

Fixed Annuity Suitability

Agent Guide

In keeping with Lincoln Financial Group's strong commitment to exemplary market conduct practices, we have developed suitability guidelines designed to identify and encourage appropriate sales and replacements of fixed annuity products. This agent guide serves to help you understand roles and responsibilities as well as who might be a good candidate for a fixed annuity sale.

What are your responsibilities?

Agents must have reasonable grounds for making suitable recommendations for their clients, based on the information obtained from them. A reasonable effort should be made to obtain the following information in order to make a suitable recommendation:

- The client's financial status
- The client's tax status
- The client's financial objectives
- Any other information used or considered to be reasonable by the producer in making a recommendation

Once you gather and analyze this information, you must determine if the purchase or replacement of a fixed annuity meets the client's financial objectives. Ultimately, you must depend on your best judgment—if you determine that the purchase or replacement of a fixed annuity would not help the client meet their insurance needs and financial objectives, the product should not be recommended.

Consider the following

There is no set rule that can be applied for every sale, as each client has unique circumstances.

Consider the following questions for each client to establish the suitability of a recommendation:


- ✓ What is the client's main concern with their current financial position?
- ✓ Why isn't the client's current financial plan meeting his/her insurance needs and financial objectives?
- ✓ How will the purchase and/or replacement of a fixed annuity help the client meet their insurance needs and financial objectives?
- ✓ Will there be any adverse tax consequences to the client?
- ✓ If the client were a close friend or relative with similar insurance needs and financial objectives, would you agree that the recommendation is suitable?

If your recommendation involves the replacement of another annuity or life insurance product, review Lincoln's Appropriateness of Replacements Position statement. Ensure that the client understands the advantages and disadvantages involved with the replacement. A few questions to ask when recommending a replacement:

- ✓ Will any surrender charges apply?
- ✓ Will there be any adverse tax consequences to the client?
- ✓ Will the new product provide the client sufficient access to their assets?

Lincoln will require you to submit a completed Fixed Annuity Suitability Statement for all fixed annuity sales and replacements sold in any state. Additionally, you are required to document the information provided by the client and any other pertinent communications relating to your recommendation. All such records should be maintained in either hard copy or electronic format in the event that you are requested to provide it.

In addition to the possible audit of suitability documentation, Lincoln may also request an annual certification from agents, agencies, or broker/dealers that they conduct a suitability review of all fixed annuity sales and replacement recommendations.



Please check appropriate underwriting company:
 The Lincoln National Life Insurance Company ("Company 1")
 Lincoln Life & Annuity Company of New York ("Company 2")
 PG Box 2348, Fort Wayne, IN 46821-2348 (800) 453-8888

FIXED ANNUITY SUITABILITY FORM

This form is required for all fixed annuity products with fixed and/or indexed rates.

It is important that the annuity contract* you choose is suitable for your insurance needs and financial objectives. If the purchase of this annuity contract involves a replacement of an existing annuity or life insurance policy, you should know that the Company does not encourage such replacements unless you have all the relevant facts. You should be reasonably satisfied that the product meets your needs and objectives; that you are fully educated on the advantages and disadvantages of a replacement; that you have the knowledge necessary to make an informed decision; and that you have received complete and accurate replacement forms as required by state regulations. The Company expects each producer selling its products to determine the appropriateness of each product recommendation according to the Company's guidelines prior to submitting an application. Please read the questions and statements on this Fixed Annuity Suitability Form carefully. If you prefer not to provide some or all of the information in item (2) below, you must check the corresponding box next to the requested information.

- 1. GENERAL INFORMATION**
 - a. Owner/Applicant's Name: _____ Age (years): _____
 - b. New Contract Surrender Charge Period: _____
 - c. Social Security/Tax ID Number: _____
 - d. Total Premium/Purchase Payment: _____
- 2. FINANCIAL INFORMATION**
Check box next to item if you do not want to disclose information.
 - a. What is your annual income? \$ _____
 - What is your net worth? (excluding home, furnishings and auto) \$ _____
 - What is the amount of your liquid assets? (checking account, savings account, CDs, stocks, bonds, mutual funds, annuities, etc.) \$ _____
 - b. Is the percentage of purchase premium to liquid assets greater than 25% of the liquid assets? Yes No
If "Yes", what percentage? _____%
- 3. APPROXIMATE FEDERAL TAX BRACKET**
 What is your approximate federal tax bracket? less than 15% 15-28% Greater than 28%
- 4. FINANCIAL OBJECTIVE(S)**
 What are your financial objectives? (check all boxes that apply) Income Tax Deferral Asset Accumulation Guarantees
 Income Protection of Principal Pass on to Beneficiaries Other _____
- 5. SOURCE OF FUNDS**
 - a. What is the source of funds for purchasing this fixed annuity? (check all boxes that apply) Annuity Life Insurance CDs Savings/Checking Reverse Mortgage/Home Equity Loan Mutual Funds Other _____
 - b. Will you incur a surrender charge or penalty to fund the purchase of this fixed annuity? Yes No
If yes, how much? _____
 - c. Is the proposed annuity contract a replacement of an existing annuity contract or life insurance policy? Yes No
If "yes", what type of product is being replaced? Fixed Annuity Indexed Annuity Variable Annuity Life Insurance
 - d. I am replacing my existing policy or contract because: _____

*Contract may be referred to as "policy" or "certificate."
 (Complete and Return with the Fixed Annuity Application.)
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Client profile

Once you have gathered information from your clients, you will be in a better position to determine whether or not a Lincoln fixed annuity may be suitable for them. But to make your sales efforts more effective, it is a good idea to first identify which of your clients may be a good prospect to purchase a fixed annuity.

Profile of a typical fixed annuity client

- Is focused on long-term savings goals
- Wants more predictable returns
- Seeks tax-deferred growth for their money
- Desires retirement income they cannot outlive
- Wants death benefit protection for their loved ones
- Does not want to receive 1099s every year

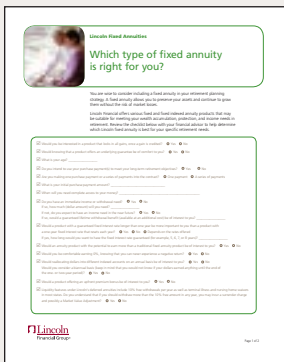
What are Lincoln's responsibilities?

As listed in Lincoln's Fixed Annuity Suitability Position Statement, we expect everyone selling our products to determine the appropriateness of each recommended fixed annuity purchase and/or replacement according to our guidelines. Before issuing a new or replacement fixed annuity contract, we must be reasonably satisfied that:

- The product meets the client's needs and objectives.
- The client was provided with materials and information about the Lincoln contract necessary to make an informed decision.
- You attempted to obtain complete and accurate information from the client to enable you to make a suitable recommendation.
- You did not use any misleading designations when making a recommendation to the client.
- You provided company form(s) to the client and to Lincoln as requested or required in connection with state laws and company policy.

Lincoln will support your efforts to make a suitable sale by:

- Actively monitoring fixed annuity sales and taking the necessary action to enforce our policies and procedures.
- Reviewing all incoming fixed annuity applications to ensure that all appropriate forms are submitted (applications will not be considered in good order until all appropriate forms are submitted).
- Monitoring sales activity with respect to replacements and suitability for any trends.
- Annually monitoring and auditing a random selection of firms to ensure that they are complying with the suitability review requirements under state regulations and company policy.



Be your clients' guide

Following is a summary of basic information you should gather from your clients before making any product recommendations:

General information

- Age
- Marital status
- Occupation
- Dependent information
- Number of years until retirement

Financial information

- Annual income
- Personal and retirement savings
- Net worth
- Liquid assets
- Financial goals
- Risk tolerance
- Wealth transfer plans
- Other annuities owned

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

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POD 12/09 Z02

Order code: FA-SUIT-WPRO02

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A fixed annuity is intended for retirement or other long-term needs. It is intended for a person who has sufficient cash or other liquid assets for living expenses and other unexpected emergencies, such as medical expenses. A fixed annuity is not a registered security or stock market investment and does not directly participate in any stock or equity investments, or index. The index used is a price index and does not reflect dividends paid on the underlying stocks.

Lincoln fixed annuities 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. 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.

Lincoln fixed annuity contracts sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY, and distributed by Lincoln Financial Distributors, Inc., a broker/dealer. **Contractual obligations are backed by the claims-paying ability of Lincoln Life & Annuity Company of New York.**