



Vol. 6, Issue 1, January 23, 2012

The Lincoln Leader

Fixed Annuity

Happy New Year!

Upcoming Product Initiatives

Lincoln is embracing the year 2012 with new product offerings and changes to existing products.

Lincoln's first New York fixed indexed annuity:

- Lincoln is pleased to announce a fixed indexed annuity product offering for New York clients. *Lincoln OptiChoice*SM NY will be launched February 23, 2012, with the first issue date targeted for March 1, 2012.
- *Lincoln OptiChoice*SM NY will offer a one year fixed account and a variation of the Performance Triggered Indexed account.

More information on *Lincoln OptiChoice*SM NY will be included in the next issue of the Lincoln Leader.

Other changes coming in 2012:

- Product changes to help Lincoln's products remain competitive (see the next page for information on the changes to the Guaranteed Minimum Cash Surrender Value calculation).
- Consolidation of certain service and exception forms (see page 3).
- A more detailed suitability form and review process (see page 4).

Lincoln remains committed to the fixed, fixed indexed and immediate annuity business. We appreciate your business and look forward to serving your annuity needs in the new year.

Headlines

Upcoming 2012 Product Initiatives

Guaranteed Minimum Cash Surrender Value Calculations Changing February 2012

Maximum Issue Age and Premium Exception Forms Consolidated

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Updated Applications including a change for Alaska

ForeSight Illustration Tip: Menu Bar

NAIC Training Summary

Information compiled by Product and Distribution Support

Guaranteed Minimum Cash Surrender Value Calculations Changing in February 2012

Lincoln continuously monitors marketplace pressures to ensure that its product solutions remain viable, and balance value to clients, producers, and shareholders. As such Lincoln is changing the method for determining the Guaranteed Minimum Cash Surrender Values (GMCSV) offered with Lincoln fixed and fixed indexed annuity contracts. Lincoln is confident that the change will strongly position the company and its partners to remain competitive despite uncertainties in the marketplace.

Lincoln will continue to focus and respond to the economic environment by making responsible product adjustments, by keeping a strong commitment to the fixed annuity business, and by providing competitive and fairly priced annuity solutions to clients.

The primary impact of this change will be to clients who surrender their contracts during the surrender charge period. The new calculation could result in more of a market value adjustment (MVA) being applied.

Representatives should begin discussing the new minimum values starting in February 2012; marketing materials will reflect these changes starting in February 2012.

GMCSV: Fixed Indexed Annuities

The minimum value for fixed indexed annuity contracts Surrendered During the Surrender Charge Period is determined as follows:

- The GMCSV equals 87.5% of the premium (minus any partial surrenders and related taxes) accumulated at a minimum rate of return to the date of surrender.
- The minimum rate of return varies by product and length of the surrender charge period and ranges from 1.80% to 2.25%. Refer to the following chart for details.

Product	Initial GMCSV Interest Rate	Product	Initial GMCSV Interest Rate	Product	Initial GMCSV Interest Rate
Lincoln New Directions [®] 6	2.10%	Lincoln OptiChoice SM 5	2.25%	Lincoln OptiPoint [®] 8	1.95%
Lincoln New Directions [®] 8	1.95%	Lincoln OptiChoice SM 7	2.05%	Lincoln OptiPoint [®] 10	1.80%
		Lincoln OptiChoice SM 9	1.90%		

The minimum value for Annuitization/Death and for Surrenders Occurring After the Surrender Charge Period is determined as follows:

- 100% of the premium (minus any partial surrenders, related surrender charges and any taxes) accumulated at 0.50%. If the indexed accounts credit little or no earnings, clients are guaranteed to get at least a minimum return on their premium of 0.50% (where previously it had been 1.00%).
- Note that many of our competitors do not offer a minimum growth rate for surrenders. The new calculation preserves the client's guaranteed growth regardless of how the indexed accounts perform.

The guaranteed minimum rate of return for the fixed account remains at 1.00%.

Note: the new minimum value calculations are effective for fixed indexed annuity contracts issued April 1, 2012 and later, regardless of when the application is received.

For example, an application for a 1035 exchange is received in March, but the contract is not issued until April, due to a delay in receiving the funds from the other carrier. Even though the application was received in March, the contract was issued in April and will reflect the new GMCSV calculation. Since this scenario is not uncommon, representatives should begin discussing the new minimum values beginning in February.

Continued on next page.

Guaranteed Minimum Cash Surrender Value Calculations, *Continued*

Representatives should begin discussing the new minimum values starting in February 2012; marketing materials will reflect these changes starting in February 2012.

GMCSV: Fixed Annuities

The minimum value for fixed annuity contracts Surrendered During the Surrender Charge Period (GMCSV) is determined as follows:

- 90% of the premium (minus any partial surrenders and related taxes) accumulated at a minimum rate of return to the date of surrender.
- The minimum rate of return remains at 1.00%.

After the Initial Interest Rate Guarantee Period Expires, the GMCSV is equal to the account value.

This information applies to the following fixed annuities:

- *Lincoln MYGuarantee*SM Plus (contract form 09-612MY, or state variation), effective with contracts issued April 1, 2012 and later.
- *Lincoln Long-Term Care*SM (contract form 09-612, or state variation), effective with contracts issued June 1, 2012 and later.
- *Lincoln ClassicSolution*SM (contract form 04-600, or state variation), effective with contracts issued June 1, 2012 and later.

The new Guaranteed Minimum Cash Surrender Value calculation allows Lincoln to continue offering fixed and fixed indexed annuities with as competitive rates as possible in the current low interest rate environment.

New Business Forms: Consolidation of Maximum Issue Age/Premium Exception Forms

The Maximum Issue Age Form (AN07173) will be eliminated and its content consolidated with the Exception Request Questionnaire.

There are three versions of the Exception Request form (dated November 2011):

- Deferred fixed and fixed indexed annuities (Form BJ-05540)
- *Lincoln SmartIncome*SM inflation annuity (Form AN06880)
- *Lincoln Insured Income*SM immediate annuity (Form BJ-05541)

Maximum issue age exceptions *will still require* a signature from either an attorney or an accountant.

The updated Exception Request Questionnaire forms will be available online from the Lincoln Forms Tool on February 10, 2012.

Fixed Annuity Suitability Form Updated (Available in February)

The updated Fixed Annuity Suitability Form (Form AN07091 and state variations, dated November 2011) will now include questions regarding:

- Whether or not the owner has had a replacement within the past 13 months (36 months in Kentucky and 60 months in California).
- If the purchase amount is coming from a reverse mortgage.
- If the annuity being replaced is still in its surrender charge period, additional information will be needed.
- Whether or not the client would be giving up a living benefit with the current contract, and if so, if the living benefit has an income base greater than the account value.

The Fixed Annuity Suitability Form is required with all fixed annuity applications unless the selling firm is conducting its own suitability review, as noted in their Selling Agreement with Lincoln. In Florida, the Fixed Annuity Suitability form is required for all applicants age 65 and older, even if the selling firm is conducting their own suitability review.

This form has been updated to capture information required by recent legislation passed in several states and will be available from the Lincoln Forms Tool on February 10, 2012.

IRS Retirement Plan Limits for 2012 Plan Year *(corrected* and reprinted)*

Each year, various dollar limits applicable to retirement plan contributions and benefits are adjusted for inflation. See the following chart for the dollar amount limits for 2012, as compared to the 2011 limits:

Annual Limit [Applicable Tax Code Section]	2011	2012
Maximum annual pension benefit [415(b)] (The limit applied is actually the lesser of the dollar limit or 100 percent of the participant's average compensation (generally the high three consecutive years of service))	\$195,000	\$200,000
Defined contribution maximum deferral [415(c)]	\$49,000	\$50,000
Maximum elective deferral [401(k) and 403(b)]	\$16,500	\$17,000
Maximum catch-up contribution for those age 50 and over (for IRAs)	\$1,000	\$1,000
Qualified plan compensation limit [401(a)(17)]	\$245,000	\$250,000
Highly compensated threshold [414(q)]	\$110,000	\$115,000
Key employee definition [416]	\$160,000	\$165,000

* When the above chart was published in the December issue it contained incorrect information for the IRA catch-up contribution limit.

Coming Soon: Separation of Applications from Application Supplements

In mid-February, the application will be “unbundled” from the application supplement. The application and supplement are actually separate documents, and “unbundling” them will help make this more apparent. This separation will also help streamline any future updates to either the application or the supplement.

- Both documents will be listed on the Lincoln Forms Tool as “required” and they will post consecutively in order - application then supplement.
- For sales kits, the applications and supplements will be included as separately stapled documents.

The following chart shows the form numbers and version dates for the nationwide versions of the applications and the application supplements (the version dates have not changed):

Product	Application / Version Date* (State variations apply)	Supplement / Version Date* (State variations apply)
Deferred Fixed and Fixed Indexed Annuities	ANF07280DF / February 2009	AN07263 / October 2011
<i>Lincoln Long-Term Care</i> Fixed Annuity	ANF07280MG / February 2009	AN10013 / March 2010
<i>Lincoln SmartIncome</i> Inflation Annuity	ANF07280SI / February 2009	AN07264 / October 2011
<i>Lincoln Insured Income</i> Immediate Annuity	ANF07280II / February 2009	AN07265 / March 2011

* **Reminder: these version dates apply to the nationwide version of the form; state-specific variations may have a different version date. Always refer to the online Lincoln Forms Tool for the most recent version of the form.**

Alaska Application Updated

Alaska recently passed regulations updating applications and policy form requirements. Alaska now requires a disclosure notice prominently displayed on the first page of the application. The following section was added to the application:

Important Information for Applications Signed in Alaska:

Pursuant to the requirements of AS 21.45.020(c) and (d), the Company is required to provide you with reasonable factual information regarding the benefits and provisions of the Contract that is issued as a result of this Application within ten (10) business days of your request. Upon your receipt of the Contract, please refer to the Right to Cancel/Examine provision, which provides you with at least a 10-day period to return the Contract without incurring fees or charges, subject to the terms of the Contract provision. Please see the cover of your Contract.

This change has been implemented and is currently available online from the Lincoln Forms Tool.

The Alaska application is dated December 2011.

ForeSight Annuity Illustration System – Tip of the Month

Use the Menu Bar to Quickly Navigate Through the System



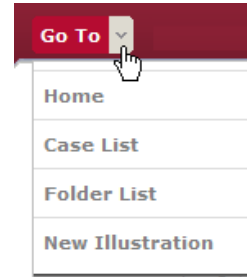
The *ForeSight* menu bar contains a number of menus and navigation links to help guide you through the process of creating or changing illustrations. Following are more details about two of these helpful tools:

- 1 Go To** menu contains the following commands to move to specific pages in the system: Home, Case List, Folder List and New Illustration.

Note: Case List and Folder List are not available when *ForeSight* is integrated with Salesforce or iPS.

This is a useful tool for case design and to navigate between illustrations. It is possible to create multiple illustrations simultaneously – change products, try different designs, illustrate withdrawals.

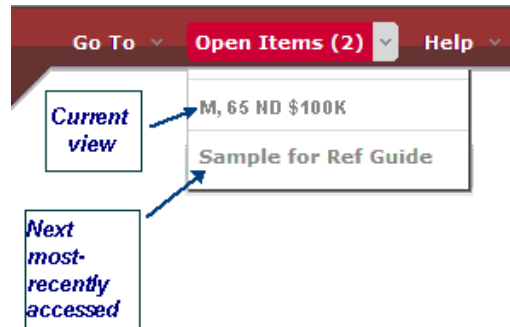
The Case List and Folder List provide access to previously saved cases.



- 2 Open Items** menu contains commands to move between open illustrations.

The number of illustrations shown in the list per session is determined by the actual number of open cases.

The current case will show at the top of the drop-down list, followed by the next most recently accessed case.



For More Information – For more detailed information about *ForeSight*, Lincoln’s web-based individual annuity illustration tool, see the *ForeSight* Reference Guide available on www.lfd.com > Illustrations, or call the Annuity Sales Desk.

NAIC Suitability in Annuity Transactions Model Regulation Requirements

The NAIC Suitability in Annuity Transactions Model Regulation mandates general annuity and product-specific training requirements. *States may have additional state-specific requirements.*

General Annuity Training Requirement – This one-time, four-hour requirement applies to residents and non-residents. The deadlines differ depending on when the producer became licensed; see the chart below for details.

Product-Specific Training Requirement – The product-specific training courses are required by state (see chart below for details). There are four Lincoln annuity training modules; producers can take one or multiple courses as needed: Fixed Annuity, Fixed Indexed Annuity, Variable Annuity and Single Premium Immediate Annuity. These training modules are updated with addendums when Lincoln introduces new or enhanced products (producers must complete the Addendum training prior to submitting new business).

States Adopting NAIC Annuity Training Requirements – The chart *below* lists the states that have approved the new requirements to date, along with key deadlines for each.

Annuity Education and Training Chart – Additional information can be found in the Annuity Education and Training Chart located in the “Conducting Business” section of the producer websites, or **Click Here** to access the online chart. The following changes/updates have been made to this chart:

- **Texas** – Reciprocity has been updated to **NO** for both Residents/Non-residents; the “If licensed prior to dates” were updated to reflect different dates for residents/non-residents: Residents - **September 1, 2011**, Non-Resident - **March 1, 2012**.
- **Connecticut** – Reciprocity has been updated to the following: Residents - **No** / Non-Residents - **Yes**
- **Oklahoma** – Clarification: both residents and non-residents must complete the general annuity training.

States that have adopted the NAIC Model Regulation, listed alphabetically:

State	Effective Date	General Annuity Deadline if licensed prior to effective date	General Annuity Deadline if NOT licensed prior to effective date*	Product-Specific Annuity Deadline (for all producers)
Alaska	October 16, 2011	April 16, 2012	January 1, 2012	January 1, 2012
California	January 1, 2012	January 1, 2012	January 1, 2012	January 1, 2012
Colorado	April 1, 2011	October 1, 2011	April 1, 2011	April 1, 2011
Connecticut	February 18, 2012	August 18, 2012	February 18, 2012	February 18, 2012
Dist. of Columbia	June 24, 2011	December 24, 2011	June 24, 2011	June 24, 2011
Hawaii	January 31, 2012	January 31, 2012	January 31, 2012	January 1, 2012
Illinois	January 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012
Indiana	January 1, 2012	July 1, 2012	January 1, 2012	January 1, 2012
Iowa	January 1, 2011	May 1, 2011	January 1, 2011	January 1, 2011
Kentucky	January 1, 2012	July 1, 2012	January 1, 2012	January 1, 2012
Maryland	November 1, 2011	May 1, 2012	November 1, 2011	November 1, 2011
New York	June 30, 2011	Not required in NY	Not required in NY	June 30, 2011
North Dakota	August 1, 2011	August 1, 2012	August 1, 2011	August 1, 2011
Ohio	July 1, 2011	January 1, 2012	July 1, 2011	July 1, 2011
Oregon	July 1, 2011	January 1, 2012 <i>(if licensed by 8/1/11)</i>	August 1, 2011 <i>(if not licensed by 8/1/11)</i>	July 1, 2011
Rhode Island	June 1, 2011	December 1, 2011	June 1, 2011	June 1, 2011
South Carolina	September 25, 2011	March 25, 2012	September 25, 2011	September 25, 2011
Texas	September 1, 2011	March 1, 2012	September 1, 2011	September 1, 2011 <i>(3/1/12 if licensed by 9/1/11)</i>
West Virginia	July 1, 2011	December 31, 2011	July 1, 2011	July 1, 2011
Wisconsin	May 1, 2011	November 1, 2011	May 1, 2011	May 1, 2011

* Producers licensed on or after the effective date must complete this requirement prior to selling annuities.

Annuity Training and Certification (LIMRA):
<http://naic.pinpointglobal.com/LincolnFinancial/Apps/default.aspx>

Fixed Annuity Contact Information

Reminder

- Enter Lincoln Rep/Agent Number and Marketing Firm Name (if applicable) on all applications.
- Check the "Direct" or "Other" box on the Rep page.
- Be sure to enter complete contact information:
 - Telephone number
 - Email address
 - Fax
- Note the correct business telephone and address.

Product Availability

Click here to view the current product availability chart.

Click here to view the current **bank** product availability chart.

Index to Articles

Click here to view the **Index of Articles** for past issues of the Fixed Annuity Lincoln Leader.

<p style="text-align: center;">Sales Desk</p> <p>Product questions/ Sales ideas/ Illustrations/ Website training</p>	<p>Fixed Annuity Sales Desk <i>Agent Use Only</i></p> <p>Operating hours: 8AM – 7PM ET Sales Desk: 888-895-4830, Option 2 FixedAnnuitySales@lfd.com</p>
<p style="text-align: center;">Producer Solutions</p> <p>Licensing/ Contracting/ Compensation</p>	<p>Licensing/Contracting Call Center: 800-238-6252, Option 1, Option 2</p> <p>New Contracting Paperwork Submission: Contracting@lfg.com Fax: 603-226-5311</p> <p>Licensing Status Updates: LicensingStatus@lfg.com</p> <p>Compensation Call Center: 800-238-6252, Option 1, Option 1</p> <p>Commission questions: Commissions@lfg.com</p>
<p style="text-align: center;">New Business and Post-Issue</p>	<p>FAX Numbers New business: 260-455-0271 (fax) Post issue: 260-455-0263 (fax)</p> <p>Overnight Servicing Address Lincoln Financial Group Individual Annuity Operations 1300 South Clinton Street Fort Wayne, IN 46802-3506</p> <p>Servicing Address Lincoln Financial Group P.O. Box 2348 Fort Wayne, IN 46801-2348</p>
<p style="text-align: center;">Contact Centers (for Agent/Client use)</p>	<p>Fixed and Fixed Indexed Annuity: 888-916-4900</p> <p><i>Lincoln SmartIncome</i>SM and <i>Lincoln Long-Term Care</i>SM and annuitization: 877-534-4636</p>

Products and features subject to state availability. Some of these products are only available in select distribution channels. Check your selling agreement for availability.

Lincoln fixed, fixed indexed and immediate annuities are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN. The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so. The "contract" may be referred to as a "certificate" in certain 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. **Contractual obligations are backed by the claims-paying ability of The Lincoln National Life Insurance Company.**

Contracts sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY. **The contractual obligations are backed by the claims-paying ability of Lincoln Life & Annuity Company of New York.**

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You must be logged in to one of the producer sites to access the attachments (LFAplanner/LFD.com/LincolnFinancialNetwork.com). If you are logged in and are trying to get to a document and are prompted with a new log-in screen, just hit the "Login Button" and the document will flow through and open.

Newsletter compiled and edited by Ellen Hollis, Lincoln Insurance and Retirement Solutions, Product and Distribution Support.
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