Lincoln Financial Group®

You're In Charge®

Create a legacy that can pass the test of time (and taxes)

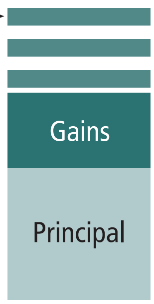
Maximizing nonqualified money with *i4LIFE* Indexed Advantage

Help build and protect wealth for generations with *i4LIFE*® Indexed Advantage

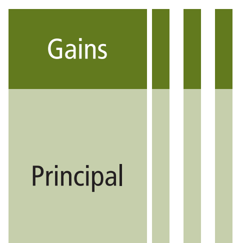
Annuities can be tricky assets to pass on because they receive no step-up in cost basis at death. However, *i4LIFE* can provide unique legacy planning strategies with the option for beneficiaries to elect first-in, first-out (FIFO) taxation. *i4LIFE* is an optional feature available for an additional cost exclusively with Lincoln fixed indexed annuities.

Taxation order matters

For standard annuity withdrawals, **Last-in, first-out (LIFO)** payments are applied, which means the entire tax hit is up front.



For contract owners, *i4LIFE* offers an **exclusion ratio** for payments, returning a portion of principal with each payment. This helps potentially mitigate the tax burden by spreading it out.



Beneficiaries of an *i4LIFE* contract have a unique advantage: **First-in, first-out (FIFO)** payments allow the principal (the cost basis) to be accessed without the up-front tax hit.

i4LIFE offers tax advantages with FIFO and an exclusion ratio

At time of death:	**Contract is inherited during the *i4LIFE* Access Period**		
Beneficiary may:	**Elect lump-sum death benefit** OR	**Continue *i4LIFE* payments** OR	**Combo: Lump-sum and *i4LIFE* payments**
***i4LIFE* payments:**	*i4LIFE* payments will end upon lump-sum payout.	Beneficiary may "stretch" *i4LIFE* payments from an inherited annuity for a period of time calculated by Lincoln.	Beneficiary may access any remaining money in a tax-advantaged way while continuing *i4LIFE* payments.[1] (Any additional withdrawals will recalculate the *i4LIFE* payment.)
Taxation:	**LIFO**	**FIFO**	
	All earnings beyond the cost basis are taxable as ordinary income in the year received. The cost basis amount is not taxed.	Any remaining cost basis amount comes out first. Once the entire cost basis has been paid out, each subsequent payment is fully taxable. (This applies to both regular income payments and additional withdrawals.)	

In all scenarios, *i4LIFE* allows beneficiaries and their advisors to retain control over the contract, including the flexibility to allocate funds and benefit from potential growth, as well as take additional withdrawals or cash out of the contract during the Access Period.

For systematic withdrawals, if there are no gains at all, withdrawals are considered principal and are not taxed. For *i4LIFE*®, if the contract has no gains or is down, a portion of the payment is treated as a taxable gain and a portion is treated as principal. Once the principal has been paid, each payment is fully taxable. Additional withdrawals are subject to ordinary income tax to the extent of the gain. Withdrawals will reduce the account value, death benefit, and guaranteed minimum income (reduced proportionally).

[1] 72(s) "At least as rapidly" rule applies to death of the owner, and the 72(e) "First-in, first-out (FIFO)" rule applies to the death of the annuitant. Both rules only apply to annuitized contracts when a death occurs. If the annuitant and the owner are the same person, then both rules apply.

Help your clients create a tax-advantaged income stream and legacy.
Contact your Lincoln representative to see how we can help.

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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 fixed indexed 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 subject to the claims-paying ability of The Lincoln National Life Insurance Company.**

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.

There is no additional tax-deferral benefit for an annuity contract purchased in an IRA or other tax-qualified plan.

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

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