

# A plan to protect you and your loved ones



Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

You can create a smart plan for retirement – and efficient wealth transfer – with Lincoln variable annuities.

Ensure your loved ones are cared for

Create or protect a tradition of wealth

Make a difference for what matters most to you

Insurance products issued by:  
The Lincoln National Life Insurance Company



# You’ve spent a lifetime building and protecting your assets

You’ve worked hard to save for the future, but you might not need all your wealth for retirement income. Protecting and passing it on is likely a priority for you.

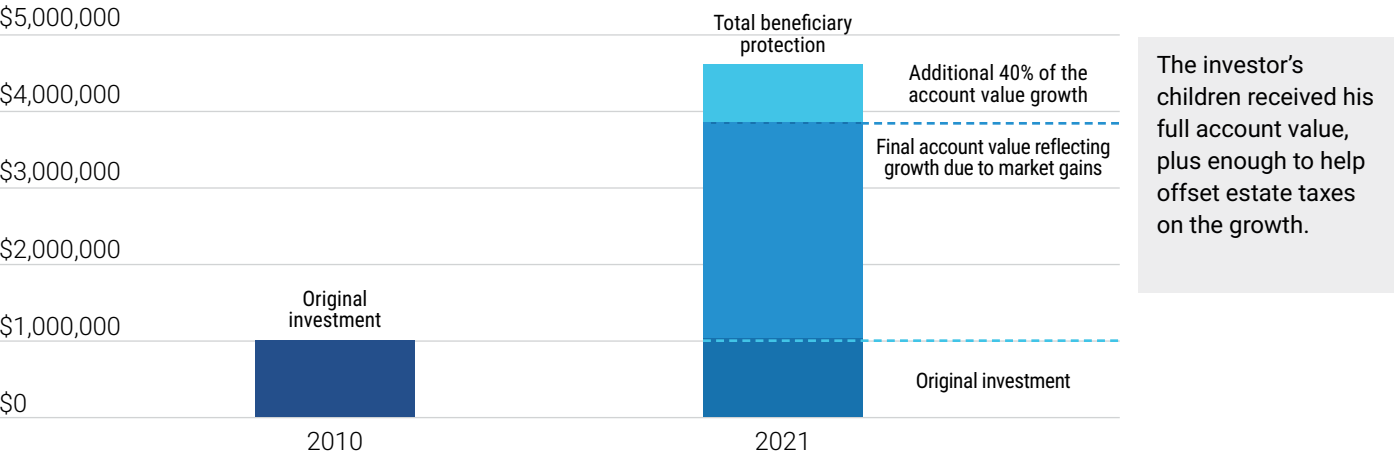
One of the most valuable benefits of a variable annuity is that it can help you protect your loved ones or contribute to your most cherished causes. In addition to growth potential and retirement income, *Lincoln Investor Advantage*® variable annuities with the Earnings Optimizer Death Benefit offer:

- Protection for your estate and beneficiaries to prevent too much of a tax burden
- Planning options to ensure your spouse is covered too
- Market growth potential
- Flexible options for tailored estate planning scenarios

## Why is beneficiary protection important?

This aspect of retirement planning is sometimes overlooked – but it’s so important if you want to make sure your assets are not lost to too much taxation.

### How one investor protected his estate and beneficiaries from a large tax bill



#### Original investment

- A 55-year-old purchased a *Lincoln Investor Advantage*® variable annuity
- He protected his estate and beneficiaries with the Earnings Optimizer Death Benefit

#### Keeping a legacy intact

- In 2021, the investor passed the assets on to his children at his death
- They received his full account value, which had grown over the years, plus an additional 40% of the growth to help cover taxes

**This example is for illustrative purposes only. Past performance does not guarantee future results.**

Variable annuities are long-term investment products that offer a lifetime income stream, access to leading investment managers, options for guaranteed growth and income (available for an additional charge), and death benefit protection. To decide if a variable annuity is right for you, consider that its value will fluctuate; it's subject to investment risk and possible loss of principal; and there are costs associated. All guarantees, including those for optional features, are subject to the claims-paying ability of the issuer.



# Plan for tax-efficient estate protection

## Meet Thomas

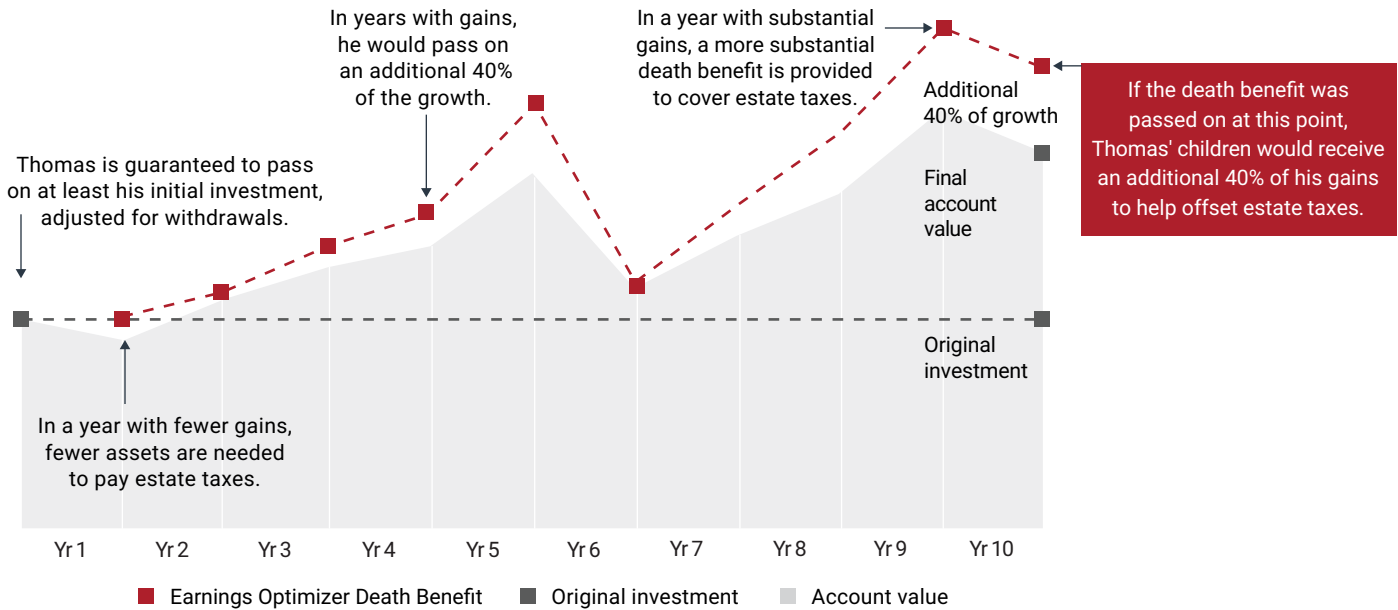
### His challenge

He is in a high tax bracket and wants to make sure that both his current assets and the legacy he leaves to his children are as streamlined and tax-efficient as possible.

### The solution

- A *Lincoln Investor Advantage*® variable annuity with the Earnings Optimizer Death Benefit, available for an additional charge, helps offset the expected estate tax by adding 40% of any earnings to the current account value at time of death.
- In the worst-case scenario, his beneficiaries would receive the principal back, adjusted for withdrawals.
- Thomas retains flexibility and control over his assets: he is assured a death benefit to help protect his estate, but he can also take income for retirement or another need.

## Help offset the potential tax impact for your loved ones



This example is for illustrative purposes only. Past performance does not guarantee future results.

### Earnings Optimizer Death Benefit

- Gives beneficiaries the greater of the principal<sup>1</sup> or the current account value plus 40% of earnings<sup>1</sup> if there are gains in the contract (not to exceed 200% of total deposits)<sup>2</sup>
- Available to contract owners and annuitants under age 70 for an additional annual charge of 0.30%, and ages 70 – 75 for 0.70%<sup>3</sup>

Available only with *Lincoln Investor Advantage*® variable annuities

<sup>1</sup>Adjusted proportionately for withdrawals and dollar-for-dollar for *i4LIFE*® Advantage payments.

<sup>2</sup>Adjusted proportionately for withdrawals only.

<sup>3</sup>Maximum charge 1.40% and 1.70% respectively, based on age bands. The initial fee is guaranteed for 20 years after election. Investment requirements apply. The rider is irrevocable and does not provide an opt-out provision for fee increases.



# Plan for a tax-smart income stream and legacy

## Meet James

### His challenge

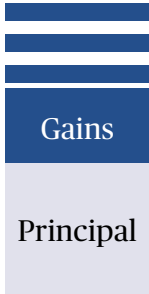
James, age 70, is a widower who’s looking to supplement his income because his wife’s pension was reduced when she passed away. He also wants to minimize taxes for himself and his beneficiaries. He has nonqualified money to invest, half of which is principal and half gains.

### The solution

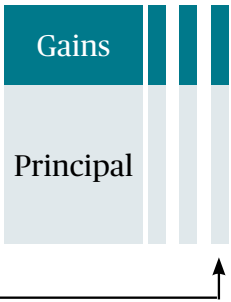
- James and his financial professional compared a traditional withdrawal from his investment account to a Lincoln variable annuity with *i4LIFE*® Advantage<sup>1</sup>
- i4LIFE* provides a tax-efficient lifetime income stream because a portion of every payment is principal
- Lincoln annuity beneficiaries can access *i4LIFE* for unique legacy planning strategies

## Taxation order matters

For standard annuity withdrawals, **Last in, first out (LIFO)** payments are applied, which means the entire tax hit is up front.



*i4LIFE* offers an **exclusion ratio** for payments, returning a portion of principal with each payment.<sup>2</sup> This helps potentially mitigate the tax burden by spreading it out.



To help offset the potential tax impact of wealth transfer, James' beneficiaries can continue to receive *i4LIFE* on a tax-efficient basis until the remaining account value is fully withdrawn.<sup>3</sup>

**This example is for illustrative purposes only. Past performance does not guarantee future results.**

<sup>1</sup> *i4LIFE*® is available for an additional annual charge of 0.40% above standard contract expenses. There is a credit to clients who select a minimum Access Period of the greater of 20 years or until age 85 — with a \$500,000 deposit the credit is 0.10% annually and with a \$1,000,000 deposit the credit is 0.20% annually (see prospectus for complete details). The initial *i4LIFE*® payment is based on several variables, including age, Access Period, AIR, and account value. Future payments will vary based on the performance of the investment chosen. Additional withdrawals reduce the cost basis, account value, death benefit and future income payments. Additional withdrawals taken before age 59½ may be subject to an additional 10% federal tax. After the Access Period ends, payments will continue on a lifetime basis, but you will no longer have access to your assets or a death benefit.

<sup>2</sup> The exclusion amount only applies until the cost basis has been returned, at which time the payments are fully taxable.

<sup>3</sup> For systematic withdrawals, if there are no gains all withdrawals are considered principal and are not taxed. For *i4LIFE*®, if the contract experiences no gains or is down, a portion of your payment is treated as a taxable gain and a portion is treated as principal. Once the principal has been paid out, each payment is fully taxable.

# Protect your legacy with tax-smart strategies

A nonqualified Lincoln variable annuity with *i4LIFE*® can help address a variety of unique planning challenges. Here are several scenarios that you may want to discuss with your financial and tax professionals.



### Structuring a trust

**Challenges**

- Trust tax brackets are highly compressed, meaning that any recognized growth inside a trust may suffer a high “tax drag” each year.
- Trust-owned annuity withdrawals may trigger an additional 10% federal income tax.<sup>1</sup>

**Solutions**

- Trusts that benefit only natural heirs (living people) can enjoy tax deferral.<sup>2</sup> A variable annuity can help provide long-term, tax-deferred growth and tax control.
- Immediate annuities are not subject to the 10% additional tax. If an annuity with *i4LIFE* is purchased with cash and income is started within 12 months, it counts as an immediate annuity and offers tax-efficient distributions.



### Limited tax options

**Challenge**

Beneficiaries are on the hook for all taxes on the growth, which may result in a substantial tax burden.

**Solution**

Beneficiaries can take withdrawals from the account value in a tax-advantaged way. Taxes will only be due when any growth is distributed.



### 1035 exchange by beneficiary

**Challenge**

Nonqualified deferred variable annuities generally can be “stretched” over the life expectancy of a natural beneficiary. However, since these payments are last in, first out (LIFO), the tax hit is up front on the gains.

**Solution**

Beneficiaries can transfer these assets to a new carrier without tax consequences after meeting certain requirements. They can use *i4LIFE* for tax-advantaged income, instead of LIFO, as long as regular payments start within 12 months of the original owner’s death.<sup>3</sup>



### Multigenerational income

**Challenge**

Some investors want to set up a lasting legacy that will pay out guaranteed income across two or more generations, but may be hesitant to expend the time and money of establishing a trust.

**Solution**

*i4LIFE* can provide tax-efficient lifetime income today, and continue the income without interruption over multiple generations of beneficiaries. The key is to name a young annuitant (for example, a grandchild or even great-grandchild), over whose lifetime the income will be guaranteed.



### Lifetime gifting

**Challenge**

If you own a nonqualified deferred variable annuity that you don’t need for income, you may want to give it to your loved ones today. However, income taxes will be due on all the deferred gains in the contract, creating a large tax bill for an annuity with a lot of long-term growth.

**Solution**

You can change the annuitant to your intended gift recipient and begin *i4LIFE* payments. You can then execute a change of ownership to the recipient so they can begin tax-advantaged payments over their life expectancy, without creating a large income tax event.<sup>4</sup>

<sup>1</sup> As affirmed in Private Letter Ruling 202031008.

<sup>2</sup> Under Section 72(u) of the Internal Revenue Code, with trust language permitting.

<sup>3</sup> As affirmed in Private Letter Ruling 201330016. If a nonqualified stretch has been started at another carrier and it is now more than 12 months since death, *i4LIFE* is no longer available but the nonqualified stretch can be continued at Lincoln.

<sup>4</sup> The annuity transfer may still be subject to gift taxes.





Do you have a plan to protect your loved ones, your estate and your legacy? Talk with your financial professional to see if any of these strategies can be tailored to your unique situation.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

©2023 Lincoln National Corporation

[LincolnFinancial.com](https://www.lincolnfinancial.com)

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.

LCN-3780044-092121

POD ADA 11/23 **Z02**

**Order code: VA-DBLIA-BRC001**



#### Important information:

Lincoln Financial Group® affiliates, their distributors, and their respective employees, representatives and/or insurance agents do not provide tax, accounting or legal advice. Please consult an independent professional as to any tax, accounting or legal statements made herein.

Variable annuities are long-term investment products designed for retirement purposes and are subject to market fluctuation, investment risk, and possible loss of principal. Variable annuities contain both investment and insurance components and have fees and charges, including mortality and expense, administrative, and advisory fees. Optional features are available for an additional charge. The annuity's value fluctuates with the market value of the underlying investment options, and all assets accumulate tax-deferred. Withdrawals of earnings are taxable as ordinary income and, if taken prior to age 59½, may be subject to an additional 10% federal tax. Withdrawals will reduce the death benefit and cash surrender value.

**Investors are advised to consider the investment objectives, risks, and charges and expenses of the variable annuity and its underlying investment options carefully before investing. The applicable prospectuses for the variable annuity and its underlying investment options contain this and other important information. Please call 888-868-2583 for free prospectuses. Read them carefully before investing or sending money. Products and features are subject to state availability.**

Lincoln variable annuities (contract forms 30070-A, 30070-B, ICC23-60020, ICC23-60021, 23-60022, 23-60020, 23-60021, ICC23-60022 and state variations) are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, and distributed by Lincoln Financial Distributors, Inc., a broker-dealer. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so.**

**All contract and rider guarantees, including those for optional benefits, fixed subaccount crediting rates, or annuity payout rates, are subject to the claims-paying ability of the issuing insurance company.**

They are not backed by the broker-dealer or insurance agency from which this annuity is purchased, 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.

There is no additional tax-deferral benefit for an annuity contract purchased in an IRA or other tax-qualified plan.

Not for use in New York.

For use with the general public.