



You're In Charge®

WealthProtection Expertise<sup>SM</sup>

# Greater choices for your retirement savings

*Lincoln OptiChoice<sup>SM</sup> fixed indexed annuity*



## INCOME SOLUTIONS

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

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## Client Guide

# Facing retirement challenges...

Throughout our lives, we set goals to get us to the next step. Taking that first step toward retirement is no different. Whether your retirement goals include traveling, owning a beach house, antiques, or getting serious about golf, you'll need a plan that allows you to have the lifestyle you want.

## Know the real challenges to retirement



**Outliving your money**—One member of a 65-year-old couple today has a 50% chance of living to age 92 (2000 Annuity Tables, Society of Actuaries, December 2014).



**The rising costs of healthcare**—Healthcare expenses, including the high cost of long-term care, tend to rise faster than inflation.



**The impact of taxes on your retirement assets**—A solid strategy may help manage the impact of taxes on your retirement savings and income.



**Inflation eroding your retirement assets**—Based on historical rates, you will need over \$90,000 in 25 years just to maintain a present-day \$50,000 lifestyle (U.S. Bureau of Labor Statistics, December 2014).



**The effect of market risk on your savings**—Reacting emotionally to market swings can lead to compromising your long-term retirement security.



**Anticipating an income shortfall**—Also called an income gap, many retirees risk not having enough expected yearly income to cover expenses for all or part of retirement.

# ...doesn't mean sacrificing growth potential

You want a lifestyle you can count on in retirement — regardless of the risks you'll face.

## Balancing risk and reward

Most investors want the best opportunities for their nest egg, but it often becomes a balancing act between the security of banks and the growth potential of the markets. A fixed indexed annuity can provide some of the best features of both worlds. How does it compare with your other investments?



**Fixed indexed annuity**  
 Guaranteed principal and potentially higher growth\*

**Fixed investments**

<b>Pros</b> Safety Liquidity	<b>Cons</b> Historically depressed rates Limited growth potential Inflation risk
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**Variable investments**

<b>Pros</b> Growth potential Dividends Potential inflation hedge	<b>Cons</b> Market volatility Potential loss of principal
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**To help balance risk and reward, you should select a product that offers wealth preservation combined with opportunities for growth.**

\*If you do not withdraw the premium payment(s) or any interest from the annuity, and if you have not purchased any riders, the value of your money cannot go down. Guarantees, including those for optional features, are subject to the claims-paying ability of The Lincoln National Life Insurance Company.

# Increased protection with growth potential

*Lincoln OptiChoice*<sup>SM</sup> is a flexible premium fixed indexed annuity that protects your principal and credits your account with fixed interest and interest based on the performance of the S&P 500 Index.

## Accumulate tax-deferred interest across four account buckets

After purchasing a contract, your premium can be distributed among three different interest accounts. Think of these accounts as different buckets that hold a portion of your money. There is a Fixed Account bucket, and three indexed account buckets tied to the performance of the S&P 500 Index.

As your needs change throughout the life of the contract, you also have the ability to reallocate money among the buckets at the end of each year.

### Guaranteed growth

If you leave your money in a *Lincoln OptiChoice* contract until the end of the surrender charge period and if you surrender your contract, you are guaranteed to walk away with more than the initial premium (given no withdrawals were made). This amount is known as the Guaranteed Minimum Cash Surrender Value (GMCSV).

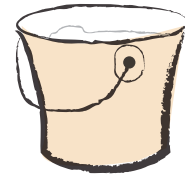
The GMCSV is based on a guaranteed minimum rate of return. If a contract is surrendered during the surrender charge period, the surrender charge and a Market Value Adjustment (MVA) will apply and can result in the GMCSV being less than your premium. If surrendered after the surrender charge period, no surrender charge or MVA will apply.

Guarantees are subject to the claims-paying ability of The Lincoln National Life Insurance Company.

\* Interest rates, specified rates, monthly indexed caps, and indexed interest spreads are declared by The Lincoln National Life Insurance Company at its discretion. Subsequent interest rates, specified rates, monthly indexed caps, and indexed interest spreads may be higher or lower than the initial ones and may be different from those used for new contracts.

Applicable indexed interest is credited at the end of the indexed term. Amounts withdrawn (including amounts paid as a death benefit) before the end of an indexed term will not receive indexed interest for that indexed term.

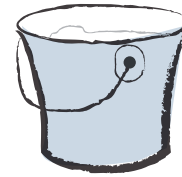
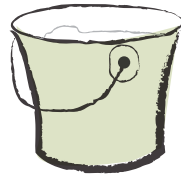
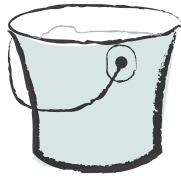
The S&P 500 Index is a price index and does not reflect dividends paid on the underlying stocks. It is not possible to invest directly in an index. During the surrender charge period, Lincoln reserves the right not to offer any one of the indexed accounts, but will leave at least two indexed accounts available. After the surrender charge period, Lincoln reserves the right not to offer any of the indexed accounts.



### The Fixed Account

- Credits a fixed rate known in advance.
- Establishes an interest rate for each contract year, giving you predictable growth.
- Account value grows regardless of S&P 500 Index performance.

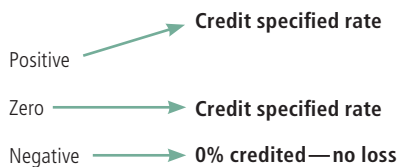
Fixed Account interest is credited and is compounded daily. A new fixed rate is declared annually and will never be less than 1%.\*



## Performance Triggered Indexed Account

- If, after a one-year term, the S&P 500 Index has a positive change or remains flat, your account is credited a specific rate.
- If it's negative, your account is credited 0% —no loss of principal, and gains from previous periods remain intact.
- Account value grows regardless of S&P 500 Index performance.

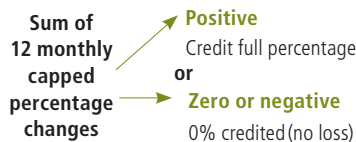
### One-year S&P 500 Index percentage change



Indexed interest is credited at the end of the indexed term and is compounded annually. A new specified rate is declared for each one-year indexed term and will never be less than 1.25%.\*

## 1-Year Monthly Cap Indexed Account

- Credits sum of monthly percentage changes in the S&P 500 Index over the one-year indexed term. There is a cap on positive monthly changes, but no floor on negative monthly changes.
- If sum of monthly percentages is positive, full percentage is credited to your account.
- If it's negative or zero, account is credited 0% —no loss to the account and gains from previous periods remain intact.

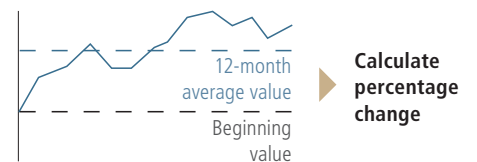


Indexed interest is credited at the end of the one-year indexed term and compounded every year. A new monthly indexed cap, which can never be less than 1%, is declared for each one-year indexed term.\*

## 1-Year Monthly Average Indexed Account

- Indexed interest is determined by comparing the average of 12 monthly index values of the S&P 500 Index to the starting index value and then applying a spread to the percentage change.
- If result is positive, account will be credited.
- If result is zero or negative, account will be credited 0%, so there is no loss.

### S&P 500 Index monthly closing values



$$\text{percentage change} - \text{spread} = \text{interest percentage credited}$$

Indexed interest is credited at the end of the one-year indexed term and compounded every year. A new indexed interest spread, which can never be greater than 9%, is declared for each one-year indexed term.\*

## The Power of Zero

The indexed account buckets are able to help bridge the gap between risk and reward by providing the Power of Zero.



### The Power of Zero

When the index is negative during an indexed term, the lowest your account can be credited is 0%.



### Growth potential

The potential for your account to receive credit increases with positive index performance.



### Gains locked in

Since the indexed accounts never earn a negative interest rate, you never have to recover from losses before seeing additional positive growth if the S&P 500 Index rebounds.

# Protection in times of need

**Lincoln OptiChoice<sup>SM</sup> fixed indexed annuities offer benefits to help get you through uncertain times if the need should arise.**

## Protection for loved ones

Before a contract is annuitized, there is a death benefit that allows you to pass any remaining assets to your beneficiaries.

## Guarantees for your health

If you experience qualifying medical issues, there are also nursing home and terminal illness benefits built into *Lincoln OptiChoice* fixed indexed annuities that allow access to your money without charge, after the first contract year.

For more information and details on these features, please read the Disclosure Statement and Facts At-A-Glance. The Nursing Home Benefit is not available for contracts issued in the state of Massachusetts.

## How many ways can you take income?

Now that you've worked so hard to grow and protect what's important to you, how are you going to enjoy it? There are multiple ways to take income from a *Lincoln OptiChoice* fixed indexed annuity.

Withdrawal option	How it works
<b>Free withdrawal amount (10% free withdrawal amount)</b>	10% of account value is available each contract year during the surrender charge period—without charge.
<b>Systematic withdrawals</b>	Withdrawals can be taken annually, semiannually, quarterly or monthly, and must be taken from the Fixed Account.
<b>Annuitization*</b>	Receive tax-advantaged payments for a period of time or for life. Once income is started, it cannot be stopped.

## Market Value Adjustment

If you take more than the 10% free withdrawal amount before the end of the surrender charge period, it may be subject to surrender charges and a Market Value Adjustment (MVA). The MVA is a positive or negative adjustment based on the current interest rate environment at the time of the surrender. The MVA does not apply to withdrawals after the surrender charge period, 10% free withdrawals, the death benefit, annuitized contracts, or contracts issued in selected states. See "Examples of Market Value Adjustment (MVA) and Surrender Charge Calculations" fact sheet for additional details.

\*Annuitization can occur after the second contract year or after the first for Florida.

Guarantees are subject to the claims-paying ability of The Lincoln National Life Insurance Company.

Withdrawals (including amounts paid as a death benefit) and any charges are deducted first from the Fixed Account. Money taken from the Fixed Account will reduce the actual amount of interest credited. After the Fixed Account is exhausted, withdrawals (including amounts paid as a death benefit) and any charges are deducted pro rata from the indexed interest accounts. Money taken from an indexed interest account will not receive any indexed interest for that indexed term.

You have the right to cancel your *Lincoln OptiChoice<sup>SM</sup>* fixed indexed annuity contract within 20 days after you receive your contract (state variations apply). To cancel your contract, send a written request for cancellation to The Lincoln National Life Insurance Company Home Office. We will return your premium paid upon receipt of your written request. Canceling your contract voids it from the beginning. If you cancel your contract, you will not be permitted to purchase another Lincoln fixed annuity product for a period of six months.



# The commitment to meet your needs

When it comes to protecting and growing your retirement savings your insurance company matters. This is especially true when you're relying on your savings to provide a guaranteed income stream that will last for the rest of your life.

As you read more about our fixed indexed annuity and its features, keep in mind that for more than 100 years, Lincoln Financial has been positioned to help Americans secure their financial future. We are confident that our unique solutions can help put you in charge.

## The Lincoln difference

### We have the capability

We develop products and solutions by understanding your changing needs.

### We have the commitment

Our strength as a company allows us to remain committed to the businesses we serve—well into the future.

### We are consistent

Lincoln has long been distinguished by a steady approach—deliberate decisions that consider the long-term economic environment.



As president and CEO (1905-1939), Arthur Hall created the culture of honesty, integrity and respect that has shaped Lincoln Financial for more than a century.



"This history of the Lincoln Life is not so much a story of business as it is a story of the development of ethical ideals."

—Arthur Hall, 1926

# *Lincoln Lifetime Income*<sup>SM</sup> Edge

## Imagine income powered by growth and protection

Are you at the stage where you need to plan for more income, but can't afford to subject your money to the market's ups and downs?

Fortunately, Lincoln fixed indexed annuities can help you recharge your retirement income without facing all the risks associated with the market.

## An extra boost for future income

Now you have more opportunities to keep your retirement savings protected, but still capture growth potential. Introducing *Lincoln Lifetime Income* Edge, an additional feature that can guarantee growth for future income—no matter how your indexed accounts perform.

You can still enjoy all the benefits of a fixed indexed annuity, plus retain access to your money. With *Lincoln Lifetime Income* Edge, you can:

- Receive guaranteed growth for tomorrow's income
- Lock in account value growth
- Get protected income for life when you're ready to take it

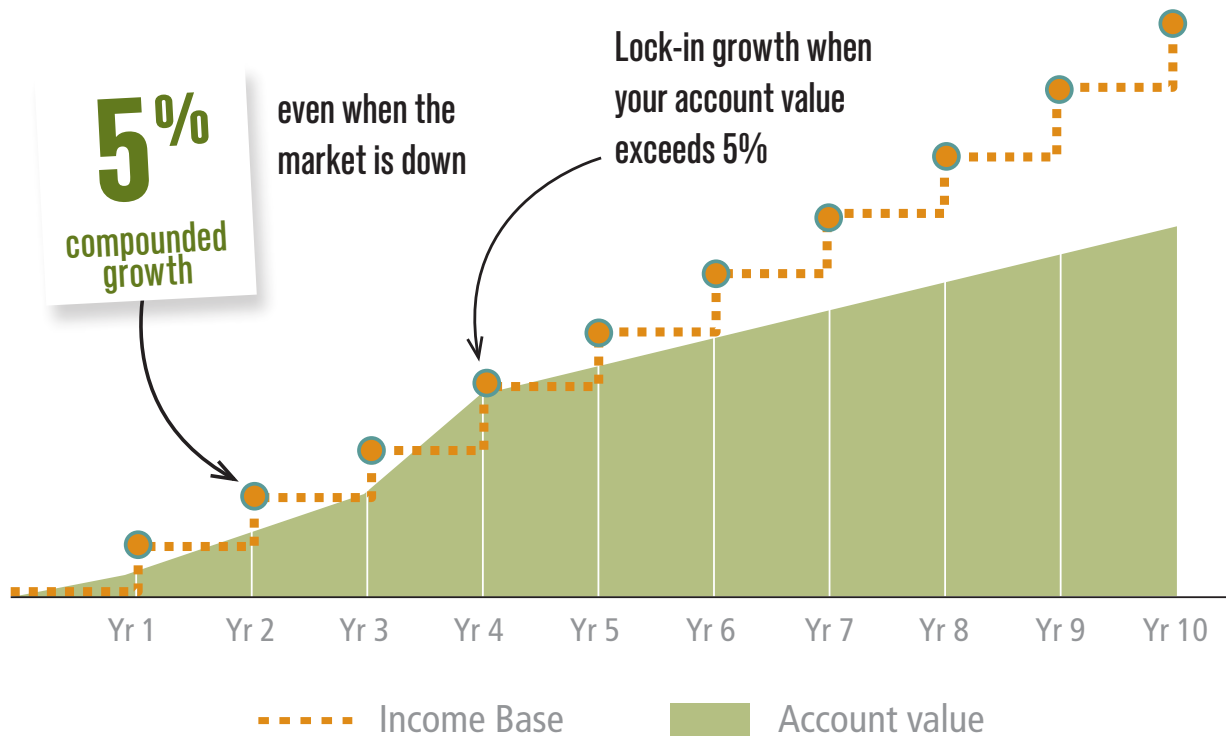
*Lincoln Lifetime Income* Edge is available for an additional charge of 0.95% (1.50% maximum). The minimum issue age for *Lincoln Lifetime Income* Edge is 35, and the minimum premium required to purchase this feature is \$25,000.





## How growth becomes guaranteed

With *Lincoln Lifetime Income*<sup>SM</sup> Edge, you have an Income Base to provide future income payments, which will grow at a guaranteed rate each year. The example below shows how your savings can grow over time.



### Account value step-ups are not likely in a prolonged low interest rate environment.

This hypothetical example does not reflect a specific fixed indexed annuity contract or the fee for purchasing *Lincoln Lifetime Income*<sup>SM</sup> Edge. A new charge may apply if an account value step-up occurs after the first five years (you may opt out of this feature within 25 days if the fee increases). The 5% annual enhancement will not apply in any year where income is received through the Lifetime Benefit Amount. Actual fixed indexed annuity performance will depend on current crediting rates at time of purchase. Withdrawals of taxable amounts are subject to ordinary income tax and may be subject to an additional 10% federal tax if taken prior to age 59½.

# Income generated for a lifetime

When you are ready to take income, not only will you get guaranteed withdrawals for life, you'll receive a higher amount of guaranteed income the longer you defer payments.

Depending on your age and when you start receiving an income payment, your lifetime withdrawal rate for a single life could range from 3.50% to 8.25% of your Income Base. The longer you wait to take income, the more income you'll generate in retirement, even if your account value depletes to \$0.

The table to the right shows the lifetime withdrawal rates based on your age and how long you wait to start receiving income payments after purchasing *Lincoln Lifetime Income*<sup>SM</sup> Edge.<sup>1</sup>

<sup>1</sup> Payment percentages shown in the chart reflect a single life. For joint lives, reduce the payment percentages shown by 0.50%. If a withdrawal is taken before starting lifetime income payments, your income bonus rate will be based on when this withdrawal was taken and not when the income payments start.

Age when income payments begin	Number of complete years before income payments start		
	Less than 5 years	At least 5, but less than 10 years	At least 10 years
50–54	3.50%	4.25%	4.75%
55–59	4.00%	4.75%	5.25%
60–64	4.50%	5.25%	5.75%
65–69	5.00%	5.75%	6.25%
70–74	5.50%	6.25%	6.75%
75–79	6.00%	6.75%	7.25%
80–84	6.50%	7.25%	7.75%
85–89	7.00%	7.75%	8.25%

**The longer you wait to begin withdrawals, the more income you're guaranteed.**



## Additional income when you need it most

**10%**

*Lincoln Lifetime Income* Edge can help you in a time of need. If you were to enter a nursing home, your withdrawal rate would increase to 10% of the Income Base.<sup>2</sup>

<sup>2</sup> In order to qualify for the nursing home enhancement, you must be 65, you cannot be in a nursing home the year prior to rider election or for five years after, you must have a minimum 90-consecutive day stay and your account value must be greater than zero. With joint life, the first person to qualify would receive the enhancement. Not available in all states.

All guarantees, including those for optional benefits, are subject to the claims-paying ability of The Lincoln National Life Insurance Company.

# Putting it all together

Whether you take income now or wait until you'll receive a higher guaranteed amount, *Lincoln Lifetime Income*<sup>SM</sup> Edge protects your income for life at any age. The following hypothetical example shows the minimum amount of annual guaranteed lifetime income that a 60-year-old could receive each year based on how long they hold the annuity before starting income (assuming their Income Base only grew with the 5% annual enhancement each year).

<p><b>If you begin to take income at age 60 when the contract is issued, you'll get a minimum annual lifetime income of \$4,500 at a withdrawal benefit of 4.50%.</b></p>	<p><b>If you wait five years until age 65, your withdrawal benefit increases to 5.75% where you receive a minimum annual lifetime income of \$7,339.</b></p>	<p><b>If you wait 10 years, you can see your withdrawal benefit increase to 6.75% at age 70, and you'll get a minimum annual lifetime income of \$10,995.</b></p>
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Age when starting income (at end of year)	Lifetime withdrawal rate of 4.50%; withdrawal benefits start in the first five years			Lifetime withdrawal rate of 5.75%; withdrawal benefits start at age 65			Lifetime withdrawal rate of 6.75%; withdrawal benefits start at age 70		
	Income Base	Lifetime Benefit Amount	Nursing Home Benefit	Income Base	Lifetime Benefit Amount	Nursing Home Benefit	Income Base	Lifetime Benefit Amount	Nursing Home Benefit
At issue	\$100,000	\$4,500	n/a	\$100,000			\$100,000		
61	\$105,000	\$4,725	n/a	\$105,000			\$105,000		
62	\$110,250	\$4,961	n/a	\$110,250			\$110,250		
63	\$115,763	\$5,209	n/a	\$115,763			\$115,763		
64	\$121,551	\$5,470	n/a	\$121,551			\$121,551		
65				\$127,628	\$7,339	\$12,763	\$127,628		
66				\$134,010	\$7,706	\$13,401	\$134,010		
67				\$140,710	\$8,091	\$14,071	\$140,710		
68				\$147,746	\$8,495	\$14,775	\$147,746		
69				\$155,133	\$8,920	\$15,513	\$155,133		
70							\$162,889	\$10,995	\$16,289

## Bottom line

The longer you wait to begin withdrawals, the more income you're guaranteed.

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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A fixed indexed 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 indexed 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 OptiChoice*™ fixed indexed annuities (contract form 05-606 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. Contractual obligations are subject to the claims-paying ability of The Lincoln National Life Insurance Company.**

Contract may be referred to as "policy" or "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.

Waiver of Surrender Charges for Nursing Home Confinement Rider and Waiver of Surrender Charges for Terminal Illness Rider (form AE-119 and form AE-170, respectively, or state

variation) may not be available in all states. Nursing Home Rider not available for contracts issued in Massachusetts.

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

Income taxes are due upon withdrawal and if withdrawn before age 59½, an additional 10% federal tax may apply. Withdrawals and surrenders may be subject to surrender charges and a Market Value Adjustment.

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

Product and features are subject to state availability. Limitations and exclusions may apply. Not available in New York.

*Lincoln Lifetime Income*™ Edge is an optional Guaranteed Lifetime Withdrawal Benefit (GLWB) rider (form AE-245 or state variations) available for an additional 0.95% charge (1.50% maximum) and subject to rider issue age limits, which may differ from the contract issue age limits. May not be available in all states. Limitations and exclusions may apply.