual agreement that allows the current policy owner to convert an active policy to a permanent or new plan of insurance, without evidence of insurability for the same amount of coverage   |
| Conversion Credit             | CC   | A premium incentive when a conversion is exercised on some Term Policies. This is determined by Customer Service and should be listed on the Quote/Surrender transmittals, if any. This amount can only be applied to the new policy and cannot be refunded to the client.   |
| Conservation Period           |      | The amount of time given to the exchange company's agent of record to contact the policy owner to try to conserve their policy.  |
| Corporate Profit-Sharing Plan |      | A type of defined contribution retirement plan that is funded primarily by employer contributions payable from the employer's profits. Contributions to a qualified plan must be substantial and recurring and cannot unduly benefit highly paid employees. Because employer contributions are based on profits, the amount of such contributions may vary from year to year.  |
| Corporate Resolution          |      | A legal document authorizing specific officers of a corporation to make, execute and deliver contracts that will be binding upon the corporation.  |

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| Cost Basis   |         | The price paid for an insurance or annuity contract. For an insurance contract, it is the sum of the net premiums paid, plus accumulated dividends, minus certain specified costs.   |
| Cost of Insurance                                  | COI     | The charge each insured pays to cover their own pro rate portion of the death claims for a year.   |
| Critical Illness                                   |         | An illness that is likely to result in death. Examples include heart attack, stroke, life-threatening cancer, end-stage renal failure, major organ transplant, permanent paralysis, and Alzheimer's disease. The Critical Illness feature of the ABR is only available on policies rated Table D or better.  |
| Cross Purchase, Buy/Sell Agreement                 |         | A contractual arrangement under which business owners agree to buy each other's interests during life or at death and fund their obligations with life insurance on each other's lives.  |
| <u>D</u>   |         |  |
| Death Benefit                                      |         | The amount of money paid by an insurer to a beneficiary when a person insured under the life insurance policy dies.  |
| Death Benefit Option                               | DBO     | Determines the amount payable upon death. The options available differ by product. The level DBO provides a level death benefit equal to the specified amount. The increasing DBO provides an increasing death benefit equal to the specified amount plus the policy value. The Specified Amount (Other) option provides an increasing death benefit equal to the specified amount plus total premiums paid less total partial surrenders.   |
| Death Benefit Qualification Test                   | DBQT    | A method used to qualify a policy as life insurance as defined in Internal Revenue Code Section 7702. There are two methods: Cash Value Accumulation Test (CVAT) and Guideline Premium Test (GPT).   |
| Death Proceeds                                     |         | The death benefit plus any additional amounts paid under Paid Up Additions (PUA), term riders or as an accidental death benefit.   |
| Declaration of Insurability/ Good Health Statement | DOI/GHS | A questionnaire that an insurer may ask an applicant to complete when a considerable amount of time has elapsed between the time the application is received and the time the policy is actually issued. The purpose of the certificate of health is to determine if the health of the insured has changed since the original application date. The DOI may also be referred to as a "Good Health Statement".  |
| Declined   |         | Either Automated Underwriting or a live underwriter determined we cannot offer coverage on the proposed insured.   |
| DesignIt   |         | Lincoln's proprietary illustration software. Used to run product illustrations/quotes.   |
| Delivery Letter                                    |         | A letter indicating if the policy has been issued or placed. It also indicates what requirements are still outstanding as well as the premium paid and needed.   |
| Dividends  |         | Income distributed to shareholders. Dividends can be received from the ownership of stock or from mutual funds.  |
| DocFast  |         | An electronic mailing system located within iPipeline that tracks a policy through the signature process.  |
| Dollar Cost Averaging                              | DCA     | A system of investing in which an individual deposits or contributes money into the same investments or mutual fund on a regular basis; usually monthly. This strategy may help lower the average share price of the investment. Using dollar cost averaging doesn't assure a profit or protect against loss in a declining market. Also, using this investment method involves continuous investment in securities regardless of fluctuating price levels of securities. Therefore, an investor should consider their financial ability to continue purchasing through periods of low price levels. |
| Donee  |         | The person who receives a gift.  |
| Donor  |         | The person who makes a gift.   |
| Due Diligence Letters                              |         | Statutory letters initiated by Treasury and required by every state. Prior to funds in the Unclaimed Property account being escheated, the owner will typically receive a letter within 2-6 months prior to the state filing deadline.   |
| <u>E</u>   |         |  |
| eDelivery  |         | The electronic delivery of an assembled policy packet to the client and agent using the iPipeline DocFast system.  |

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| Effective Date                          |            | Day the agent's appointment is active with the state.   |
| eInterview                              |            | A questionnaire-based Electronic Application process designed to allow the client to complete an electronic application online and submit it to Lincoln to create an application packet. The eInterview can be completed at any time of date, at the client's convenience.                                      |
| Electronic Funds Transfer               | EFT        | A method to collect premium payments and/or loan repayments through automatic withdrawals from checking, savings or credit union accounts. EFT and Pre-Authorized Checking (PAC) are also known as bank draft.  |
| Employer Owned Life Insurance           | EOLI       | When the application names the employer as the policy owner, or if the employer owns or controls the policy (such as being a party to split dollar arrangement)   |
| Endorsement                             |            | An endorsement is an addition to your policy.   |
| Enhanced Surrender Value Rider          | ESVR       | This rider provides enhanced cash surrender values in the early years of the policy. This rider has two benefit options available on the AssetEdge Exec product.  |
| Estate Protection Rider                 |            | Increases the death benefit for the first four years to offset estate taxes. It is only available on joint life (survivorship) policies.  |
| Exam                                    |            | A document that summarizes the examination results and notes any adverse conditions or significant changes in an insured's operations or financial condition.   |
| Executor                                |            | The party appointed in a decedent's will to administer his estate.  |
| Extended No-Lapse Minimum Premium Rider | ENLR       | This rider extends the 10 Year No-Lapse Minimum Premium period on the <i>Lincoln WealthPreserve</i> <sup>SM</sup> SIUL. The extended period is determined by the client's age.  |
| External Replacement                    |            | An existing policy from another company is being replaced by a current Lincoln permanent or term policy.  |
| Expected Premium                        |            | The amount of premium the policy payor is expected to pay on a regular basis (annually, quarterly, monthly, etc.).  |
| Evidence of Insurability                |            | The proof that an insurance underwriter requires during the underwriting process in order to determine that a proposed applicant meets the insurer's health and lifestyle requirements and is an insurable risk.  |
| <b>E</b>                                |            |   |
| Face Amount                             |            | The amount of insurance or specified amount of the policy being applied for.  |
| Fair Credit and Reporting Act           | FCRA       | Form that allows an outside background check to be conducted on an agent.   |
| Financial Industry Regulatory Authority | FINRA      | A self-regulatory organization for brokerage firms doing business in the United States. FINRA operates under the supervision of the SEC. The organization's objectives are to protect investors and ensure market integrity.  |
| Financial Owner                         |            | Person or Entity receiving commission on behalf of the agent.   |
| First-To-Die Insurance                  |            | A policy that pays a death benefit upon the first-to-die of two or more insureds covered under the same policy.   |
| Flat Extra Premium Method               | Flat Extra | In determining premium charges for Life insurance, an approach to calculating the premium amount for substandard risks when the extra risk is considered to be constant. For every \$1,000 of insurance applied for, a specified extra dollar amount will be added to the standard premium.                     |
| Formal Case                             |            | A formal request for life insurance coverage to be underwritten for consideration on a proposed insured that includes the approved and completed documentation required for the state in which the request was solicited by the writing agent.  |
| Free Look                               |            | The placed policy/contract has not been accepted by the client. The client is exercising their Free Look option as outlined in their policy print.  |
| Free Look Provision                     |            | A life insurance, health insurance, and annuity policy provision that allows the policy owner or contract owner a specified period, usually at least 10 days, following policy delivery within which to cancel the policy and receive a refund of all premiums paid. Also known as ten-day free look provision. |

G

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| General Account                  |      | The account an insurance company normally uses to hold assets that back its contractually guaranteed fixed payment obligations.   |
| Good Order Review                | GOR  | Contains policy information from the client's in force policy. The Good Order Review is completed by Customer Service and can be used to determine if a case requires underwriting.   |
| Gift                             |      | A transfer of property for less than adequate consideration.  |
| Grace Period                     |      | The period during which overdue premiums may be paid without the policy lapsing and without having to provide evidence of insurability.   |
| Grantor                          |      | The person who creates a trust.   |
| Group Conversion                 |      | A contractual right to convert a group policy without underwriting under specific criteria, into a new and permanent policy with Lincoln.   |
| Group Insurance                  |      | The type of insurance that provides coverage for a group of people under one contract, called a master contract. The master contract is issued to the group policy holder and the insured group members are not parties to the group contract.  |
| Guaranteed Insurable Option      | GIO  | Allows the permanent in force policy to increase coverage without proof of insurability at a major life event as contractually stated in the policy's terms.  |
| Guaranteed Insurability Benefit  |      | A supplemental life insurance policy benefit that allows the policy owner to increase the specified amount of the policy without evidence of insurability (UL/VUL products) or allows the policy owner to purchase a new life insurance policy without evidence of insurability (Term/Whole Life products).   |
| Guaranteed Issue                 |      | A Multi-Life product that guarantees a small face amount in coverage.   |
| Guaranteed Minimum Death Benefit | GMDB | Variable annuity contract owners may have the option of assuring that their beneficiaries will receive a guaranteed minimum death benefit that protects their principal against market fluctuations. With this option, beneficiaries receive either the contract value on the date the claim is approved or the highest contract value on any policy anniversary date, whichever is greater. There may be an additional cost for this benefit. Refer to the variable annuity's prospectus for complete information on risks, fees and expenses. |
| Guideline Premium Test           | GPT  | A test for receiving certain favorable Federal income tax treatment under which the cumulative premiums for a policy must not at any time exceed the greater of the guideline single premiums or the sum of guideline level premiums at that point.   |

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| Home Office Correction | HOC | A correction to a question on the application that is inserted into the policy print.  |
| HR-10 Plan             |     | A qualified individual retirement arrangement (IRA) that allows self-employed persons to deposit a portion of their income earned from self-employment into a tax-deferred savings plan. Also known as Keogh plan. |

I

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| Illustration                 |     | As defined by the National Association of Insurance Commissioners (NAIC) Life Insurance Illustrations Model Regulation in the United States, a life insurance sales presentation or depiction that portrays non-guaranteed values of a life insurance policy, portrays these values over a period of years, and is shown to a potential customer. |
| Illustration Compliance Form |     | A form signed by the Policyowner and Agent to indicate that an illustration matching the information on the application was not used or signed during the sale of the insurance policy. It is only allowed to be used for UL and IUL policies.  |
| In Good Order                | IGO | Paperwork that is deemed as complete or accurate and ready to be processed.   |
| Incomplete                   |     | The case is closed due to outstanding requirements not being received and no activity from the field. The client will receive a letter only after the case has been in an Incomplete for 30 days with no activity.  |

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| Incontestable Clause  |       | A clause that prevents the insurer from voiding a policy for fraud, concealment or material misrepresentation after a certain period of time, that is usually two years.   |
| Initial Death Benefit Amount  |       | The total death benefit amount of the policy. This amount includes the face amount of the policy as well as any supplemental rider amounts. This amount is found on the illustration.  |
| Initial Payor   |       | The individual who made the first payment (name on the check/wire).  |
| Initial Premium   |       | The first premium payable for an insurance contract.   |
| Insurable Interest  |       | The expected financial gain or loss that a party has in connection with the continued life expectancy of a person and which serves as the legal basis for insuring the person's life under state law.  |
| Insured   |       | The person whose life is covered under a life insurance policy. (There can be more than one Insured).  |
| Internal Exchange   |       | A 1035 exchange of an existing Lincoln permanent policy to a current Lincoln permanent policy.   |
| Internal Replacement  |       | An existing Lincoln policy being replaced by a currently sold Lincoln permanent or term product.   |
| Interstate Compact  | ICC   | States can join or adopt the Interstate Compact for filing certain products and forms. This means that instead of filing directly with each state, we can file the same form once through the ICC, by telling the ICC (when we file) which states we want to use those forms in. Once approved, we can use the ICC approved forms in all the states that we identified when we filed, and these can be identified by the ICC designation that will be part of the form number. |
| Interstate Person   |       | A person who dies without a valid will.  |
| Interstate Succession Statutes  |       | State laws that dictate how the property of interstate persons' is distributed.  |
| Irrevocable Beneficiary   |       | A life insurance policy beneficiary who has a vested interest in the policy proceeds even during the insured's lifetime because the policyowner has the right to change the beneficiary designation <b><u>only after obtaining the irrevocable beneficiary's consent.</u></b>  |
| Issued  |       | The policy/contract has been issued. Assembly has printed, bound and mailed the policy/contract to the agent for delivery to the client.   |
| Issue State   |       | The state in which the application was solicited (signed). Also known as the Signature State.  |
| <a href="#">J</a>   |       |  |
| <a href="#">K</a>   |       |  |
| Key Person Policy   |       | A key employee may be the owner, a partner, a top executive or an important member of the organization with unique talents, experience or skills that are crucial to the prosperity of the business. Key person life insurance protects the business from the financial impact of the loss of an essential employee.   |
| <a href="#">L</a>   |       |  |
| Lapsed  |       | Occurs when a client's coverage under their policy is no longer active because of non-payment of premiums. Policies that have lapsed can be reinstated to provide the client with active coverage and can also be considered a replacement depending on how long it has been since the policy went into a lapsed status.   |
| Letter of Acceptance  | LOA   | This letter indicates that Lincoln National Life Insurance Company will accept the transfer of the 1035 proceeds.  |
| <i>Lincoln Care Coverage</i> <sup>®</sup><br>Accelerated Benefits Rider | CCABR | This rider combines features of the Lincoln <i>LifeAssure</i> <sup>®</sup> Accelerated Benefits Rider and MoneyGuard's Long-Term Care Accelerated Benefits Rider.  |
| <i>Lincoln Enhanced Value</i> <sup>SM</sup><br>Rider                    | LEVR  | This rider allows business owners to reposition current assets of the company to purchase life insurance, while still being able to maintain the majority of the premiums paid as surrenderable liquid assets. This rider has three benefit options available.   |

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| <i>Lincoln LifeEnhance</i> <sup>®</sup><br>Accelerated Benefits Rider | LEABR     | Additional living benefits are offered through riders, are subject to eligibility, and may have additional costs. Limitations and exclusions may apply. Not available on Simplified or Guaranteed Issue.  |
| Long-Term Care Rider  | LTC Rider | This rider is designed for clients who have a primary need for death benefit protection but are concerned about long-term care expenses of covered services for temporary and permanent chronic illness.  |
| <i>LincXpress</i> <sup>®</sup>  |           | Lincoln's streamlined ticket submission process with automated underwriting and lab free opportunities for qualifying clients. Available for all Lincoln permanent life insurance products and <i>Lincoln LifeElements</i> Level Term.  |
| List Bill   |           | Allows a company/individual to combine many policies on one bill. The company/individual will receive one bill for multiple policies and will submit one check to pay for the entire group.   |
| Loan Carryover  |           | A loan from the replacing carrier's insurance policy that will be added to the new Lincoln policy when placed in force.   |
| Loan Rollover   |           | A loan that was taken out on a previous life insurance policy that is to be rolled over to the new life insurance policy during a 1035 Exchange.  |
| Lost Check Affidavit Letters  | LCA       | A letter generated by Treasury to the payee when a check is outstanding 70 -100 days after being issued. The letter asks the payee if they would like the check reissued because the original check is no longer valid.   |
| Lump Sum  |           | A single payment to a beneficiary covering the entire amount of an agreement. Participants in individual retirement accounts, pension plans, profit sharing and executive stock option plans generally can opt for a lump sum distribution if taxes aren't too burdensome when they become eligible.  |
| <a href="#">M</a>   |           |   |
| Mailed Date   |           | The date the policy is mailed, electronically delivered or when a PDF emailed to the agent. For policies where there is no agent, it is the date the policy is mailed or electronically delivered to the policy owner.  |
| Master Guaranteed Issue Cases   |           | A census is used that includes all the proposed insureds to be included in a certain MultiLife GI group. The census will include age, rate class, face amount, etc., for each person on one page. A Master App form will need to be submitted that will be used for the whole group and signed by the appointed person. The actual Master App form would be Guaranteed Issue/Master App-COLI BJJ-03758 (generic, non-state specific). |
| Maximum Solicitation Date   |           | Earliest date that an application can be solicited to meet appointment validation rules. This date is determined by state guidelines.   |
| Medical Information Bureau  | MIB       | MIB is a national service that assists insurance companies in underwriting a case. Each time a person applies for insurance, the medical information about the case is sent to MIB. When a new interview is completed, the carrier will contact MIB to get information on any and all insurance applied for by the proposed insured.  |
| Modified Endowment Contract   | MEC       | A life insurance policy that is issued after June 21, 1988 and meets the definitional requirements of IRC Section 7702 but fails the 7-pay test of IRC Section 7702A.   |
| Mortality Rate  |           | A percentage rate at which death occurs among a defined group of people of a specified age and sometimes of a specified gender. Insurer's base the premiums for life insurance in part on the mortality rate for a proposed insured's age group.  |
| Motor Vehicle Report  | MVR       | A driving record that helps insurance companies determine how to set rates. They show driving history, license suspension, traffic violations, and more.  |
| <a href="#">N</a>   |           |   |
| National Association of Insurance Commissioners                       | NAIC      | A private, nonprofit association of insurance commissioners, from all 50 states and the District of Columbia, that promotes uniformity of state insurance regulation within the United States. The NAIC adopts model bills and regulations, which each state can choose to adopt, use as the basis for their own laws and regulations, or ignore altogether.  |
| Net Amount at Risk  |           | The difference between a policy's face amount and its reserve at a given point in time that is referred to as pure insurance protection.  |

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| New Business Case Manager           | NBCM | The New Business staff member that will process the policy.  |
| Nonforfeiture Provision             |      | A provision that states how cash values may be applied upon termination of a policy.   |
| Non-Public Personal Information     | NPPI | Any identifier or data that can link a document to an individual, which could disclose an individual's identity. Examples are name, address, date of birth, date of death, SSN, credit information, financial information, phone numbers, account numbers, email addresses, protected health information.  |
| Non-Recourse Collateral Assignment  |      | Non-Recourse collateral assignment is similar to a collateral assignment with the exception that the original owner does not intend to pay back the loan, which was exchanged, for the assignment of the policy in question. Lincoln Financial New Business does not accept Non-Recourse Collateral Assignments that are disclosed upfront.  |
| Not in Good Order                   | NIGO | Paperwork that is deemed as incomplete or inaccurate and cannot be processed.  |
| Not Taken                           |      | The issued policy/contract has not been accepted by the client. The client has decided to no longer pursue the policy.   |
| <u>O</u>                            |      |  |
| Office of Foreign Assets Control    | OFAC | A section of the US Department of Treasury responsible for monitoring financial institutions for money laundering and other suspicious activity. Lincoln Financial compares the information from our customers with the OFAC database.   |
| Office of Supervisory Jurisdictions | OSJ  | Any main or branch office of an National Association of Securities Dealers (NASD) member where one or more of the following take place: order execution or market making; public offerings or private placements are structured; customers' funds or securities are held; new accounts are approved; customer orders are reviewed and endorsed; advertising or sales literature for use by the member's associated persons is approved; the activities of associated persons at other branch offices of the member are supervised. |
| Officer                             |      | An individual who holds a position of authority or command within the corporation. Examples: President, Vice President, CEO, etc.  |
| One Time Payor                      |      | The initial Payor of the policy who is other than the Insured, Owner or Payor. This person will not receive any bills for future policy premium payments.  |
| Other Insured Rider                 |      | A supplemental life insurance policy rider that provides level term coverage for someone other than the insured until age 95.  |
| Outside Broker Dealer               | OBD  | Registered Principals who are accountable for policies written by their Registered Representatives (RR). They provide suitability sign off for the Registered Representatives in their reporting line.   |
| Owner                               |      | The Owner, also known as applicant, of the life insurance policy has all rights to the policy. The Owner has the right to loan, surrender, assign, or in any way, alter the contract. The owner can be one or more individuals, a corporation, or a trust. An individual policy owner can be anyone who has an insurable interest. The underwriter reviews the case while assessing the rate class and will determine if insurable interest exists.  |
| <u>P</u>                            |      |  |
| Paid Up Additions                   | PUA  | These are considered as internal rollover money and they add value to the policy and will be included in the 1035 fund amount.   |
| Paid-Up Policy                      |      | A life insurance policy remaining in force with no further premium payments contractually required.  |
| Partial Conversion                  |      | Occurs when only a portion of the term face amount from the in-force policy is converted.  |
| Participating Policy                |      | A life insurance policy that gives the owner the right to share in the company's surplus because actual experience is more favorable than assumed experience.  |
| Payments in Advance                 | PIA  | Used to indicate the number of premium payments received prior to placing a policy in force.   |
| Payor                               |      | The person or party who is receiving bills for policy premium payments.  |

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| Pending                   |     | Upon submission of the formal application or ticket, outstanding requirements may be needed to complete the Underwriting assessment and obtain outstanding administrative requirements needed to issue the contract.  |
| Pending HUB Site          |     | An internet-based system that enables Lincoln Financial Group agents, advisors, and case managers to view any pending cases they have with our Underwriting and New Business department.  |
| Pension                   |     | A lifetime monthly income benefit payable to a person upon their retirement.  |
| Pension Plan              |     | An agreement under which an employer establishes a plan to provide its employees with a lifetime monthly income benefit that begins at their retirement.  |
| Pension Trust             |     | A type of pension plan, frequently used for small groups, administered by trustees who are authorized to purchase individual level premium insurance policies or annuity contracts for each member of the plan. The policies usually provide both life insurance and retirement benefits.   |
| Per Stirpes               |     | This term refers to family branches or representation of a deceased ancestor. Per Stirpes is derived from the law of Wills and interstate (no Will or no valid Will) distribution and can be used in the beneficiary designation. When the owner/insured wishes to provide for grandchildren of a deceased child, a Per Stirpes beneficiary designation is a method of dividing the death benefit proceeds among the living children and children of a deceased child. The children of a deceased child share their parent's portion of the death benefit proceeds equally. |
| Phone History Interview   | PHI | Personal History Interview (PHI) is an underwriting requirement. The PHI team will receive the PHI request and they will contact the insured(s) to complete a telephone interview. They will conduct the interview at the request of the system or the underwriter.<br><b>Pending:</b> Case awaiting the scheduling or completion of the PHI.<br><b>Scheduled:</b> Client has been reached and a PHI has been scheduled.<br><b>Complete:</b> PHI was completed, and case has been sent for the underwriter to review.   |
| Placed                    |     | The policy/contract has been placed in force.   |
| Planned Premium           |     | For flexible premium contracts, the premium amount selected by the policy owner and billed by the insurer to avoid the risk of the policy lapsing for the nonpayment of premiums. It is sometimes also referred to as a "target premium".   |
| Policy                    |     | Policy is a contract between the insurer and the insured that determines the claims the insurer is required to pay in exchange for premium payments. The insurer pays for claims covered under the policy language. Insurance contracts are designed to meet specific needs and thus have many features not found in many other types of contracts.   |
| Policy Date               |     | The date from which policy years, months and anniversary will be determined. Also referred to as the Issue Date for Lincoln Financial Group contracts.  |
| Policy Exchange Agreement | PEA | Another name for the Absolute Assignment Form or 1035 Exchange Form.  |
| Policy Print              |     | Pages from the policy print that contains the value of the policy along with the agent's name and address.  |
| Postponed                 |     | The Underwriter determined that coverage cannot be offered on the proposed insured at this time; the client is encouraged to reapply once they meet certain conditions.   |
| Premium                   |     | The payment, or one of a series of payments, required by the insurer to put an insurance policy in force and keep it in force.  |
| Premium Finance           |     | A method of purchasing life insurance contracts with money borrowed from a commercial bank or lender. In a premium financial arrangement, the client (usually, through a trust) borrows the funds necessary to pay for the life insurance premium. The client typically gifts the interest on this loan into the trust, which in turn holds and pay premiums for the policy. The lender typically requires the borrower to assign the life insurance policy and other collateral to the lender to secure the loan.  |
| Premium Mode              |     | The frequency at which insurance policy renewal premiums are payable. Also known as premium payment mode. Examples: Annual, Semi-annual, Quarterly, Monthly.  |

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| Premium Deposit Fund        | PDF | Allows a policy owner to make deposits to the company in the amount he or she chooses, without the life insurance policy failing the TAMRA 7-pay test and becoming a Modified Endowment Contract (MEC). Funds placed into the PDF earn interest and are transferred annually to the policy as specified by the policy owner.  |
| Premium Load                |     | A deduction from each Premium Payment which covers certain policy-related state and federal tax liabilities as well as a portion of the sales expenses incurred by the Company.   |
| Premium Reserve Rider       | PRR | Rider automatically added to some <i>VUL<sup>ONE</sup></i> products, refer to NB Help. The client can direct premium at placement into the PRR. It allows for the creation of an additional reserve of premium that accumulates tax-deferred and that can be used to pay future premiums, or later supplement retirement income. It is subject to certain fees and credits if premiums are directed to this rider.  |
| Privacy Incident            |     | A privacy incident, sometimes referred to as a privacy disclosure, is defined as the unauthorized sharing or access to confidential information to those who have no authorization or purpose for having this information. This unauthorized sharing can take place in any form- physical (paper and hard copies), electronic (emails, web) and verbal (phone calls, elevator conversations). It is Lincoln's policy that all potential privacy incidents that we are made aware of be reported for further review. |
| Producer ID Number          | PID | Agent code in the IMPACT agent look up tool has a PID. Attached to the PID are the profiles that hold the flex and sit numbers that apply to the hierarchy, product and compensation arrangements for the agent.  |
| Product Switch              |     | A policy set up after an original policy was already coded. This type of process is required when a new policy number will need to be generated.  |
| Projection of Values        | POV | A non-contractual projection prepared to show the operation of an insurance product based on the options, features and assumptions specified and whose values may vary from actual results.   |
| Proposed Additional Insured |     | The second person whose life is insured by the insurance policy. On the application, the Additional Insured questions can indicate information for the Co-Insured on a Duet policy or the information for a Spouse Term Rider or Other Insured Rider.   |
| Prospectus                  |     | An officer or manager of a NASD member, who is involved in the day-to-day operation of the securities business, has qualified as a registered representative, and has an NASD Series 24 or 26 registrations.  |
| <a href="#">Q</a>           |     |   |
| Qualified Plan              | QP  | A retirement plan that receives favorable income tax treatment by meeting the requirements imposed by US federal tax laws and the Employee Retirement Income Security Act (ERISA).  |
| Quote                       |     | The underwriter has made an offer and there could be outstanding requirements that are needed to issue the case, or the client has not yet accepted the offer.  |
| <a href="#">R</a>           |     |   |
| Rating                      |     | During the underwriting process for insurance, the act of approving an application on a basis other than the basis for which the policy was applied for, including actions such as approving the application at a higher premium rate than applied for or with less coverage than applied for.  |
| Refer                       |     | Automated Underwriting (AU) rejected the policy and it has been referred to a live underwriter for further review.  |
| Reflexive Question          |     | A question that is followed by additional questions depending on how the initial question was answered.   |
| Registered Principal        | RP  | The head of the Office of Supervisory Jurisdiction (OSJ) who helps to coordinate the activities and appropriate handling by the Registered Representatives under that person's jurisdiction.  |
| Registered Representative   | RR  | A sales representative or other person who has registered with FINRA, disclosed the required background information, and passed one or more NASD examination. A Registered Representative engages in the securities business on behalf of a FINRA member by soliciting the sale of securities or training securities salespeople.   |
| Reinstatement Clause        |     | A provision that gives the policy owner the right to reinstate a policy after it has lapsed, such as by providing evidence of insurability and paying past due premiums.  |
| Reissue                     |     | <b>Agent Request</b> - The agent has requested a change to the policy/contract after the policy was sent for delivery.  |

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|   |     | <b>Home Office</b> - An error was made by the home office and a correction(s) needs to be made to the policy/contract after the policy/contract was sent for delivery.   |
| Release of Assignment                                       | ROA | This letter indicates that Lincoln National Life Insurance Company wishes to cancel the 1035 exchange.   |
| Replacement   |     | A transaction that occurs when a policy owner surrenders an insurance policy or part of the coverage of a policy to buy another policy. Replacements may be external or internal. An external replacement occurs when the new policy is issued by a different insurer than the one that originally issued the policy. An internal replacement is one in which the new contract is purchased from the same insurer that issued the original contract. |
| Reproposal  |     | A point-in time illustration run to show detailed information about the client's in force policy.  |
| Required Question   |     | A question that is required to be answered. A user may not proceed to the next page (both internally or externally) until the required information is provided. Required questions are usually indicated with a red asterisk.  |
| Requirement   |     | An outstanding item needed to complete the placement of a life insurance contract in force.  |
| Restricted State (Fatal, Pre-Appointment, Pre-Solicitation) |     | States that require all agents receiving commissions to be appointed by Lincoln prior to the solicitation, negotiation or sale of insurance. Appointments in these states must be dated on or before the signature date of the application or the business will be rejected, and all new paperwork will be required.   |
| Revocable Beneficiary                                       |     | A life insurance policy beneficiary whose right to the policy's proceeds can be cancelled or reduced by the policy owner at any time before the insured's death without requiring consent.   |
| Rewrite   |     | <b>Agent Request</b> - The agent has requested a change to the policy/contract after the policy was placed in force.<br><b>Home Office</b> - An error was made by the home office and a correction(s) needs to be made to the policy/contract after the policy/contract was placed in force.   |
| Rider   |     | An amendment or addition to a contract that either expands or limits the benefits payable under the contract. This is also known as an endorsement.  |
| Right to Examine Period                                     |     | The period during which the Policy may be returned to us for cancellation.   |
| <u>S</u>  |     |  |
| Second-To-Die Life Insurance                                | SUL | A policy that covers two or more lives and pays a death benefit upon the death of the last to die. It is sometimes referred to as "survivorship" life insurance.   |
| Securities and Exchange Commission                          | SEC | The Securities and Exchange Commission is a commission created by Congress to regulate the securities markets and protect investors. The SEC doesn't guarantee an investor against the loss of money from an investment.   |
| Separate Account  |     | An account that an insurer establishes apart from its general account to achieve results from a distinct group of investments.   |
| Settlement Options  |     | The choices that a life insurance policy provides as to how the death proceeds will be paid.   |
| Short Form Exam   |     | A document that indicates the insured's height, weight and blood pressure. It is not as detailed as the regular exam. This is usually indicated on the last page of the labs.  |
| Sign on Delivery  | SOD | The application packet is signed on delivery instead of being signed prior to the underwriting process.  |
| Simplified Issue Application                                |     | A form of life insurance where there is very little underwriting needed.   |
| Single Premium Cash Value Policy                            |     | This is a limited payment cash value policy that only requires the payment of one premium to make the policy paid-up.  |
| Situs   |     | The issue or contract state of a policy, where the application is to be signed and the policy delivered.   |

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| Social Security Number      | SSN | Nine-digit number issued to US Citizens, Permanent Residents and Temporary (Working) Residents.  |
| Solicitation Date           |     | When determining the solicitation date, it is the earliest form signed excluding the signature date of the illustration. When the insured is not the applicant/owner, we need to look to the first signed form capturing the applicant/owner signature and date. There may be times with electronic ticket submissions when the applicant/owner signature is not required at solicitation and we will continue to utilize the earliest signature date of the insured. This does not affect NY Regulation 60. |
| SPECTRA                     |     | An online, self-service tool that allows partners to receive underwriting quick quotes 24/7 on behalf of the clients, utilizing Lincoln's underwriting rule book. The tool can also provide a range of quotes if the full details of the client's impairments are not known.   |
| Split Dollar Life Insurance |     | An arrangement under which one party agrees to assist the other with the cost of a life insurance policy in return for the repayment of its funds from the cash value or death proceeds of the policy.   |
| Spouse Rider Conversion     |     | Allows the policy owner to convert a spouse rider from an existing in force policy into a new individual term or permanent policy.   |
| Spouse Term Rider           |     | A supplemental life insurance policy benefit that provides term life insurance coverage on the insured's spouse. It provides level term coverage for the spouse of the Insured until age 70.   |
| Stale Date                  |     | An expired form or check dated outside specific guidelines.  |
| Submitted                   |     | The underwriter has not yet performed an initial review of the case.   |
| Substandard Risk Class      |     | In insurance underwriting, the group of proposed insureds who represent a significantly greater-than average likelihood of loss within the context of the insurer's underwriting practices.  |
| Suitability                 |     | The determination that the variable product applied for meets the needs of the policy owner and matches his/her tolerance for risk.  |
| Supplemental Coverage Rider |     | A supplemental life insurance policy rider that provides an additional death benefit for the policy.   |
| Surrender                   |     | A surrender occurs when a contract holder terminates a contract that has been placed in force. The Surrender process is initiated/requested and is completed by Customer Service and can be used to determine surrender amounts to be applied to the new policy.   |
| Surrender Charge            |     | A penalty that is paid to the insurer for the early termination of a life insurance policy.  |
| Suspended Review            |     | The case is "on hold" until medical requirements are received. The client will receive a letter only after the case has been in Suspended Review for 30 days with no activity.   |
| <b>I</b>                    |     |  |
| Table Rating                |     | In determining premium charges for life insurance, an approach to charging for substandard risks by dividing those risks into broad groups according to their numerical ratings.   |
| Target Premium              | TP  | The volume of level and commissionable premium. It is the maximum commissionable premium at the first-year rate on universal life insurance policies. Factors that drive the target premium are rate class, age, amount of insurance, benefits/riders, and plan.   |
| Tax Identification Number   | TIN | An identification number used by the Internal Revenue Service (IRS) in the administration of tax laws.   |
| Tax Sheltered Annuities     |     | A retirement annuity sold only to organizations offering qualified retirement plans under section 403(b) of the U.S. Internal Revenue Code.  |
| TeleInterview               |     | A Tele-App Specialist will contact the client to complete a TeleInterview once a ticket (Example: <i>LincXpress</i> or <i>TermAccel</i> ) has been received.   |
| Tele-App Specialist         |     | A Lincoln employee who will conduct a TeleInterview with the client.   |

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| Technical and Miscellaneous Act of 1998 | TAMRA/ 7-Pay | Under the Technical and Miscellaneous Revenue Act of 1988 (TAMRA), a life insurance contract issued on or after June 21, 1998, is subject to being classified as a modified endowment contract (MEC). This will occur if cumulative premiums paid during the first seven contract years (or seven years after a material change in the contract) exceed the sum of the “net level premiums” (7-pay test). |
| Temporary Insurance Agreement           | TIA          | The Temporary Insurance Agreement (TIA) is a contract that binds Lincoln to cover an applicant while the application/ticket is being processed as long as the TIA meets the binding limit criteria of Age/Face Amount/Signature Date.   |
| <i>TermAccel</i> <sup>®</sup>           |              | <i>Lincoln TermAccel</i> <sup>®</sup> offers affordable term protection with competitive premiums and advantages of a fully-electronic, paperless, underwriting process.  |
| Term Conversion                         |              | A contractual right to convert a term policy, without underwriting under specific criteria, into a new permanent policy with Lincoln.   |
| Term Life Insurance                     |              | Life insurance under which the benefit is paid if the insured dies during a specified time period. Benefits aren't payable if the insured survives to the end of the term.  |
| Third Party Payor                       |              | A person that the client designates to receive unintended lapse notifications.  |
| Terminal Dividends                      |              | These are an additional policy dividend that pays to the policy after a certain time period in which the policy has been in force – this is not the same as termination dividend. They add value to the policy and will be included in the 1035 fund amount.  |
| Terminal Illness                        |              | An illness that results in a life expectancy of less than six months. This feature of the ABR is available on substandard rated policies.   |
| Termination Dividends                   |              | A special or extra dividend that is payable at the time of termination of the policy. They are to be applied as cash, either premium or lump sum amount.  |
| Tenants in Common                       |              | A form of joint ownership of property under which each joint owner may dispose of his or her undivided share of the property separately such as by will.  |
| Term Life Insurance                     |              | Life insurance under which the benefit is paid if the insured dies during a specified time period. Benefits aren't payable if the insured survives to the end of the term.  |
| Tobacco Class                           |              | Identifies the insured as either a tobacco user or a non-tobacco user.  |
| Trial                                   |              | An incomplete file with medical records, such as an APS (Attending Physician Statement), labs, EKG, etc. where a producer is looking for a tentative offer.   |
| Trial Accepted                          |              | A trial application has been reviewed and accepted for underwriting to begin.   |
| Trial Closed                            |              | A medical offer has been made based on information received from the agent. Typically, a formal application is submitted with favorable offers.   |
| Trust                                   |              | A legal arrangement whereby one or more persons—called the trustees—hold legal title to property on behalf of another person—called the trust beneficiary—and are responsible for administering the property for the benefit of the trust beneficiary.  |
| Trustee                                 |              | A person or entity (e.g., bank, trust company or other organization) that's responsible for the holding and safekeeping of trust assets. A trustee may also have other duties, such as investment management. A trustee that is a "directed trustee" is responsible for the safekeeping of trust assets but has no discretionary investment management duties or authority over assets.                   |
| <u>U</u>                                |              |   |
| Unbundled                               |              | A term used to describe a life insurance product for which the insurer separately discloses the pricing structure.  |
| Underwriter                             | UW           | The person at Lincoln Financial Group who evaluates proposed risks, accepts or declines insurance applications, and determines the appropriate premium amount to charge acceptable risks  |
| Underwriter Quote/ Offer Made           |              | A requirement added by the underwriter in the Requirement window in LifeWriter to indicate how the policy was approved/offer made. The note may include some or all of the following: Tobacco class, rating, cancel date, special instructions as well as amendments or forms needed.   |

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| Underwritten Amount            |      | The total death benefit amount of the policy. This amount includes the face amount of the policy as well as any supplemental rider amounts.  |
| Unearned Premium               | UEP  | Any unused premium paid to the term policy that can be used as premium towards the new policy or refunded to the client by request.  |
| Uniform Transfer to Minors Act | UTMA | State laws under which property is placed into the hands of a custodian for the benefit of a minor person until the minor reaches the age of majority (Similar to the Uniform Gift to Minors Act).   |
| Universal Life Insurance       |      | A form of life insurance first marketed in the early 1980s that combines the economical protection of term life insurance with a cash value portion. Premiums are invested in a tax-deferred account earning interest. The policy is flexible; that is, as age and income change, a policyholder can increase or decrease premium payments and coverage or shift a certain portion of premiums into the account, without additional sales charges.     |
| Upline                         |      | The upline consists of the firms and/or people above the producer in the hierarchy. Those below the Upline in a hierarchy are referred to as the down line.  |
| UW Adverse Letter              |      | A letter sent to the insured indicating why their policy has been rated and what options the client may take to obtain information on the Underwriter's decision.  |
| <u>V</u>                       |      |  |
| Variable Universal Life        | VUL  | Variable universal life provides a death benefit where the cash value varies with performance of an underlying portfolio of investments.   |
| Virtual Insurance Processing   | VIP  | The system used for storing in force insurance.  |
| <u>W</u>                       |      |  |
| Waiver of Monthly Deductions   | WMD  | A supplemental life insurance policy benefit under which the insurer promises to give up, or waive, its right to collect the monthly policy premiums that become due while the insured is totally disabled. Disability must exist for a period of six months before benefits can begin.  |
| Waiver of Premium              | WP   | A policy provision that exempts insureds from making premium payments until they recover once they've been disabled for a specified number of days.  |
| Waiver of Specified Premium    | WSP  | A supplemental life insurance policy benefit that will pay the specified premium into the policy upon total disability of the insured covered by the rider. Disability must exist for a period of six months before benefits can begin.  |
| Withdrawn                      |      | Used when the client has decided that they no longer want to pursue the policy prior to Issue.   |
| Writing Agent                  |      | The agent that signed the application.   |
| <u>X</u>                       |      |  |
| <u>Y</u>                       |      |  |
| <u>Z</u>                       |      |  |
| <u>#</u>                       |      |  |
| 1035 Exchange                  |      | The number "1035" refers to a section of the Internal Revenue Code. Section 1035 of the IRC allows the replacement (exchange) of certain types of life insurance and annuity contracts within and between life insurance companies while maintaining the owner's "cost basis" in the former (exchanged) policy. This results in the deferring of any "taxable event" that might have resulted from the termination of the replaced (exchanged) policy. |
| 1099                           |      | A form filed with the IRS used to report wages other than salaries, such as tips, lottery winnings, etc.   |

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| 401(k) Plan  |  | A special type of profit-sharing plan, savings plan, or retirement plan that is established by employers for the benefit of employees and that allows both employers and employees to make specified contributions to the plan on a tax-deferred basis. |
| 403 (b) Plan |  | An arrangement that allows not-for-profit employers and their employees to make contributions to a tax-deferred retirement savings plan established for the benefit of employees.   |

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