



It's all about leverage

Help your clients make the most of their assets

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 **Lincoln**
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*Lincoln SmartIncome*SM Inflation Annuity Sales Idea

The purpose of a lever is to maximize results with a given amount of force. It's a concept you can use to help clients realize that they may be able to redeploy some of their assets in more efficient ways.

Here's an example: Suppose you have a 75-year-old male client with \$500,000 of nonqualified money in CDs, which he's currently using for income generation and any unexpected expenses. He plans for any remaining assets to pass to his beneficiaries through his estate after his death. Sounds like a plan—except he's not enjoying any tax deferral; interest rates can fluctuate; his income, although guaranteed with CDs, does not adjust with inflation; and any assets remaining in CDs after his death will be heavily taxed. There's got to be a better way.

What if he could use that money to increase his income, minimize his tax burden, have access to cash if he needs it, and be able to leave a death benefit for his beneficiaries?

You can show this client how to gain more leverage with his money by using a portion of it to purchase a *Lincoln SmartIncome*SM Inflation Annuity, a single premium immediate annuity that offers guaranteed, inflation-adjusted income payments and tax-advantaged growth potential for the rest of his life.

*Lincoln SmartIncome*SM Inflation Annuity is a long-term retirement savings product that:

- Provides income payments that adjust annually with the changes in inflation as measured by the Consumer Price Index–Urban (CPI), protecting purchasing power.
- Offers tax-efficiency when purchased with nonqualified money, as only a portion of each payment represents taxable earnings.
- Has no direct market exposure or market risk, similar to a CD.
- Allows clients to withdraw up to 10% of their account value free of unscheduled payment charges beginning in the first year, whereas CDs may impose a penalty for any early withdrawals.¹
- Contains built-in Nursing Home and Terminal Illness provisions, giving 100% access when clients need it most.²
- Provides additional death benefit protection for beneficiaries (income taxes will be due on the death benefit, but naming a trust as beneficiary can exempt assets from estate taxes).

Strategy

Strategy: Use \$200,000 to purchase a *Lincoln SmartIncome*SM Inflation Annuity, which at an initial hypothetical annual rate of 5% provides a guaranteed income of \$10,000 per year. That's already the same amount he was earning with the entire \$500,000 invested in CDs!

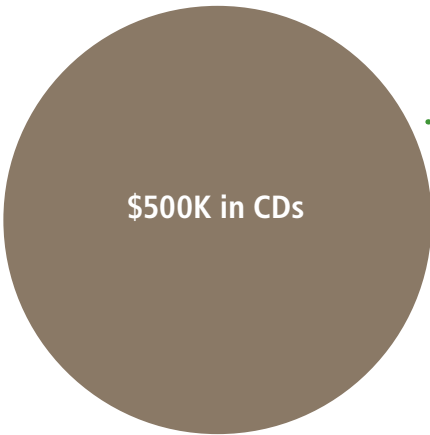
Moreover, \$9,230 of this income is nontaxable, so his total after-tax income is \$9,807. Combined with the \$4,500 in after-tax income generated from the \$300,000 remaining in CDs, this client nearly doubled his income. Now that's a plan.

Compare the options

Assumptions:

- 2% interest rate for 1-year CD
- 5% initial annual rate for *Lincoln SmartIncome*SM Inflation Annuity
- 25% income tax rate

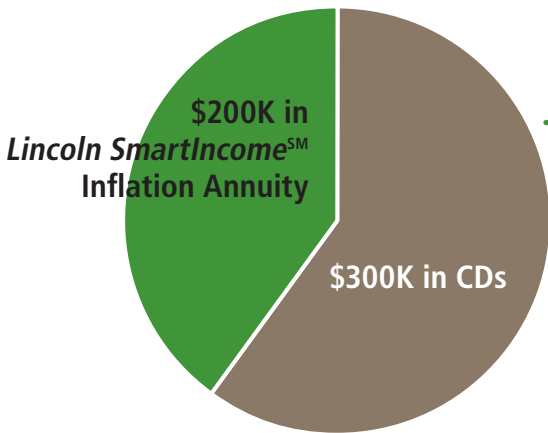
100% allocated to 1-year CD¹



Original investment	\$500,000
2% interest for 1-yr CD	x .02
Gross income (all taxable)	\$10,000
-25% income taxes	- \$2,500
Net income per year	\$7,500

60% allocated to 1-year CD

40% allocated to a *Lincoln SmartIncome*SM Inflation Annuity



Original investment	\$300,000
2% interest for 1-yr CD	x .02
Gross income (all taxable)	\$6,000
-25% income taxes	- \$1,500
Net income per year	\$4,500

PLUS

Original investment	\$200,000
5% initial rate for <i>Lincoln SmartIncome</i> SM Inflation Annuity	x .05
Gross income for Year 1	\$10,000
Nontaxable income	\$9,230
Taxable income	\$770
-25% income taxes	- \$193
+ After-tax income	+ \$577
Net income per year	\$9,807
Total net income	\$14,307

Not only did this client nearly double his net income, but he also reduced his tax burden by nearly 33%!

¹ A CD that matures in one year can be rolled over or reinvested without additional fees or penalties. With *Lincoln SmartIncome*SM Inflation Annuity, the remaining Reserve Value may be surrendered without charge after seven contract years. There is a penalty for unscheduled payments (maximum charge of 7%) over the 10% free withdrawal amount. Unscheduled payments will reduce the guaranteed minimum scheduled payment in proportion to the amount of reduction of the Reserve Value. The initial Reserve Value is the premium less any scheduled income payments, unscheduled payments, related charges, and taxes. Each year, the Reserve Value is also adjusted to reflect changes in the CPI.

² Unscheduled payment charges may be waived for nursing home and terminal illness expenses.

For more information on using this strategy to help your clients leverage their assets, contact:

Fixed Annuity Sales
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Not a deposit
Not FDIC-insured
Not insured by any federal government agency
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LCN1003-2039936
FA-GEN-09-0901
FA-SICD-BRC001_Z01
POD 3/10 Z01
Order code: FA-SICD-BCR001

Important disclosures. Please read.

A fixed annuity is intended for retirement or other long-term needs and for persons with sufficient cash or other liquid assets for living expenses and unexpected emergencies, such as medical expenses.

The exact terms of the annuity are contained in the contracts and any attached riders, which control the appropriate issuing company's contractual obligations. For complete information about the annuity, please also read the Illustration and Disclosure, Facts At-A-Glance, Client Guide, or contact your Lincoln representative.

If purchased prior to age 59½, any unscheduled payments taken within the first five years, or before reaching age 59½, may subject current and prior taxable distributions to a 10% federal tax penalty. Unscheduled payments in excess of the annual free withdrawal amount may be subject to applicable unscheduled payment charges. Withdrawing any portion of the premium paid, unless received as part of the regularly scheduled payment, will significantly reduce subsequent scheduled payments.

*Lincoln SmartIncome*SM Inflation Annuity single premium immediate annuity (contract form 07-611 and state variations) is 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. Contractual obligations are backed by the claims-paying ability of The Lincoln National Life Insurance Company.**

Contract may be referred to as "certificate" in certain states (certificate may not be available in all states). The certificate is a group annuity certificate issued under a group annuity contract issued by The Lincoln National Life Insurance Company to a group annuity trust.

Product and features are subject to state availability. Limitations and exclusions may apply.

There is no additional tax-deferral benefit for contracts purchased in an IRA since these are already afforded tax-deferred status.

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