



LINCOLN BUSINESS INSURANCE SOLUTIONS

# Lincoln BIS

Lincoln *LifeComp*<sup>®</sup>:  
Delivering Value Beyond the Sale

Michael Deaton  
Business Insurance Consultant  
Lincoln Financial Distributors

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

Insurance products issued by:  
The Lincoln National Life Insurance Company  
Lincoln Life & Annuity Company of New York

LCN-3697619-080221

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# *LifeComp*<sup>®</sup> - Delivering value beyond the sale



- **Bundled product and administrative solution**
- **Higher persistency and plan add-ons**
- **Cross-sell opportunities**
- **Open door to joint work opportunities and COI relationships**
- **Leverage business dollars for larger insurance sales**

# LifeComp<sup>®</sup> Insurance Solutions

OWNERSHIP	BUSINESS SOLUTION	STRATEGY
Employer	<b>LifeComp<sup>®</sup> Business Owned</b>	Corporate Owned with/without <b><u>Endorsement Split Dollar</u></b>
Shared	<b>LifeComp<sup>®</sup> Split Dollar</b>	<b><u>Loan Regime Split Dollar</u></b> with Joint Policy Ownership Endorsement
	<b>LifeComp<sup>®</sup> Undivided Interest</b>	Policies with Undivided Interests (tax exempt entities subject to Sarbanes-Oxley tax treatment)
Employee	<b>LifeComp<sup>®</sup> Executive Bonus</b>	<b><u>Sec. 162 Executive Bonus</u></b> with/without restricted policy endorsement
Business Owner(s)	<b>LifeComp<sup>®</sup> Buy-Sell</b>	Cross-Purchase Endorsement Split Dollar

OWNERSHIP	ESTATE SOLUTION	STRATEGY
Trust/ILIT	<b>LifeComp<sup>®</sup> Private Split dollar</b>	Collateral Assignment Loan Regime and Collateral Assignment Economic Benefit

# LifeComp® - Sales Partnership and Administration



You're In Charge.

Construction Company

The Lincoln LifeComp® Suite

## LifeComp® Split-Dollar Loan Regime - Joint Ownership

A life insurance solution for business owners and key executives



Presented by:  
**Business Insurance Solutions**  
100 N Greene St  
Greensboro, NC 27401-2547

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This summary is designed for illustrative purposes only. A fully compliant ledger illustration, supporting documents and applicable footnotes are required for a thorough product evaluation. Plan-specific illustrations, documentation, and administration are part of The Lincoln LifeComp® Suite's core values. The LifeComp® Division is a part of The Lincoln National Life Insurance Company. Lincoln holds a United States Patent on the LifeComp® System.

This hypothetical example is based on data input by your financial professional and may not reflect the actual results of any product. Actual results may differ significantly.

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LCN-3399248-01121

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LPD-542E

### Key Employee

Male Age 45, Initial Face: 2,366,423, Death Benefit: Increasing by Cash Value, Standard Non-Tobacco

Construction Company

Lincoln AssetEdge® VUL (2020)

Hypothetical Gross Yield and Current Costs: Variable: 8.00% Gross, 7.45% Net Indexed: Weighted 5.41%, Fixed: 2.00%  
Gross Yield and Guaranteed Costs: Variable: 0.00%, Gross, -0.51% Net, Indexed: 1.00%, Fixed: 1.00%  
Premium Allocation: Variable: 100.00%, Indexed: 0%, Fixed: 0%

### Benefit Analysis

Policy Year	Age at End of Policy Year	Employer Premium Payments	Employer's Ownership Interest	Employer's Portion of Cash Surrender Value	Employer's Death Benefit	Custom AFR (1)	Construction Company		Key Employee		Participant's Cash Value Withdrawal / Loan	Total Cash Flow Generated	Participant's Death Benefit*
							Participant's Total Compensation Bonus(1)	Participant's Income Tax On Bonus at 28%	Participant's Accumulated Outlay	Participant's Cash Surrender Value**			
1	46	100,000	100,000	0	100,000	0.89%	890	249	249	(100,000)	0	0	2,621,386
2	47	100,000	200,000	92,019	200,000	1.00%	2,000	560	809	(107,981)	0	0	2,521,386
3	48	100,000	300,000	192,228	300,000	1.25%	3,750	1,050	1,859	(107,772)	0	0	2,421,386
4	49	100,000	400,000	399,772	400,000	1.25%	5,000	1,400	3,259	(100,229)	0	0	2,347,434
5	50	100,000	500,000	415,367	500,000	1.25%	6,250	1,750	5,009	(84,633)	0	0	2,361,159
6	51	100,000	600,000	539,563	600,000	1.25%	7,500	2,100	7,109	(60,437)	0	0	2,383,462
7	52	100,000	700,000	672,952	700,000	1.25%	8,750	2,450	9,559	(27,048)	0	0	2,414,959
8	53	100,000	800,000	800,000	800,000	1.25%	10,000	2,800	12,359	16,076	0	0	2,456,189
9	54	100,000	900,000	900,000	900,000	1.25%	11,250	3,150	15,509	69,836	0	0	2,508,032
10	55	100,000	1,000,000	1,000,000	1,000,000	1.25%	12,500	3,500	19,009	135,229	0	0	2,571,509
11	56	100,000	1,100,000	1,100,000	1,100,000	1.25%	13,750	3,850	22,859	238,956	0	0	2,664,303
12	57	100,000	1,200,000	1,200,000	1,200,000	1.25%	15,000	4,200	27,059	356,050	0	0	2,771,612
13	58	100,000	1,300,000	1,300,000	1,300,000	1.25%	16,250	4,550	31,609	492,464	0	0	2,894,833
14	59	100,000	1,400,000	1,400,000	1,400,000	1.25%	17,500	4,900	36,509	643,088	0	0	3,034,855
15	60	100,000	1,500,000	1,500,000	1,500,000	1.25%	18,750	5,250	41,759	811,079	0	0	3,192,860
16	61	100,000	1,600,000	1,600,000	1,600,000	1.25%	20,000	5,600	47,359	1,004,015	0	0	3,370,438
17	62	100,000	1,700,000	1,700,000	1,700,000	1.25%	21,250	5,950	53,309	1,202,120	0	0	3,568,543
18	63	100,000	1,800,000	1,800,000	1,800,000	1.25%	22,500	6,300	59,609	1,422,515	0	0	3,788,398
19	64	100,000	1,900,000	1,900,000	1,900,000	1.25%	23,750	6,650	66,259	1,667,350	0	0	4,033,773
20	65	100,000	2,000,000	2,000,000	2,000,000	1.25%	25,000	7,000	73,259	1,938,447	0	0	4,304,870
21	66	0	0	0	0	1.25%	2,011,458	563,208	636,468	4,233,779	0	0	6,600,202
22	67	0	0	0	0	1.25%	0	0	636,468	4,154,828	393,453	393,453	5,019,002
23	68	0	0	0	0	1.25%	0	0	636,468	4,074,566	393,453	786,907	4,950,782
24	69	0	0	0	0	1.25%	0	0	636,468	3,987,063	393,453	1,180,360	4,869,738
25	70	0	0	0	0	1.25%	0	0	636,468	3,891,731	393,453	1,573,814	4,775,103

It is assumed the Joint Ownership Agreement is cancelled during policy year 21 and the Employer's Loan is fully paid.

(1) This amount may include bonus amounts to transfer a portion of the employer's ownership interest and/or the loan interest based upon the Applicable Federal Rate (AFR). The AFR rates are published monthly by the IRS. These rates are used to calculate assigned interest charges. Interest on loans should not be less than the AFR for the loan to be considered a taxable event and not a gift by the IRS. In our example custom AFR's were used.

\*\* Cash surrender values and death benefits reflect loan activity as shown.

Construction Company's Assumed Tax Rate is: 21%

Key Employee's Assumed Tax Rate is: 28%

\*\* Negative Values reflect that the Loan Balance (Employer's Ownership Interest) exceeds the Cash Surrender Value

See last page of this section for additional footnotes.

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At 0% with guaranteed assumptions, the policy lapses in year 27

LifeComp® Split-Dollar Loan Regime

M1 v52.0


These are hypothetical examples for illustrative purposes only.

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# LifeComp® - Sales Partnership and Administration



**LifeComp® Split Dollar –  
Loan Regime Joint Ownership**

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Lincoln Policy Number: \_\_\_\_\_ Or New Application Dated: \_\_\_\_\_

Insured Name (A): \_\_\_\_\_

Insured Name (B): \_\_\_\_\_

Owner Name: \_\_\_\_\_ SSN or Tax ID: \_\_\_\_\_

Address: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Employer Name: \_\_\_\_\_ Tax ID: \_\_\_\_\_

Address: \_\_\_\_\_

1) Co-Beneficiary Name: \_\_\_\_\_ SSN or Tax ID: \_\_\_\_\_

Address: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

2) Co-Beneficiary Name: \_\_\_\_\_ SSN or Tax ID: \_\_\_\_\_

Address: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

3) Co-Beneficiary Name: \_\_\_\_\_ SSN or Tax ID: \_\_\_\_\_

Address: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

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**I. The Parties To This Agreement**

The Parties have entered into this LifeComp® Split Dollar - Loan Regime Joint Ownership "Agreement" to set forth the rights and responsibilities of the Parties with respect to a jointly owned life insurance policy. The Parties request that this Agreement be included in Lincoln's files for this policy.

This Agreement cancels and replaces any prior split dollar agreement between the Parties.

It is the intent of the Parties that this Agreement will be interpreted and administered as a demand loan, in accordance with Treas. Regs. §1.7872-15 governing loan regime split dollar arrangements.

The Parties to the Agreement, and the life insurance policy (the "Policy") covered by this Agreement, are identified above. The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York (the "Insurer") is a life insurance company licensed to do business in the state where the Policy was issued.

It is the intent of the Parties that the Policy will be jointly owned by two listed co-owners, with their respective ownership rights and obligations set forth in this Agreement. Pursuant to Treas. Regs. §1.61-22(c)(1)(i), the first owner is the Co-Owner representing the service provider under the regulations.

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**II. Payment Of Premiums And Loan Interest**

The Parties have agreed that the Employer will pay all (or an agreed upon portion) of the premiums paid for the Policy. The Co-Owner, Employer and Insured understand:

A. The Employer's portion of any premium contribution shall, for income tax purposes, represent a compensation related loan from the Employer to the Insured.

B. If the Insured is not the Co-Owner of the Policy, the Insured understands that the IRS rules require that the Insured be obligated for the principal and interest due on the outstanding loan. If the Co-Owner is not the Insured, the Employer's portion of any premium contribution shall be deemed an indirect split dollar loan to the Co-Owner.

C. If the Insured is not the Co-Owner, this Agreement shall, for income tax purposes, represent a gift related loan from the Insured to the Co-Owner. Any deemed payment of interest from the Co-Owner to the Employer may represent (i) a gift from the Insured to the Co-Owner and (ii) a payment of interest to the Employer.

D. Any portion of the premium contributed by the Co-Owner shall not be considered a loan to the Insured or the Co-Owner even if it is paid by the Employer directly to the Insurer. For example, the Co-Owner's portion of a premium may be additional compensation paid to the Insured. Depending upon the facts and circumstances of the payment, if the Insured is not the Co-Owner, the Insured may be considered to have made a gift to the Co-Owner.

E. LifeComp® administration of this Agreement will utilize the blended annual rate in order to satisfy the sufficient interest test in Treas. Regs. §1.7872-15(e)(3). The parties agree to account for the interest on the outstanding loan in order to comply with the requirements of Treas. Regs. §1.7872-15.

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LC10170

ACCOUNTING MEMORANDUM FOR US COMPANY  
FOR THE MONTH BEGINNING JULY 1, 2017

Date Prepared: July 13, 2017

Employee/ Policy Number/ Insured(s)	Salary Expense For Premium Share And/Or Buyout	Salary Expense For Interest On Loan	Employee Contribution	Company's Insurance Cash Equity	Premium Payable Lincoln National	Employer's Income From Interest	Employee	Last Month	Due Date
							Termination Date	Employee Deduction Was Made	Of Last Premium Paid
<b>FISCAL YEAR END REPORT FOR THE YEAR ENDING 12/31/2017</b>									
Date Prepared: July 13, 2017 US Company									
Luke Smith JUL35225 Mike Smith JUL35224 Scott Smith JUL35223 <b>Totals for 3 P</b>					<b>1/01/2017 through 12/31/2017</b>				
		<b>Premium Share and/or Buyout</b>	<b>Loan Interest</b>	<b>Total</b>					
		<b>Salary Expense</b>							
		Policy No. IUL35225	4,619.10	207.14	4,821.2408	Luke Smith			
		Policy No. IUL35224							
		Policy No. IUL35223							
		<b>TOTAL SALARY</b>							
Date Prepared: July 14, 2017 SUMMARY OF EMPLOYER AND EMPLOYEE FRINGE BENEFITS AS OF 12/31/2017									
<b>Equity and Inte</b>			<b>Company's Portion Of Surrender Value</b>	<b>Employee's Portion Of Surrender Value</b>	<b>Surrender Value</b>	<b>Value Date</b>	<b>Company's Portion Of Death Benefit</b>	<b>Employee's Portion Of Death Benefit</b>	
Policy No. IUL35225	35,380.90	16,718.00	-0-	16,718.00*	12/31/2017	35,380.90	813,292.10		
Policy No. IUL35224	35,380.90	16,718.00	-0-	16,718.00*	12/31/2017	35,380.90	813,292.10		
Policy No. IUL35223	35,380.90	16,718.00	-0-	16,718.00*	12/31/2017	35,380.90	813,292.10		
		<b>TOTALS FOR 3 POLICIES</b>	106,142.70	50,154.00	50,154.00	106,142.70			

These are hypothetical examples for illustrative purposes only.

# LifeComp<sup>®</sup>- Sales Partnership and Administration

## Administrative Fee Schedules

These fees represent an accounting expense and are generally deductible by the business.

Administrative services are provided by the *LifeComp*<sup>®</sup> Division, a part of The Lincoln National Life Insurance Company.



A One Time Initial Setup Fee of \$300, plus;		
Participant(s)	First Year Fee on Each Policy	Renewal Fee (Second and Subsequent Years)
#1 - #8	\$125	\$125
#9+	\$75	\$75

# Thank You

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**LifeComp® Business Insurance Solutions is offered only by specially trained representatives of Lincoln.**

**All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company.** They are not backed by the broker-dealer and/or insurance agency selling the policy, 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.

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